

Narf Industries Plc

Annual Report and Consolidated Financial Statements

**For the year
ended 31 March 2025**

Registered number 11701224 (England and Wales)

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**NARF INDUSTRIES PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

DIRECTORS AND ADVISORS

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Steve Bassi, Chief Executive
Albert Hawk, Non-Executive Director

Company Secretary

Neil Warrender

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Registered Number

11701224

NARF INDUSTRIES PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2025

I am pleased to present the audited financial results for Narf Industries PLC for the year ended 31 March 2025.

The past year marked a significant strategic transition for the Group. For several years, we had been advancing cutting-edge government research and development ("R&D") work under our Social Cyber initiative—applying behavioural analytics and Agentic AI to secure open-source software ("OSS"). Then, in March 2024, the discovery of a backdoor in XZ Utils—a compression utility embedded in major Linux distributions—exposed just how vulnerable critical open-source infrastructure had become. That event brought urgency and clarity. We made the decision to shift resources and leadership focus toward rapidly transforming our Social Cyber R&D into a productised platform—now launched as Ranger.ai.

While Ranger.ai formally launched after the year end, its foundation was laid during the reporting period through intensive technical and product preparation. Ranger.ai represents a first-of-its-kind approach to open-source software security, combining behavioural analytics and an Agentic AI framework to expose vulnerabilities that traditional scanning tools often miss.

More than a technical milestone, Ranger.ai marks our first major step toward a scalable Software-as-a-Service (SaaS) business model—transitioning project-based R&D to build a recurring revenue foundation capable of supporting long-term growth. Early traction with government customers is already validating both the opportunity and the Group's strategic priority.

This shift in priority, however, coincided with external headwinds. U.S. federal budget delays and broader agency disruptions—like Department of Government Efficiency ("DOGE") intervention —materially impacted revenue, particularly in our Government Services and Solutions (GS&S) segment.

Despite these challenges, we advanced the business by tightly managing cost and securing critical follow-on research contracts enabling us to execute our strategy with existing financial resources during the period.

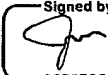
Our GR&D business continues to reflect our ability to deliver frontier cybersecurity capabilities with a direct path to operational use. The \$1.3 million U.S. Air Force contract for AI-powered Social Cyber Solution, announced in August 2024, marked a major milestone to transition project-based work to a more scalable SaaS model. The \$6.8 million DARPA INGOTS win in January 2025, represented both a major technical milestone and the largest-ever contract in the Group's history.

Looking ahead, we expect GS&S will grow as its the primary delivery engine for our Ranger.ai platform to U.S. government customers. This involves early-stage deployments and building capacity to scale implementations across a close-knit network of agencies and their prime contractors. Commercial adoption is expected to follow, with efforts focused on partnerships and joint ventures to access broader market expansion.

The Board remains committed to executing this strategy with discipline. We entered the current period with a strong technical foundation, operational clarity, and the confidence that the decisions made over the past year will begin to yield visible, durable results. The Company's current contract pipeline and prudent cash flow management provides sufficient runway to execute our strategy through the current financial year, without reliance on new capital resources or significant near-term contract wins.

NARF INDUSTRIES PLC
CHAIRMAN'S STATEMENT
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We remain confident that the intersection of our deep government expertise, technical excellence, and R&D transition to operational mission vision uniquely positions Narf for long-term value creation. Ranger.ai is a clear example of strategy in action - a cutting-edge cybersecurity product built to tackle some of the most urgent and complex challenges our customers face. As we prepare for broader rollout of Ranger.ai, we're encouraged by the early traction and excited about the growth potential it represents.

Signed by:

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John Herring

Executive Chairman

30 July 2025

**NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Narf Industries plc (the “Parent” or “Company”) is the UK parent company of two US operating subsidiaries Narf Industries LLC and Narf Industries PR LLC (the “subsidiaries”, “Operating Group” or “Narf US” - together with the Parent, the “Group”). The subsidiaries are principally involved in research and software development aimed at enhancing the cybersecurity measures of its US government agency clients. The directors of the Company are pleased to present their Strategic Report on the Group for the year ended 31 March 2025.

This section contains the Strategic Report, which includes the information that the Group is required to produce to meet the need for a Strategic Report in accordance with the Companies Act 2006. Biographies of each director are on the Group’s website at narfgroup.com/team/board. The Directors’ Report is set out below. This Strategic Report is a consolidated report relating to the Group as a whole. It includes matters relating to the Company and its subsidiary undertakings.

Note any reference to \$ will be for USD\$ and any reference to 2025 or 2024 will be for the year ended 31 March 2025 and the fifteen-month period ended 31 March 2024 respectively.

Cautionary statement

The Strategic Report has been prepared for the shareholders of the Company, as a body, and for no other persons. Its purpose is to inform shareholders of the Company and to help them assess how the Directors have performed their duty to promote the success of the Company. This Strategic Report contains forward-looking statements that are subject to risk factors associated with, amongst other things, the economic, regulatory, policy and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this strategic report will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation.

Review of the business

Background. The Company was originally formed as a specific purpose acquisition company to undertake acquisitions in the cybersecurity sector. In March 2021, the Company listed on the Official List of the UK Listing Authority on the London Stock Exchange (“LSE”). The Operating Group acquisitions completed on 15 March 2022 and were treated as a reverse takeover as explained in the 2022 financial statements.

Since the acquisition, the Company has integrated the US Operating Group, and it now constitutes the Group’s sole business operation. At the start of the year the Company acquired the entire issued share capital of Narf Holdings, Inc in exchange for that entity becoming the sole member of each entity in the Operating Group. Narf Holdings, Inc acts solely as a US holding company.

Overview. With a steadfast commitment to protecting national security and critical infrastructure, the Group offers comprehensive expertise in addressing the evolving cyber threats faced by its clients. The Group works with US government agencies including the Department of Defense (“DoD”), the Defense Advanced Research Projects Agency (“DARPA”) and Intelligence Advanced Research Projects Activity (“IARPA”). The Group often collaborates with world renowned private research companies and universities in the performance of its contracts.

The Group’s strong track record of successful contract performance underscores its ability to deliver results, and its team of cybersecurity professionals can deliver the ideas and solutions that are key to clients’ security needs. The Directors understand the critical nature of the work performed by these agencies and the importance of maintaining the confidentiality and integrity of their missions. With the Group’s industry-leading expertise, advanced technologies, and unwavering commitment to excellence, it provides the government with the confidence and peace of mind they need to navigate the complex and ever-changing cybersecurity landscape

NARF INDUSTRIES PLC STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025

Review of the business (continued)

The Group's strategy leverages government-funded research contracts to fund innovative and disruptive products for billion-dollar commercial cybersecurity markets. The Group provides government customers research and development services through its Research and Development sector ("GR&D") and operational government solutions and services through its Services and Solutions ("GS&S") sector.

GR&D work comprises cutting edge research into potential cybersecurity threats along with the development of source code to test cybersecurity defences against those threats. GS&S work principally involves the development of infrastructure and software leveraging foundational GR&D research into solutions and services. Ultimately, the Group seeks to transition these solutions into Software-as-a-Service ("SaaS") based commercial offerings.

Current Period. This period marked a pivotal strategic shift as the Group reallocated resources to capitalize on the immediate potential of its emerging Social Cyber platform, organically developed from GR&D programs, and formally launched in June 2025 as Ranger. Ranger is a first-of-its-kind platform that brings behavioural and group dynamic analytics to open-source software security, offering early warning of vulnerabilities that traditional code scanning tools often miss.

This decision, taken early in the period (April–May 2024), reflected the urgency of the opportunity and growing validation with government customers. It signalled an assertive move to build a high-margin GS&S service and SaaS business and accelerate access to broader commercial enterprise opportunities. At that time, the Company reported that this reallocation of resources, combined with delays in the U.S. Government budget cycle was expected to impact overall near-term revenue potential.

While the Group made significant progress on Ranger during the period—including securing an additional \$1.3m Ranger contract award in August 2024—first-half revenue was impacted as earlier budget delays were further compounded by uncertainty surrounding the November 2024 U.S. Presidential election. As outlined in the Group's Half-Year Report dated 30 September 2024, these factors contributed to a material decline in revenue of over 50% on an annualised basis.

While the Company was initially hopeful for a recovery in the second half, interventions by the Department of Government Efficiency ("DOGE") in February 2025 introduced unprecedented delays across a wide range of the Group's prospective government customers. Although the Group entered the fourth quarter buoyed by the award of its largest ever contract – a multi-phase \$6.8m DARPA project – and increased engagement with prime contractors aiming to advance delayed GS & S work, overall revenue in the second half came under renewed pressure and ultimately fell short of expectations.

Financial Strategy and Cash Management. From the start of this strategic shift, the Board's directive to Company executives has been to navigate the transition within the boundaries of operating cash flow and available loan facilities. This proved more challenging than anticipated as the combination of delayed government funding, shifting federal priorities, and slowdowns in customer execution tightened near-term revenue and working capital. Key steps taken included:

- Staff redundancies generating savings of circa \$1,290,000 per annum;
- Salary waivers and deferrals by senior management improving cash flow by circa \$1,150,000 pa;
- Extending the loan facility from the CEO through to 31 July 2026 and increasing the available facility to \$3m; and
- Reduced discretionary spending.

As a result, the Company advanced its business during the year within financial resources as disclosed. Currently, the Company's existing contract pipeline and cash flow management provides sufficient runway to enable it to continue through the upcoming 12 months without new capital resources or significant reliance on near term additional contracts awards.

NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Review of the business (continued)

GR&D Sector Outlook. GR&D is aligning with evolving government priorities that emphasize mission-driven outcomes over exploratory research, focusing on delivering innovations with a direct path to operational use. Recent milestones in the Ranger program—such as building dashboards and structured outputs that integrate directly into customer-facing applications—demonstrate this shift from prototype to production-ready capability.

In the new financial year, GR&D aims to transition Ranger to GS&S delivery, which will mark a key validation of Narf's business model to leverage government-funded research into scalable agency and enterprise solutions. GR&D's goal is to feed a continuing set of advanced open-source software ("OSS") threat detection and remediation capabilities—developed through targeted government new contract work and internally funded R&D—to expand Ranger's initial offering.

Significant GR&D revenue this year will come from the DARPA INGOTS program. The program focuses on next-generation automated vulnerability discovery and exploit generation, with Narf developing scalable toolchains and methodologies to identify and chain software exploits across complex systems. This work aligns closely with national security priorities and reinforces Narf's differentiated role in GR&D: delivering frontier technical capabilities with clear pathways to operational deployment.

GS&S Sector Outlook. GS&S revenue was essentially eliminated during the year end review. Existing work was curtailed early in the year and expected new task orders under the omnibus government contract failed to materialise as anticipated. Initial shortfalls were tied to delayed U.S. budget approvals and then further compounded by interventions from DOGE and ongoing agency mission restructuring.

The Group's historic GS&S solutions remain in demand by reorganized agency missions, and Narf has strategically shifted its focus to working with major DoD and Intelligence Community integrators holding prime contracts with these targeted agencies. This transition will continue, and as prime contractor relationships mature later in the upcoming period, some recovery is anticipated—with more significant contributions expected over a 12–18 month period.

As a result, the Group strategically reallocated GS&S resources early in the year under review to accelerate the launch of Ranger—supporting both its capability expansion and productization for government markets. This enabled the rapid integration of Agentic AI and Large Language Model ("LLM") capabilities into the Ranger solution, significantly enhancing its overall value proposition.

Going forward, the GS&S team will serve as the primary organization responsible for implementing and scaling Ranger systems and solutions across government agencies, with associated revenues accounted for under GS&S. The Ranger product launch, which was announced via RNS on 27 June 2025, first targets a close-knit community of five to ten government agencies and their associated prime contractors.

Enterprise Commercialisation. During the upcoming financial year, GS&S will focus on scaling Ranger across its initial government customer base, using this momentum to initiate discussions with strategic partners positioned to support commercial enterprise adoption. These efforts are designed to lay the groundwork for expanding Ranger beyond government agencies, targeting critical infrastructure sectors and enterprise environments that face similar open-source software security challenges.

The Company views this as a natural progression of its dual-use technology strategy of gaining validation in mission-critical government settings before extending into broader commercial markets. Early partnership discussions will prioritize market access, platform integration, and scaling support. The Group does not project any revenue from commercial customers during the upcoming period and expects to create future partnerships/joint ventures to finance bringing Ranger to commercial markets.

NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Financial position

The following presents key financial metrics of the Group:

- At the period-end, the consolidated statement of financial position presents Current Assets totalling \$0.9 million (2024: \$1.3 million). This included cash of \$137,000 (2024: \$654,000) and trade receivables of \$257,000 (2024: \$314,000) that were collected by end of Q2 2025 and Q2 2024 respectively.
- Total liabilities at the period-end were \$3.9 million (2024: \$2.7 million), with 77% (2024: 58%) of the balance being loans plus interest from the Operating Group founder and CEO for working capital purposes. A further \$4,000 (2024: \$331,000) is owed to former employees, \$248,000 (2024: \$nil) in deferred salaries where employees have agreed to defer payment indefinitely and the remainder being trade and other payables of \$663,000 (2024: \$858,000).
- During the prior period the CEO had agreed to provide the Group with a \$2 million credit facility and during the year he signed agreements to increase the facility to \$2.5 million and subsequently \$3 million. Effective 1 August 2025, the facility was extended with payment not due until July 2026 (unless the Group has the funds to pay earlier), leaving the Group \$170,000 from which to draw further as at the date this annual report was issued.
- During the period the Group utilised \$1.86m (2024: generated \$173,000) in cash from operating activities.
- The Company has net operating losses available to carry forward of \$8.2 million (2024: \$6.1 million) to offset against future taxes.

Currently, the Group's existing contract backlog and cash flow management provides sufficient runway to enable its continued operations through the next period to execute its business and enable continued operations without new capital resources or significant reliance on near term additional contracts awards.

Key performance Indicators. Within the first 90 days from the start of the year, KPIs which were primarily targeted to GS&S year-over-year revenue growth, were redirected to capitalise on the emerging Social Cyber/Ranger opportunity. Simultaneously, the rising importance of Agentic AI and LLM integration reshaped the development roadmap, positioning these technologies as core enablers of Ranger's differentiation and long-term platform strategy. The subsequent downturn in GS&S business prompted a realignment of development priorities, personnel planning and cash management forecasts.

These shifts collectively defined a new set of operational KPIs focused on accelerating Ranger's capability buildout, driving early-stage government adoption, and maintaining execution within existing financial resources. The Group's execution relative to these qualitative KPI's is addressed in the above sections.

