

Company Registration No. 02641001

K3 BUSINESS TECHNOLOGY GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended

30 November 2025

K3 BUSINESS TECHNOLOGY GROUP PLC

REPORT AND FINANCIAL STATEMENTS 2025

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K3 BUSINESS TECHNOLOGY GROUP PLC

**REPORT AND FINANCIAL STATEMENTS 2025
OFFICERS AND PROFESSIONAL ADVISERS**

DIRECTORS

E Dodd (resigned 30 September 2025)
L Alderson
T Crawford (resigned 31 July 2025)
G Hase (resigned 31 July 2025)
O Scott
C Errington (appointed 31 July 2025)
M Cockings (appointed 30 September 2025)

COMPANY SECRETARY

C Rawlinson (appointed 30 September 2025)

REGISTERED OFFICE AND BUSINESS ADDRESS

Suite 511
Block Bristol Pithay Court
Bristol
BS1 3BN

COMPANY NUMBER

02641001

COMPANY WEBSITE

www.k3btg.com

AUDITORS

Crowe U.K. LLP
3rd floor
St George's House
56 Peter Street
Manchester
M2 3NQ

The Directors present the annual report on the affairs of the Group and Company, together with the financial statements, for the year ended 30 November 2025.

PRINCIPAL ACTIVITY

The Group's principal activity continues to be the supply of computer software and related services.

K3 AT A GLANCE

K3 is a leading provider of business-critical software solutions focused on fashion and apparel brands and related large retail brands. The Group's solutions have historically comprised of a number of applications authored by K3 and also third-party products that have been enriched with K3 software.

These solutions provide customers with comprehensive, end-to-end capabilities that enable them to have greater control over their operations and real-time oversight of their businesses. The Group's reported segments are 'K3 Products' and 'Third-party Solutions', with Central Support costs stated separately. This aligns segmental reporting with the Group's strategy.

The Group typically has long-standing relationships with its customers, which generate a high level of recurring income. This income arises from annual software licenses, renewals of software licenses, maintenance and support contracts.

The Group's operations are based across the UK and Europe.

K3 Products

The division provides software products and solutions that are powered by our own IP. They comprise strategic products focused on the fashion and apparel market (the Fashion portfolio), and for part of the year up to the point of disposal also included solutions for the visitor attraction market and other stand-alone point-of-sale ("POS") solutions and apps, which are mainly legacy products. Products are sold either directly by the K3 sales teams or indirectly via channel partners.

K3 Fashion

K3 Fashion is the Group's 'Concept-to-Consumer' solution, which is built on Microsoft Dynamics 365 for Finance, Supply Chain and Commerce. It is designed to meet the specific needs of fashion and apparel enterprises and has been endorsed globally by Microsoft as its recommended embedded solution for the fashion sector.

K3 Fashion provides enterprises with the ability to gain insight and control over all their processes and inventory. This spans product planning and design, sourcing raw materials, managing suppliers and manufacturers, sales, including all channels-to-market, logistics, ordering and the tracking of financial transactions.

K3 Pebblestone

K3 Pebblestone is also focused and tailored to the fashion industry and has similar functionalities to K3 Fashion. Built on Microsoft Dynamics Business Central, it is specifically aimed at smaller brands and retailers and is available both as a cloud-based SaaS solution and as an 'on-premise' solution.

K3 Retail Solutions

K3 Retail Solutions is a family of products focused on visitor attractions in the UK and integrated mid-market POS solutions across Northern Europe. There have been a number of disposals of product and business from the K3 Retail Solutions division during the year.

Third-party Solutions

The Third-party Solutions division comprised two activities, both of which were sold during the financial year.

NexSys (sale agreed on 29 November 2024 and completed on 6 January 2025)

NexSys provides, integrates and supports business software solutions for manufacturers and distributors. It is a SYSPRO elite partner in the UK and has over 40 years' experience of delivering innovative ERP solutions.

Global Accounts (sale completed on 30 September 2025)

Global Accounts includes the Group's relationship with Inter IKEA Systems B.V. (the owner and franchisor of the Inter IKEA Concept) and the Inter IKEA Concept overseas franchisees. As well as supporting the core Microsoft Business Central IKEA solution for IKEA franchisees, K3 assists IKEA franchisees with their local enhancements, business change and IT infrastructure. This includes consultancy-based support with integrations and system enhancements, which is key to the smooth functioning of franchisees' IKEA stores and back-office solutions.

FASHION MARKET

Digital transformation remains a dominant feature of the industry, with digital solutions enabling fashion enterprises to run their operations more efficiently and significantly enhance consumers' experience of their brands.

The trend to upgrade old legacy ERP systems with modern, more effective and intuitive cloud-based solutions continues and the growth opportunities for K3's Fashion products remain attractive.

With growing awareness of the operational and commercial benefits of upgrading legacy ERP systems, the fashion and apparel market remains engaged with adopting digital infrastructure and solutions.

The Group's Microsoft Dynamics-based 'Concept-to-Consumer' products provide better management of centralised processes and can replace 'on-premise' legacy systems with cloud-based solutions. The benefits are multiple, providing competitive advantage in both operations and customer-facing activities.

K3 MARKET POSITION

The Group has a well-established track record in its chosen market segments. It has very strong domain knowledge and a sophisticated understanding of the opportunities and challenges facing fashion and apparel businesses and related large retail brands. As a result, K3 is well-placed to help its customers adopt unified commerce strategies and to integrate the management and control of the total supply chain as well as retail operations.

K3's focus is on small to medium-sized enterprise clients, in particular those that wish to adopt the latest cloud-based solutions incorporating AI technology, without the risks and challenges of replacing their entire application environment or managing the complexity of integrating and maintaining a high number of different applications and technologies.

