

CEL AI Plc

CEL AI PLC

Company reference number: 11537452

Annual Report and Financial Statements

for the year ended 31 August 2024



CEL AI PLC

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CEL AI PLC

Directors:

Michael Edwards (*Executive Chairman*)

Nicholas Lyth (*Finance Director and Company Secretary*)

Misha Sher (*Non-Executive Director*)

Matt Lodge (*Non-Executive Director*)

Registered Office:

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London
WC2B 5DG

Registered number:

11537452 (England and Wales)

Nominated Brokers

Clear Capital Markets Limited
12th Floor Broadgate Tower
20 Primrose Street
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EC2A 2EW

Independent Auditor:

PKF Littlejohn LLP
15 Westferry Circus, Canary Wharf
London
E14 4HD

Registrars:

Computershare UK
The Pavilions, Bridgwater Rd, Bristol
BS99 6ZZ

CEL AI PLC
CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 AUGUST 2024

Introduction

During the course of the year it became apparent to the Board of Directors that there was a need for a change of strategic direction for the Company. Whilst every effort had been made to create a profitable and cash generative business based around skincare products it was increasingly clear that to continue to pursue this strategy would potentially prejudice the long term survival of the company. The Board has decided that the correct strategic route for the business is to build on its experience in Artificial Intelligence and to utilise this in the AI field more generally and, more specifically, in the field of AI Agents.

As a result of this review, there were a number of changes in the management of the company. Darcy Taylor, Chairman and Interim CEO, resigned on 08 January 2024 and was replaced by Michael Edwards. On 30 April 2024 Gill Whitty-Collins resigned as Non-Executive Director at the end of her fixed term appointment. On 28 June 2024 Bruna Nikola, Finance Director resigned and was replaced by Nicholas Lyth. This resulted in a Board of Directors of two Operational Executives and two Non Executives. Mr Edwards is a significant shareholder in his own right.

As part of the strategic review of the company the Board of Directors have decided to cease all marketing, development and promotion of skincare products and to cease the active management of subsidiaries including King Tide Carbon Singapore. On 29 February 2024 CBX Cellular Goods Canada Ltd was dissolved and it is anticipated that all other subsidiaries currently in existence will be dissolved at the earliest opportunity. Certain physical inventory had been disposed during the year, the remaining inventory as at year end was 100% provided for obsolescence in the accounts and arrangements will be made for its disposal shortly. During the year the company's name was changed to CEL AI plc to more accurately reflect the change of strategic focus going forward.

Having reduced the cash burn of the company significantly the Board was in a position to reposition the company. Mr Edwards and Mr Lyth are both executive directors of companies with Artificial Intelligence and AI Agent exposure. The decision was made to manage the company's treasury by making a significant investment into the Solana ("SOL") crypto token. As a result, on 05 August 2024, 4,149 SOL were purchased at a price of £96.40 per token. These tokens were then staked onto a Delegator which generated further SOL as a yield. This yield can then be sold to offset the operational expense of the company. As at the date of signing of these financial statements, the number of SOL held has increased to 4,253 with a carrying value of approximately £630,000.

Having stabilised the company it is the intention of the Board to pursue profitable and cash generative opportunities in the Artificial Intelligence and AI Agent sectors to create profitable returns for shareholders.

Strategy & Operational Review and Outlook

The Company's previous strategy resulted in the cash reserves being depleted at an unsustainable rate so it was imperative that a change of direction was implemented. The current Board has significant experience in the Artificial Intelligence and AI Agent sectors and these generally require minimal operational expense beyond the normal running costs of a public company. The Board retain a positive outlook regarding the crypto sector up to the medium time frame and as such are confident to retain its position in the SOL token for the time being. The Company may sell some of these tokens going forward if a more value accretive opportunity presents itself.

I would like to thank our shareholders for their support. The Board of Directors sometimes have to make challenging decisions on the strategy of the Company and this was one of those time. We look forward to improvement and growth in performance in the year ahead.



Michael Edwards
Chairman
27 December 2024

CEL AI PLC
STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2024

The directors present their strategic report for the year ended 31 August 2024.

Principal activity

During the course of the year the Company exited the skincare sector and invested available funds into Solana crypto token for treasury management purposes and is actively seeking Artificial Intelligence and AI Agent opportunities.

Review of the business and future developments

The Company's medium to long-term goal, having stabilised its position is to expand in the Artificial Intelligence and AI Agent sectors.

Performance of the business during the year and at the end of the year:

The Company reported a loss of £1,827,461 for the year ended 31 August 2024 (2023: loss of £3,309,721). Of this loss, £583,624 was as a result of the write down in the inventory of skincare products.

Net assets of the Company at the year-end were £514,554 (2023: net assets £2,262,808).

Key Performance Indicators ("KPIs")

The Board aims to monitor the activities and performance of the Company regularly. The Directors regularly reviewed sales, stock levels, new product development, and cash reserves before the cessation of the skincare sector marketing and sales.

For now, the Directors consider that a KPI applicable to the Company is maintaining cash reserves held in cash and cryptocurrency assets.

	2024	2023
Cash at bank	<u>£213,627</u>	<u>£1,772,892</u>
Cryptocurrency assets	<u>£431,784</u>	<u>£Nil</u>

Principal risks and uncertainties

The Company operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the risk factors in this report will be relevant to the Company's activities. It should be noted that the list is not exhaustive and other risk factors not presently known or currently deemed immaterial may apply.

Nature of operations and cash levels

The Company's operations were at an early stage in nascent industries, with products in its wellness division and entry into the carbon removal. As part of the strategic review of the company during the year, the Board of Directors have decided to cease all marketing, development and promotion of skincare products and to cease the active management of subsidiaries including King Tide Carbon Singapore.

The Directors consider the principal risks for the Company to be the maintenance of cash while it focuses on developing businesses in the Artificial Intelligence and AI Agent sectors.

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2024
(CONTINUED)

Reliance on key personnel

The Company's business is dependent on the services of a small management team and the loss of a key individual could have an adverse effect on the future of the Company's business. The Company's future success will also depend in part on its ability to attract and retain highly skilled personnel. This risk is managed by offering salaries that are competitive in the current market.

Regulatory risk

A breach with any environmental or regulatory requirements, including data protection and privacy breaches, may give rise to reputational, financial, or other sanctions against the Company, and therefore the Board considers these risks seriously and designs, maintains and reviews the policies and processes to mitigate or avoid these risks. The Board has a good record of compliance, but there is no assurance that the Company's activities will always be compliant.

Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172(1) of the Companies Act 2006.

The requirements of s172(1) are for the Directors to:

- Consider the likely consequences of any decision in the long term
- Act fairly between the members of the Company
- Maintain a reputation for high standards of business conduct
- Consider the interests of the Company's employees
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

During the year, seven individuals served as directors of the company, of whom five were male and two were female. There are no employees other than the directors of the company during the year.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during the year, including the appointment of new directors, and hiring key executives for exploring and developing businesses in the Artificial Intelligence and AI Agent sectors.

This strategic report was approved by the board on 27 December 2024 and signed on its behalf by:



Michael Edwards
Chairman

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2024

The Directors present the Annual Report and the audited financial statements for the year ended 31 August 2024.

Principal activities

The Company established a biosynthetic CBD and CBG retail business and was admitted to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and trading on the London Stock Exchange on 26 February 2021. The Company was incorporated in England and Wales. As at year end, the Company has one subsidiary; King Tide Carbon Pte. Ltd. incorporated in Singapore as part of the Company's May 9th, 2023, acquisition. During the current year the directors reviewed the strategy of the Company and decided to exit the skincare business and to cease the active management of subsidiaries including King Tide Carbon Singapore.