The Group's quantitative KPIs shifted to its ability to continue as a self-financing business:

	31 March 2025 US\$	31 March 2024 US\$	Change %
Loan facility headroom	170,250	510,500	(67%)
Cash and cash equivalents	136,704	654,365	(79%)
Cash due on completed contract work	715,037	555,092	29%

NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Principal risks and uncertainties

The principal risks and the steps taken by the Group to mitigate these risks are as follows:

The Group is still in the early stages of its life and operating history

The Group faces the inherent risk of all early-stage companies with limited operating history. The Directors in previous periods identified the transition risk of a private and entrepreneurial led venture to the main operating business of an LSE listed Company but now believe it's standards of financial and corporate governance implemented in recent periods significantly mitigate this risk.

Reliance on a limited number of products and customers

The Group currently derives a significant portion of its revenue from a limited number of products and customers. This concentration presents a potential risk to the business should there be a reduction in demand, delay, or termination of contracts by any of these key customers. GS&S suffered from such risk this year. The Group actively monitors this exposure and is pursuing a diversification strategy including prime contractors and Ranger - to expand its customer base, product portfolio, and addressable markets. This includes investment in new offerings, strategic partnerships, and ongoing efforts to convert existing research programs into scalable solutions across both government and commercial sectors.

U.S. Government Budget and DOGE Reviews

These risks had a significant adverse impact on revenues for the period. In the upcoming period, the Board is optimistic, as activities related to the DOGE have stabilised, and critical cybersecurity tools have been prioritized and funded through the Consolidated Appropriations Act, 2025. This funding provides renewed momentum for delayed programs and reinforces long-term demand for the Group's cybersecurity solutions.

Government Research Budget Risk

There is an ongoing shift in U.S. government research funding priorities away from broad-based basic research and toward more directed programs with clear paths to operational deployment. This trend reflects an increased emphasis on mission-driven outcomes, measurable impact, and transition-ready solutions. While this shift may limit certain exploratory research opportunities, it aligns well with the Group's strategic focus on applied cybersecurity innovation. During the period, the Company proactively adjusted its R&D portfolio and resource allocation to prioritize programs, such as Ranger and INGOTS, which are closely aligned with operational agency needs and positioned for rapid transition into GS&S delivery.

Key-Person Risk

The Group's success and prospects are significantly influenced by the knowledge, experience, and expertise of key individuals within the organization. The loss of any key person, including members of the senior management team or technical experts, could have a material adverse effect on the Group's business, operations, and financial performance. The Group continuously strives to attract, retain, and motivate key personnel through competitive compensation packages, employee engagement initiatives, and a supportive work environment. In addition, several key executives are significant shareholders of the Company, which further aligns their interests with the long-term success of the Group. However, there is always a risk that key individuals may leave the Group for various reasons, including career opportunities elsewhere or unforeseen circumstances.

Inability to Fund Operations

As an emerging enterprise in a rapidly evolving industry, the Group faces certain financial risks, including the potential inability to fund our operations. The success of its business and the Group's ability to achieve its strategic objectives depend on it having access to adequate funding sources, including cash reserves, credit facilities, and capital markets.

**NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Whilst the Board has taken and continues to take reasonable measures to address the risk of funding constraints, there can be no assurance that the Group will be successful in maintaining performance or securing the necessary funding on favourable terms (see 'Going Concern' section in the Directors' Report below).

Reputational Risk

Reputational risk is a critical consideration for the Board as it plays a pivotal role in shaping the Group's relationships with stakeholders and influencing their perceptions of the Group. The Board recognises that any adverse event or negative perception can significantly impact the Group's reputation, market standing, and long-term success.

Economic Risk

The Group could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation or currency exchange fluctuations. The impact is likely to include disruption to financial markets and higher inflation. Any economic downturn either globally or where the Group operates, in the US, may have an effect on the demand for the Group's products and services.

Employee information

At present, there are no female Directors in the Company and just over 10% of Group employees are women. The Group is committed to gender equality and diversity. As new roles are identified, a wide-ranging search is completed with the most appropriate individual being appointed irrespective of gender, religion or certain additional needs.

Social/Community/Human rights matters

The Group ensures that employment practices take into account the necessary diversity requirements and compliance with all employment laws. The Board has experience in dealing with such issues and sufficient training and qualifications to ensure they meet all requirements.

Anti-corruption and anti-bribery policy

It is the Group's policy to conduct all its business in an honest and ethical manner. It takes a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

Greenhouse Gas (GHG) Emissions

As the Company has not consumed more than 40,000 kWh of energy in the period, it qualifies as a low energy user under SI 2018/1155 and is not required to report on its emissions, energy consumption or energy efficiency activities.

Gender analysis

A split of the Company's employees and directors by gender during the year is shown below. This analysis has been prepared based on analysis of Directors, those being the only employees of the Company.

	Male	Female
Directors	3	-

The Company has not met the diversity target of women directors nor of having a woman hold at least one senior position. This has not been achieved because, since becoming public, the Company has not yet been in a position to significantly expand its resources. As the Company grows and its resources increase, the Board is committed to addressing this matter.

NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Sustainability

The Group aims to conduct its business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. The Directors aim to provide timely, regular and reliable information on the business to all the Company's shareholders and conduct the Group's operations to the highest standards.

The Directors strive to create a safe and healthy working environment for the wellbeing of Group employees and create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the Group.

The Directors aim to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which the Group operates. Through maintaining good communications, members of staff are encouraged to realise the objectives of the Group and their own potential.

Section 172(1) Statement

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

The requirements of s172 are for the Directors to:

Consider the likely consequences of any decision in the long term;

The Board considers the long-term strategic impact of key decisions, ensuring alignment with the Group's purpose, growth strategy, and sustainability objectives. Decisions taken during the year, including those related to resource allocation, product development, and customer engagement, were evaluated for their future impact on performance and resilience.

Performance Discipline and Fiscal Responsibility - The Board continues to manage its operations with a view to the Group being cash flow positive at the operating level. The Board has demonstrated its ability to react quickly to delays in anticipated cashflows due to losses of government funding or contract awards by rapidly redeploying staff and identifying new opportunities as well as by cutting costs.

Governance and Public Company Standards – In the prior period, the Board appointed an experienced non-executive director, implemented its governance plan, appointed new auditors and significantly enhanced its financial reporting. The Group is now able to run near real-time financial reports with the ability to run projections in different scenarios. The consequences of these improvements are better cash flow management and the longer-term benefit of capital market access on future favourable terms. In the current year the Group underwent both an ERISA and DCAA audit and was able to rapidly address any shortfalls identified so as to meet the required standards.

The Board and executives routinely engage in decisions that impact the long term, set plans to execute, monitor execution, and pivot as necessary from informed and valued employee insights

Act fairly between the members of the Company;

Each of the Directors is dedicated to acting fairly towards the Company's shareholders and to treat them equally.

The Directors are driven to maximizing shareholder returns while considering the sustainability and resilience of the Group's business. Alongside value creation, the Directors also prioritize the preservation of shareholder value. The Directors strive to manage risks, maintain financial stability, and make prudent decisions that safeguard the assets entrusted to them by the Company's shareholders.

**NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Section 172(1) Statement (continued)

The Directors prioritize transparent and timely communication with the Company's shareholders. Each Director will strive to improve communication, offering regular updates on the Group's performance, financial results, and key developments so shareholders are well-informed and have a clear understanding of the Group's business activities.

The Directors look to uphold appropriate standards of corporate governance to protect and enhance shareholder rights commensurate with the size of the Group, whilst keeping governance costs to a minimum. Each Director recognizes the importance of treating all shareholders fairly and equally, irrespective of their shareholding size. The Directors are committed to providing fair and equitable treatment to minority shareholders, ensuring that their rights and interests are respected.

The Directors work to align management incentives with shareholder interests to promote responsible and sustainable value creation. The Group's executive compensation structure is designed to reward performance, promote long-term value creation and align the interests of management with those of the Company's shareholders.

Maintain a reputation for high standards of business conduct;

The Directors seek to ensure the Company strives for the highest standards of conduct with all its stakeholders.

The Directors seek to ensure the Group conducts its business with the utmost integrity, adhering to ethical principles and demonstrating honesty and transparency in all interactions. The Directors work to uphold the highest standards of ethics and integrity in all business activities. The Directors are dedicated to delivering high-quality products/services that meet or exceed the expectations of the Group's customers.

The Directors seek to ensure the Group treats all stakeholders fairly and equally, with a commitment to resolving any concerns or issues in a fair and timely manner. The Directors maintain open and clear lines of communication and value effective communication to build strong and lasting relationships.

The Directors seek to ensure the Group maintains strict compliance with legal and regulatory requirements, as well as industry standards and best practices to the extent practicable given our size. The Directors prioritize the privacy and security of customer data, implementing robust measures to safeguard their information and comply with applicable data protection laws.

The Group's employees embody professionalism in their interactions, displaying courtesy, respect, and a commitment to understanding and fulfilling their needs. They take accountability and responsibility for their actions, decisions for roles and performance.

Consider the interests of the Group's employees;

For context, the Group employs a close-knit group of less than fifteen highly qualified research scientists and experienced software developers, that have chosen to come together in an environment that allows them the freedom to advance their craft without bureaucracy and make meaningful impact.

The Directors embrace the principle of equality, treating all employees with fairness and respect. The Group's flat organizational structure ensures that every team member has an equal voice and opportunity to contribute their skills and expertise.

The Group operates on the principles of meritocracy, where recognition and advancement are based on individual abilities, accomplishments, and contributions. The Group values and rewards performance, enabling employees to excel based on their skills, dedication, and results.

The Directors foster a collaborative work environment where ideas are valued irrespective of hierarchy. The Group culture encourages open communication, teamwork, and the exchange of diverse perspectives, allowing everyone to contribute to the success of the organization.

**NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Section 172(1) Statement (continued)

The Directors empower Group employees to make decisions, take ownership of their work, and contribute to the growth and development of the Group. This empowers individuals to utilize their skills and knowledge effectively, promoting a sense of ownership and responsibility.

The Directors maintain a transparent and inclusive environment, where information is shared openly, and decisions are communicated clearly. Each Director encourages open and constructive feedback, fostering a culture of continuous improvement.

Foster the Group's relationships with suppliers, customers and others;

The Directors strive to foster strong relationships with customers and research organizations.

The Directors are committed to fostering strong and enduring relationships with the Group's customers. The Directors seek to encourage Group employees to strive to exceed customer expectations, building trust, loyalty, and long-term partnerships.

The Directors promote collaboration with other research organizations. Through partnerships and joint research initiatives, the Directors aim to drive innovation, accelerate discoveries, and advance the field of cybersecurity.

The Directors recognize the importance of being responsive and adaptable to changing customer requirements. The Directors aim to ensure the Group is agile in its approach, quickly adapting our research, solutions, and services to address customer challenges effectively.

The Directors encourage employees to actively engage with customers and other research organizations to share their expertise, insights, and thought leadership. By participating in conferences, industry events, and collaborative forums, those employees contribute to the broader cybersecurity community, promoting knowledge exchange, best practices, and collective learning.

In spite of the fall in revenues, the Group continued to make prompt payment to suppliers during the year with the vast majority of creditors being paid ahead of the due date.

Consider the impact of the Company's operations on the community and the environment.

At the core of the Group's work lies a commitment to safeguarding society from cyber threats and promoting a secure digital environment. The team's expertise and research have had a profound positive impact on individuals, businesses, and critical infrastructure. Through the relentless efforts of Group employees, the Group has contributed to strengthening the cybersecurity landscape, protecting sensitive data, and ensuring privacy in an increasingly interconnected world.

The Directors take great pride in empowering society through the Group's cybersecurity solutions. By enabling digital transformation, innovation and economic growth, the Group's work paves the way for organizations to embrace technology securely. The Directors firmly believe that a secure digital ecosystem fosters productivity, connectivity and access to information, leading to a thriving society that benefits all stakeholders.

The Directors' dedication to ethical and responsible cybersecurity practices is unwavering. The Directors seek to ensure that the Group adheres to stringent ethical guidelines and prioritize the protection of human rights. Respecting user privacy and fostering digital trust are foundational principles that drive the Group's research and recommendations. The Directors understand the responsibility the Group bears in creating a secure and inclusive digital environment, and the Directors actively champion these principles in daily operations.

NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Section 172(1) Statement (continued)

While the Group's primary focus is on societal impact, the Directors also recognise the importance of minimising the Group's environmental footprint. The Directors have taken steps to ensure the Group's operations and research activities have a minimal impact on the environment. Through the Group's work from home policies, energy-efficient infrastructure, responsible resource consumption, and proper electronic waste management, the Directors strive to reduce the Group's carbon footprint and promote environmental sustainability.

Looking ahead, the Directors remain committed to continuous improvement in both societal and environmental impact. The Directors will continue to seek to enhance the Group's positive contributions to society while exploring ways to integrate sustainability practices into its operations. By partnering with environmental organizations, supporting community projects, and advocating for sustainable cybersecurity practices, the Group will further the Directors' commitment to being responsible corporate citizens.

Task Force on Climate-Related Financial Disclosures (TCFD)

a) Describe the Board's oversight of climate-related risks and opportunities.	The Board has assessed that at the current time there are no climate-related risks or opportunities that would have a material impact on the Group. This is in the context of the Group currently having less than twenty employees and substantially all of the climate impact of the Group being driven by customer requirements and/or the need to keep shareholders informed. The Board will keep this assessment under regular review.
b) Describe management's role in assessing and managing climate-related risks.	There is no formal management structure as there are less than twenty Group employees. Each employee is encouraged to seek to make personal decisions so as to minimise climate-related risks. This manifests itself in seeking to minimise travel by, for example, working from home and organising an off-site in the centre of the country at the same time as a conference that many employees attended.
c) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	The Group has not identified any material climate-related risks and opportunities in the short-term. Medium and longer-term assessments will depend on what commercial products are developed by the Group and accordingly the Board will reassess those climate-related risks and opportunities as part of any plan to move towards commercialisation.
d) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate related risks and opportunities are not currently a consideration when the Group is developing its businesses, strategy or financial planning given the immaterial level of risk. Individual employees are encouraged to take climate matters into account when planning how they wish to work and management offer maximum flexibility to facilitate this.
e) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group does not foresee any impact on its resilience arising from all foreseeable climate-related scenarios, including a full two degrees of warming.

