Narf Industries Plc

Annual Report and Consolidated Financial Statements

For the year
ended 31 March 2026

Registered number 11701224 (England and Wales)

CONTENTS

DIRECTORS AND ADVISORS

Directors	John Herring, Executive Chairman Steve Bassi, Chief Executive Albert Hawk, Non-Executive Director
Company Secretary	Neil Warrender
Head Office & Registered Office	5 Fleet Place London EC4M 7RD
Auditors	HaysMac LLP 10 Queen Street Place London EC4R 1AG
Financial Advisers and Brokers	Tennyson Securities Limited 2nd Floor, 65 Petty France London SW1H 9EU
Registrars and Transfer Office	MUFG Corporate Markets (UK) Limited The Registry, Beckenham Road Beckenham BR3 4TU
Lawyers	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Financial Public Relations	St Brides Partners Limited 22 Bishopsgate London EC2N 4BQ
Registered Number	11701224

I am pleased to present the audited financial results of Narf Industries plc for the year ended 31 March 2026.

FY26 was a year of strong financial execution and important strategic progress for the Group. Revenue increased 50% to $4.5 million from $3.0 million in the prior year, while operating expenses remained essentially unchanged (approximately $2.1 million), demonstrating the scalability of the Group's operating model.

The Group achieved a significant strategic milestone transforming the Ranger research programme into **UPxi**, a commercial software platform. Throughout the reporting period, we committed significant resources to productisation, platform development and establishing the commercial foundations necessary for launch. The Group is currently advancing opportunities within the government market while establishing strategic partnerships with leading software security and cybersecurity companies to accelerate broader commercial adoption.

Our Government Research & Development ("GR&D") business continued to perform exceptionally well, generating the majority of the Group's revenue. GR&D work delivers a continuous pipeline of differentiated technologies in areas including software supply chain security, automated vulnerability discovery, artificial intelligence and cyber resilience. These capabilities are targeted to transition into the UPxi platform, further expanding its functionality and strengthening its long-term competitive position.

The Group is committed to maintaining a strong financial position to support the execution of its strategic business plan within its current financing facilities. Approximately $4.1 million of contracted backlog is projected as revenue during FY27. In addition, the Group has a significant portfolio of active proposals and business development opportunities that have the potential to generate additional contract awards and revenue during the year. This financial position is further supported by the Group's demonstrated ability to deliver significant revenue growth while maintaining essentially unchanged operating expenses.

Separately the CEO has extended the Group's $3 million loan facility through July 2027, further strengthening the Group's financial flexibility.

Notwithstanding the above, the Group continues to operate in a rapidly evolving external environment. Agentic AI and large language models are reshaping the cybersecurity market, creating significant opportunities while increasing the complexity of customer investment decisions. In this regard, following this reporting period, on 20 July 2026, the Group was notified that further work on one GR&D contract had been cancelled following the customer's decision to pursue an alternative technical approach. Additionally, geopolitical tensions, including the conflict involving Iran, place increasing demands on limited government resources and budget priorities.

The Board continues to monitor the Group's financial position and the evolving external environment closely. The Group's disciplined financial planning, available financial facilities and demonstrated ability to manage its operating cost base provide the flexibility to respond to changing circumstances while continuing to execute its FY27 strategic business plan.

On behalf of the Board, I would like to thank our employees, customers, partners and shareholders for their continued support. Their confidence in our vision and commitment to innovation has enabled the Group to reach this important milestone, and we look forward to building on this momentum in the year ahead.

Signed by:
John Herring
6C73B9C89F0F42E...

John Herring

Executive Chairman

30 July 2026

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 for the Group for the year ended 31 March 2026.

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 2026 or 2025 will be for the year ended 31 March 2026 and 31 March 2025 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.

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 Defense Advanced Research Projects Agency ("DARPA") and 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

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 ("GR&D") segment and operational government solutions and services through its Services and Solutions ("GS&S") segment.

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 annual recurring revenue commercial offerings.

Current Year. The current year was one of disciplined execution and strategic transition. Government Research & Development ("GR&D") continued to generate the majority of the Group's revenue through the successful delivery of existing customer programmes and the award of additional research contracts. Continued customer support, including follow-on work from existing programmes, reflected the Group's ability to deliver advanced cybersecurity research in support of critical government missions.

The revenue generated by GR&D, together with careful management of resources, enabled the Group to continue investing in its Government Solutions & Services ("GS&S") business. During the year, GS&S focused on transforming Ranger from a successful government-funded research programme into a commercial software platform. This work culminated in the launch of UPxi, a first-of-its-kind upstream software intelligence platform that applies behavioural and ecosystem analytics to open-source software security, providing organisations with early warning of software supply chain risks that are not visible through traditional code scanning and vulnerability management tools.

The progress made during the year establishes a strong foundation for the Group's strategy of combining innovative government-sponsored research with commercially scalable cybersecurity products.

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 from the second quarter of 2024;
- 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 2027 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 and with the cash flow from the new projects, the Group has started to unwind some of the salary deferrals. Currently, management believe 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 but there remains some risk that operational cash flows would be insufficient in the event that contract options are not taken up and/or funding is withdrawn.

Review of the business (continued)

GR&D Sector Outlook. Government Research & Development ("GR&D") continues to align with evolving government priorities that increasingly emphasise mission-driven outcomes and the transition of advanced cyber capabilities into operational use. During the year, the Group secured approximately $5.6 million of new contract awards across three government-sponsored research programmes, further strengthening its position as a trusted partner for advanced cybersecurity innovation. The Executive team's ability to deliver is evidenced by the Group having secured Phase II extensions worth over $1.9 million on two of its existing contracts.

The Group's current research portfolio spans a range of cutting-edge cybersecurity challenges, including software assurance, automated vulnerability discovery, software supply chain security, artificial intelligence, and cyber resilience. These programmes are sponsored by leading U.S. government agencies and are focused on developing technologies that address emerging national security requirements while offering clear pathways to operational deployment.

Beyond the revenue generated, the GR&D business provides a strategic source of intellectual property, technical expertise and mission insight that differentiates the Group in the commercial market. The successful launch of UPxi demonstrates the Group's ability to transition government-sponsored innovation into commercial software, and management believes that its expanding research portfolio provides a continuing pipeline of technologies with similar commercial potential.

GS&S Sector Outlook. During the year, the Group completed the transition of its Ranger research programme into UPxi, a commercial software platform designed to deliver upstream intelligence for open-source software ("OSS") supply chain security. The rebranding reflects the evolution of the technology from a government-sponsored research capability into a scalable product platform with applications across both government and commercial markets.