Directors

The Directors of the Company during the year ended 31 August 2024 and to the date of this report were:

Michael Edwards (appointed 08 January 2024)

Nicholas Lyth (appointed 28 June 2024)

Darcy Taylor (resigned 08 January 2024)

Bruna Nikolla (resigned 28 June 2024)

Gill Whitty Collins (resigned 30 April 2024)

Timothy Vincent Le Druillenec (appointed 16 June 2024 and resigned 28 June 2024)

Misha Sher

Matthew Lodge

Events after the reporting date

The company's position it has taken in the SOL crypto token has been value accretive and at the date of signing of the accounts has increased from an initial investment of £400,000 to £630,000

Future developments

See the Strategic Report for anticipated future developments of the Company.

Dividends

The Directors do not propose a dividend in respect of the year ended 31 August 2024 (2023: nil).

Corporate governance

As a Company listed on the standard segment of the Official UK Listing Authority, the Company was not required to comply with the provisions of the UK Corporate Governance Code.

The Company does not choose to voluntarily comply with the UK Corporate Governance Code. The Directors are responsible for internal control in the Company and for reviewing effectiveness. Due to the size of the Company, all key decisions are made by the Board. The Directors have reviewed the effectiveness of the Company's systems during the year under review and consider that there have been no material losses, contingencies or uncertainties due to weaknesses in the controls. The Company will comply with the Quoted Company Alliance Code insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board.

Diversity

As the company is at a very early stage, it is focused on appointing Board members with the best expertise to achieve its short-term objectives being strategic acquisitions. Once this has been achieved, the Board will implement a strategy to achieve the required targets on gender and ethnicity. During the year, seven individuals served as directors of the company, of whom five were male and two were female. At today's date, the board consists of four males.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Table for reporting the gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, and Chairman)	Number in executive management	Percentage of executive management
Men	4	100%	2	-	-
Woman	-	-	-	-	-

Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, and Chairman)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	4	100%	2	-	-
Mixed/Multiple Ethnic Groups	-	-	-	-	-

Carbon and greenhouse gas emissions

The Company had minimal sales revenue in the period, no employees other than Directors and no offices. Therefore, the Company has minimal carbon emissions and it is not practical to obtain emissions data at this stage. The Company consumed less than 40,000 KWh of energy in the United Kingdom and is currently exempt from the requirement to disclose its greenhouse gas and other emission producing sources under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2014.

Going concern

The Directors, having made due and careful enquiry, are of the opinion that the Company has adequate working capital to meet its obligations over the next 12 months. The Directors therefore have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price sensitive reports to regulators as well as in the information required to be presented by statutory requirements.

Employees

The Company is in early stages of development. As at 31 August 2024, the Company utilised the expertise of the Directors, consultants/contractors and there are no employees in the UK & Canada.

Climate - Related Financial Disclosure

CEL AI PLC acknowledges the detrimental consequences of climate change and remains steadfast in our commitment to evaluating and addressing both the influence of climate change on our operations and our broader impact on the environment. We recognise the growing interest and concerns of investors, employees, regulators, the local community, and other stakeholders regarding our approach to climate change planning and adaptation.

CEL AI PLC aligns its climate-related financial disclosures with global best practices, prominently guided by the four core elements outlined by the Task Force on Climate-related Financial Disclosures (TCFD).

Core Elements	Description
Governance	Structures and processes in place to oversee climate-related issues, including the role of the board, management, and relevant committees.
Strategy	Insights into the company's actual and potential impacts of climate-related risks and opportunities on its business, strategy, and financial planning
Risk Management	Processes used to identify, assess, and manage climate-related risks integrated into overall risk management. Adaptations to strategies in response to climate considerations.
Metrics and Targets	Disclosure of metrics and targets used to assess and manage relevant climate-related risks and opportunities, providing quantitative information on performance and progress.

Given the small size of our business, establishing a dedicated team within the Financial Stability Task Force has not been operationally feasible. However, we recognise the critical importance of oversight in managing climate-related risks. In lieu of a dedicated team, responsibilities for climate-related oversight are distributed among existing personnel with relevant expertise. This approach allows us to maintain a nimble and adaptive governance structure, ensuring that climate-related considerations are integrated into various aspects of our decision-making processes.

In our TCFD-aligned report, we acknowledge the existing gaps in achieving full compliance with the TCFD's Recommendations and Recommended Disclosures. As we embark on this journey, we commit to evaluating and enhancing our reporting practices continually. Looking ahead, we plan to develop a comprehensive roadmap towards full compliance over the next year. Recognising that improvement extends beyond reporting, we aim to bolster the Company's strategies, structures, resources, and tools to effectively manage climate-related risks and opportunities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

The table below shows our current progress against TCFD Recommendations

TCFD pillar	Recommended Disclosure	Company Summary
Governance	The Board's supervision of risks and opportunities associated with climate-related factors.	The Board of Directors exercises oversight over climate-related issues, integrating them within the broader framework of governance.
Strategy	The influence of climate-related risks and opportunities on the business, strategic decisions, and financial planning.	The Board are aware that air transportation has higher carbon emissions compared to other forms of public transport and will make every effort, where applicable, to transition our air transport to other modes of transport.
Risk Management	The company's protocols for effectively managing climate-related risks.	The process of identifying climate-related risks is seamlessly integrated into our regular operations. Although we may not have a dedicated task force, every team member is accountable for considering climate-related risks within their specific areas of responsibility. This decentralized approach guarantees that climate considerations are incorporated into our day-to-day decision-making processes. Given our small team size, collaboration plays a vital role. We regularly facilitate cross-functional discussions to collectively evaluate climate-related risks. By leveraging the expertise of each team member, we ensure a comprehensive understanding of potential impacts on our market dynamics. This collaborative effort cultivates a shared awareness of the challenges posed by climate-related factors.
Metrics and targets	Metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	The carbon capture initiative entails goals for mitigating emissions and actively contributing to wider climate initiatives. These metrics underscore, where applicable the Company's steadfast dedication to comprehensive sustainability practices.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Financial risk management

The Company has a simple capital structure and its principal financial asset is cash. The Company's market risk principally refers to price risk associated with the crypto tokens. The Directors manage the Company's exposure to this risk by carefully monitoring crypto price movements on a daily basis.

Further details regarding risks are detailed in the Note 25 to the financial statements.

Provision of information to auditors

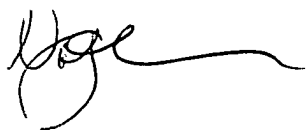
So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PKF Littlejohn LLP will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. PKF Littlejohn LLP, the auditors, have indicated their willingness to continue in office as auditors.

Approved by the Board on 27 December 2024 and signed on its behalf by:



Nicholas Lyth
Director and Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2024

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 and Company for that year.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the requirements of the Companies Act 2006 and, as regards the Group financial statements, in accordance with UK-adopted international accounting standards. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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

Directors' responsibilities pursuant to DTR4 (Disclosure and Transparency Rules)

The directors confirm to the best of their knowledge and belief:

- The Group and Company financial statements have been prepared in accordance with UK-adopted international accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- The annual report includes a fair review of the development and performance of the business and financial position of the Group and Company, together with a description of the principal risks and uncertainties.

On behalf of the board.