NARF INDUSTRIES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Task Force on Climate-Related Financial Disclosures (TCFD) (continued)

f) Describe the organisation's processes for identifying and assessing climate-related risks	The Group currently has no process for identifying and assessing climate-related risks given they are not deemed material to the organisation. This will be kept under review as the organisation grows.
g) Describe the organisation's processes for managing climate-related risks	The process for managing such risks is to provide all employees with the flexibility to manage those limited risks that are under their control.
(h) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Group does not seek to measure climate-related risks as they are not considered material and substantially all of those risks are driven by customer or shareholder demands that are outside the Group's control (e.g. requests to meet in face-to-face meetings). The Board will reconsider this position on any material change to the Group or its activities.
(i) Disclose Scope 1, 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	The Group does not incur any Scope 1 or Scope 2 greenhouse gas emissions as all employees work from home.
(j) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against target	The Group currently has no set such targets since climate-related risks and opportunities are largely outside of the control of the Group. Notwithstanding this the Board is pleased to note that employees continue to do what they can to reduce climate risk by working from home and travel during the year was significantly curtailed as part of cost cutting measures. The Board will reconsider this position on any material change to the Group or its activities.

DocuSigned by:

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Steve Bassi

CEO

30 July 2025

NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2025. The Company extended its year end from 31 December to 31 March during the prior-period.

Principal Activity

The principal activity of the Group is the provision of research and software development services aimed at enhancing the cybersecurity measures of its US government agency clients.

Results

The Group recorded an operating loss before depreciation and software licence amortisation, share based payments, interest and taxes for the period of \$1.8 million (2024: profit \$0.2m). Group losses for the year before taxation were US\$3.6 million (2024: \$1.5 million). Revenue for the period fell by over 60% (50% annualized) to \$3.0 million (2024: \$7.6 million).

Operating expenses fell by 34% (18% annualized). Although the Board made significant cuts in employee costs and overheads during the year, the relatively small drop in operating expenses reflects the fact the changes were implemented incrementally over the year.

Dividends

No dividend has been paid during the year, nor do the Directors recommend the payment of a final dividend (prior year: \$nil).

Directors

The Directors who served at any time during the year were:

Steve Bassi	Chief Executive Officer
John Herring	Executive Chairman
Albert Hawk	Non- Executive Director

Details of the Directors' holding of Ordinary Shares and options are set out in the Directors' Remuneration Report on page 18 to 20.

Share Capital

The Company is incorporated as a public limited company and is registered in England and Wales with the registered number 11701224. Details of the Company's issued share capital, together with details of the movements during the period, are shown in Note 15. The Company has one class of Ordinary Shares and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Substantial Shareholdings

At 20 July 2025, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company.

Shareholder	No of Ordinary Shares	Percentage of issued Share Capital
Steve Bassi	502,079,484	29.58%
Banque Heritage	161,000,000	9.43%
Nick Davis	92,948,078	5.48%
Ben Schmidt	88,447,438	5.21%
Hadron Master Fund Series II	82,564,542	4.86%
Merchant Capital LP	80,625,000	4.75%

Directors' Remuneration Report

Remuneration Policies (unaudited)

The Board believes that share ownership by Executive Directors strengthens the link between their personal interests and those of shareholders. To date the current Board members have not traded in the Company's shares since the admission to LSE.

The Directors' remuneration primarily comprises a base fee or salary and/or long-term incentives in the form of options which vest over time or on targets being achieved. Directors also receive reimbursement for expenses incurred whilst performing services for the Company.

Service contracts (unaudited)

John Herring and Steve Bassi have entered into Service Agreements with the Company and continue to be engaged under these agreements until terminated by the Company. Albert Hawk is not currently receiving a salary or fees and therefore does not have a service contract.

In the event of termination or loss of office, the Director is entitled only to payment of their basic salary in respect of his notice period. In the event of termination or loss of office in the case of a material breach of contract the Director is not entitled to any further payment.

Directors are allowed to accept external appointments with the consent of the Board, provided that these do not lead to conflicts of interest. Directors are allowed to retain fees paid.

UK 10-year performance graph

The Directors have considered the requirement for a UK 10-year performance graph comparing the Company's Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the Company has only been listed for less than 5 years, is not paying dividends, is currently incurring losses as it gains scale, it has only just completed its second full accounting period as an operating group and none of the remuneration of Directors is currently linked to share price performance. The Directors will review the inclusion of this table for future reports.

NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Directors' Remuneration Report (continued)

Particulars of Directors' Remuneration (audited)

Particulars of directors' remuneration under the Companies Act 2006 are required to be audited, are given in Note 5 and further referenced in the Directors' report.

Remuneration approved for the Directors' during the year ended 31 March 2025 was:

	Base salary/fee US\$	Bonus US\$	Long-term incentive US\$	Total US\$
Steve Bassi	-*	-	107,930	107,930
John Herring	113,000	-	102,953	215,953
Albert Hawk	-**	-	-	-
	113,000	-	210,883	323,883

*Mr Bassi waived his right to any salary or fees during the year as well as the prior-period. He also waived his entitlement to previously accrued salary in the prior-period.

**Mr Hawk has not required any fees for his services.

Remuneration approved for the Directors' during the fifteen-month period ended 31 March 2024 was:

	Base salary/fee US\$	Bonus US\$	Long-term incentive US\$	Total US\$
Steve Bassi	(160,921)*	-	169,936	9,015
John Herring	275,192	-	12,595	287,787
Albert Hawk (appointed 24.1.24)	-	-	-	-
Robert Mitchell (resigned 23.4.23)	24,973	-	-	24,973
Rory Heier (resigned 24.1.24)	124,664	-	30,175	154,839
	263,908	-	212,706	476,614

There were no performance measures associated with any aspect of Directors' remuneration save as detailed in bonus and incentive plans below.

Payments to past Directors (audited)

There are no payments in the year to past Directors.

Bonus and incentive plans (audited)

During the prior period Mr. Bassi was awarded a total of 75 million ten-year options with a strike price of 1p. Of these options 34,325,000 options had vested at the year-end, 20,625,000 options vest in equal quarterly amounts over the six quarters to 30 September 2026 so long as he remains a director and 10 million options are based on revenue targets for 2025. The 10 million options issued based on revenue targets for 2024 have lapsed as that target was not achieved

NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Directors' Remuneration Report (continued)

Bonus and incentive plans (audited) - continued

During the prior period Mr. Herring was awarded a total of 54,714,900 five-year options with a strike price of 1p. 13,678,725 options had vested at the period end with a third of the remaining options vesting on 21 April 2025. The remaining 27,377,450 options depend on fundraising activity and Board appointments.

Percentage change in the remuneration of the Chief Executive (audited)

The Chief Executive has waived his right to remuneration in both the current year and prior period and accordingly there is no percentage change.

Other matters

The Group does not have any pension plans for any of the Directors and does not pay contributions in relation to their remuneration. The Group has not paid out any excess retirement benefits to any Directors.

Approval by members (unaudited)

The remuneration policies which are detailed in the remuneration committee report will be put forward for approval at the next Annual General Meeting.

Directors' interests in shares (audited)

The Company has no minimum Director shareholding requirements.

The beneficial interest of the Directors in the Ordinary Share Capital of the Company on 20 July 2025 was:

	Number	% age of issued share capital
Albert Hawk	-	-
Steve Bassi	502,079,484	29.58%
John Herring	26,000,000	1.53%
	528,079,484	31.11%

Remuneration Committee (unaudited)

The Remuneration Committee report is detailed on page 28.

Auditor Information and Opinion

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware.

Financial Instruments

The Group has a limited exposure to credit risk, liquidity risk and foreign exchange risk. Note 19 presents information about the Group's exposure to these risks, along with the Board's objectives, processes and policies for managing the risks.

Events after the reporting period (see Note 22)

On 20 June 2025 Steve Bassi signed an extension to the invoice financing facility agreement to 31 July 2026.

**NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Directors' Indemnity Provisions

The Company has taken out Directors and Officers Liability Indemnity insurance.

Going concern

The Directors believe the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future and at least until 31 July 2026, being 12 months after the date these financial statements were issued. Currently, management believe that the Group's existing contract pipeline and cash flow management provides sufficient runway to enable it to continue through the next period to execute its medium-term strategy without new capital resources or significant reliance on near term additional contracts awards.

Over the year to 31 March 2025, the Group demonstrated its ability to respond rapidly to adverse circumstances by reducing costs whilst accessing its existing line of credit ("LOC"). Despite the significant setbacks in GS&S revenue the Group was able to deliver on existing contracts, keep up to date with payments to suppliers and win new business. Whilst the dramatic fall in revenues and EBITDA was a marked disappointment following the previous reporting period, the ability of the Group to remain a going concern and develop new products is a demonstration of the new Board and Executive team's ability to plan, adjust and execute its business strategy in adverse circumstances.

The Group recently extended the existing LOC provided by the Group's CEO through to July 2026, whilst revenues from existing contracts in place at the time of this report are sufficient to cover all forecast overheads and to start repaying the LOC drawn down. The Group continues to closely manage its operational expenses and has demonstrated significant flexibility to adjust its resources and expenses in line with its contracted revenues. Management can rapidly make decisions to redeploy resources on the exciting new projects discussed elsewhere in this Annual Report and Financial Statements.

The Board is open to potential joint ventures should an attractive opportunity arise, but the work to reduce cash outgoings along with the extension of the LOC means the Board need only consider those opportunities which add significant value to the Group. The Board further notes the Company's potential to pursue an LSE market fundraise in the event this is deemed appropriate and market conditions allow.

The Directors believe the Group's plan is based on sound analysis, however, since the Group's plans, to a certain extent, are reliant on market conditions and/or third parties there remains a material uncertainty as to the Group's ability to remain a going concern as highlighted in the audit report. The Group has current liabilities (primarily due to the LOC from the CEO) which are greater than current assets at the reporting date and there is a deficit on shareholders' equity.

The primary risk determined by the Directors is funding of existing contract awards, but these have been funded through the majority of the period to 31 July 2026 and there is significant value in contracts which are expected to have funds released in the upcoming months.

Auditors

The Board appointed HaysMac LLP (then known as Haysmacintyre LLP) as new auditors of the Company on 24 January 2024 and the appointment was approved by the shareholders at the AGM on 22 February 2024. HaysMac LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next Annual General Meeting.

Donations

The Company made no political donations during the current and prior periods (2024: Nil).

**NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing this annual report and the financial statements in accordance with applicable United Kingdom law and regulations and those UK-adopted international accounting standards.

Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. Under that law, the directors have elected to prepare the consolidated financial statements in accordance with UK adopted International Financial Reporting Standards ("IFRSs"). Under company law, the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK-adopted International Financial Reporting 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 Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Group's website. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

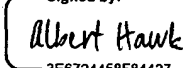
**NARF INDUSTRIES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

**Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements
(continued)**

The Directors confirm that to the best of their knowledge:

- these financial statements, prepared in accordance with IFRS (UK adopted IAS), give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company;
- this Annual report includes the fair review of the development and performance of the business and the position of the Group and Company together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group and Company's performance, business and strategy.

ON BEHALF OF THE BOARD

Signed by:

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Albert Hawk

Non-Executive Director

30 July 2025

NARF INDUSTRIES PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Corporate Governance Statement

The Company recognises the importance of, and is committed to, high standards of Corporate Governance. Whilst the Company is not formally required to comply with a Corporate Governance Code, the Company has looked at the requirements of the UK Code of Corporate Governance published in January 2024 (the “Code”) and sought to apply aspects of the Code for best practice, where deemed appropriate but does not comply with the Code in full. The following sections explain how the Company has applied the aspects of the Code that it considers relevant to the Group.

Compliance with the UK Code of Corporate Governance

The Company has a clear mandate to optimise the allocation of limited resources to source acquisitions and support its future plans. As such the Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices.

Whilst the Company has not sought to comply with the Code in full, as noted below there are 3 provisions it specifically does not comply with:

- Section 4.24 of the Code requires that a majority of the members of the Audit Committee must be independent. The Audit Committee comprises only one Non-Executive Director and one Executive Director during this transition period. The requirements of the FCA Rules have therefore been met by granting the independent Director two votes thereby ensuring there is always an independent majority.
- The Code requires that a smaller company should have at least two Independent Non-Executive Directors. The Board currently consists of two Executive Directors and one Non-Executive Director. The Non-Executive Director has no interest in ordinary shares in the Company and therefore is considered fully independent under the Code. The Company considers that one Non-Executive Director is adequate given the size and stage of development of the Company. As above, the Company intends to strengthen the Board in due course.
- As a consequence of the Group’s limited resources, where provisions of the Code require the appointment of independent directors, for example as chairman or as senior independent director, the Company is not in full compliance with the Code – this applies in relation to various provisions of the Code, including those areas relating to ‘Remuneration’, ‘Audit, Risk and Internal Control’ and ‘Composition, Succession and Evaluation’. As above this is expected to change in due course. For further details see the UK Corporate Governance Code at www.frc.org.uk

Set out below is the Company’s corporate governance practices:

Board of Directors

The Board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on Directors’ remuneration report on pages 18 to 20, explains how the Company has observed principles set out in The UK Corporate Governance Code (the “Code”) as relevant to the Company and contains the information required by section 7 of the UK Listing Authority’s Disclosure and Transparency Rules as the Company has sought to adopt these prior to listing.

The Company has structured its Board engagement model to align with its current scale, operational focus, and resource constraints. The Board comprises two executive Directors— the Executive Chairman and the CEO—and one non-executive Director. The Executive Chairman and CEO engage regularly, with weekly discussions covering strategic, operational, and governance matters and engage with the

NARF INDUSTRIES PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Board of Directors (continued)

non-executive Director on key areas of corporate governance, including audit, compensation, and statutory compliance, and is conducted as needed.

This structure provides a fit-for-purpose governance model for a company of Narf's current size (fewer than 20 employees) and stage of development. The Board is considered adequately staffed for its current scope, with plans to expand membership and formalize meeting frequency as the Group scales and revenues support a broader governance footprint.

Audit Committee and Financial reporting

The Audit Committee is composed of Albert Hawk (Chair) and John Herring (Executive Chairman), each of whom have recent and relevant financial experience so as to meet the requirements of the FCA Rules. The Audit Committee met formally in July 2024 to discuss the audit findings report in relation to the 2024 financial statements and in April 2025 to discuss the key risks and uncertainties related to these financial statements and to agree management's approach to addressing those matters. A further meeting was held in July 2025 to discuss the audit findings report in relation to these financial statements presented by HaysMac LLP. The Audit Committee aims to meet at least two times a year at the appropriate times in the reporting and audit cycle going forward. The Committee has responsibility for, amongst other things, the monitoring of the financial integrity of the financial statements of the Company and the involvement of the Company's auditors in that process. The Audit Committee has sought to address the weaknesses in financial systems as outlined in the 31 December 2022 audit findings report and has worked with the Board, the Directors and management to address and resolve the issues contained in that report. As those matters could not be resolved retrospectively, there remained material uncertainties over the accuracy of the consolidated statement of financial position for the year ended 31 December 2022, whilst there was a lack of evidence to support expenses incurred by former Board members early in the financial period ending 31 March 2024. Accordingly, the current period audit report is qualified in respect of the comparative numbers in the consolidated statement of comprehensive income and consolidated statement of cash flows. Note the ultimate responsibility for reviewing and approving the annual report and financial statements and the half-yearly reports, remains with the Board.