GS&S has focused on productizing UPxi by transforming advanced research capabilities into an operational platform that integrates with existing software security ecosystems. Rather than replacing established application security and software supply chain tools, UPxi is designed to complement them by providing upstream intelligence on OSS projects, contributors, maintainer behaviour and emerging ecosystem risks before those risks manifest within software development pipelines. This positioning enables customers to strengthen existing software assurance investments through actionable intelligence rather than additional scanning.

During the coming financial year, the Group expects to expand deployments of UPxi across selected U.S. Government agencies while also initiating commercial engagements with strategic industry partners. The Company's go-to-market strategy is centred on integration with leading software security and DevSecOps platforms, allowing customers to incorporate upstream intelligence into existing software development and software factory workflows. Management believes this partner-led approach provides the most efficient route to broad market adoption while leveraging established customer relationships across both government and enterprise sectors.

The successful transition of UPxi demonstrates the Company's ability to convert government-sponsored innovation into commercial products. Management is actively evaluating additional technologies emerging from the Group's GR&D portfolio to determine their suitability for incorporation into the UPxi platform or development as future standalone commercial offerings. This disciplined approach is intended to create a sustainable pipeline of differentiated cybersecurity capabilities while maximising the long-term value of the Group's research investments.

Enterprise Commercialisation. During the upcoming financial year, GS&S will focus on scaling UPxi 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 UPxi 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.

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 (2025: $0.9 million). This included cash of $77,000 (2025 $137,000) and trade receivables of $167,000 (2025: $257,000) that were collected by end of April 2026 and (Q2 2025 respectively).
- Total liabilities at the period-end were $4.4 million (2025: $3.9 million), with 75% (2025: 77%) of the balance being loans plus interest from the Operating Group founder and CEO for working capital purposes. A further $175,000 (2025: $248,000) is deferred salaries where an employee had agreed to defer payment indefinitely, although the improving financial position has enabled the Group to start repaying the deferral. The remainder mainly comprises accruals for amounts where suppliers are yet to issue an invoice for sub-contracted services.
- During the prior period the CEO had agreed to extend the $3 million credit facility for a further year and since the year end he has extended the loan facility through to at least July 2027.
- During the period the Group utilised less than $0.2m (2025: $1.9m) of cash for operating activities.
- The Company has net losses available to carry forward of $7.1 million (2025: $8.2 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 subject to contract options being taken up and contractual commitments being fully funded.

Key performance Indicators.

The Group's principal quantitative KPI is its ability to continue operating as a self-financing business while building long-term shareholder value. Management's objective is to fund operations through customer revenue and disciplined cash management until public market valuations more appropriately reflect the intrinsic value of the Group's technology, intellectual property and growth prospects, enabling efficient access to external capital on terms that are in the best interests of shareholders.

The principal KPI for the Group's Government Research & Development ("GR&D") business is to secure and successfully deliver strategically aligned research programmes that both generate sustainable cash flow for the Group and advance the technological foundations of the UPxi platform. Management prioritises contract opportunities that address emerging cybersecurity challenges, create differentiated intellectual property and provide capabilities that can be transitioned into future GS&S products and services. This approach ensures that the GR&D portfolio continues to support the Group's near-term financial sustainability while strengthening its long-term commercial growth strategy.

Key performance Indicators (continued).

The principal KPI for Government Solutions & Services ("GS&S") is to successfully productize technologies developed within the Group's Government Research & Development ("GR&D") portfolio and bring those capabilities to market through a focused go-to-market strategy. Management is prioritising the development of the UPxi platform as the commercial foundation for these technologies, while establishing partnerships with leading cybersecurity companies, systems integrators and technology providers that serve the software security and software supply chain markets. This partnership-led approach is intended to accelerate customer adoption, leverage established distribution channels and position UPxi as a complementary intelligence platform within the broader cybersecurity ecosystem. The successful commercial transition of technologies emerging from GR&D is expected to create a scalable source of recurring revenue while maximising the long-term value of the Group's research investments.
In addition to qualitative performance measures, the Board tracks financial metrics including:

	31 March 2026 US$	**31 March 2025 US$**	**Change %**
Loan facility headroom	33,750	170,250	(80%)
Cash and cash equivalents	77,065	136,704	(44%)
Cash due on completed contract work	770,740*	715,037	8%
Contracted revenue based on future deliverables	$8.6m	$2.9m	296%

*Includes $211,729 owed under cost-plus contracts based on a true-up of provisional rates to final rates as calculated by the Group. The final rates are subject to independent review before such amounts can be recovered

Principal risks and uncertainties

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

The Group is a small company executing a growth strategy

While the Group has an established operating history and a proven track record of delivering advanced cybersecurity solutions to government customers, it remains a relatively small organisation with finite financial and human resources. As a result, the Group is exposed to many of the execution risks faced by emerging technology companies, including the need to prioritise investment, attract and retain specialised personnel, successfully commercialise new technologies and manage growth while maintaining operational performance.

The Directors believe that the governance, financial controls and operational processes implemented over recent years have significantly strengthened the Group's ability to manage these risks. The Group continues to leverage its disciplined capital management, experienced leadership team and government customer relationships as it executes its strategy of transitioning government-sponsored innovation into scalable commercial products.

Principal risks and uncertainties (continued)

Technology Disruption
The rapid advancement of artificial intelligence, including agentic AI, is reshaping the cybersecurity market. While these technologies create significant opportunities for innovation and long-term growth, they also increase the complexity of customer technology investment decisions. Organizations are reassessing security architectures, evaluating emerging solutions and prioritizing investments within a rapidly evolving technology landscape, which may delay purchasing decisions or alter procurement priorities.

Re*liance 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. The Group actively monitors this exposure and is pursuing a diversification strategy 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
The Group's primary customer base is the U.S. Government and its prime contractors. Accordingly, *changes* in federal budget priorities, appropriations timing, continuing resolutions, changes in administration and broader political developments may delay procurement decisions, contract awards and programme execution. While funding is often ultimately approved, such delays can adversely affect the timing of revenues and cash flows.

Cybersecurity continues to be recognised as a high-priority national security mission. However, evolving geopolitical conflicts and international security events, including the conflict involving Iran, may result in government resources and senior decision-making being redirected toward more immediate defence and military priorities. These shifts may delay the initiation or expansion of cybersecurity programmes notwithstanding their continued *strategic importance.*

Government Research Budget and Programme Execution
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 GR&D's strategic focus as demonstrated by the results for the year.