Michael Edwards
Chairman
27 December 2024

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 AUGUST 2024

This remuneration report sets out the Company's policy on the remuneration of executive and non-executive Directors together with details of Directors' remuneration packages and service contracts for the year ended 31 August 2024. Due to the size of the Board and the early stage upon the Company's listing, an independent remuneration committee is not considered appropriate. The Company did not appoint any third-party advisers in relation to directors' remuneration.

The items included in this report are unaudited unless otherwise stated.

Remuneration policy

In setting the policy, the Board has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company;
- The Company's general aim of seeking to reward all employees fairly according to the nature of their respective roles and performance;
- Remuneration packages offered by similar companies within similar sectors;
- The need to align the interests of shareholders as a whole with the long-term growth of the Company; and
- The need to be flexible and adjust with operational changes throughout the term of this policy.

Current and future policy

Executive directors are paid monthly, and their compensation package includes a combination of fixed salaries, pensions, and any other performance-related bonuses. Any increase will be properly documented highlighting the reasons and mainly be based on comparisons with other companies of a similar size and sector.

UK-based executive directors are entitled to participate in the company's auto-enrolment pension scheme if they wish. No directors receive any benefits for life insurance, accidental death or critical illness cover, hospital fees, dental care or similar. No director has any entitlement to a company car, fuel allowance, or equivalent benefits.

The Directors are reimbursed by the Company for any travel, hotel or other expenses that occur in connection with the discharge of their duties.

Non-executive directors may be entitled to remuneration based on recommendations of the Chairman and comparisons with other companies of a similar size in a similar sector.

No directors have received bonuses, and any eventual bonuses will be decided upon by the full board with each director recusing himself or herself from discussions about his or her bonus.

The company does not have a remuneration committee. During the year, key decisions made by the full board in respect of remuneration were remuneration packages for Michael Edwards and Nicholas Lyth.

The Directors have considered the requirement to present information on the relative performance of spend on pay compared to shareholder dividends. As the company does not currently pay dividends, we have not considered it necessary to include such information.

CEL AI PLC

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Directors' remuneration (audited)

Details of the directors' remuneration during the year ended 31 August 2024 are as follows:

Director	Salary and fees £	Benefits- in-kind £	Pension Contributions £	2024 Total £	2023 Total £
Executive directors					
Darcy Taylor (resigned 08 Jan 2024)	186,830	-	-	186,830	220,000
Bruna Nikolla (resigned 28 June 2024)	184,949	-	-	184,949	138,052
Anna Chokina (resigned 26 September 2022)	-	-	-	-	320,879
Simon Walters (resigned 21 December 2022)	-	-	-	-	10,237
Nicholas Lyth (appointed 28 Jun 2024)	6,000	-	-	6,000	-
Michael Edwards (appointed 08 Jan 2024)	-	-	-	-	-
Timothy Vincent Le Druillenec (appointed 16 June 2024 and resigned 28 June 2024)	-	-	-	-	-
Non-executive directors					
Darcy Taylor (resigned 08 Jan 2024)	-	-	-	-	4,000
Gill Whitty Collins (resigned 30 April 2024)	19,682	-	-	19,682	30,000
Matthew Lodge	14,877	-	-	14,877	10,000
Misha Sher	-	-	-	-	-
Peter Wall (resigned 21 December 2022)	-	-	-	-	17,500
Total	412,338	-	-	412,338	750,668

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Service agreements and Letters of Appointment

Under a letter of appointment with Darcy Taylor dated 18 February 2020, conditional upon Admission, he was appointed as a non-executive director of the Company for an annual fee of £30,000, payable monthly in arrears. From 10 May 2022, Mr. Taylor's role changed to non-executive chairman, under a new two-year agreement at £48,000 per annum, payable monthly in arrears. On the 1 October 2022, he was appointed as an interim CEO, in addition to the chairman role, with a fee of £192,000 per annum.

The appointment as chairman was for an initial term of 24 months and was terminable on three months' notice by either party. No compensation was payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Taylor was in material breach of the terms of the appointment. He was appointed to oversee the transition of the company into new markets, with his role intended to last until a permanent CEO is established and to explore potential merger and acquisitions avenues.

Darcy Taylor resigned from the Board of Directors on 08 January 2024.

Bruna Nikolla was appointed as a director on 22 August 2022 and was the company's Chief Financial Officer and Company Secretary. She received a salary of £150,000 per annum, payable monthly in arrears.

Bruna Nikolla resigned from the Board of Directors on 28 June 2024.

Gill Whitty Collins was appointed as a non-executive director of the company on 12 May 2022 and is entitled to fees of £30,000 per year under a contract for services for an initial two-year period which could be terminated by either party giving three months' notice. Ms. Whitty Collins was expected to devote at least six days a year to perform duties for the Company. The appointment may be terminated immediately if, among other things, she was in material breach of the terms of the appointment.

Gill Whitty Collins resigned from the Board of Directors on 30 April 2024.

Misha Sher was appointed as a non-executive director of the company on 12 May 2022 and is entitled to fees of £30,000 per year under a contract for services for an initial two-year period which can be terminated by either party giving three months' notice. Mr. Sher is expected to devote at least six days a year to perform duties for the Company. The appointment may be terminated immediately if, among other things, he is in material breach of the terms of the appointment.

Matthew Lodge was appointed as a non-executive director of the company on 5 May 2023 and is entitled to fees of £30,000 per year under a contract for services for an initial two-year period which can be terminated by either party giving three months' notice. Mr. Lodge is expected to devote at least six days a year to perform duties for the Company. The appointment may be terminated immediately if, among other things, he is in material breach of the terms of the appointment.

Michael Edwards was appointed as Chairman on 08 January 2024. His contract for services is via Marallo Pte Ltd. His fee for the remainder of the financial year was nil.

Nicholas Lyth was appointed as Finance Director on 28 June 2024. His contract for services is via Dark Peak Services Ltd. This fee for the remainder of the financial year was £3,000 per month plus VAT.

Share warrants

Individuals who served as Directors as at the end of financial year hold warrants to subscribe for Ordinary shares in the company in the future, as shown in the table below.

	At 0.97p each
Misha Sher	2,000,000
Matthew Lodge	5,000,000

The warrants at 0.97p per share were issued on 5 May 2023 and 10 May 2023 respectively. One third vested on 5 May 2024 and 10 May 2024 respectively with the remaining two thirds vesting in twenty-four equal monthly instalments thereafter.

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Share options

Bruna Nikolla (who resigned on 28 June 2024) held options to subscribe for 7,000,000 Ordinary shares in the Company at 31 August 2024. Director Anna Chokina (who resigned on 26 September 2023) held options to subscribe for 16,781,594 Ordinary shares in the Company at 31 August 2024.

Statement of directors' shareholdings

The Directors who held office at 31 August 2024 and their respective beneficial interests in the Ordinary shares of the Company at the year-end were:

	Ordinary shares	Share options
Michael Edwards	10,233,333	-

Corporate Governance Statement

The Company intends to comply with the provisions of the Corporate Governance Code published by the Quoted Companies Alliance (QCA Corporate Governance Code) insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board.

The QCA has identified 10 principles that focus on the pursuit of medium to long-term growth in value for shareholders without stifling the entrepreneurial spirit in which a company was created.

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

Deliver growth

Principle 1: Establish a strategy and business model which promote long-term value for shareholders.

The Company's strategy and business model were established and set out in the Company's IPO Admission Document. The strategy is reviewed, assessed and revised at Board meetings as required. The Company's strategy, business model and progress are communicated through the Strategic Report of each Annual Report.

Principle 2: Seek to understand and meet shareholder needs and expectations.