The terms of reference of the Audit Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The duties of the Audit Committee covered in the terms of reference are: financial reporting, internal controls, internal audit, external audit and reserving. The terms of reference also set out the authority of the committee to carry out its duties.

The Board seeks to present a balanced and understandable assessment of the Company's position and prospects in all interim, final and price-sensitive reports and information required to be presented by statute.

External auditor

The Board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Company and its external auditor. Details of the total fees due to the auditors for the audit are set out in Note 4 to the financial statements.

The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. As part of the decision to recommend the

NARF INDUSTRIES PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2025

External auditor (continued)

appointment of the external auditor, the Board takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the Board's choice of external auditor. HaysMac LLP have only been in their role since January 2024 and this is the second period that they audited the Company's financial statements.

Remuneration committee

The Remuneration Committee is composed of Albert Hawk (Chair) and John Herring. The Remuneration Committee did not meet during the year as there were no changes to remuneration and the only long-term incentives granted were options granted to a new employee who is not sufficiently senior to merit the involvement of the committee. It has responsibility for the determination of specific remuneration packages for each of the executive directors and any senior executives or managers of the Group, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management, and the implementation of share option, or other performance-related, schemes.

Nominations committee

The Nomination Committee is composed of John Herring (Chair) and Steve Bassi. The Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary. The Nomination Committee also considers succession planning, taking into account the skills and expertise that will be needed on the Board in the future.

Internal financial control

Financial controls have been bolstered so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls to be considered include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the Board;
- evaluation, approval procedures and risk assessment for acquisitions; and
- close involvement of the Directors in the day-to-day operational matters of the Group.

The Directors consider the size of the Group and the close involvement of Directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The Directors will continue to monitor this situation.

Shareholder Communications

The Company uses its corporate website (www.narfgroup.com/investor-relations/corporate-document) to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties.

The AGM is used to communicate with both institutional shareholders and private investors and all shareholders are encouraged to participate. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the Annual Report and Accounts.

The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

**NARF INDUSTRIES PLC
REMUNERATION COMMITTEE REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

The Remuneration Committee presents its report for the year ended 31 March 2025.

Membership of the Remuneration Committee

The Remuneration Committee during the year was composed of the Non-Executive Director, Albert Hawk (Chair) and the Executive Chairman John Herring. The Company's Non-Executive Director provides a degree of independence, whilst the Executive Chairman's hands-on involvement in all Group matters means he is best placed to assess what the Group can afford in remuneration whilst ensuring long-term incentives encourages executive Board members and senior management to keep looking to add shareholder value.

During the year ended 31 March 2025, the Remuneration Committee did not hold any formal meetings.

Subject to what appears below, no other third parties have provided advice that materially assisted the Remuneration Committee during the period.

The items included in this report are unaudited.

Remuneration Committee's main responsibilities

- The Remuneration Committee considers the remuneration policy, employment terms and remuneration of the Executive Directors;
- The Remuneration Committee's role is advisory in nature and it makes recommendations to the Board on the overall remuneration packages for Executive Directors in order to attract, retain and motivate high quality executives capable of achieving the Company's objectives;
- The Board's policy is to remunerate the Company's executives fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel; and
- The Remuneration Committee, when considering the remuneration packages of the Company's executives, will review the policies of comparable companies in the industry.

Report Approval

A resolution to approve this report will be proposed at the AGM of the Company. The vote will have advisory status, will be in respect of the remuneration policy and overall remuneration packages and will not be specific to individual levels of remuneration.

Remuneration policy

The Remuneration Policy will be put forward for approval by shareholders' at the AGM to be organised to approve these accounts.

**NARF INDUSTRIES PLC
REMUNERATION COMMITTEE REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Remuneration Policy Table:

Fixed Elements	Purpose and link to strategy	Operations	Maximum potential payments	Performance Metrics
Base Salary	Reflects the individual's skills, responsibilities and experience. Supports the recruitment and retention of Executive Directors and employees of the calibre required to deliver the business strategy within the financial services market.	Reviewed annually and paid monthly in cash. Consideration is typically given to a range of factors when determining salary levels, including: • Personal and Company-wide performance. • The free cashflow expected to be generated by the Group and any surplus cash available.	As the CEO is currently not drawing a salary no percentage limit on potential rises. Base salaries will rise based on affordability until the Executive Directors reach the point where their salaries reflect their value to the Group.	None, although an individual's contribution to the Group and overall business performance is considered when setting and reviewing salaries.
Variable Elements	Purpose and link to strategy	Operations	Maximum potential payments	Performance Metrics
Annual Bonus Scheme (Bonus)	No material bonuses have been paid to date but the Remuneration Committee have proposed a bonus pool be set based on 20% of revenue above an annual target.	The Group is not currently in a position to pay bonuses in the normal course of business. In the event that there is continued growth in revenues a bonus pool will be established so as to reward the executive team for outperforming minimum revenue targets. The Remuneration Committee will consider paying bonuses both as a reward for the work in generating the additional revenue and to recognise the CEO pay foregone in the past.	There is currently no maximum bonus as the level will depend on the revenues of the Group over and above target and the contribution made to achieving this.	Performance will be measured by reference to the surplus turnover over and above the target set.

**NARF INDUSTRIES PLC
REMUNERATION COMMITTEE REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Variable Elements	Purpose and link to strategy	Operations	Maximum potential payments	Performance Metrics
Long Term Bonus Scheme (LT Bonus), Share Options	Seeks to reward Directors and key employees for generating shareholder value over the medium-term (5-10 years).	Directors and employees are granted share options at the current share price. Those options can be exercised at any time up to ten years after they have been granted, although if the option holder leaves the Group they have to exercise within six months of leaving. Options have vesting conditions which reward loyalty and/or meeting strategic objectives.	Option awards across all Directors and key employees are not to exceed 50% of the issued share capital	Continuing to serve the Group or meeting strategic goals.

The Directors' previous remuneration policy was approved as part of the Directors' Remuneration Report by 99.99% of voting shareholders at the 2023 AGM.

Non-Executive Directors

The table below summarises the main elements of remuneration for Non-Executive Directors:

Component	Approach of the Company
Non-executive fees	The Board determines the fees of the Non-Executive Directors and sets the fees at a level that is considered to be appropriate, taking into account the size and complexity of the business and the expected time commitment and contribution of the role. Fees may be paid in cash or in shares or a combination of both following discussion between the Executive Chairman and the Non-Executive Director. Fees are structured as a basic fee.
Share options	Share options may be awarded to Non-Executive Directors where they make a significant contribution towards the Group's operations over and above that recognised by the Non-executive fees.
Benefits	Additional benefits may also be provided in certain circumstances, if required for business purposes.

Application of remuneration policy

The chart below provides an indication of the level of remuneration that would be received by each Employee under the following three assumed performance scenarios:

Below threshold performance	Fixed elements of remuneration only – base salary and benefits
On-target performance	Assumes 100% pay-out under the LT Bonus
Maximum performance	Assumes 100% pay-out under the Bonus (assuming cash available) Assumes 100% pay-out under the LT Bonus

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

Qualified Opinion

We have audited the financial statements of Narf Industries Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise:

Group	Parent Company
- the Consolidated Statement of Comprehensive Income; - the Consolidated Statement of Financial Position; - the Consolidated Statement of Cash flows; - the Consolidated Statement of Changes in Equity; - and related notes to the financial statements	- the Parent Company Statement of Financial Position; - the Parent Company Statement of Cash flows; - the Parent Company Statement of Changes in Equity; - and related notes to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for qualified opinion section of our report, 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 March 2025 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted IFRSs; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were first appointed as the Group's auditor in January 2024 for the audit of the financial statements for the period to 31 March 2024. The previous auditor did not express an audit opinion on the 31 December 2022 financial statements due to an inability to gain sufficient and appropriate audit evidence. While we performed audit procedures on the opening balances as at 1 January 2023, we were unable to obtain sufficient and appropriate audit evidence over the completeness, existence and accuracy of the deferred or accrued income balances as at 1 January 2023 with the corresponding impact on total shareholder's equity at such date. Consequently, we were unable to determine whether any adjustments to revenue recognised in the period to 31 March 2024 were necessary.

Also, during our audit of the financial statements for the period ended 31 March 2024 we were unable to obtain supporting documentation for approximately \$170,000 of consultancy costs, travel and related expenses recognised in the period 1 January 2023 to 30 September 2023 that were incurred by the parent company's former Directors. We were unable to satisfy ourselves by alternative means whether these expenses had been appropriately recognised. Consequently, we are unable to conclude if the expenses were overstated and whether any adjustment to these amounts was necessary.

Therefore, our audit opinion for the year ended 31 March 2025 has been modified because of the possible effects of the above matters on the comparability of the current period's income statement and the corresponding income statement.

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.

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

An overview of the scope of our audit

As part of our audit planning procedures, we sought to plan the scope of our audit by reviewing the Group composition and respective results and position of the components. As the group comprises a parent holding company, an intermediate holding company, a trading subsidiary and a cost centre subsidiary, the principal focus of our Group audit was on the parent and the trading subsidiary in order to provide sufficient appropriate audit evidence in respect of the scope of our work as auditors of the Group financial statements.

The scope of the audit and our audit strategy was developed by using our audit planning process to obtain an understanding of the Group and its subsidiaries, its activities, its internal control environment, and developments in its business in the period.

Our audit testing was informed by our understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement. The audit of the parent and its subsidiaries was performed by HaysMac LLP.

Material uncertainty related to going concern

We draw attention to Note 2.4 in the financial statements, which indicates that the Group and Parent Company's ability to continue as a going concern is dependent on the ability to renew existing contracts on commercially acceptable terms and convert expected and anticipated opportunities into new profitable contracts which generate sufficient cash to support operations. As stated further in the note, these conditions, and uncertain future events and circumstances, along with other matters as set forth therein, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

- Reviewing, assessing and discussing management's assessment of the Group's ability to remain a going concern;
- Reviewing and understanding the cash flow forecasts for the period to the end of July 2026 which are a key element of management's going concern assessment;
- Assessing and challenging the inputs, estimates and judgements made in the preparation of the cash flow forecasts for the period to end of July 2026;
- Assessing the ability of management to manage the group's costs and planned cash usage to adapt to reasonably foreseeable changes in circumstances;
- Obtaining and reviewing the renewed loan facility agreement between the parent company and the CEO; and
- Performing stress tests including sensitivity analysis to model the effect of changes to the assumptions made and amending key data used in management's cash flow forecasts to consider the impact on the group's ability to generate sufficient cash to enable it to remain a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

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.

In determining the key audit matters we considered the:

- Areas of higher risks of material misstatement or significant risks identified in accordance with ISA (UK) 315
- Significant audit judgements on financial statement line items that involved significant management judgement such as accounting estimates, and
- The impact of significant events and transactions during the period covered by the audit.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described in the table below to be the key audit matters to be communicated in our report together with the rationale for their identification and how we responded to each in our audit and our key observations.

Risk	magnitude	key	
			
New risk			Identified in the prior year
Key audit matter		How we addressed the key audit matter in the audit	
	Revenue recognition (Note 3) Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We are required to consider and respond to the risks of improper revenue recognition. For the Group, we consider there to be a significant risk that the treatment of material income streams under IFRS 15 resulting in the overstatement of revenue. Risk Assessment:		We have undertaken the following procedures (but not limited to) to verify the appropriateness of revenue recognition: • The review of management’s assessment of revenue recognition in line with IFRS 15 and how the revenue is earned from the two different business segments i.e. Government Research and Development services (GR&D) and Government Solutions and Services (GS&S) the Group operates as and assessed the appropriateness of the revenue recognition policies adopted; • The review and assessment of revenue recognition from the contracts under each business segment that was focussed on identification of milestones and satisfaction of performance obligations; • The performance of focussed testing with a substantive approach where the revenue recognition policy has been critically assessed to confirm the appropriateness of revenue recognition; • The performance of detailed substantive testing of revenue agreed to underlying supporting

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

• Fraud in revenue recognition is a rebuttable presumed significant risk under ISA (UK) 240; • Revenue is considered a key performance indicator by management as they follow a strategy to grow the group's activities; • The recognition of revenue is therefore a key focus for most stakeholders; • Revenue recognition under IFRS 15 can be complex and subject to a heightened risk of fraud or error, particularly, as for the Group, where there are multiple business models with different revenue recognition policies and procedures; and • We therefore considered revenue recognition to be a significant risk in our audit.	documentation like contracts, workflow documentation, sales invoices and customer payments; • As part of our journal entry testing, we used a data analytics tool to check the integrity of accounting entries within the revenue classifications; • The performance cut-off testing around year end to confirm revenue has been correctly recognised in line with IFRS 15 in the period to which it relates; • The reconciliation of cash receipts to revenue as recognised in the financial statements to validate the 'occurrence' and 'completeness' assertions; and • The review of post year end credit notes to check there are no indications that overstatement of revenue has occurred during the year which has subsequently been reversed; and • The review of the presentation and disclosure of revenue in the notes to the financial statements.
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Key observations:	No material adjustments to revenue were noted as a result of the audit work performed. The Group's policies for the recognition of revenue together with the basis for the presentation and disclosure of revenue are considered reasonable and appropriate.
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Key audit matter	How we addressed the key audit matter in the audit
 Presumed risk of management override We are required to consider and respond to the risks arising from management override of controls. The risk of misappropriation of assets and the risks of misrepresentation of financial information. Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override	We have analysed the journals made in the year and determined the risk criteria for identifying higher risk journals. Subsequently where we noted significant, unusual or unexpected journal postings, these have been investigated and verified. We have undertaken the following procedures (but not limited to) to address the risk arising from management override of controls: • The review, and assessment of the processes implemented around posting of journals; • The review and verification of a sample of journal entries made as part of the year-end financial reporting process and those made in the period. Where considered necessary we made further inquiries regarding any seemingly inappropriate or unusual journal or other adjustments; • The identification of high-risk journals and unusual journals, if any, as part of our review of the process

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

of controls will vary from entity to entity, the risk is nevertheless present in all entities.

Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk on all audits. Our audit methodology incorporates the risk of management override as a default significant risk.

and made further enquiries and tested those journals, where relevant;

- The review of the key controls and subsequent performance of tests to confirm the design and implementation of those controls and an assessment of any weaknesses which could lead to management override; and
- The consideration and review of journals posted around areas requiring judgement or estimates and tested the appropriateness of journals posted and the judgements and estimates made by management.

Key observations:

Based on the procedures performed, we have not noted any events, transactions or balances which may be indicative of management override.