Government research and development contracts are frequently structured as phased programmes, with subsequent phases or option periods awarded following the successful completion of defined technical milestones and ongoing customer evaluation. This approach enables customers to assess technical progress, evolving mission requirements and funding priorities before committing additional resources.

The Group has established a strong track record of successfully delivering programme milestones and securing the exercise of subsequent contract phases and option periods. However, there can be no assurance that future programme phases or options will be awarded. Decisions may be influenced by a range of factors, including technical performance, evolving customer requirements, the adoption of alternative technologies or approaches, changing mission priorities, budgetary considerations and the rapidly changing geopolitical and technology environment.

Principal risks and uncertainties (continued)

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.

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, winning new contracts 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.

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:

Section 172(1) Statement (continued)

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 recent periods, 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.

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.

Section 172(1) Statement (continued)

Maintain a reputation for high standards of business conduct;

The Directors seek to ensure the Group 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 small close-knit group of 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.

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.

Section 172(1) Statement (continued)

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 past difficulties, 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.

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.
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.

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

(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:

625AEA1836C4417...

Steve Bassi

CEO

30 July 2026

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2026.

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 $0.4 million (2025: $1.8m). Group losses for the year before taxation were US$1.0 million (2025: $3.6 million). Revenue for the year rose by over 50% (2025: 60% fall) to $4.5 million (2025: $3.0 million).

Operating expenses fell by 9% which mainly reflects the fact that the cost reductions in the prior year only took place part way through that year. The Group is investing the UPxi initiative funded from the profits on the GR & D business. The Group remains confident that the UPxi offers the potential to scale up the business in the medium term.

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 19 to 21.

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 14. 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.

Substantial Shareholdings

At 16 July 2026, the following shareholders owned 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%
Lynchwood Nominees Ltd	105,050,000	6.19%
Nick Davis	92,948,078	5.48%
Vidacos Nominees Ltd	89,591,205	5.28%
Ben Schmidt	88,447,438	5.21%
Luna Nominees Ltd	72,775,000	4.29%

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 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 third 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.

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 2026 was:

	Base salary/fee US$	Bonus US$	Long-term incentive US$	Total US$
Steve Bassi	-*	-	118,099	**118,099**
John Herring	130,000	-	88,682	**218,682**
Albert Hawk	-**	-	-	**-**
	130,000	**-**	**206,781**	**336,781**

*Mr Bassi waived his right to any salary or fees during the year as well as the prior-period.

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

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**

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)

No bonuses have been paid to any Director in the current year or past year. No new options have been issued to any Director in the current or prior year.

At the start of the year Mr Bassi held 65 million ten-year options, with a strike price of 1p, of which 34,375,000 had vested. During the year 10 million options lapsed due to vesting conditions having not been met and a further 13,750,00 options vested based on his remaining an employee of the Group.

At the start of the year Mr. Herring held a total of 54,714,900 five-year options with a strike price of 1p. 41,036,175 options had vested at the year end. The remaining 13,678,725 options depend on fundraising activity.

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.

Directors' Remuneration Report (continued)

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 2026 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 18 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 21)

On 15 June 2026 Steve Bassi signed an extension to the invoice financing facility agreement to 31 July 2027.

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 30 July 2027, 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

Going concern (continued)

period to execute its medium-term strategy without new capital resources or significant reliance on near term additional contracts awards.

The Group has made significant progress towards being EBITDA positive during the year and had a very strong backlog of over $9 million in contracted future revenues as at 31 March 2026. The Group also has a strong pipeline of potential contracts that it has submitted proposals for and a strong track record of successful bids.

The Group recently extended the existing Letter of Credit ("LOC") provided by the Group's CEO through to July 2027. 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 manage cash outgoings along with the significant contract wins 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 and is supported by a combination of contractual commitments and a strong pipeline of potential contracts Whilst there has been significant improvement in the value of contracted future revenues and the number of contracts since the prior year, some contracts cease around the calendar year-end, or require additional funding commitments to continue beyond that point and are subject to funding commitments that can be withdrawn with limited notice.

Although the Directors expect that remaining contract commitments will be fully funded, contract options will be taken up and the Group will be awarded sufficient new contracts that it is bidding for, there are inherent uncertainties and difficulties in assessing future customer intentions. The Board has in place contingency plans to defer payments and reduce costs in the event of any adverse funding event or delays in winning pipeline contracts. Also, although the amount of the loan has not yet formally been increased, the CEO has also indicated his willingness to further support the cash needs of the Group as a result of any such adverse circumstances. Nonetheless, these conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to remain a going concern through to July 2027.

Auditors

The Board appointed HaysMac LLP (then known as Haysmacintyre LLP) as new auditors of the Company on 24 January 2024 and the reappointment was approved by the shareholders at the AGM on 2 October 2025. 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 (2025: Nil).

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 Financial Reporting 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.

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 IFRS), 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:
Albert Hawk
3E6724458F84427...

Albert Hawk

Non-Executive Director

30 July 2026

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 due to the nature of its market listing, 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

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 2025 to discuss the audit findings report in relation to the 2025 financial statements and in July 2026 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. 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 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 been in their role since January 2024 and this is the third 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 two new employees who were 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.

The Remuneration Committee presents its report for the year ended 31 March 2026.

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 2026, 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.

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.

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 2025 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. The Non-Executive Director is currently not paid any fees.
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

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 2026 which comprise:

Group	Parent Company
the Consolidated Statement of Comprehensive Income;	the Parent Company Statement of Financial Position;
the Consolidated Statement of Financial Position;	the Parent Company Statement of Cash flows;
the Consolidated Statement of Cash flows;	the Parent Company Statement of Changes in Equity;
the Consolidated Statement of Changes in Equity;	and related notes to the financial statements
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, 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 2026 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 all 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 2027 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 2027;
- 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 extended 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.