The Chairman meets with existing shareholders from time to time as do the Executive Directors.

The Company welcomes all attendees to its Annual General Meetings ("AGMs") and seeks to engage with them both formally and informally on the day.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

As a people-centric business, much of their 'day job' involves communication/meetings with both external third parties and the Company's staff. Minimising the environmental impact of these activities is actively encouraged through the Group's:

- Employment policies eg travel, use of public transport, working from home
- Use of Zoom, a web-based meeting facility.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Company's approach to risk management together with the principal risks and uncertainties applicable, their possible consequences and mitigation are set out in the Principal Risks and Uncertainties section of the Group's Annual Report. The Board reviews, evaluates and prioritises risks to ensure that appropriate measures are in place to effectively manage and mitigate those identified.

Maintain a dynamic management framework

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.

The Corporate Governance section of the Company's Annual Report details the composition of its Board and Committees. These are also included within the Investor Relations section of its website.

All of the Directors (both Executive and Non-executive) are committing the time necessary to fulfil their roles. Non-executive Directors sit on the Audit and Risk and Remuneration Committees.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

A biography of each Board member is included within the Investor Relations section of its website. These list current and past roles of each Board member and also describe the relevant business experience that each Director brings to the Board, plus their academic and professional qualifications.

The biographies show the balanced blend of skills and experience required to enable the Company to execute its strategic objectives within a corporate governance framework which has been tailored to its business activities.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Corporate Governance section of the Annual Report describes the function of the Board and its Committees. Whilst the Company does not have a Nominations Committee, the Directors regularly review the structure, size, composition (including the skills, knowledge, experiences and diversity) of the Board and make recommendations to the Board with regard to any changes.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

Within the Annual Report, the Chairman's statement provides further evidence of the iteration and implementation of the framework that continues to develop the Company's culture and support both existing and new employees. This sets out the Company's purpose, values and culture.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Investor Relations area of the Company's website includes a Corporate Governance section which, in addition to the high-level explanation of the application of the QCA Code, describes the composition of the Board and its Committees, together with a brief biography of each Board member.

The roles of Committees are described, along with their terms of reference and matters reserved by the Board for its consideration.

Other matters

The Company does not have an annual or long-term incentive scheme in place for any of the Directors and as such there are no disclosures in this respect.

This report was approved by the board on 27 December 2024 and signed on its behalf by:



Michael Edwards
Chairman

Opinion

We have audited the financial statements of CEL Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 August 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest 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.

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 directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- an assessment of management's assumptions in modelling future financial performance and cash flow requirements, including consideration of future plans and ensuring all commitments are reflected therein;
- checking the mathematical accuracy of the spreadsheet used to model future financial performance and cash flow requirements; and
- assessing whether management has adequately disclosed any conditions which may cast significant doubt on the ability of the group and parent company to continue as a going concern in the financial statements.

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 or parent company'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.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatements, we define materiality as the magnitude of misstatements that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We also determine a level of performance materiality which we use to assess the extent of testing needed 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. In determining our overall audit strategy, we assessed the level of uncorrected misstatements that would be material for the financial statements as a whole.

We determined the group and parent company materiality for the financial statements as a whole to be £51,400 and £48,700 (2023: £99,100 and £97,600) respectively, calculated at 3% (2023: 3%) of loss before tax. We considered loss before tax to be an appropriate benchmark as the group undertook commercial operations in the year, together with cost controls and cash preservation measures. Performance materiality was set at 60% (2023: 60%) of overall materiality for the group and parent company at £30,800 and £29,200 (2023: £59,400 and £58,560) respectively, whilst the threshold for reporting unadjusted differences to those charged with governance was set at £2,570 for the group and £2,430 for the parent company (2023: £4,955 and £4,880). We agreed with management and the audit committee to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

The component materiality was set at group performance materiality.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain such as the valuation of share based payments and stock provisions. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. The component was audited by the group audit team for consolidation purposes.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Key Audit Matter	How our scope addressed this matter
Recognition and valuation of cryptocurrency assets – Group and parent company (refer to note 15) During the year, the parent company invested in cryptocurrency assets as a treasury management tool. Depending on the type of cryptocurrency held, the fair value at the reporting date could be subject to management judgement and estimation uncertainty depending on trading volumes and ability to exchange or convert into fiat cash. In addition, the cryptocurrency assets are held in digital wallets, which gives rise to an increased risk of ownership, completeness and existence and as such the recognition and valuation of cryptocurrency assets is a key audit matter.	Our audit work in this area included: • Confirming good title to and quantities of the cryptocurrency assets held within the parent company's wallet at year-end and subsequent to year-end by observing a director gaining access to the wallet via the unique reference access key; • Testing the original investment to the cash disbursement; • Performing an assessment of the fair values attributed to the cryptocurrency assets at the transaction date and year-end date, and agreeing to market prices to an independent source; • Recalculating the unrealised gain or loss and agreeing to other comprehensive income; • Performing an assessment of the liquidity of the cryptocurrency assets held and the ability to realise as fiat cash, if required; and • Discussing with management the strategy for the holding of cryptocurrency assets and reviewing the relevant accounting treatment applied. The directors' recognition and valuation of cryptocurrency assets was concluded as reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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 statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company 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.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Auditor's responsibilities for the audit of the 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:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and cumulative audit knowledge.
- We determined the principal laws and regulations currently relevant to the group and parent company in this regard to be those arising from Financial Conduct Authority Rules, the Food Standards Agency, Rules of the London Stock Exchange, Disclosure Guidance and Transparency Rules, UK tax legislation, and UK-adopted international accounting standards.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to, enquiries of management and review of minutes, review of Regulatory News Service (RNS) announcements and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the estimates, judgements and assumptions applied by management in their recognition and valuation of cryptocurrency assets; impairment assessment of unlisted equity interests and stock provisions represented the highest risk of material misstatement, and we addressed this by challenging the assumptions and judgements made by management in those areas.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

Other matters which we are required to address

We were appointed by Board of Directors on 24 August 2021 to audit the financial statements for the year ended 31 August 2020 and subsequent financial periods. Our total uninterrupted period of engagement is five years, covering the years ended 31 August 2020 to 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

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.



**David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

27 December 2024

CEL AI PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2024

Discontinued operations		2024	2023
	Note	£	£
Revenue	3	17,942	67,236
Cost of sales		<u>(7,683)</u>	<u>(25,796)</u>
Gross profit		10,259	41,440
Administrative expenses	2.5, 5	<u>(1,859,240)</u>	<u>(3,375,179)</u>
Operating loss		(1,848,981)	(3,333,739)
Finance income		<u>21,520</u>	<u>24,113</u>
Loss before taxation		(1,827,461)	(3,309,626)
Corporation tax	9	<u>-</u>	<u>(95)</u>
Loss for the year		(1,827,461)	(3,309,721)
Other comprehensive (loss)/gain			
Exchange difference on translation currency		(3,979)	(24)
Fair value gain on intangible assets (continuing operations)		31,784	-
		<u>27,805</u>	<u>(24)</u>
Total comprehensive loss for the year		(1,799,656)	(3,309,745)
Earnings per share			
Basic earnings per share	10	<u>(0.303p)</u>	<u>(0.615p)</u>

The consolidated statement of comprehensive income has been prepared on the basis that all operations are discontinued operations, except as stated above and disclosed within note 2.5.

The Accounting Policies and notes on pages 27-41 form part of these consolidated financial statements.

The Company has elected to take exemption under section 408 of the Companies Act 2006 not to present the parent company Statement of Comprehensive Income.