Impairment of Intangible Assets ("IA") (Parent Company) (Note 8)

The Group evaluates the need to record an impairment of the carrying amount of intangible assets whenever events or changes in circumstances indicates that the carrying amount is not recoverable.

Losses in the year, the fact that the license is not being utilised for its intended use with little evidence to suggest there is any estimated recoverable amount from alternative uses may be an indication that the intangible assets recognised previously may be impaired.

Hence, there is a risk that the intangible assets are recorded in excess of the recoverable amount.

- We have undertaken the following procedures (but not limited to) to verify the valuation of Intangible Assets:
- Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment when there is an indication that the asset may be impaired. As part of our subsequent measurement, we have obtained and reviewed management impairment assessment paper and critically challenged management as to an indicator of impairment on the basis that the IA is not being utilised as originally intended and that it is only considered reasonable for management to calculate the expected value in use (VIU) on the basis that it is used for alternative purposes on existing projects and consider the revenue pipeline and also factor in use of the license for future initiatives, if any;
- The review of the minutes of board meetings for discussions relating to management plans to consider alternative use of the IA and noted no such discussions or matters;
- The assessment of management's impairment assessment which impaired the remaining carrying value of the Intangible Assets; and
- The review of the financial statements disclosures to confirm their appropriateness.

Key observations

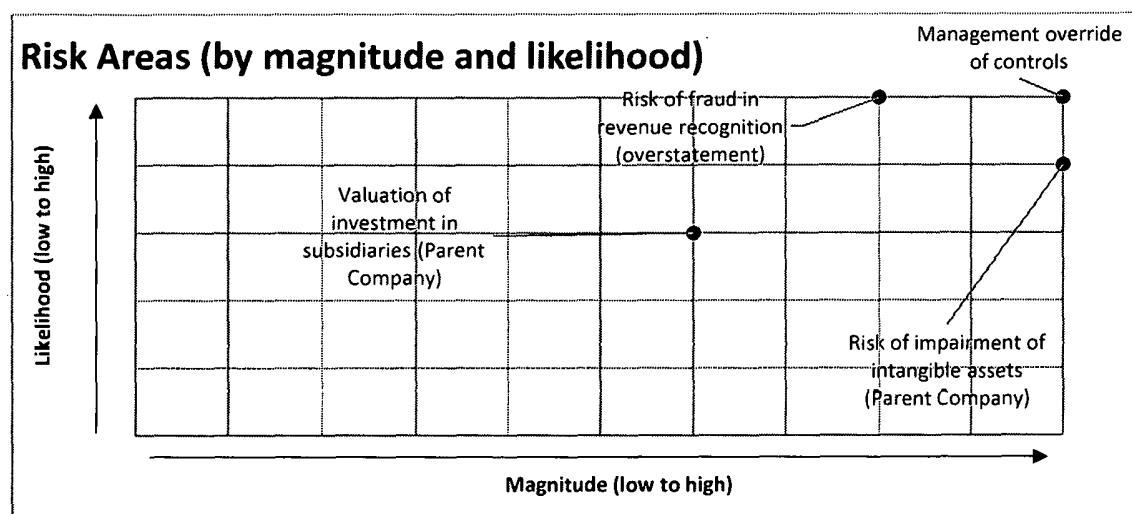
Based on procedures performed, we consider management's decision to impair the intangible assets to be appropriate.

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

Key audit matter	How we addressed the key audit matter in the audit
 Valuation of investment in subsidiaries (Parent Company) (Note 10) Given the value of the balances and the group is still in its growth phase, there is a risk that the investment in subsidiaries may not be fully recoverable. Furthermore, management are required to make significant estimates and judgements when assessing the recoverable value of the investment in subsidiaries and whether it is impaired.	We have undertaken the following procedures (but not limited to) with respect to the review of valuation of investment in subsidiaries: • The review of management's impairment review paper and assessment with the underlying calculations and support. Management as part of their assessment have considered the a) principal risks and uncertainties involved in the business b) opportunities available and contract pipeline and c) downsides as a result of non-renewal of contracts; • The reviewed and challenge of management's assessment, assumptions, inputs and where necessary, also corroborated to evidence obtained independently; and • The review of the financial statements disclosures to confirm their appropriateness.
Key observations	Based on procedures performed, we concur with management assessment and the adequacy of impairment loss recorded in the year.

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

The table below shows our judgement of the magnitude and likelihood of key audit matter risk:



Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Materiality	\$137,000 (2023 - \$105,000)	\$52,000 (2023 - \$62,500)
Benchmark	Materiality has been based on 5% of draft net loss before tax	This was principally determined as being the remainder of the available Group materiality after allocating component materiality to the trading subsidiary.
Basis for, and judgements used in the determination of materiality	As the principal subsidiary has been trading through the year, assessment of materiality was principally based on the Group's performance. Loss before tax was considered to be the appropriate metric as it better represents the activity and operations during the year.	The Parent Company is a holding company, and it was therefore considered appropriate to use an asset-based materiality basis at the standalone level. However, the materiality assigned was the lower of standalone materiality and Group materiality available for allocation.

Performance materiality - Performance materiality was set at 65% of materiality, being \$88,800 (31 March 2024: 2022 - 60% of materiality being \$63,000). Our performance materiality was increased from 60% used during the previous year.

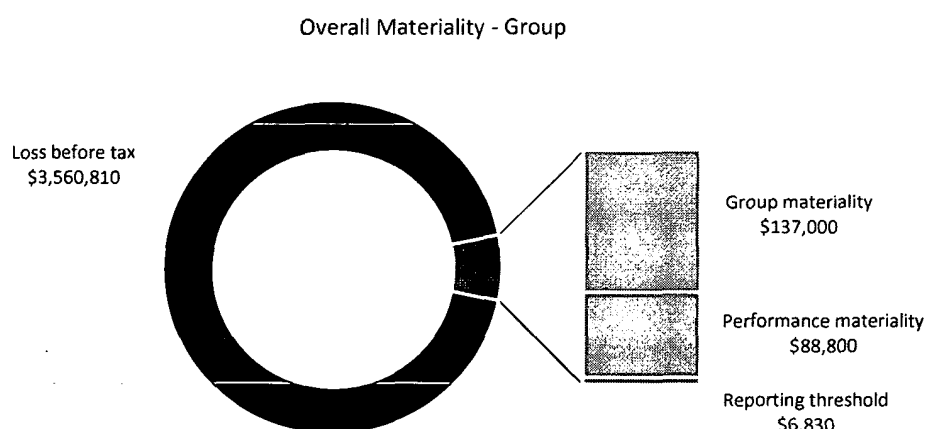
NARF INDUSTRIES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC

FOR THE YEAR ENDED 31 MARCH 2025

Reporting threshold - The reporting threshold to the audit committee was set as 5% of materiality, being \$6,830 (31 March 2024 - \$5,250). If, in our opinion differences below this level warranted reporting on qualitative grounds, these would also be reported.

Differences in materiality levels from the previous audit - There has been no significant changes in the operations from the previous period, accordingly, our assessment of materiality was principally based on Group's performance and results for the period.



Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the completeness, existence and accuracy of certain opening balances as at 1 January 2023 and so are unable to quantify any impact on the comparative income statement. We have concluded that where the other information refers to the result of the group for the period ended 31 March 2024, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

- 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

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management:

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Companies Law and Listing Rules. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as tax laws.

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

NARF INDUSTRIES PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NARF INDUSTRIES PLC
FOR THE YEAR ENDED 31 MARCH 2025

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- The evaluation of management's controls designed to prevent and detect irregularities;
- The identification and review of manual journals, in particular journal entries which shared key risk characteristics; and
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates.

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

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

Other matters we are required to address

Following the recommendation of the Audit Committee, we were first appointed by the Board in January 2024 to audit the financial statements for the period ending 31 March 2024. The period of total uninterrupted engagement is therefore less than two years.

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit. No other services in addition to the audit were provided by the firm to the Group.

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.

Hays Mac LLP

Tom Stock FCA (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
10 Queen Street Place
London EC4R 1AG
30 July 2025

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

		Year ended 31 March 2025 US\$	15-month period ended 31 March 2024 US\$
	Notes		
Continuing operations			
GR & D Revenue	3	2,931,041	4,509,908
GS & S Revenue	3	67,334	3,012,545
Commercial Revenue		-	49,000
Total revenue		2,998,375	7,571,453
Direct salaries		(2,219,175)	(3,037,080)
Sub-contracting and other direct costs		(364,102)	(1,092,696)
Gross profit		415,098	3,441,677
Operating expenses		(2,155,955)	(3,276,580)
(Loss)/profit before depreciation, amortisation, impairment, share based payments, interest and taxes		(1,740,857)	165,097
Depreciation, amortisation and impairment of fixed assets		(1,210,825)	(509,756)
Share-based payment expense	15	(499,932)	(1,023,074)
Operating loss	4	(3,451,614)	(1,367,733)
Interest receivable and other finance income		2	13
Finance costs		(109,198)	(71,259)
Loss before taxation		(3,560,810)	(1,438,979)
Corporate tax	6	-	(15,248)
Loss for the year/period		(3,560,810)	(1,454,227)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on foreign operations		(57)	54,756
Total comprehensive loss for the year/period attributable to the owners of the company		(3,560,867)	(1,399,471)
Earnings per share			
Earnings per share (basic and diluted) attributable to the equity holders (cents)	7	(0.21)	(0.08)

The above results relate entirely to continuing activities.

The accompanying notes on pages 47 to 71 form part of these financial statements.

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	As at 31 March 2025 US\$	As at 31 March 2024 US\$
NON-CURRENT ASSETS			
Intangible assets	8	-	1,198,096
Right of use assets	16	-	42,981
Tangible assets	9	-	-
		-	1,241,077
CURRENT ASSETS			
Trade and other receivables	11	789,953	605,544
Cash and cash equivalents	12	136,704	654,365
		926,657	1,259,909
TOTAL ASSETS		926,657	2,500,986
CURRENT LIABILITIES			
Trade and other payables	13	3,914,930	2,739,573
TOTAL LIABILITIES		3,914,930	2,739,573
NET LIABILITIES		(2,988,273)	(238,587)
EQUITY			
Share capital	14	204,012	204,012
Share premium	14	35,294,816	35,294,816
Reverse acquisition reserve		(16,747,959)	(16,747,959)
Foreign exchange reserve		11,288	11,345
Share based payment reserve	15	1,991,693	1,483,635
Retained deficit		(23,742,123)	(20,484,436)
TOTAL SHAREHOLDERS DEFICIT		(2,988,273)	(238,587)

The accompanying notes on pages 47 to 71 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 July 2025 and were signed on its behalf by:

Signed by:

6C73B8C89F0F42E...
John Herring

Executive Chairman

Company number: 11701224

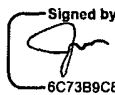
NARF INDUSTRIES PLC
PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	As at 31 March 2025 US\$	As at 31 March 2024 US\$
NON-CURRENT ASSETS			
Intangible assets	8	-	1,198,096
Investment in subsidiary undertakings	10	12,802,000	18,002,000
		12,802,000	19,200,096
CURRENT ASSETS			
Trade and other receivables	11	358,575	60,705
Cash and cash equivalents	12	599	5,126
		359,174	65,831
TOTAL ASSETS		13,161,174	19,265,927
CURRENT LIABILITIES			
Trade and other payables	13	340,268	210,317
TOTAL LIABILITIES		340,268	210,317
NET ASSETS		12,820,906	19,055,610
EQUITY			
Share capital	14	204,012	204,012
Share premium	14	35,294,816	35,294,816
Share based payment reserve	15	1,991,693	1,483,635
Foreign exchange reserve		11,288	11,345
Retained deficit		(24,680,903)	(17,938,198)
TOTAL EQUITY		12,820,906	19,055,610

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company profit and loss account. The Parent Company loss for the year was \$7,045,828 (fifteen-month period to 31 March 2024: loss \$9,291,165).

The accompanying notes on pages 47 to 71 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 July 2025 and were signed on its behalf by:

Signed by:

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John Herring

Executive Chairman

Company number: 11701224

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

		Year ended 31 March 2025 US\$	15 months ended 31 March 2024 US\$
	Note		
OPERATING ACTIVITIES			
Loss for the period before interest and taxation		(3,451,614)	(1,367,733)
Adjusted for:			
Depreciation	9	-	15,990
Amortisation and impairment of intangibles	8	1,210,825	493,766
Amortisation of right of use asset	16	42,981	48,173
Unrealised foreign exchange adjustment		(12,787)	(16,408)
Share-based payments		811,182	1,023,074
Operating cash flow before movements in working capital:		(1,399,413)	196,862
(Decrease)/increase in trade and other receivables		(184,408)	129,699
Decrease in trade and other payables		(273,260)	(153,502)
Net cash (used in)/generated from operating activities		(1,857,081)	173,059
FINANCING ACTIVITIES			
Costs recovered related to share issues		-	106,162
Loan amount received from/(repaid to) Director		1,340,250	(22,500)
Repayment of vehicle financing loan		-	(22,312)
Net interest paid		(830)	(7,547)
Net cash inflow from financing activities		1,339,420	53,803
Taxation paid	6	-	(15,248)
Net (decrease)/increase in cash and cash equivalents		(517,661)	211,614
Cash and cash equivalents at beginning of the year/period		654,365	442,751
Cash and cash equivalents at end of the year/period		136,704	654,365

The accompanying notes on pages 47 to 71 form part of these financial statements.

NARF INDUSTRIES PLC
PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Year ended 31 March 2025 US\$	15 months ended 31 March 2024 US\$
OPERATING ACTIVITIES			
Loss for the period before interest and taxation		(7,045,828)	(9,287,928)
Adjusted for:			
Amortisation and impairment of intangibles	8	1,210,825	493,766
Impairment of investment in subsidiary	10	5,200,000	7,600,000
Non-cash management charge		811,182	1,023,074
Unrealised foreign exchange adjustment		(12,787)	(16,408)
Operating cash flow before movements in working capital:		163,392	(187,496)
(Increase)/decrease in trade and other receivables		(297,870)	6,660
Increase/(decrease) in trade and other payables		129,951	(125,209)
Net cash used in operating activities		(4,527)	(306,045)
INVESTING ACTIVITIES			
Cash amounts paid to acquire subsidiary undertaking	10	-	(2,000)
Net cash outflow from investing activities		-	(2,000)
FINANCING ACTIVITIES			
Costs recovered related to share issues		-	106,162
Interest received		-	11
Net cash inflow from financing activities		-	106,173
Taxation paid		-	(3,284)
Net decrease in cash and cash equivalents		(4,527)	(205,156)
Cash and cash equivalents at beginning of the year/period		5,126	210,282
Cash and cash equivalents at end of the year/period		599	5,126

The accompanying notes on pages 47 to 71 form part of these financial statements.