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

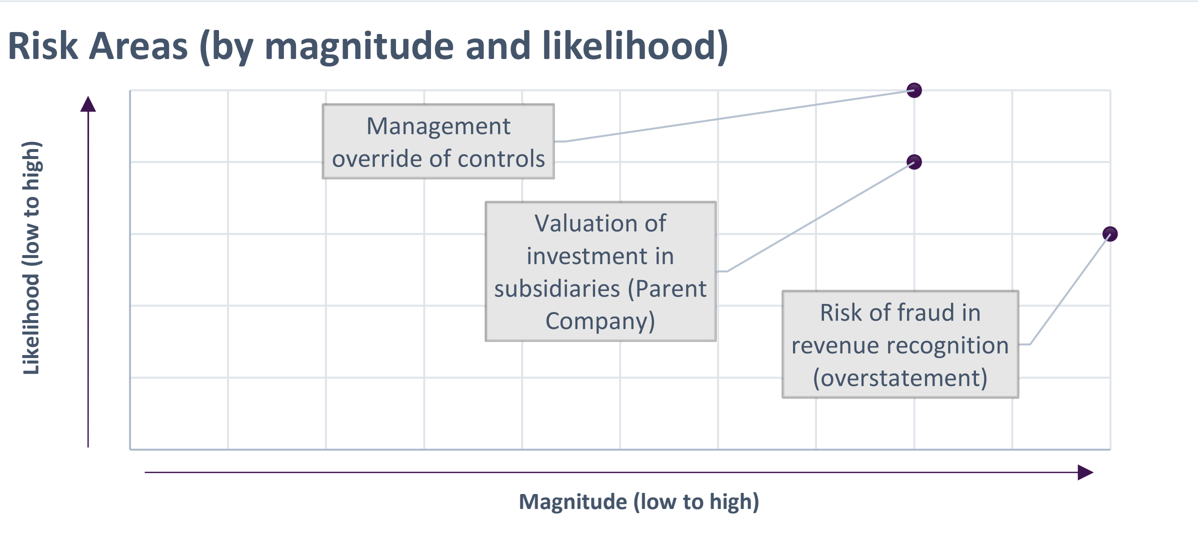
Key audit matter	How we addressed the key audit matter in the audit
Revenue recognition (Note 3) Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We are required to consider and respond to the risks of improper revenue recognition. For the Group, 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:** • 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.	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 documentation such as contracts, workflow documentation, sales invoices and customer payments; and The review of the presentation and disclosure of revenue in the notes to the financial statements.
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.

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 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.	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 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.

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	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

investment in subsidiaries and whether it is impaired.	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's assessment and the adequacy of the impairment loss recognised in the year.

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.

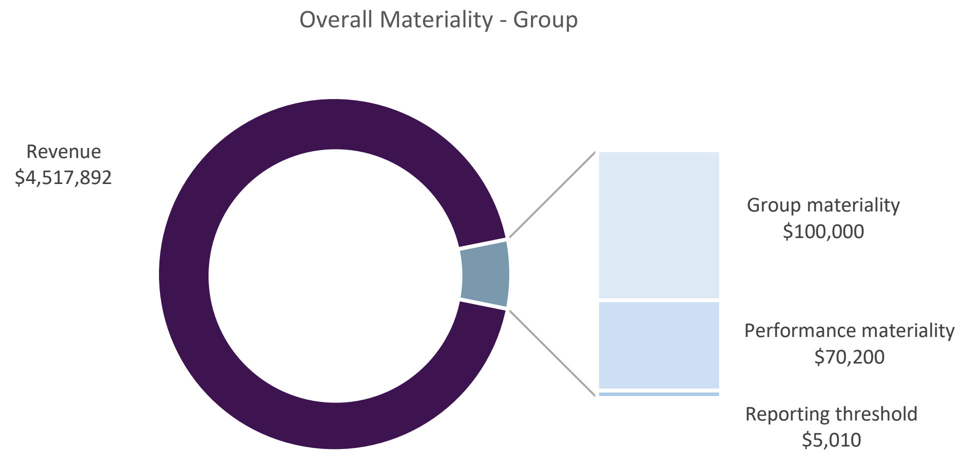
	Group Financial Statements	Parent Company Financial Statements
Materiality:	$100,000 (2025 – $137,000)	$93,800 (2025 – $52,000)
Benchmark:	Materiality has been based on 2.2% of Revenue	Materiality has been based on 1% of the Parent Company's draft total assets.
Basis for, and judgements used in the	As a trading group our assessment of materiality was principally based on the Group's performance.	The Parent Company is a holding company, and it was therefore considered appropriate to use an asset-based materiality basis at the standalone level.

determination of materiality:	Revenue was considered to be the appropriate metric as it best represents the activity and operational performance during the year.

Performance materiality - Performance materiality was set at 70% of materiality, being $70,200 (31 March 2025: 65% of materiality being $88,800). Our performance materiality was increased from the 65% of materiality used during the previous year.

Reporting threshold - The reporting threshold to the audit committee was set as 5% of materiality, being $5,010 (31 March 2025 – $6,830). 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. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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 Group 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:

- 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 ended 31 March 2024. The period of total uninterrupted engagement is therefore less than three 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.

HaysMac 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 2026

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**Year ended 31 March 2026 US$**	Year ended 31 March 2025 US$
Continuing operations			
GR &D Revenue	3	**4,427,892**	2,931,041
GS & S Revenue	3	**90,000**	67,334
Total revenue		**4,517,892**	2,998,375
Direct salaries		**(1,979,192)**	(2,219,175)
Sub-contracting and other direct costs		**(925,428)**	(364,102)
Gross profit		**1,613,272**	415,098
Operating expenses		**(2,016,344)**	(2,155,955)
Loss before depreciation, amortisation, impairment, share based payments, interest and taxes		**(403,072)**	(1,740,857)
Depreciation, amortisation and impairment of fixed assets		**-**	(1,210,825)
Share-based payment expense	15	**(434,588)**	(499,932)
Operating loss	4	**(837,660)**	(3,451,614)
Interest receivable and other finance income		**152**	2
Finance costs		**(141,250)**	(109,198)
Loss before taxation		**(978,758)**	(3,560,810)
Corporate tax	6	**-**	-
Loss for the year		**(978,758)**	(3,560,810)
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on foreign operations		**4,384**	(57)
Total comprehensive loss for the year attributable to the owners of the company		**(974,374)**	(3,560,867)
Earnings per share			
Earnings per share (basic and diluted) attributable to the equity holders (cents)	7	(0.06)	(0.21)

The above results relate entirely to continuing activities.

The accompanying notes on pages 47 to 70 form part of these financial statements.