The loss of the parent company for the year was £1,883,846 (2023: loss of £3,259,358).

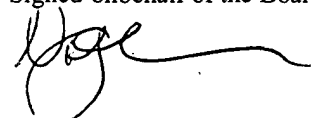
CEL AI PLC

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024

		Consolidated 2024	Consolidated 2023	Company 2024	Company 2023
	Note	£	£	£	£
ASSETS					
Non-current assets					
Investments in subsidiaries	13	-	-	60	61
Intangible assets	15	431,784	-	431,784	-
Current assets					
Cash and cash equivalents		213,627	1,772,892	210,294	1,711,893
Inventory	16	-	582,883	-	582,883
Trade and other receivables	12	9,570	92,835	8,215	198,107
Total Assets		654,981	2,448,610	650,353	2,492,944
EQUITY AND LIABILITIES					
Equity attributable to owners					
Share capital	17	602,250	602,250	602,250	602,250
Share premium	17	12,988,101	12,988,101	12,988,101	12,988,101
Accumulated losses		(13,514,304)	(13,040,611)	(13,521,898)	(12,991,820)
Share-based payment reserve	19	412,026	1,714,392	412,026	1,714,392
Revaluation reserve		31,784	-	31,784	-
Foreign translation reserve		(5,303)	(1,324)	-	-
Total Equity and Reserves		514,554	2,262,808	512,263	2,312,923
LIABILITIES					
Current Liabilities					
Trade and other payables	18	140,427	185,802	138,090	180,021
		140,427	185,802	138,090	180,021
Total Equity and Liabilities		654,981	2,448,610	650,353	2,492,944

The Accounting Policies and Notes on pages 27-41 form part of the financial statements

The consolidated and company financial statements were approved and authorised for issue by the Board of Directors.
Signed on behalf of the Board of Directors by:



Nicholas Lyth
Director

27 December 2024

CEL AI PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 AUGUST 2024

	Share capital	Share premium	Foreign currency translation	Revaluation reserve	Share-based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
As at 1 September 2023	602,250	12,988,101	(1,324)	-	1,714,392	(13,040,611)	2,262,808
Loss for the year	-	-	-	-	-	(1,827,461)	(1,827,461)
Exchange difference on translation	-	-	(3,979)	-	-	-	(3,979)
Fair value gain on intangible assets	-	-	-	31,784	-	-	31,784
Total comprehensive loss for the year	-	-	(3,979)	31,784	-	(1,827,461)	(1,799,656)
Share-based payments	-	-	-	-	51,402	-	51,402
Lapsed warrants and share options	-	-	-	-	(1,353,768)	1,353,768	-
Total transactions with owners recognised in equity	-	-	-	-	(1,302,366)	1,353,768	51,402
As at 31 August 2024	602,250	12,988,101	(5,303)	31,784	412,026	(13,514,304)	514,554

	Share capital	Share premium	Foreign currency translation	Revaluation reserve	Share-based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
As at 1 September 2022	507,250	12,513,101	(1,300)	-	1,564,070	(9,730,889)	4,852,232
Loss for the year	-	-	-	-	-	(3,309,721)	(3,309,721)
Exchange difference on translation	-	-	(24)	-	-	-	(24)
Total comprehensive loss for the year	-	-	(24)	-	-	(3,309,721)	(3,309,745)
Issue of ordinary shares	95,000	475,000	-	-	-	-	570,000
Share-based payments	-	-	-	-	150,322	-	150,322
Total transactions with owners recognised in equity	95,000	475,000	-	-	150,322	-	720,322
As at 31 August 2023	602,250	12,988,101	(1,324)	-	1,714,392	(13,040,611)	2,262,808

The Accounting Policies and Notes on pages 27-41 form part of the financial statements.

CEL AI PLC

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 AUGUST 2024

	Share capital £	Share Premium £	Revaluation reserve £	Share- based payment reserve £	Retained earnings £	Total equity £
As at 1 September 2023	602,250	12,988,101	-	1,714,392	(12,991,820)	2,312,923
Loss for the year	-	-	-	-	(1,883,846)	(1,883,846)
Fair value gain on intangible assets	-	-	31,784	-	-	31,784
Total comprehensive loss for the year	-	-	31,784	-	(1,883,846)	(1,852,062)
Share-based payments	-	-	-	51,402	-	51,402
Lapsed warrants and share options	-	-	-	(1,353,768)	1,353,768	-
Total transactions with owners recognised in equity	-	-	-	(1,302,366)	1,353,768	51,402
As at 31 August 2024	602,250	12,988,101	31,784	412,026	(13,521,898)	512,263

	Share capital £	Share Premium £	Revaluation reserve £	Share-based payment reserve £	Retained earnings £	Total equity £
As at 1 September 2022	507,250	12,513,101	-	1,564,070	(9,732,462)	4,851,959
Loss for the year	-	-	-	-	(3,259,358)	(3,259,358)
Total comprehensive loss for the year	-	-	-	-	(3,259,358)	(3,259,358)
Issue of ordinary shares	95,000	475,000	-	-	-	570,000
Share-based payments	-	-	-	150,322	-	150,322
Total transactions with owners recognised in equity	95,000	475,000	-	150,322	-	720,322
As at 31 August 2023	602,250	12,988,101	-	1,714,392	(12,991,820)	2,312,923

The Accounting Policies and Notes on pages 27-41 form part of the financial statements.

CEL AI PLC

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2024

	Consolidated 2024 £	Consolidated 2023 £	Company 2024 £	Company 2023 £
Cash flows from operating activities				
Loss for the year	(1,827,461)	(3,309,721)	(1,883,846)	(3,259,358)
Share-based payment charge	51,402	150,322	51,402	150,322
Fair value loss on investment	78,660	-	-	-
Impairment of amounts due from subsidiaries	-	-	228,450	-
Inventories written off	588,545	-	588,545	-
(Gain)/loss on deregistration of a subsidiary	(94)	-	1	-
Increase in inventory	(5,662)	(78,757)	(5,662)	(78,757)
Decrease/(Increase) in debtors	82,926	158,269	(38,558)	52,723
Decrease in creditors	(43,905)	(93,331)	(41,931)	(99,111)
Research and development non-cash	-	570,000	-	570,000
Foreign exchange differences	(3,979)	(24)	-	-
Finance income	(21,426)	(22,812)	(21,426)	(22,812)
Net cash flow used in operating activities	(1,100,994)	(2,626,054)	(1,123,025)	(2,686,993)
Cash flows from investing activities				
Increase in intangible assets	(400,000)	-	(400,000)	-
Increase in equity investment	(78,660)	-	-	(60)
Net cash outflow on deregistration of a subsidiary	(1,037)	-	-	-
Finance income	21,426	22,812	21,426	22,812
Net cash flow (used in)/from investing activities	(458,271)	22,812	(378,574)	22,752
Net increase in cash and cash equivalents	(1,559,265)	(2,603,242)	(1,501,599)	(2,664,241)
Cash and cash equivalents at beginning of year	1,772,892	4,376,134	1,711,893	4,376,134
Cash and cash equivalents at end of year	213,627	1,772,892	210,294	1,711,893

The Accounting Policies and Notes on pages 27-41 form part of the financial statements.

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

1. General Information

The Company was incorporated in England and Wales on 25 August 2018 as Leaf Studios Limited, but subsequently re-registered as a public limited company and renamed as Leaf Studios PLC. On 29 September 2020, the Company's name was changed to Cellular Goods PLC.