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital	Share Premium	FX Reserve	Share- based Payment Reserve	Reverse Acquisition Reserve	Retained Deficit	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
AS AT 1 JANUARY 2023	204,012	35,074,061	(43,411)	575,154	(16,747,959)	(19,030,209)	31,648
Loss for the period	-	-	-	-	-	(1,454,227))	(1,454,227))
Foreign exchange gain on translation of parent	-	-	54,756	-	-	-	54,756
Total comprehensive profit/(loss) for the period	-	-	54,756	-	-	(1,454,227))	(1,399,471)
Share issue costs recovered	-	106,162	-	-	-	-	106,162
Cancellation of warrants	-	114,593	-	(114,593)	-	-	-
Share based payments (Note 16)	-	-	-	1,023,074	-	-	1,023,074
AS AT 31 MARCH 2024	204,012	35,294,816	11,345	1,483,635	(16,747,959)	(20,484,436)	(238,587)
Loss for the year	-	-	-	-	-	(3,560,810)	(3,560,810)
Foreign exchange gain on translation of parent	-	-	(57)	-	-	-	(57)
Total comprehensive loss for the year	-	-	(57)	-	-	(3,560,810)	(3,560,867)
Options lapsed	-	-	-	(303,123)	-	303,123	-
Share based payments (Note 16)	-	-	-	811,181	-	-	811,181
AS AT 31 MARCH 2025	204,012	35,294,816	11,288	1,991,693	(16,747,959)	(23,742,123)	(2,988,273)

See notes below parent company statement of changes in equity for explanation as to the reserves.

The accompanying notes on pages 47 to 71 form part of these financial statements.

NARF INDUSTRIES PLC
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital	Share Premium	Share- based Payment Reserve	FX Reserve	Retained Deficit	Total
	US\$	US\$	US\$	US\$	US\$	US\$
AS AT 1 JANUARY 2023	204,012	35,074,061	575,154	(43,411)	(8,647,033)	27,162,783
Loss for the period	-	-	-	-	(9,291,165)	(9,291,165)
Foreign exchange gain on translation to reporting currency	-	-	-	54,756	-	54,756
Total comprehensive profit/(loss) for the period	-	-	-	54,756	(9,291,165)	(9,236,409)
Shares issue costs recovered	-	106,162	-	-	-	106,162
Cancellation of warrants	-	114,593	(114,593)	-	-	-
Share based payments	-	-	1,023,074	-	-	1,023,074
AS AT 31 MARCH 2024	204,012	35,294,816	1,483,635	11,345	(17,938,198)	19,055,610
Loss for the year	-	-	-	-	(7,045,828)	(7,045,828)
Foreign exchange gain on translation to reporting currency	-	-	-	(57)	-	(57)
Total comprehensive loss for the year	-	-	-	(57)	(7,045,828)	(7,045,885)
Options lapsed	-	-	(303,123)	-	303,123	-
Share based payments – Note 16	-	-	811,181	-	-	811,181
AS AT 31 MARCH 2025	204,012	35,294,816	1,991,693	11,288	(24,680,903)	12,820,906

Share capital - the ordinary issued share capital of the Company.

Share premium - consideration less nominal value of issued shares and costs directly attributable to the issue of new shares.

Share based payment reserve - the value of equity settled share-based payments provided to past and present employees, including key management personnel, and third parties for services provided.

Foreign exchange reserve – a reserve arising on conversion of company balances in the functional currency of sterling and the reporting currency of US\$.

Reverse acquisition reserve – the difference between the cost of acquiring the parent company and the fair value of the parent company's net assets on the acquisition date together with the deemed cost of listing.

Retained deficit - Cumulative net gains and losses recognised in the Statement of Comprehensive Income

The accompanying notes on pages 47 to 71 form part of these financial statements.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1 GENERAL INFORMATION

The principal activity of Narf Industries Plc (the “Company”) and its subsidiaries (the “Group”) is the provision of research and software development services aimed at enhancing the cybersecurity measures of its US government agency clients. The subsidiaries consist of Narf Industries LLC, a California limited liability company, Narf Industries PR, LLC, a Puerto Rican limited liability company (“Narf US” or the “Operating Group”) and Narf Holdings US, Inc. a Delaware corporation which was dormant throughout the period. The Company is the parent and sole shareholder of Narf Holdings US, Inc which, in turn, is the sole member of each entity in the Operating Group.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales as a public limited company. The Company’s registered office is 5 Fleet Place, London EC4M 7RD. The Company’s registered number is 11701224.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with UK-adopted international accounting standards.

The Financial Statements have been prepared under the historical cost convention unless otherwise stated. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently.

They have been prepared to reflect the acquisition of Narf Industries LLC and Narf Industries PR LLC via a reverse takeover on 15 March 2022, which resulted in the Company becoming the ultimate holding company of the Group.

The Financial Statements are prepared in US Dollar (“US\$”, “USD” or “\$”) and presented to the nearest dollar.

2.2 Consolidation and Acquisitions

The Financial Statements consolidate the financial information of the Company and companies controlled by the Group (its subsidiaries) at each reporting date following the reverse takeover on 15 March 2022.

In the consolidated statement of financial position, the share capital and share premium as at 31 March 2024 and 31 March 2025 is that of Narf Industries Plc with the reverse acquisition reserve representing the difference between the deemed cost of the acquisition and the net assets of Narf Industries plc at 15 March 2022. The consolidated statement of comprehensive income for the fifteen-month period ended 31 March 2024 and the year ended 31 March 2025 include the results of both the parent and the Operating Group throughout the period.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee entity and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the financial information from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

The Group applies the acquisition method to account for any business combinations that fall within the scope of IFRS 3.

Acquisition-related costs are expensed as incurred.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Comparative information

The Parent Company extended its period end from 31 December 2023 to 31 March 2024. Accordingly, prior period information covers the fifteen-month period to 31 March 2024 and therefore is not directly comparable to the current 12-month period.

2.4 Going concern

The Directors believe the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future and at least until 31 July 2026, being 12 months after the date these financial statements were issued. Therefore, the Directors have applied the going concern basis of accounting in preparing the financial statements.

The Group has current liabilities (primarily due to the existing line of credit ("LOC") from the CEO) which are greater than current assets at the reporting date and there is a deficit on shareholders' equity.

However, the Directors believe that the Group's existing contract backlog and cash flow management provides sufficient runway to enable it to continue through the next period to execute its medium-term strategy without new capital resources or significant reliance on near term additional contracts awards. Over the year to 31 March 2025, the Group demonstrated its ability to respond rapidly to adverse circumstances by reducing costs whilst accessing its LOC. Despite the significant setbacks in GS&S revenue the Group was able to deliver on existing contracts, keep up to date with payments to suppliers and win new business.

The Group recently extended the existing LOC provided by the Group's CEO through to July 2026, whilst revenues from existing contracts in place at the time of this report are sufficient to cover all overheads and to start repaying the LOC drawn down. The Group continues to closely manage its operational expenses and has demonstrated significant flexibility to adjust its resources and expenses in line with its contracted revenues.

The Board is also open to potential joint ventures should an attractive opportunity arise, but the work to reduce cash outgoings along with the extension of the LOC means the Board need only consider those opportunities which add significant value to the Group. The Board further notes the Company's potential to pursue an LSE market fundraise in the event this is deemed appropriate and market conditions allow.

The Directors believe the Group's plan is based on sound analysis, however, since the Group's plans, to a certain extent, are reliant on market conditions and/or third parties there remains a material uncertainty as to the Group's ability to remain a going concern.

2.5 Revenue Recognition

Substantially all of the Group's revenues derive from long-term contracts with US government agencies. The majority of contracts are fixed price with monthly or quarterly milestones with contractual payments due on completion of deliverables identified with those milestones. The contractual arrangements fall into four types:

Research where the principal asset transferred to the client are ideas about potential cybersecurity threats and source code to test those threats.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue Recognition (continued)

Infrastructure where the principal asset transferred is a test environment along with the ongoing maintenance of the ability to test various scenarios and meetings where the principal asset transferred is the intellectual input to those meetings.

Meetings-based where the contract specifies a requirement for Group employees to prepare for and attend meetings where they will share their expertise and provide insights to the meeting.

Cost plus where the Group receives a fee based on the hours worked on a project with reimbursement of travel and sub-contract costs.

The nature of the research and infrastructure contracts is such that the deliverables themselves are of little value to the customer. The main value of the contract to the customer is the inherent promise that the Group will continue to provide the ideas and support to allow the customer to enhance its understanding of cybersecurity threats and how to counter them. Given that the deliverables themselves have no inherent value, the Group takes the view that revenue from research and infrastructure contracts should be recognized over time based on progress towards a milestone. For meetings-based contracts revenue is recognized when the meetings occur, as this is the point at which an asset is transferred to the client. For cost plus contracts revenue is recognised based on the hours worked on that project up to the period end.

2.6 Segmental Reporting

The Group has two business sectors, GR&D and GS&S as described in the Strategic Direction section of this Annual Report. The revenues attributable to each business segment are detailed in the Statement of Comprehensive Income whilst an analysis of those costs attributable to each business segment is provided in Note 3.

2.7 Foreign currency translation

The financial information is presented in US Dollars, which is the Group's presentational and functional currency as substantially all of the Group's operational activities are undertaken in US Dollars. The Company's functional currency is Sterling. Sterling amounts recorded in the accounting records of the Company are converted using the year-end foreign exchange rate for the year end balances and the average foreign exchange rate for movements during the year.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of Comprehensive Income in the period in which they arise.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and instant access deposit balances at banks.

2.9 Intangible assets

Intangible assets comprise non-physical assets comprising the cost of acquiring the licensing rights in relation to the commercialisation of TIGR that can be determined with reasonable certainty. Royalty payments due to the licensor upon future sales cannot be determined with any certainty and accordingly have not been included in cost.

The license is amortised over the useful life of the license, which is based on the term of that license agreement.

All intangible assets have been assessed by management for impairment. Management consider the assets for impairment by considering if any impairment indicators, such as those listed in IAS 38, are met and that if any are met, they assess the recoverable value of the asset, being the higher of the fair value less costs to sell and value in use, and then compare this to the carrying value of the asset.

2.10 Tangible fixed assets

Tangible assets comprise physical assets such as cars, office furniture and leasehold improvements which will benefit the Group over their useful life. Tangible fixed assets are being depreciated on a straight-line basis over their estimated useful lives as follows:

Cars	4 years
Office furniture & equipment	4 years
Leasehold improvements	Life of the lease

2.11 Leased assets

Identification of leased assets

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for over a year in exchange for consideration'. To apply this definition the Group assesses whether the contract meets two key evaluations which are whether:

- i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- ii) the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Leased assets (continued)

Measurement and recognition of leases

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest accrued.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods or services rendered in the ordinary course of business. Trade receivables are initially recognised at the amount of consideration that is unconditional, i.e. fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Prepayments and other receivables are stated at their nominal values.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

2.13 Trade and other payables

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost, less repayments.

2.14 Financial instruments

Initial recognition

A financial asset or financial liability is recognised in the Statement of Financial Position 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:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- 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.

NARF INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the effective interest rate method include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

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 effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

Derecognition

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- 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.

Impairment

The Company 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 over its lifetime without monitoring changes in credit risk. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

2.15 Equity

Share capital is determined using the nominal value of shares that have been issued.

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

Equity-settled share-based payments are credited to a "Share based payments reserve" within the Consolidated Statement of Financial Position and the Parent Statement of Financial Position as a component of equity until related options or warrants are exercised or lapse.

The share-based payment reserve comprises share warrants issued to service providers and options issued to employees under long-term incentive schemes. Both share options and warrants are measured at fair value at the date of issue and treated as a separate component of equity.

The Foreign exchange reserve includes all exchange differences arising from translating the net assets of the parent from sterling into US Dollars, being the presentational currency.

Members equity represents the combined interests of each member of Narf US and Narf PR prior to the reverse acquisition ("RTO").

The Reverse acquisition reserve relates to the costs associated with the acquisition of Narf Industries Plc. A reverse acquisition occurs if the entity that issues securities (the legal acquirer) is identified as the

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Equity (Continued)

acquiree for accounting purposes and the entity whose equity interests are acquired (legal acquiree) is the acquirer for accounting purposes.

The reverse acquisition in a previous year did not constitute a business combination and was accounted for in accordance with IFRS 2 “Share-based Payments” and associated IFRIC guidance. Although the reverse acquisition was not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements.

The Directors have prepared these financial statements using the reverse acquisition methodology, but with the result that rather than recognising goodwill, the difference between the equity value given up by Narf US’s former owners and the share of the fair value of the net assets gained by these former owners, is charged to the Consolidated Statement of Comprehensive Income as a share-based payment on reverse acquisition.

Retained earnings include all current and prior period results as disclosed in the income statement.

2.16 Foreign currency

For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in US Dollars (“\$”), which is the functional currency of all of the operating entities in the Group, excluding the Company, and the presentation currency for the consolidated financial statements.

Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise other than those arising on conversion of the Company’s Statement of Financial Position on consolidation which are recognised as a foreign exchange reserve.

2.17 Earnings per share

Basic earnings per share is calculated by dividing:

The Group loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial period.

As the Group is currently loss making, none of the options or warrants in issue are dilutive to the basic earnings per share figure.

2.18 Share-based payments

The Parent Company has issued options to Directors and Group employees under long-term incentive arrangements.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Parent Company’s estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using the Black Scholes pricing model. The key assumptions used in the model have been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At the time of the RTO, Narf US had entered into agreements with a number of key employees whereby they were entitled to an interest in Narf Industries LLC. Ahead of the RTO those employees entered into redemption agreements, so as to release Narf US from the obligation to provide such an interest. As at 31 March 2024 two former employees were owed a total of \$335,435 under these redemption agreements. During the year \$311,250 was settled through the issue of warrants and \$20,000 was settled in cash.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Taxation

The Parent Company is subject to taxes in the United Kingdom tax jurisdiction and, to the extent there are look through profits in the Operating Group, is also subject to taxes in the United States. Substantially all revenue related operations are conducted by Narf Industries LLC. Both operating subsidiaries are limited liability companies taxed as partnerships for US federal taxes. As partnerships, neither operating subsidiary is subject to US federal income tax and the federal tax effect of those activities now accrue to Narf Holdings, Inc, the sole member. Narf Industries LLC is also subject to a nominal California franchise tax, whilst Narf Industries PR LLC is subject to the Government of the Commonwealth of Puerto income tax rate of 4%. The Operating Group currently has substantial tax losses attributable to the Parent Company, for which no deferred tax has been recognised and accordingly, differences between Narf US's taxable income per IFRS and the basis used for tax reporting have not given rise to any deferred tax assets or liabilities.