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Note	As at 31 March 2026 US$	As at 31 March 2025 US$
CURRENT ASSETS			
Trade and other receivables	11	**810,326**	789,953
Cash and cash equivalents	12	**77,065**	136,704
		887,391	926,657
TOTAL ASSETS		**887,391**	926,657
CURRENT LIABILITIES			
Trade and other payables	13	**4,415,450**	3,914,930
TOTAL LIABILITIES		**4,395,744**	3,914,930
NET LIABILITIES		**(3,528,059)**	(2,988,273)
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		**15,672**	11,288
Share based payment reserve	15	**1,832,236**	1,991,693
Retained deficit		**(24,126,836)**	(23,742,123)
TOTAL SHAREHOLDERS DEFICIT		**(3,528,059)**	(2,988,273)

The accompanying notes on pages 47 to 70 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 July 2026 and were signed on its behalf by:

Signed by:
John Herring
6C73B9C89F0F42E...

John Herring

Executive Chairman

Company number: 11701224

NARF INDUSTRIES PLC
PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Note	As at 31 March 2026 US$	As at 31 March 2025 US$
NON-CURRENT ASSETS			
Investment in subsidiary undertakings	**10**	**9,352,000**	12,802,000
		9,352,000	12,802,000
CURRENT ASSETS			
Trade and other receivables	**11**	**28,213**	358,575
Cash and cash equivalents	**12**	**1,196**	599
		29,409	359,174
TOTAL ASSETS		**9,381,409**	13,161,174
CURRENT LIABILITIES			
Trade and other payables	**13**	**345,308**	340,268
TOTAL LIABILITIES		**345,308**	340,268
NET ASSETS		**9,036,101**	12,820,906
EQUITY			
Share capital	**14**	**204,012**	204,012
Share premium	**14**	**35,294,816**	35,294,816
Share based payment reserve	**15**	**1,832,236**	1,991,693
Foreign exchange reserve		**15,672**	11,288
Retained deficit		**(28,310,635)**	(24,680,903)
TOTAL EQUITY		**9,036,101**	12,820,906

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 $4,223,777 (year to 31 March 2025: loss $7,045,828).

The accompanying notes on pages 47 to 70 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 July 2026 and were signed on its behalf by:

Signed by:
John Herring
6C73B9C89F0F42E...

John Herring

Executive Chairman

Company number: 11701224

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Note	Year ended 31 March 2026 US$	Year ended 31 March 2025 US$
OPERATING ACTIVITIES			
Loss for the year before interest and taxation		**(837,660)**	(3,451,614)
Adjusted for:			
Amortisation and impairment of intangibles		**-**	1,210,825
Amortisation of right of use asset	**16**	**-**	42,981
Gain on disposal of motor vehicle		**(30,000)**	-
Unrealised foreign exchange adjustment		**4,384**	(12,787)
Share-based payments		**434,588**	811,182
Operating cash flow before movements in working capital:		**(428,688)**	(1,399,413)
Increase in trade and other receivables		**(20,373)**	(184,408)
Increase/(decrease) in trade and other payables		**222,770**	(273,260)
Net cash used in operating activities		**(226,291)**	(1,857,081)
FINANCING ACTIVITIES			
Loan amount received from) Director		**166,500**	1,340,250
Net interest received/(paid)		**152**	(830)
Net cash inflow from financing activities		**166,652**	1,399,420
Net decrease in cash and cash equivalents		**(59,639)**	(517,661)
Cash and cash equivalents at beginning of the year		**136,704**	654,365
Cash and cash equivalents at end of the year		**77,065**	136,704

The accompanying notes on pages 47 to 70 form part of these financial statements.

NARF INDUSTRIES PLC
PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Note	Year ended 31 March 2026 US$	Year ended 31 March 2025 US$
OPERATING ACTIVITIES			
Loss for the year before interest and taxation		**(4,225,762)**	(7,045,828)
Adjusted for:			
Amortisation and impairment of intangibles	**8**	**-**	1,210,825
Impairment of investment in subsidiaries	**10**	**3,768,474**	5,200,000
Share-based payments		**116,115**	811,182
Unrealised foreign exchange adjustment		**6,368**	(12,787)
Operating cash flow before movements in working capital:		**(334,805)**	163,392
Decrease/(Increase) in trade and other receivables		**330,362**	(297,870)
Increase in trade and other payables		**5,040**	125,951
Net cash generated from/(used in) operating activities		**597**	(4,527)
Net increase/(decrease) in cash and cash equivalents		**597**	(4,527)
Cash and cash equivalents at beginning of the year		**599**	5,126
Cash and cash equivalents at end of the year		**1,196**	599

The accompanying notes on pages 47 to 70 form part of these financial statements.

NARF INDUSTRIES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	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 APRIL 2024	**204,012**	**35,294,816**	**11,345**	**1,483,635**	**(16,747,959)**	**(20,484,436)**	**(238,587)**
Loss for the period	-	-	-	-	-	(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 15)	-	-	-	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)**
Loss for the year	-	-	-	-	-	(978,758)	(978,758)
Foreign exchange gain on translation of parent	-	-	4,384	-	-	-	4,384
Total comprehensive loss for the year	-	-	4,384	-	-	(978,758)	(974,374)
Options lapsed	-	-	-	(594,045)	-	594,045	-
Share based payments (Note 15)	-	-	-	434,588	-	-	434,588
AS AT 31 MARCH 2026	**204,012**	**35,294,816**	**15,672**	**1,832,236**	**(16,747,959)**	**(24,126,836)**	**(3,528,059)**

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

The accompanying notes on pages 47 to 70 form part of these financial statements.

NARF INDUSTRIES PLC
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	Share Capital	Share Premium	Share-based Payment Reserve	FX Reserve	Retained Deficit	Total
	US$	US$	US$	US$	US$	US$
AS AT 1 APRIL 2024	**204,012**	**35,294,816**	**1,483,635**	**11,345**	**(17,938,198)**	**19,055,610**
Loss for the period	-	-	-	-	(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 15)	-	-	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**
Loss for the year	-	-	-	-	(4,223,777)	(4,223,777)
Foreign exchange gain on translation to reporting currency	-	-	-	4,384	-	4,384
Total comprehensive loss for the year	**-**	**-**	-	4,384	(4,223,777)	(4,219,393)
Options lapsed	-	-	(594,045)	-	594,045	-
Share based payments – Note 15	-	-	434,588	-	-	434,588
AS AT 31 MARCH 2026	**204,012**	**35,294,816**	**1,832,236**	**15,672**	**(28,310,635)**	**9,036,101**

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 to 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 70 form part of these financial statements.

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 together with 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 Narf Industries LLC. The Company is the sole member of Narf Industries PR LLC.