The registered office is 9th Floor, 16 Great Queen Street, London, WC2B 5DG. The principal activity of the Company is establishing a biosynthetic CBD/CBG retail business as well as delivering carbon removal as a service.

The Company gained admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listings Rules) and trading on the London Stock Exchange on 26 February 2021.

The company had two subsidiaries, CBX Cellular Goods Canada Limited incorporated in Canada until the date of dissolution on 29 February 2024, and King Tide Carbon Pte.Ltd which was incorporated in Singapore.

During the year, the Company's name was changed from Cellular Goods PLC to CEL AI PLC and its previous principal activities were ceased. On 29 February 2024, subsidiary undertaking CBX Cellular Goods Canada Limited was dissolved. The Group going forward is actively seeking Artificial Intelligence and AI Agent opportunities.

2. Accounting Policies

The critical or significant areas which required the use of accounting estimates and exercise of judgement by management while applying the Company's accounting policies are discussed in Note 4.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The parent company functional and presentational currency is Pounds Sterling ("GBP"). The group presentational currency is Pounds Sterling ("GBP").

2.1. Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards in accordance with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of intangible assets which are carried at fair value. There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

Amounts in the financial statements have been rounded to the nearest pound.

2.2. Revenue recognition

Revenue from the sale of goods is recognised when a group entity sells a product to a customer. Sales are mostly made via online portals, paid by credit card, at which point revenue is recognised. For sales made in traditional retail shops, revenue is recognised when consumers buy each product (goods held by retail outlets are not treated as sales by Cellular Goods).

2.3. Inventory

Inventory is valued at lower of cost and net realisable value. Cost is based on the purchase price of the manufactured products, materials and transport costs. Net realisable value is based on the estimated selling price less estimated selling costs. Stock considered to have no value has been written down to nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

2. Accounting Policies (Continued)

2.4. Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiaries as of 31 August 2024. The subsidiaries have a reporting date of 31 August and are 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 subsidiary and has the ability to affect those returns through its power over the entity. The subsidiaries have been fully consolidated from the date on which control was transferred to the Group.

Inter-company transactions, unrealised gains and losses on intra-group transactions and balances between Group companies are eliminated on consolidation.

New standards, amendments and interpretations adopted by the Group and Company

The following IFRS or IFRIC interpretations were effective for the first time for the current financial year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standard / Interpretation	Application
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

New standards, amendments and interpretations not yet adopted

Standard / Interpretation	Application
IAS 1 amendments	Classification of Liabilities as Current or Non-current Effective: Annual periods beginning on or after 1 January 2024
IAS 1 amendments	Non-current Liabilities with Covenants Effective: Annual periods beginning on or after 1 January 2024
IFRS 16 amendments	Lease liability in a Sale and Leaseback Effective: Annual periods beginning on or after 1 January 2024
IAS 7 & IFRS 7 amendments	Supplier finance arrangements Effective: Annual periods beginning on or after 1 January 2025
IAS 21 amendments	Lack of Exchangeability Effective: Annual periods beginning on or after 1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Effective: To be determined

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

2.5. Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale, and represents a separate line of business or geographical area of operations. Assets associated with discontinued operations are measured at the lower of their carrying value and fair value less costs to sell. Following the cessation of all marketing, development and promotion of skincare products, and cessation of active management of all entities connected to the carbon removal business, the results for both years within the Consolidated Statement of Comprehensive Income comprise discontinued operations. Certain professional costs, together with auditor's remuneration, amounting to approximately £132,000 will be required to be incurred going forward in order to maintain the Group's listing, but are not significant and have therefore not been separately categorised as continuing operations in the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

2. Accounting Policies (Continued)

2.6. Going concern

The Directors have assessed the current financial position of the Group, along with future cash flow requirements, to determine whether the Group has the financial resources to continue as a going concern for the foreseeable future. As part of their assessment, the Directors have also taken into account the ability to raise additional funding whilst maintaining sufficient cash resources to meet all commitments.

The Directors have prepared detailed cash flow forecasts with strong cost control measures in place to enable the Group to operate according to its plans. Given the current economic uncertainties, the Group has controls in place to monitor spending and ensure that it can continue to operate for the foreseeable future. Additional cost control measures are available, if required. The conclusion of this assessment is that it is appropriate that the Group be considered a going concern. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

2.7. Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company has no borrowings. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company monitors capital on the basis of the total equity held by the Company.

2.8. Financial Instruments

Initial recognition

A financial asset or financial liability is recognised in the Statement of Financial Position of the Group when it arises or when the Group becomes part of the contractual terms of the financial instrument.

Classification

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

1. The asset is held within a business model whose objective is to collect contractual cashflows; and
2. The contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets which are measured at amortised cost, are measured using the Effective Interest Rate method ("EIR") and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets measured at fair value through profit or loss ("FVPL")

Investments in unlisted equity interest, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the EIR method include trade and other payables that are short term in nature.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

2. Accounting Policies (Continued)

2.8. Financial instruments (Continued)

Derecognition

Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

A financial asset is derecognised when:

1. The rights to receive cash flows from the asset have expired, or
2. The company has transferred its rights to receive cash flows from the asset or has undertaken the commitment to fully pay the cash flows received without significant delay to a third party under an arrangement and has either (a) transferred substantially all the risks and the assets of the asset or (b) has neither transferred nor held substantially all the risks and estimates of the asset but has transferred the control of the asset.

2.9. Impairment

The Group recognises a provision for impairment for expected credit losses regarding all financial assets. Expected credit losses are based on the balance between all the payable contractual cash flows and all discounted cash flows that the Company expects to receive. Regarding trade receivables, the Company applies the IFRS 9 simplified approach in order to calculate expected credit losses. Therefore, at every reporting date, provision for losses regarding a financial instrument is measured at an amount equal to the expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

At each balance sheet date, the Directors review the carrying amounts of the Company's investments, to determine whether there are any indications that those investments have suffered an impairment loss.

2.10. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which entities operate ('the functional currency'). The financial statements are presented in Pounds Sterling, which is the parent company's functional and presentation currency. There has been no change in the functional currency during the current or preceding period.

(ii) Transactions and balances

Transactions in foreign currencies are translated into Pounds Sterling using monthly average exchange rates. This is permissible in this case as there are no significant fluctuations between the currencies with which the entity operates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the Statement of Financial Position date and any exchange differences arising are taken to profit or loss.

(iii) Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into GBP at the average rate over the reporting period. Exchange differences arising from significant foreign subsidiaries are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

2. Accounting Policies (Continued)

2.11. Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12. Intangible assets

Intangible fixed assets comprise of the Group's cryptocurrency assets that were not mined by the Group and are held by the Group as part of treasury management. Such cryptocurrency assets recorded under IAS 38 have an indefinite useful life initially measured at cost, and subsequently measured at fair value.

Increases in the carrying amount arising on revaluation of cryptocurrency assets are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to the income statement.

The fair value of intangible cryptocurrency assets at the end of the reporting period is calculated as the quantity of cryptocurrencies on hand multiplied by the price quoted on an active market website.

2.13. Taxation and deferred taxation

The income tax expense or income for the year is the tax payable on the current period's taxable income. This is based on the national income tax rate enacted or substantively enacted for each jurisdiction with any adjustment relating to tax payable in previous years and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Current tax credits arise from the UK legislation regarding the treatment of certain qualifying research and development costs, allowing for the surrender of tax losses attributable to such costs in return for a tax rebate.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

2. Accounting Policies (Continued)

2.14. Trade and other payables

Short-term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

2.15. Trade and other receivables

Trade and other receivables are short-term financial assets due to the Company. Other receivables are recognised at the transaction's price when it is probable that economic benefit will flow to the Company.