Taxable losses of the Parent Company from its activities in the United Kingdom and that inure to the Parent Company from the two members of the Operating Group as their sole partner differ from losses for the Parent Company as reported in the accompanying consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Parent Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accompanying parent company financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Parent Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Parent Company intends to settle its current tax assets and liabilities on a net basis.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2 ACCOUNTING POLICIES (CONTINUED)

2.20 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The Directors consider that the following judgements are critical to an understanding of these accounts:

Licenses

The Parent Company was historically granted certain licenses relating to the commercialisation of cybersecurity software which potentially could be key to the future business strategy. The license was granted by SRI International, under an agreement which became effective on 15 March 2022, for a combination of cash, shares and a royalty equal to 7.5% of future revenues deriving from the license. The Directors recognised the fair value of the license on acquisition as being the cash paid plus the market value of shares issued to SRI International.

The value of the license has been assessed by management for impairment. Management considers the asset value for impairment by considering if any impairment indicators, such as those per IAS 38, are met and that if any are met, they assess the recoverable value of the license, being the higher of the Fair value less costs to sell and Value in use, and then compare this to the carrying value of the license. Management has made the decision to fully impair the license because a feasibility study is being considered and until this is completed, any assessment of Value in Use is considered too subjective to quantify. Further details are provided in Note 8.

Impairment of Narf US

The Parent Company Statement of Financial Position includes the investment in Narf US at cost less impairment. The Directors undertook an impairment review as at 31 December 2024. At that time, the Directors took the view that the investment should be written down further in light of the GS & S revenue impact. Management increased the impairment provision by \$5.2 million to \$12.8 million which reflected the delay in expected future cash flows and the significant reduction in the share price. A further impairment review was conducted ahead of the issue of these financial statements and no further impairment was deemed appropriate. This review involves judgements about potential future cash flows which are highly subjective and subject to matters outside the control of the Directors.

Segmental Reporting

Note 3 seeks to analyse the contribution of each business segment to the profitability of the Group. The allocation of costs includes the costs of some employees who work on both business segments which requires judgements as to the allocation of resources. Management have not sought to allocate costs related to the time of the CEO because he has agreed to waive any remuneration until his loan is repaid.

Share Based Payments

Equity-settled share-based payments are measured at fair value. Fair value is measured using the Black Scholes pricing model. The key assumptions used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value also makes certain assumptions about whether non-market vesting conditions will be met and such assumptions are highly subjective.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2 ACCOUNTING POLICIES (CONTINUED)

2.20 Critical accounting judgements and key sources of estimation uncertainty

Revenue recognition

The Group's revenues arise from contracts which generally have monthly or quarterly payment milestones. Some of these contracts span more than one accounting period and some are based on provisional calculations of indirect costs, which are subject to independent audit and revision. The Group generally recognises revenue based on milestones that have been met, the labour hours incurred or the amount of time that has progressed towards a milestone which has been met post period-end.

Nonetheless there is some uncertainty at each milestone date as to the extent to which additional work may have been completed and the extent to which the contracted amount attributable to each milestone represents a fair proportion of the overall contract. Management rely on the output method to allocate revenue between accounting periods.

2.21 Standards, amendments and interpretations to existing standards that are not yet effective

New standards, amendments to standards and interpretations:

The Company has adopted all of the new and revised Standards and Interpretations that are relevant to their operations and effective for accounting periods beginning 1 April 2024. The Company has not adopted any standards or interpretations in advance of their required implementation dates.

The following Standards and Interpretations have become effective and, if relevant, have been adopted in these financial statements. No other Standards or Interpretations have been adopted early in these financial statements.

<i>Standard/Interpretation</i>	<i>Subject</i>
IAS 1	Amendments – Classification of Liabilities
IAS 7	Amendments – Supplier Finance Arrangements
IFRS 16	Amendments – Lease Liability in a Sale and Leaseback

The new standards have not had a material impact on these consolidated financial statements.

Standards not yet applied

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

Standard	Impact on initial application	Effective date
IFRS7 &9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
All	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 16	Presentation and Disclosure in Financial Statements	1 January 2027

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2 ACCOUNTING POLICIES (CONTINUED)

2.22 Financial Risk Management Objectives and Policies

The Group does not enter into any forward exchange rate contracts nor does it have any other market risks apart from the Sterling assets held by the Parent Company which are matched by Sterling liabilities.

The main financial risks arising from the Group's activities are interest rate risk, credit risk, liquidity risk and capital risk management. Further details on the risk disclosures can be found in Notes 19 and 20.

3. REVENUE AND SEGMENTAL REPORTING

The Group records contract revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*, which requires that revenue be recorded over time as/when performance obligations within contracts are performed/delivered. Whilst some performance obligations are defined within the Group's contracts, management considers that the main asset transferred to the customers over the term of the contract is the implied promise that the customer will have access to Group employees throughout the duration of the contract. The customer is expecting that those employees will be able to come up with ideas, explaining outputs from the software developed and generally push the boundaries to understand how to develop what may start as a concept into something that has commercial value. The Group invoices customers based on a billing schedule contained within each contract. The Group considers trade and other receivables to be fully collectible as it has no history of non-payment; accordingly, no allowance for doubtful accounts has been recorded at either period end. Costs incurred to obtain contracts are expensed as incurred and losses on contracts are recognised in the period when determined. The Group sometimes warrants that its deliverables will perform within parameters contained in the statements of work referenced in the contracts.

Revenue for performance obligations is generally recognised as each performance obligation is completed and, to the extent applicable, delivered - an output measurement. Where a performance obligation crosses a period end, revenue for that performance allocation is pro-rated on a time expired basis and allocated proportionately to the relevant period.

As performance obligations are completed and delivered, invoices are issued to customers and the debtor recorded in the Trade Accounts Receivables, which represents a conditional right to consideration, which generally becomes an unconditional right on payment. There were no amounts invoiced that were subsequently challenged as being in excess of completed performance obligations as at 31 March, 2025 or 31 March, 2024. To the extent that the measurement of outputs suggests that a future milestone has been met in part, a debtor is recorded in the caption Prepayments and Accrued Income.

During the period under review the Group established the two separate business segments of GR & D and GS & S, with each segment having a business head. The prior year numbers have been restated to reflect the different business segments.

Based on the above categories, disaggregated contract revenues and their related costs as follows:

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

3. REVENUE AND SEGMENTAL REPORTING (CONTINUED)

	Year ended 31 March 2025 US\$			15 months ended 31 March 2024 US\$			
	GR & D	GS& S	Total	GR & D	GS & S	Comm	Total
Revenue	2,931,041	67,334	2,998,375	4,509,908	3,012,545	49,000	7,571,453
Sub-contractors	(364,102)	-	(364,102)	(1,092,696)	-	-	(1,092,696)
Direct salaries	(1,779,885)	(439,290)	(2,219,175)	(1,964,774)	(1,072,306)	-	(3,037,080)
Gross profit/(loss)	787,054	(371,956)	415,098	1,452,438	1,940,239	49,000	3,441,677

Customers comprising 10% or more of Contract Revenue were as follows:

	Year ended 31 March 2025 US\$		15 months ended 31 March 2024 US\$	
	Percent		Percent	
IARPA	1,287,875	43.0%	-	-
DARPA	1,208,495	40.3%	3,068,234	40.5%
Charles River Analytics, Inc	355,155	11.8%	-	-
US government agency	-	-	3,012,545	39.8%
Others - less than 10%	146,850	4.9%	1,490,674	19.7%
	2,998,375	100.0%	7,571,453	100.0%

For contractual reasons, the Company may not disclose the name of the US government procurement agency or the agencies for which this entity is pass-through. DARPA stands for Defense Advanced Research Projects Agency, a US government research and development organisation. IARPA stands for Intelligence Advanced Research Projects Activity, another US government research and development organisation.

4. OPERATING LOSS

This is stated after charging:

	Year to 31 March 2025 US\$	15 months to 31 March 2024 US\$
Auditor's remuneration		
- audit of the Parent Company	165,856	137,464
Amortisation and impairment of intangible assets	1,210,825	493,766
Depreciation of tangible fixed assets	-	15,990
Amortisation of right of use asset	42,981	48,173
Directors' remuneration	323,883	476,614
Other staff costs (see note 5)	3,288,824	4,989,973
Legal, professional and consultancy fees	472,014	548,113

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

5. DIRECTORS AND STAFF COSTS

The average number of persons employed by the Group, including Directors, was:

	Year to 31 March 2025	15 months to 31 March 2024
Management and technical	15	18

Remuneration, other benefits supplied and social security costs to the directors and staff during the period was as follows:

	Year to 31 March 2025 US\$	15 months to 31 March 2024 US\$
Directors and Employees:		
Director fees and salaries	113,000	263,908
Other salaries	2,531,960	3,396,771
Social security costs	123,472	286,216
Pension costs and other benefits	344,343	496,518
Director share- based payments	210,883	212,706
Other share-based payments	289,049	810,368
	3,612,707	5,466,487

6. TAXATION

	Year ended 31 March 2025 US\$	15 months ended 31 March 2024 US\$
The charge for the period is made up as follows:		
Penalties, Federal and State filing fees	-	15,248
Deferred tax	-	-
Taxation charge	-	15,248

A reconciliation of the tax charge / credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the period is:

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

6. TAXATION (CONTINUED)

	Year ended 31 March 2025	15 months ended 31 March 2024
	US\$	US\$
Loss before taxation	(3,560,810)	(1,438,979)
Tax credit at the small company rate of corporation tax in the UK (19%)	(676,554)	(273,406)
Impact of expenses disallowed for tax purposes	327,171	291,038
Penalties, Federal and State filing fees	-	15,248
Impact of unrelieved tax losses/(tax losses utilised) carried forward	349,383	(17,632)
Tax charge	-	15,248

Estimated tax losses of \$8.2 million (2024: \$6.1 million) are available for relief against future UK profits and estimated tax losses of \$2.9 million (2024: \$1.2 million) are available for relief against future US profits. No related deferred tax asset has been provided for in the accounts based on the uncertainty as to when profits will be generated against which to relieve said asset. The amount of the deferred tax asset not recognised in relation to losses for the Group is \$2.7 million (2024: \$1.4 million) and for the Company \$2.1 million (2024: \$1.1 million).

7. EARNINGS AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 March 2025	15 months ended 31 March 2024
	US\$	US\$
Loss from continuing operations attributable to equity holders of the company	(3,560,867)	(1,399,471)
Weighted average number of ordinary shares in issue	1,697,381,100	1,687,381,100
Basic and fully diluted loss per share from continuing operations (cents)	(0.21)	(0.08)

No dilution has been applied in respect of the options outstanding at the period end because the Group is loss making.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

8. INTANGIBLE ASSETS – GROUP AND PARENT COMPANY

	Licenses US\$
<i>Cost</i>	
At 1 April 2024	1,996,823
Foreign exchange movement	49,351
At 31 March 2025	2,046,174
<i>Amortisation and impairment</i>	
At 1 April 2024	798,727
Charge for the period	403,606
Impairment	807,219
Foreign exchange movement	36,622
At 31 March 2025	2,046,174
<i>Net book amount</i>	
At 31 March 2025	-
At 31 March 2024	1,198,096

Amortisation and impairment of licenses is charged to the Income statement in the period to which it relates and disclosed within "Depreciation, amortisation and impairment of fixed assets".

9. TANGIBLE ASSETS – GROUP

	Car US\$	Leasehold Improvements US\$	Furniture & Equipment US\$	Total US\$
<i>Cost</i>				
At 1 April 2024	147,098	25,425	222,723	395,246
Additions	-	-	-	-
At 31 March 2025	147,098	25,425	222,723	395,246
<i>Depreciation/Impairment</i>				
At 1 April 2024	147,098	25,425	222,723	395,246
Charge for the period	-	-	-	-
At 31 March 2025	147,098	25,425	222,723	395,246
<i>Net book amount</i>				
At 31 March 2025	-	-	-	-
At 31 March 2024	-	-	-	-

Depreciation of tangible assets is charged to the Income statement in the period to which it relates and disclosed within "Depreciation, amortisation and impairment of fixed assets". The car was sold to the CEO after the year end (see note 22).

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS – PARENT COMPANY

	US\$
Shareholdings and member interests in subsidiary undertakings:	
Cost	25,602,000
Impairment during the period ended 31 March 2024	(7,600,000)
Balance at 31 March 2024	18,002,000
Impairment during the year	(5,200,000)
Closing balance at 31 March 2025	12,802,000

Investments in subsidiary undertakings are valued at cost less the Directors' impairment assessment which reflects changes in the business plan of the subsidiaries since the reverse takeover.

Principal subsidiaries

The group's subsidiaries at 31 March 2025 are set out below. Two of the subsidiaries are LLCs, which have no issued share capital and accordingly the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name	Country of Incorporation	Registered office	Principal Activity	Ownership	
				2025	2024
Narf Industries LLC	USA	548 Market St. #37005 San Francisco, CA 94104	Provision of security goods and services to USG and affiliated entities	100%	100%
Narf Industries PR LLC	USA	1413 Avenue Ponce de León, San Juan, Puerto Rico 00907	Provision of security goods and services to Non-USG entities	100%	100%
Narf Holdings US, Inc	USA	251 Little Falls Drive, Wilmington, DE 19808	Holding company	100%	100%

11. TRADE AND OTHER RECEIVABLES – GROUP AND PARENT COMPANY

	Group		Company	
	As at 31 Mar 2025 US\$	As at 31 Mar 2024 US\$	As at 31 Mar 2025 US\$	As at 31 Mar 2024 US\$
Accounts receivable	257,321	314,429	-	252
Prepayments and accrued income	477,009	250,150	21,293	19,488
Amounts due from subsidiary undertakings	-		308,250	-
Other receivables	55,623	40,965	29,032	40,965
	789,953	605,544	358,575	60,705

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

11. TRADE AND OTHER RECEIVABLES – GROUP AND PARENT COMPANY (CONTINUED)

Ageing analysis

The following presents an ageing analysis of Accounts Receivable:

	As at 31 March 2025 US\$	As at 31 March 2024 US\$
Current	257,321	157,006
0-30 days	-	157,423
	257,321	314,429

The Group considers trade and other receivables to be fully collectible; accordingly, no bad debt provision or expenses have been recorded in either financial period ending 31 March 2025 and 31 March 2024 respectively and all amounts listed in Accounts Receivable were received post period-end.

12. CASH AND CASH EQUIVALENTS – GROUP AND PARENT COMPANY

	Group		Company	
	31 Mar 2025 US\$	31 Mar 2024 US\$	31 Mar 2025 US\$	31 Mar 2024 US\$
Cash at bank and in hand	136,704	654,365	599	5,126
	136,704	654,365	599	5,126

Cash at bank comprises balances held by the Company in current bank accounts, instant access deposit accounts and electronic wallets. The carrying value of these approximates to their fair value. The majority of cash is held in a bank with a BBB+ credit rating.