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$", "USD" or "$") which is the functional and presentational currency 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 2026 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 years ended 31 March 2026 and 31 March 2025 include the results of both the parent and the Operating Group throughout the year.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Comparative information

The comparative information covers the year ended 31 March 2025.

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 30 July 2027, 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.

The Group has made significant progress towards being EBITDA positive during the year and had a very strong backlog of over $9 million in contracted future revenues as at 31 March 2026. The Group also has a strong pipeline of potential contracts that it has submitted proposals for and a strong track record of successful bids.

The Group recently extended the existing Letter of Credit ("LOC") provided by the Group's CEO through to July 2027. 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 manage cash outgoings along with the significant contract wins 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 and is supported by a combination of contractual commitments and a strong pipeline of potential contracts Whilst there has been significant improvement in the value of contracted future revenues and the number of contracts since the prior year, some contracts cease around the calendar year-end, or require additional funding commitments to continue beyond that point and are subject to funding commitments that can be withdrawn with limited notice.

Although the Directors expect that remaining contract commitments will be fully funded, contract options will be taken up and the Group will be awarded sufficient new contracts that it is bidding for, there are inherent uncertainties and difficulties in assessing future customer intentions. The Board has in place contingency plans to defer payments and reduce costs in the event of any adverse funding event or delays in winning pipeline contracts. Also, although the amount of the loan has not yet formally been increased, the CEO has also indicated his willingness to further support the cash needs of the Group as a result of any such adverse circumstances. Nonetheless, these conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to remain a going concern through to July 2027.

Revenue Recognition

Substantially all of the Group's revenues derive from long-term contracts with US government agencies. The contractual arrangements fall into four types:

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue Recognition (continued)

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

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

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.

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 with the revenue adjusted to reflect projected labor rates which are subject to adjustment to reflect actual fringe (staff benefits) together with general and administration costs (overheads) incurred during the financial year.

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. As the GS & S segment was transitioning its focus to UPxi and reorganizing its teams, during the first half of the financial year, all project team costs up to the end of September 2025 have been allocated to the GR & D segment.

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.

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.

All intangible assets were fully impaired in the prior year. Management has not sought to capitalise development costs relating to UPx as there can be no certainty at this point that the product will lead to commercial revenues. The uncapitalised labor hour cost of the development work on UPxi during the year is $349,272 using the same labor hour rates as have been applied to cost plus projects.

2.10 Tangible fixed assets

All tangible fixed assets had been fully depreciated in prior periods. The car owned by the Group was sold to the Chief Executive generating a profit of $30,000 which was set off against the LOC. As none of the tangible assets previously recognised are in use by the Group all have been treated as having been fully disposed of.

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.

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. ACCOUNTING POLICIES (CONTINUED)

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.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Derecognition (continued)

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.

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 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. ACCOUNTING POLICIES (CONTINUED)

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 and the current share price is below the exercise price, 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. The fair value is recognised in the profit and loss account of the entity where the option beneficiary is employed.

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 Company has issued warrants with a fair value of $311,250 to a former employee who accepted those warrants in lieu of payment for amounts due to him under a settlement agreement entered into prior to the RTO.

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 Rico 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 as such tax losses are not expected to be utilised for the foreseeable future 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

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Taxation (continued)

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.

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:

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 March 2026 and assessed the value of the investment as being around $9.35 million. This review involves judgements about potential future cash flows which are highly subjective and subject to matters outside the control of the Directors.

2 ACCOUNTING POLICIES (CONTINUED)

2.20 Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

Revenue recognition

The Group's revenues arise from contracts which either have monthly milestones or fees based on labour hours incurred together with hourly labour rates . 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 and the labour hour rates that it expects to be able to charge based on the accounting information which supports these financial statements.

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. There is also some uncertainty as to whether the Defense Contract Audit Agency (DCAA) will agree the labor rate calculations submitted by the Group and based on which the revenues in these accounts have been stated.

Management rely on the output method to allocate revenue between accounting periods for milestone based contracts and the input method for cost plus contracts.

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 2025. 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.

Standard/Interpretation	*Subject*
IFRS 7 & 9	Amendments - Classification and Measurement of Financial Instruments

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

2 ACCOUNTING POLICIES (CONTINUED)

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

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 and Contracts Referencing Nature Dependent Electricity	1 January 2027
IFRS 18	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.

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 develop ideas, explain 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 expected credit losses have been recorded at either period end because all debts were recovered before the reporting date. 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, 2026 or 31 March, 2025. To the extent that the measurement of outputs suggests that a future milestone has

3. REVENUE AND SEGMENTAL REPORTING (CONTINUED)

been met in part or labor hours have been incurred on a cost-plus project but not billed, a debtor is recorded in the caption Prepayments and Accrued Income.

The business aims to operate under two separate segments, being GR & D and GS & S. During both the current year and the prior year there were periods when the GS &S segment had no business head and accordingly all project costs were allocated to GR &D. Based on these categories, disaggregated contract revenues and their related costs as follows:

	Year ended 31 March 2026 US $			Year ended 31 March 2025 $		
	GR & D	**GS& S**	**Total**	GR & D	GS & S	Total
Revenue	**4,427,892**	**90,000**	**4,517,892**	2,931,041	67,334	2,998,375
Sub-contractors and other direct costs	**(880,254)**	**(45,174)**	**(925,428)**	(364,102)	-	(364,102)
Direct salaries	**(1,613,507)**	**(365,685)**	**(1,979,192)**	(1,779,885)	(439,290)	(2,219,175)
Gross profit/(loss)	**1,934,131**	**(320,859)**	**1,613,272**	787,054	(371,956)	415,098

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

	Year ended 31 March 2026 US$	**Percent**	Year ended 31 March 2025 US$	Percent
DARPA	**3,777,772**	**83.6%**	1,208,495	40.3%
IARPA	**-**	**-**	1,287,875	43.0%
NYU	**400,353**	**8.9%**	63,812	2.1%
Georgia Tech	**230,135**	**5.1%**	-	-
Charles Russell Analytics	**16,000**	**0.3%**	355,155	11.8%
Others - less than 4%	**93,632**	**2.1%**	83,038	2.8%
	4,517,892	**100.0%**	2,998,375	100.0%

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 2026 US$**	Year to 31 March 2025 US$
Auditor's remuneration		
- audit of the Parent Company	**160,536**	165,856
Amortisation and impairment of intangible assets	**-**	1,210,825
Amortisation of right of use asset	**-**	42,981
Directors' remuneration	**336,781**	323,883
Other staff costs (see note 5)	**3,067,206**	3,288,824
Legal, professional and consultancy fees	**260,145**	472,014