2.16. Equity

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

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

2.17. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

3. Segment information

During the year ended 31 August 2024, revenue was derived wholly from the sale of cannabinoid products. This has been consistent with the prior year's revenue, derived wholly from the sale of cannabinoid products.

Under IFRS 8 there is a requirement to show the profit or loss for each reportable segment and the total assets and total liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision-maker.

The Group has one operating segment, being the establishment and operation of a biosynthetic retail services business, therefore all IFRS 8 disclosures are incorporated within other notes to the financial statements. The carbon renewal business had no material transactions, assets or liabilities during the period and at year-end.

4. Critical accounting estimates and judgement

In the application of the Group's and Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group conducts fair value review on the investment in unlisted equity interest which requires estimation. If the result of the review indicates that there is a fair value difference from the carrying amount, a fair value gain/loss is recognised in profit or loss.

The directors have applied their knowledge and experience in determining the classification and measurement of cryptocurrency assets. Specific judgements on classification are required based on the ordinary model of business, objective of holding the assets etc. Fair value estimates are forward looking and are formed using a combination of factors including the market value subsequent to year end, liquidity and availability of active market etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

5. Expenses by nature

	2024	2023
	£	£
Legal and professional	84,089	318,234
Auditor's remuneration	28,750	34,000
Directors' remuneration	412,338	740,741
Share-based payment charge	51,402	150,322
Impairment loss on equity investment	78,660	-
Consultancy	74,413	57,513
Advertising and promotion	74,982	607,504
Product research and development	57,223	586,576
Inventories written off	583,624	53,397
Other expenses	413,759	826,892
	<u>1,859,240</u>	<u>3,375,179</u>

6. Auditor's remuneration

	2024	2023
	£	£
Fees payable to the Company's auditor for the audit of the Group's and Company's annual financial statements	<u>36,000</u>	<u>34,000</u>
	<u>36,000</u>	<u>34,000</u>

7. Directors' remuneration

Directors' remuneration amounted to £412,338 during the year (2023: £750,668), of which £nil (2023: £nil) remained outstanding at the year end. Detailed disclosure of Directors' remuneration, including highest paid director, is disclosed in the Directors' Remuneration Report.

8. Employees

The average number of employees for the Group during the year was 1 (2023: 5), apart from the Directors.

	2024	2023
	£	£
Directors' remuneration	412,338	740,741
Wages and salaries	108,608	499,293
Social security costs	22,372	87,620
Pension	40,052	8,318
Share-based payments	51,402	150,322
	<u>634,772</u>	<u>1,486,294</u>

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

9. Taxation

The tax charge for the year was £ nil (2023 - £95). The Company had tax losses carried forward at the year-end of approximately £13,068,000 (2023: £11,371,000), on which no deferred tax asset has been recognised. The available losses will be significantly restricted by the change of trade.

Factors affecting the tax charge

The tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2024 £	2023 £
Loss on ordinary activities before tax	(1,827,461)	(3,309,626)
Loss for year multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	(456,865)	(628,829)
Effects of:		
Disallowable expenditure	32,515	137,795
Unutilised losses on which no deferred tax losses is recognised	424,350	491,034
Tax charge for the year	-	-

10. Earnings per share – discontinued operations

	2024	2023
Loss attributable to equity holders of the Company	£1,827,461	£3,309,721
Weighted average number of Ordinary Shares in issue (number)	602,250,000	537,962,329
Basic earnings per share (pence per share)	(0.303p)	(0.615p)

11. Financial Instruments

	2024 £ Group	2023 £ Group	2024 £ Company	2023 £ Company
Carrying amount of financial assets				
Financial assets measured at amortised cost				
Trade and other receivables	790	2,244	790	108,502
Cash and cash equivalents	213,627	1,772,892	210,294	1,711,893
	214,417	1,775,136	211,084	1,820,395
Carrying amount of financial liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	140,427	185,802	138,090	180,021

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

12. Trade and other receivables

	2024 £ Group	2023 £ Group	2024 £ Company	2023 £ Company
VAT debtor	7,627	31,491	7,425	31,491
Prepayments	1,153	59,100	-	58,114
Amounts due by subsidiary undertaking	-	-	-	107,712
Other debtors	790	2,244	790	790
	9,570	92,835	8,215	198,107

13. Investment in subsidiaries

As at 31 August 2023, The Company held complete ownership of two subsidiary companies, CBX Cellular Goods Canada Ltd, and King Tide Carbon Pte. Ltd Singapore, each with distinct focuses and contributions to the parent company's operations. CBX Cellular Goods Canada is incorporated in Canada and has its registered office at 700-401 West Georgia Street, Vancouver, British Columbia V6B 5A1, Canada. It specializes in the research, development, and production of innovative consumer skincare and wellness products in the biosynthetic CBD and CBG space. King Tide Carbon Pte. Ltd Singapore is a wholly owned subsidiary dedicated to oceanic biosynthetic carbon removal industry. Incorporated and registered in Singapore with its registered office at 101 Telok Ayer Street, #03-02, Singapore 068574. Furthermore, King Tide Pte. Ltd Singapore also has its wholly owned subsidiary, King Tide Carbon Canada Ltd, dedicated to the carbon removal industry and registered office at 700-401 West Georgia Street, Vancouver, British Columbia V6B 5A1, Canada.

On 29 February 2024, CBX Cellular Goods Canada Limited was dissolved.

The subsidiary undertakings are set out below.

Name	Principal activity	Holding
CBX Cellular Goods Canada Ltd**	Cannabinoid wellness products	100%
King Tide Carbon Pte. Ltd Singapore	Carbon removal services	100%

** (Dissolved as at 29 February 2024 in Canada, refer to Note 22)

	Investments in subsidiary £
Cost and net book value	
As at 1 September 2022	1
Additions	60
As at 31 August 2023	61
Deregistration	(1)
As at 31 August 2024	60

14. Investment in unlisted equity interest

During the year, the Group, through its subsidiary, King Tide Carbon Pte. Ltd., acquired approximately 3.8% equity interest in Haven Carbon Pte. Ltd., with a cost of US\$100,000 (equivalent to £78,660). Haven Carbon Pte. Ltd. is principally engaged in the development of software and applications in relation to carbon credits projects and has a common director in Matthew Lodge. As on the date of authorising these financial statements, the Directors, by reference to the carbon credits market, determined a £Nil fair value on such investment as at the year end date, resulting a fair value loss of £78,660 recorded in profit or loss. The fair value measurement is categorised under level 3 fair value measurements.

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

15. Intangible assets

	2024 £
Group and Company – Cryptocurrency assets	
Cost	
At 31 August 2023 and 1 September 2023	-
Additions	400,000
At 31 August 2024	<u>400,000</u>
Fair value movement	
At 31 August 2023 and 1 September 2023	-
Fair value gain recognised in other comprehensive income	31,784
At 31 August 2024	<u>31,784</u>
Balance at 31 August 2024	<u>431,784</u>
Balance at 31 August 2023	<u>-</u>

Cryptocurrency assets are not mined by the Group. The Group acquired and held cryptocurrency assets during the year, which are recorded at cost on the day of acquisition. Movements in fair value in crypto assets held at the year-end is recorded in the fair value reserve in equity.

The cryptocurrency assets held below are discussed above. The assets are all held in secure custodian wallets controlled by a Director of the Group. The assets detailed below are all accessible and liquid in nature.