13. TRADE AND OTHER PAYABLES – GROUP AND PARENT COMPANY

	Group		Company	
	31 Mar 2025 US\$	31 Mar 2024 US\$	31 Mar 2025 US\$	31 Mar 2024 US\$
Accounts payable	153,408	291,499	69,929	90,155
Loan from Director and CEO	2,999,211	1,550,595	-	-
Lease liabilities (Note 16)	94,625	93,793	-	-
Other payables due within one year	56,205	168,862	-	-
Accrued expenses	611,481	634,824	270,339	120,162
	3,914,930	2,739,573	340,268	210,317

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

13. TRADE AND OTHER PAYABLES – GROUP AND PARENT COMPANY (CONTINUED)

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Refer to Note 18.

The Loan from Director and Chief Executive Officer represents advances to the Group (plus accrued interest of \$169,461) for working capital purposes from Steve Bassi, CEO (see Note 22). The loan was, until 28 June 2024, part of a \$2 million credit facility accruing simple interest daily at the US Federal short term 1 year interest rate (4.86% at 11 April, 2023). On 28 June 2024 the credit facility was increased to \$2.5 million and the term extended to 31 July 2025, with the same rate of interest. On 29 December 2024 the credit facility was increased to \$3 million. Effective 1 August 2025 the credit facility was extended until 31 July 2026. A portion or all of the note may be repaid early without penalty and the Director may request the Group to pay amounts when working capital exceeds \$500,000 at the end of any given month. This credit facility is being presented without any discount to account for time as the facility may be partially or fully repaid prior to the due date of 31 July, 2026.

14. SHARE CAPITAL / SHARE PREMIUM – GROUP AND PARENT COMPANY

The Company has only one class of share. All ordinary shares of 0.1p each ("Shares") have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital. As at 31 March 2025 and 31 March 2024 the Company's issued and outstanding capital structure comprised 1,697,381,100 shares and there were no other securities in issue and outstanding.

At 31 March 2025 the Company had 202.8 million options outstanding and 51.6 million warrants outstanding (see note 15)

	Number of shares on issue	Share capital US\$	Share premium US\$	Total US\$
Balance as at 1 April 2024	1,697,381,100	204,012	35,294,816	35,498,828
Balance at 31 March 2025	1,697,381,100	204,012	35,294,816	35,498,828

15. SHARE BASED PAYMENT RESERVE- GROUP AND PARENT COMPANY

Details of the warrants that were outstanding at 31 March 2025 are as follows:

Warrants

Granted	Exercisable from	Expiry date	Number outstanding	Exercise price
01.09.24	01.09.24	08.09.33	41,400,000	£0.01

Details of the options that were outstanding at 31 March 2025 are set out below:

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
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15. SHARE BASED PAYMENT RESERVE- GROUP AND PARENT COMPANY (CONTINUED)

<i>Options</i> Granted	Exercisable from	Expiry date	Number outstanding	Exercise price
24.05.22	24.05.22	24.05.25	50,000,000	£0.02
08.09.23	08.09.23	08.09.33	72,750,000	£0.01
08.09.23	31.12.23	08.09.33	10,333,333	£0.01
08.09.23	03.01.24	08.09.33	1,250,000	£0.01
08.09.23	01.02.24	08.09.33	750,000	£0.01
08.09.23	31.03.24	08.09.33	10,520,833	£0.01
08.09.23	30.06.24	08.09.33	10,520,833	£0.01
08.07.24	30.06.24	08.09.34	250,000	£0.0126
08.09.23	15.08.24	08.09.33	1,250,000	£0.01
08.09.23	30.09.24	08.09.33	10,520,833	£0.01
08.07.24	30.09.24	08.09.34	250,000	£0.0126
08.09.23	31.12.24	08.09.33	10,833,333	£0.01
08.07.24	31.12.24	08.09.34	250,000	£0.0126
08.09.23	31.03.25	08.09.33	24,512,058	£0.01
08.07.24	31.03.25	08.09.34	250,000	£0.0126

An additional 109.4 million £0.01 options and 2 million £0.0126 options had been granted at the period end which are subject to vesting conditions which hadn't been met at 31 March 2025 but are expected to be met in the future. The movements in the share-based payment reserve are as follows:

	Year to 31 March 2025 US\$	15 months to 31 March 2024 US\$
At beginning of period	1,483,635	575,154
Fair value of warrants waived/lapsed during the period	(303,123)	(114,593)
Fair value of warrants and options issued/vested during the period	811,181	1,023,074
At end of period	1,991,693	1,483,635

Of the amount credited to share based payment reserve \$499,831 (15 months to 31 March, 2024: \$1,023,074) related to options issued for services provided and therefore resulted in a charge to the Statement of Comprehensive Income and \$311,250 (15 months to 31 March, 2024 \$nil) related to an amount due to a former employee that had previously been accrued for.

A share-based payment credit of \$303,123 (fifteen months to 31 March 2024 \$114,593) was recognised during the year on options that lapsed due to employees leaving or vesting conditions not being met.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

15. SHARE BASED PAYMENT RESERVE- GROUP AND PARENT COMPANY (CONTINUED)

The estimated fair value of the options granted in September 2023 and July 2024 and the warrants granted in August 2024 were calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as set out below:

Model input/output	2024/5			2023/4	
	10 year warrants	10 year options	10-year options	5-year options	16 mth options
Share price at grant date	0.75p	1.15p	0.75p	0.75p	0.75p
Exercise price	1p	1.26p	1p	1p	1p
Expected volatility*	76%	76%	76%	76%	76%
Expected dividends	Nil	Nil	Nil	Nil	Nil
Vesting criteria	None	Time	Mainly time	Governance	Handover
Risk-free rate	4.1%	4.2%	4.1%	4.2%	4.9%
Fair value per option	0.75 cents	0.93 cents	0.73 cents	0.56 cents	0.25 cents

*The expected volatility was calculated using historical 360-day volatility of the share price of Narf Industries plc for the year to 31 March 2023 (since the shares were suspended for a significant part of the period from 1 April 2023 to the date of grant).

The movements in share options and share warrants are as follows:

	Number of options	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding as at beginning of period	420,036,175	1.1p	-	N/A
Granted	3,000,000	1.3p	41,400,000	1p
Lapsed	(107,321,275)	1p	-	N/A
Outstanding as at end of period	315,714,900	1.2p	41,400,000	1p
Exercisable as at end of period	204,241,225	1.2p	41,400,000	1p
Unvested as at end of period	111,473,675	1p	-	N/A

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

16. LEASES - GROUP

As further discussed in Note 20, the Group has a lease agreement in relation to their office in California which expires on 1 December 2025, including minimum rental payments of \$5,000 per month. As this lease has a term of one year it is considered a short-term lease under the requirements of IFRS 16 – Leases and the monthly rent is being accounted for in the Statement of Comprehensive Income as it becomes due.

Commitments payable in respect of short-term leases comprise:

	As at 31 March 2025 US\$	As at 31 March 2024 US\$
Less than 1yr	45,000	-

Effective 1 June 2023, the Group entered into a lease agreement in relation to their office in California which expired on 31 December 2024, including minimum rental payments of \$5,000 per month. As this lease had a term of over one year it has been accounted for in accordance with the provisions of IFRS 16 – Leases with a right of use asset recognised in the Statement of Financial Position and an offsetting lease liability.

Additional information on the right of use asset is as follows:

	Carrying Amount B/Forward	Depreciation	Carrying Amount C/Forward
Office	\$42,981	\$(42,981)	\$Nil

The net present value of lease liabilities accounted for under IFRS 16 are all due within 1 year and comprise

	As at 31 March 2025 \$	As at 31 March 2024 \$
Lease payments	91,154	91,154
Finance charges	3,471	2,639
	94,625*	93,793

* The lease liability relates to a former right of use asset where the lease has ended but the Group has not settled the lease payments due.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2025 (31 March 2024: £nil).

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments comprise primarily cash and various items such as trade debtors and trade payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital for the Group's operations. The Group does not utilise complex financial instruments or hedging mechanisms.

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial assets by category

The categories of financial assets are as follows:

	Group		Company	
	31 Mar	31 Mar	31 Mar	31 Mar
	2025	2024	2025	2024
	US\$	US\$	US\$	US\$
Current assets at amortised cost:				
Accounts receivable	257,321	314,429	-	252
Amounts due from subsidiary undertaking	-	-	308,250	-
Other receivables	55,858	40,965	29,032	40,965
Cash and cash equivalents	136,704	654,365	599	5,126
	449,883	1,009,759	337,881	46,343

Financial liabilities by category

The categories of financial liabilities are as follows:

	Group		Company	
	31 Mar	31 Mar	31 Mar	31 Mar
	2025	2024	2025	2024
	US\$	US\$	US\$	US\$
Current Liabilities measured at amortised cost:				
Accounts payable	153,408	291,499	69,929	90,155
Other payables	150,830	262,655	-	-
Short term loans	2,999,211	1,550,595	-	-
	3,303,449	2,104,749	69,929	90,155

All amounts owed by the Parent Company and the Group are short term and payable in 0 to 3 months, apart from the short-term loan which is disclosed in Notes 13 and 20.. The short-term loan facility has been extended to 30 June 2026 but is repayable on demand under certain circumstances.

Credit risk

Credit risk is the risk that an amount owed to the Parent Company or the Group will not be settled as a result of the failure of the counterparty. Credit risk is considered to be minimal as accounts receivable are due from US government agencies with no history of non-payment, other receivables represent VAT due from the UK government or payroll taxes recoverable from the IRS and cash is held in high street banks with most of the deposits protected.

The maximum exposure to credit risk at the reporting date by class of financial asset was:

NARF INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	Group		Company	
	31 Mar	31 Mar	31 Mar	31
	2025	2024	2025	Mar
	US\$	US\$	US\$	2024
				US\$
Accounts receivable	257,321	314,429	-	252
Amounts due from subsidiary undertaking	-	-	308,250	-
Other receivables	55,858	40,965	29,032	40,965
Cash and cash equivalents	136,704	654,365	599	5,126
	449,883	1,009,759	337,881	46,343

Foreign exchange risk

The Group operates principally in the USA with income and operating costs possibly arising in US Dollars. The majority of the operating revenues and costs are incurred in US Dollars although there are a number of Sterling costs incurred by the Parent Company in relation to the costs of maintaining a listing. The Company does not hedge potential future income or costs, since the existence, quantum and timing of such transactions cannot be accurately predicted. The Company's and therefore the Group's exposure to non- US Dollar assets and liabilities is detailed below.

	Company and Group	
	31 Mar	31 Dec
	2025	2024
	US\$	US\$
Sterling assets		
Accounts receivable	-	252
Other debtors	29,032	40,965
Cash and cash equivalents	303	4,736
	29,335	45,953
Sterling liabilities		
Accounts payable	69,929	90,155
Net sterling exposure	(40,594)	(44,202)

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign exchange risk (continued)

Given the insignificant foreign exchange exposure, management do not believe that sensitivity analysis would provide any meaningful information to readers of these accounts.

Interest rate risk

The only Parent Company or Group's asset or liability that is subject to any material interest rate risk is the loan from the CEO which has a variable interest rate. All deposits are placed with main clearing banks with minimal amounts attracting interest.

Liquidity risk

The Parent Company and the Group seek to maintain adequate bank balances to meet those financial liabilities that are payable in the short term (between 0 to 3 months) but has access to the CEO's credit facility in the event of a shortfall.

19. CAPITAL MANAGEMENT

The Group manages its capital with a view to ensuring that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between debt and equity. The Group utilizes options on its shares to seek to incentivize the Directors and Group employees to remain loyal and meet strategic goals which will add shareholder value.

The capital structure of the Group as at 31 March, 2025 consisted of negative equity attributable to the equity holders of the Group, totalling \$2,988,273 (2024: \$238,587) bolstered by working capital advances from an officer and shareholder of \$2,999,211 (2024: \$1,550,595) (see Notes 13 and 20).

The Group reviews the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues or potentially through the issue of convertible debt instruments. There are no plans to pay dividends for the foreseeable future.

20. RELATED PARTY TRANSACTIONS

The compensation payable to Key Management personnel, who comprise the Directors, comprised \$113,000 in amounts payable by the Group together with the fair value of options issued in respect of services to the Group. Full details of the compensation for each Director are provided in the Directors' Remuneration Report. At year-end, an amount of \$14,853 was due to a former director and officer in respect of Directors remuneration.

Included in Trade and Other Payables in the accompanying Consolidated Statement of Financial Position are balances of \$16,300 and \$16,000 at 31 March, 2025 and 31 March, 2024 respectively, related to an office operating lease agreement with a term of one year between the Group and an entity in which Steve Bassi is an owner. Included in Trade and Other Payables in the accompanying Consolidated Statement of Financial Position are balances of \$94,625 and \$93,793 at 31 March, 2025 and 31 March, 2024 respectively, related to an office operating lease agreement which had an original term of over one year between the Group and an entity in which Steve Bassi is an owner. The amount remains unpaid. The amount reported as a Right of Use Asset in the Consolidated Statement of Financial Position of \$nil (2024: \$42,981) is a right over an asset owned by that same entity.

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20. RELATED PARTY TRANSACTIONS (CONTINUED)

Included in Administrative Expenses on the accompanying Consolidated Statement of Comprehensive income is US\$300 (2024: US\$24,000) in operating lease expense, \$48,173 (2024: \$42,981) in amortisation of right of use asset and \$832 (2024: \$2,639) of lease interest relating to leases entered into with that related entity.

As further discussed in Note 13, a Director and CEO made loans to the Company which at period end totalled \$2,999,211 including accrued interest (2022: \$1,550,595). The amounts represent a drawdown on a \$3 million credit facility with a variable rate of interest.

21. PRIOR YEAR ADJUSTMENT

During the preparation of these financial statements, it was noted that the share-based payment charge was classed as an expense in Narf Industries PLC company accounts in the prior period. This was a classification error as the charge is borne by the group's subsidiaries as employer of the staff holding share options. The share-based payment charge then adjusts the intercompany management charge used to recharge expenses.

Accordingly, there is no adjustment to the results as previously reported but references to share based payments in the PLC company cash flow statement have been corrected to reflect the expense as a management charge rather than a share based payment.

22. EVENTS SUBSEQUENT TO YEAR END

Effective 1 August the loan facility of \$3 million provided by the CEO was extended to 31 July 2026. Under this agreement the Group's car (see Note 9) was transferred to the CEO with a profit on disposal to the Group of \$30,000.

23. CONTROL

In the opinion of the Directors there is no single ultimate controlling party.