5. DIRECTORS AND STAFF COSTS

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

	Year to 31 March 2026	Year to 31 March 2025
Management and technical	**15**	15

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

	Year to 31 March 2026 US$	Year to 31 March 2025 US$
Directors and Employees:		
Director fees and salaries	**130,000**	113,000
Other salaries	**2,314,526**	2,531,960
Settlement with former director	**18,697**	-
Social security costs	**176,511**	123,472
Pension costs and other benefits	**327,681**	344,343
Director share- based payments	**206,781**	210,883
Other share-based payments	**229,791**	289,049
	3,403,987	3,612,707

6. TAXATION

	Year ended 31 March 2026 US$	Year ended 31 March 2025 US$
The charge for the period is made up as follows:		
Penalties, Federal and State filing fees	**-**	-
Deferred tax	**-**	-
Taxation charge	-	-

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:

6. TAXATION (CONTINUED)

	Year ended 31 March 2026 US$	Year ended 31 March 2025 US$
Loss before taxation	**(978,758)**	(3,560,810)
Tax credit at the small company rate of corporation tax in the UK (19%)	**(185,964)**	(676,554)
Impact of expenses disallowed for tax purposes	**82,572**	327,171
Impact of unrelieved tax losses/(tax losses utilised) carried forward	**103,392**	349,383
Tax charge	**-**	-

Estimated tax losses of $7.3 million (2025: $8.2 million) are available for relief against future UK profits and estimated tax losses of $2.3 million (2025: $2.9 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 $1.8 million (2025: $2.7 million) and for the Company $1.3 million (2025: $2.1 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 2026 US$	Year ended 31 March 2025 US$
Loss from continuing operations attributable to equity holders of the company	(974,374)	(3,560,867)
Weighted average number of ordinary shares in issue	1,697,381,100	1,697,381,100
Basic and fully diluted loss per share from continuing operations (cents)	(0.06)	(0.21)

No dilution has been applied in respect of the options outstanding at the period end because the Group is loss making and the average price of the Company’s shares during the year was below the exercise price.

8. INTANGIBLE ASSETS – GROUP AND PARENT COMPANY

	Licenses US$
Cost	
At 1 April 2025	2,046,174
At 31 March 2026	**2,046,174**
Amortisation and impairment	
At 1 April 2025	2,046,174
At 31 March 2026	**2,046,174**
Net book amount	
At 31 March 2026	**-**
At 31 March 2025	-

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$
Cost				
At 1 April 2025	147,098	25,425	222,723	395,246
Disposals	(147,098)	(25,425)	(222,723)	(395,246)
At 31 March 2026	**-**	**-**	**-**	**-**
Depreciation/Impairment				
At 1 April 2025	147,098	25,425	222,723	395,246
On disposals	(147,098)	(25,425)	(222,723)	(395,246)
At 31 March 2026	**-**	**-**	**-**	**-**
Net book amount				
At 31 March 2026	**-**	**-**	**-**	**-**
At 31 March 2025	-	-	-	-

All tangible fixed assets had been fully depreciated in prior years. The car was sold in the current year and the remaining tangible fixed assets are no longer in use so have been written off.

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS – PARENT COMPANY

Shareholdings and member interests in subsidiary undertakings:

Cost	
At 1 April 2025	25,602,000
Capital contribution in the form of options issued to employees of the subsidiary	318,474
At 31 March 2026	**25,920,474**
Impairment	
At 1 April 2025	12,800,000
Impairment charge for the year	3,768,474
At 31 March 2026	**16,568,474**
Net book amount	
At 31 March 2026	**$9,352,000**
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 2026 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 2026	Ownership 2025
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	310 Ave de Diego, STE 103, San Juan, Puerto Rico 00909	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%

Narf Industries LLC is held indirectly through Narf Holdings, Inc. The interests in the other two subsidiaries are held directly.

11. TRADE AND OTHER RECEIVABLES – GROUP AND PARENT COMPANY

	Group		Company	
	As at 31 Mar 2026 US$	As at 31 Mar 2025 US$	**As at 31 Mar 2026 US$**	As at 31 Mar 2025 US$
Accounts receivable	**167,386**	257,321	**-**	-
Prepayments and accrued income	**617,817**	477,009	**14,464**	21,293
Amounts due from subsidiary undertakings	**-**	-	**-**	308,250
Other receivables	**25,123**	55,623	**13,749**	29,032
	810,326	789,953	**28,213**	358,575

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

Ageing analysis

The following presents an ageing analysis of Accounts Receivable:

	As at 31 March 2026 US$	**As at 31 March 2025 US$**
Current	**167,386**	257,321
	167,386	257,321

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 2026 and 31 March 2025 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 2026 US$	31 Mar 2025 US$	**31 Mar 2026 US$**	31 Mar 2025 US$
Cash at bank and in hand	**77,065**	136,704	**1,196**	599
	77,065	136,704	**1,196**	599

Cash at bank comprises balances held by the Company in current bank accounts and instant access deposit accounts. 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 2026 US$	31 Mar 2025 US$	**31 Mar 2026 US$**	31 Mar 2025 US$
Accounts payable	**131,987**	153,408	**49,435**	69,929
Loan from Director and CEO	**3,276,961**	2,999,211	**-**	-
Lease liabilities (Note 16)	**94,625**	94,625	**-**	-
Other payables due within one year	**79,592**	56,205	**33,043**	-
Amounts owed to subsidiary undertaking	**-**	-	**20,959**	-
Accrued expenses	**832,285**	611,481	**241,871**	270,339
	4,415,450	3,914,930	**345,308**	340,268

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 $310,711) for working capital purposes from Steve Bassi, CEO (see Note 22). The loan is granted under a credit facility of $3 million with an interest rate equal to the Federal 1 year interest rate. Effective 15 June 2026 the credit facility was extended until 31 July 2027. 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, 2027.