	Coins / tokens	Fair value £
As at 31 August 2024		
Crypto asset name		
Solana	4,149	431,784

16. Inventory

	2024 £ Group	2023 £ Group	2024 £ Company	2023 £ Company
Raw materials and packaging	288,541	456,297	288,541	456,297
Finished goods	196,872	179,983	196,872	179,983
Written off	(485,413)	(53,397)	(485,413)	(53,397)
	<u>-</u>	<u>582,883</u>	<u>-</u>	<u>582,883</u>

The cost of inventory recognised within cost of sales amounted to £5,306 (2023: £25,796). Total write-offs of inventory to net realisable value during the year amounting to £583,624 (2023: £53,397) was recognised in administrative expenses in the statement of profit or loss.

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

17. Share capital and share premium

	Number of shares No.	Share capital £	Share premium £	Total £
At 1 September 2023	602,250,000	602,250	12,988,101	13,590,351
Issue of ordinary shares	-	-	-	-
At 31 August 2024	602,250,000	602,250	12,988,101	13,590,351

18. Trade and other payables

	2024 £ Group	2023 £ Group	2024 £ Company	2023 £ Company
Trade creditors	110,453	104,892	109,341	100,381
Accruals	29,974	56,926	28,749	55,728
Other creditors	-	23,984	-	23,912
	140,427	185,802	138,090	180,021

19. Share-based payments

The Company has issued a total of 64,960,000 warrants to subscribe for additional share capital of the company, of which, 2,500,000 have been exercised and 50,210,000 have lapsed, leaving 12,250,000 in issue. Each warrant entitles the holder to subscribe for one ordinary equity share in the Company. The right to convert each warrant is unconditional.

The Company has issued a total of 30,050,000 share options to subscribe for additional share capital of the Company to its directors and employees, of which 5,918,406 have lapsed, leaving 24,131,594 in issue. Each option entitles the holder to subscribe for one ordinary equity share in the Company. The right to convert each option is subject to the terms of each respective share option agreement.

Warrants	Weighted average exercise price	31-Aug-24 Number	31-Aug-23 Number
At the beginning of the year	3.62p	41,460,000	50,460,000
Issued on 3 April 2023	2.90p	-	2,000,000
Issued on 9 May 2023	0.97p	-	5,000,000
Issued on 10 May 2023	0.97p	-	2,000,000
Issued on 8 June 2023	1.50p	-	3,000,000
Lapsed in the year	4.41p	(29,210,000)	(21,000,000)
At the end of the year	1.40p	12,250,000	41,460,000

Equity-settled share-based payments are measured at fair-value (excluding the effect of non-market- based vesting conditions) as determined through use of the Black-Scholes technique at the date of issue.

Share options	Weighted average exercise price	31-Aug-24 Number	31-Aug-23 Number
At the beginning of the year	5.74p	24,331,594	22,550,000
Issued in the year	1.20p	-	7,000,000
Lapsed in the year	7.81p	(200,000)	(5,218,406)
Exercised in the year	-	-	-
At the end of the year	5.72p	24,131,594	24,331,594

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

19. Share-based payments (Continued)

The total share-based payment charge for year was £51,402 (2023: £150,322). An amount of £51,402 (2023: £150,322) has been charged to administrative expenses and £nil (2023: £nil) to share premium.

The share-based payment charge was calculated using the Black-Scholes model. All warrants have a vesting period between one and three years from the date of issue and are subject to their respective lock-in conditions if exercised. All share options have an exercise period of between three and ten years.

Volatility for the calculation of the share-based payment charge in respect of the warrants issued was determined by reference to movements in share price of the Company for the period after the date of admission and by reference to the relative share prices of a selected peer group of companies listed on the London Stock Exchange up to the date of admission.

The inputs into the Black-Scholes model for the share options issued in the year are as follows:

	Share options Issued in 2023	Share options Issued in 2022
Weighted average share price at grant date – pence	0.398	6.79
Weighted average exercise price – pence	3.615	7.47
Weighted average volatility	126.33%	70.80%
Weighted average expected life in years	3	1.8
Weighted average contractual life in years	10	10
Risk-free interest rate	2.5 to 3.5%	1.5 to 2.5%
Expected dividend yield	0%	0%
Weighted average fair-value of warrants granted (pence)	0.49	2.07

The total number of warrants held by directors at 31 August 2024 was 9,000,000 (2023: 13,000,000). The total number of share options issued to directors at 31 August 2024 was 7,000,000 (2023: 7,000,000).

20. Contingent liabilities

There were no contingent liabilities at 31 August 2024 and 31 August 2023.

21. Capital commitments

There were no capital commitments at 31 August 2024 and 31 August 2023.

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

22. Deregistration of a subsidiary

In February 2024, the Group's subsidiary CBX Cellular Goods Canada Ltd was dissolved.

The following summarises the carrying amount of the assets and liabilities at the date of deregistration:

	£
Net liabilities of the deregistered subsidiary	
Prepayments and other receivables	340
Cash and cash equivalents	1,037
Other payables and accrued expenses	(1,470)
Share capital	(1)
	<u>(94)</u>
Gain on deregistration of subsidiaries	94
	<u>-</u>
Net cash flow on deregistration of subsidiaries	-
Net outflow of cash and cash equivalents	<u>(1,037)</u>

23. Controlling party

There was no ultimate controlling party as at the year-end.

24. Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of the Group's intangible assets related to cryptocurrency assets are measured under level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. As at 31 August 2024, the Group's assets measured at fair value is only the investment in unlisted equity instrument that is categorised in level 3.

During the year ended 31 August 2024, the Group has no transfers among the fair value level between level 1, level 2 or level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

25. Financial risk management

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of future cash flow requirements.

The Group's activities expose it to a variety of financial risks as below.

(i) Interest rate risk

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions of £213,627. Apart from the abovementioned amount, no other financial instrument is subjected to interest rate risk. The interest rate risk is therefore considered minimal.

(ii) Foreign exchange risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities to minimise foreign currency risk. The foreign currency risk is managed and monitored on an ongoing basis by senior management of the Group. It is considered by the management of the Group that the exposure to foreign exchange risk is minimal.

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements. The Group's maximum exposure to credit risk is summarised in Note 11.

Most of the Group's cash in banks have been deposited with reputable and creditworthy banks. Management considers there is minimal credit risk associated with those balances.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The management considered the liquidity risk is low given the current cash balance and the strong liquidity of the cryptocurrency assets, however remain aware of potential significant price volatility of such assets.

(v) Market risk

The Group is dependent on the state of the cryptocurrency market, sentiments of crypto assets as a whole, as well as general economic conditions and their effect on exchange rates, interest rates and inflation rates.

The Group is also subject to market fluctuations in foreign exchange rates. Cryptocurrency is primarily convertible into fiat through USD currency pairs and through USD denominated stable coins and is the primary method for the Group for conversion into cash.

(vi) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt and equity attributable to the owners of the Company, comprising share capital, share premium and retained earnings.

The directors of the Group review the capital structure regularly. As part of this review, the directors of the Group consider the cost of capital and the associated risks, and take appropriate actions to adjust the Company's capital structure. The overall strategy of the Company remained unchanged.

CEL AI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (CONTINUED)

26. Related party transactions

During the year, the Company incurred fees of £6,000 (2023: £nil) for consulting services from Dark Peak Services Ltd, a company controlled by Nicholas Lyth.

As at 31 August 2024, included in trade creditors was an amount due to a company controlled by an ex-director of the Company amounting to £10,000 (2023: £nil); and an amount due to a close family member of a director amounting to £5,000 (2023: £nil).