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 2026 and 31 March 2025 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 2026 the Company had 206.7 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 2025	1,697,381,100	204,012	35,294,816	35,498,828
Balance at 31 March 2026	**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 2026 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 2026 are set out below:

Options

Granted	Exercisable from	Expiry date	Number outstanding	Exercise price
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
08.09.23	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
08.09.23	31.12.24	08.09.33	10,833,333	£0.01
08.09.23	31.03.25	08.09.33	24,512,058	£0.01
08.09.23	30.06.25	08.09.33	10,583,333	£0.01
08.09.23	30.06.25	08.09.33	10,583,333	£0.01
08.09.23	30.06.25	08.09.33	10,583,333	£0.01
08.09.23	30.06.25	08.09.33	20,678,725	£0.01

An additional 67.4 million £0.01 options had been granted at the period end which are subject to vesting conditions which hadn't been met at 31 March 2026 but are expected to be met in the future. The movements in the share-based payment reserve are as follows:

	Year to 31 March 2026 US$	Year to 31 March 2025 USS$
At beginning of year	**1,991,693**	1,483,635
Fair value of options lapsed during the year	**(594,045)**	(303,123)
Fair value of warrants and options issued/vested during the period	**434,588**	811,181
At end of period	**1,832,236**	1,991,693

Of the amount credited to share based payment reserve $434,588 (2025: $499,831) related to options issued for services provided and therefore resulted in a charge to the Statement of Comprehensive

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

Income and $nil (2025 $311,250) related to an amount due to a former employee that had previously been accrued for.

A share-based payment credit of $594,045 (2025: $303,123) was recognised during the year on options that lapsed due to the options expiring, employees leaving or vesting conditions not being met.

The estimated fair value of the options and warrants granted during the year or the prior year were calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as set out below:

	2025/6	**2024/5**	
Model input/output	**10 year options**	**10 year warrants**	**10 year options**
Share price at grant date	0.525p	0.75p	1.15p
Exercise price	1p	1p	1.26p
Expected volatility*	152%	76%	76%
Expected dividends	Nil	Nil	Nil
Vesting criteria	Time/Rev target	None	Time
Risk-free rate	4.1%	4.1%	4.2%
Fair value per option	0.69 cents	0.75 cents	0.93 cents

*The expected volatility in 2024/25 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	315,714,900	1.2p	41,400,000	1p
Granted	40,000,000	1p	-	N/A
Lapsed	(81,678,725)	1.7p	-	N/A
Outstanding as at end of period	274,036,175	1.2p	41,400,000	1p
Exercisable as at end of period	206,669,950	1.2p	41,400,000	1p
Unvested as at end of period	67,366,225	1p	-	N/A

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 31 December 2026, 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 2026 US$	As at 31 March 2025 USS$
Less than 1yr	**45,000**	45,000

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

	As at 31 March 2026 $	As at 31 March 2025 $
Lease payments	**91,154**	91,154
Finance charges	**3,471**	3,471
	94,625*	94,625

* 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 2026 (31 March 2025: £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.

Financial assets by category

The categories of financial assets are as follows:

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial assets by category (continued)

	Group		**Company**	
	31 Mar 2026 US$	31 Mar 2025 US$	**31 Mar 2026 US$**	31 Mar 2025 US$
Current assets at amortised cost:				
Accounts receivable	**167,386**	257,321	**-**	-
Amounts due from subsidiary undertaking	**-**	-	**-**	308,250
Other receivables	**25,123**	55,858	**13,749**	29,032
Cash and cash equivalents	**77,065**	136,704	**1,196**	599
	269,574	449,883	**14,945**	337,881

Financial liabilities by category

The categories of financial liabilities are as follows:

	Group		**Company**	
	31 Mar 2026 US$	31 Mar 2025 US$	**31 Mar 2026 US$**	31 Mar 2025 US$
Current Liabilities measured at amortised cost:				
Accounts payable	**131,987**	153,408	**49,435**	69,929
Other payables	**79,592**	150,830	**33,043**	-
Amounts owed to subsidiary undertaking	**-**	-	**20,959**	-
Short term loans	**3,276,961**	2,999,211	**-**	-
	3,488,540	3,303,449	**103,437**	69,929

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 31 July 2027 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:

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	Group		Company	
	31 Mar 2026 US$	31 Mar 2025 US$	**31 Mar 2026 US$**	31 Mar 2025 US$
Accounts receivable	**167,386**	257,321	**-**	-
Amounts due from subsidiary undertaking	**-**	-	**-**	308,250
Other receivables	**25,123**	55,858	**13,749**	29,032
Cash and cash equivalents	**77,065**	136,704	**1,196**	599
	269,574	449,883	**14,945**	337,881

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	
Sterling assets	**31 Mar 2026 US$**	31 Dec 2025 US$
Accounts receivable	-	-
Other debtors	**13,749**	29,032
Cash and cash equivalents	**1,125**	303
	14,874	29,335

Sterling liabilities	**31 Mar 2026 US$**	31 Mar 2025 US$
Accounts payable	**49,435**	69,929
Other creditors	**33,043**	-
	82,478	69,929
Net sterling exposure	**(67,604)**	(40,594)

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 financial statements.

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. A 1% increase in interest rates would increase the annual interest charge by approximately $33k.

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. DARPA, the entity with whom the Group has the majority of contracts with at the year end, has a track record of paying all invoices within four weeks of submission.

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, 2026 consisted of negative equity attributable to the equity holders of the Group, totalling $3,528,059 (2025: $2,988,273) bolstered by working capital advances from an officer and shareholder of $3,276,961 (2025: $2,999,211) (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 $130,000 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. During the year the Company paid a former director $33,043 in settlement of all historic director's fees of which $14,346 was previously accrued.

Included in Trade and Other Payables in the accompanying Consolidated Statement of Financial Position are balances of $91,000 and $16,300 at 31 March, 2026 and 31 March, 2025 respectively, related to an short team office lease 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 $94,625 at 31 March, 2026 and 31 March, 2025 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.

20. RELATED PARTY TRANSACTIONS (CONTINUED)

Included in Administrative Expenses in the accompanying Consolidated Statement of Comprehensive income is US$74,700 (2025: US$300) in operating lease expense, $nil (2025: $48,173) in amortisation of right of use asset and $nil (2025: $832) 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 Group which at the year end totalled $3,276,961 including accrued interest (2025: $2,999,211). The amounts represent a drawdown on a $3 million credit facility with a variable rate of interest. $30,000 of this loan was settled during the year in exchange for transferring a car with a net book value of nil to the CEO. The profit on the sale of the car is included in operating expenses.

The Group earned revenues of $90,000 (2025: $nil) during the year under a services contract with Swarm Technologies, Inc(“Swarm”) which is owned by the CEO. There were no amounts outstanding under the agreement with Swarm at the year-end or prior year end.

21. EVENTS SUBSEQUENT TO YEAR END

Effective 15 June 2026 the loan facility of $3 million provided by the CEO was extended to 31 July 2027.

22. CONTROL

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