K3's portfolio of solutions, backed by a strong understanding of market trends and customers' evolving needs, is designed to capitalise on the growth opportunities available.

K3 BUSINESS TECHNOLOGY GROUP PLC

REPORT AND FINANCIAL STATEMENTS 2025 STRATEGIC REPORT

KEY BUSINESS UPDATES

K3 agreed the sale of NexSys Solutions Limited at the end of the previous financial year, with the sale approved by shareholders at a General Meeting on 19 December 2024 and followed by completion and cash received on 6 January 2025.

The net proceeds of the sale after deducting transaction costs and associated fees were £34.3m. After considering the most effective and practicable way of distributing net proceeds and following a reorganisation of reserves, the Board returned £29 million of the net proceeds to shareholders on 28 July 2025, distributed by way of a tender offer. A small balance of net proceeds was retained within the Group for working capital and restructure funding purposes. Subsequent to the tender offer, on the 30 July 2025, the Group delisted from the Alternative Investment Market (AIM), a sub-market of the London stock exchange.

On 30 September 2025, the Global Accounts business was sold to Xpert Business Solutions Group B.V. for deferred consideration of €2.1m (£1.9m) and the continuation of chargeable services and intellectual property rights. This is a continuation of the Group's principal focus on returning shareholder value as it continues to concentrate on profitable growth opportunities available for the software products and solutions of its continuing operations.

Other smaller business and product sales during the year occurred within the K3 Retail Solutions division.

GROUP RESULTS FOR THE YEAR INCLUDING KEY PERFORMANCE INDICATORS

	Year ended 30 November 2025	Year ended 30 November 2024
Revenue from continuing operations (£m)	18.9	23.2
Gross profit (£m)	12.5	14.8
- gross margin	66%	64%
Adjusted operating profit/(loss) ¹ (£m)	1.8	(1.1)
Profit/(loss) before tax from continuing operations (£m)	8.8	(2.8)
Net cash (£m)	5.9	3.6
Reported profit/(loss) per share from continuing operations	25.5p	(5.4)p
Adjusted profit/(loss) per share from continuing operations	6.8p	(3.4)p

¹ See glossary on page 80 for definition of this term and others.

FINANCIAL

Income statement

The Group's overall results were ahead of management expectations for underlying profitability

Results were supported by the Board's continuing strong focus on financial discipline and its remedial actions - taken over the last 3 years - to bring the cost base more closely into line with activity levels where required.

Group revenue from continuing operations reduced to £18.9m (2024: £23.2m), which mainly reflected the sale of the Global Accounts and DdD retail divisions in September 2025 and June 2025 respectively. Excluding the divestment impact, revenue was ahead of management expectations for the year.

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The reported statutory profit from operations increased to £7.8m profit (2024: £2.4m loss). Excluding the exceptional items, acquisition credits in the current year and share-based payment credits in the prior year, the Group's adjusted operating result increased to £1.8m profit (2024: £1.1m loss). This was driven by gross profit margin growth of 2% to 66% (2024: 64%) and a continued disciplined approach to overhead expenditure.

A total of £1.5m in exceptional costs were incurred (2024: £1.4m); £1.2m related primarily to the cost of people leaving the business and there was an exceptional impairment of £0.3m in the year relating to the closure of the Salford office. There was also an exceptional £7.5m profit on disposal of subsidiaries earned during the year (2024: £nil), largely from the sale of the NexSys and Global Accounts businesses.

The reported profit before tax from continuing operations increased significantly to £8.8m profit (2024: £2.8m loss), largely due to business disposals and cost-based actions stated above. Net finance income was £1.0m income (2024: £0.4m expense) due to interest earned on the NexSys disposal cash receipts pre and post the shareholder distribution in July 2025.

The corporation tax charge for the financial year was £0.2m (2024: £0.3m credit). This comprised a charge for current taxation of £0.2m (2024: £0.2m credit), which largely related to the UK businesses, and a charge for deferred taxation of £29k (2024: £0.1m credit).

Earnings per share

The adjusted profit per share from continuing operations shows an improvement of 10.2p from the prior year to 6.8p (2024: 3.4p loss). The adjusted loss per share excludes exceptional reorganisation costs, exceptional impairment costs, acquisition costs/credit and share-based credits and is net of the related tax credit of £0.3m (2024: £0.4m credit). The reported profit per share from continuing operations also improved to 25.5p profit (2024: 5.4p loss).

Return of Funds to Shareholders

£29m was returned to shareholders via a tender offer in July 2025, in respect of the year ended 30 November 2025 (2024: £nil).

Statement of financial position

The Group's cash position remains robust, with net cash of £5.9m at 30 November 2025 (2024: £3.6m).

Total assets reduced by £30.1m to £13.1m (2024: £43.2m), largely due to £29 million of the net proceeds from the sale of NexSys returned to shareholders via tender offer on 28 July 2025 with a commensurate reduction in total liabilities.

Cashflow

Group cash flow is shown inclusive of operations held for sale.

Net cash inflow from operating activities decreased by £4.6m to £2.7m outflow (2024: £1.9m inflow), the reduction largely driven by working capital changes year-on-year of £4.7m.

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REPORT AND FINANCIAL STATEMENTS 2025 STRATEGIC REPORT

The £28.3m cash inflow from disposal of subsidiaries during the period and £29.0m tender offer distribution to shareholders drove the movements in the investing and financing activities during the period of £27.9m inflow and £28.2m outflow accordingly (2024: investing expenditure of £0.8m and financing cost of £0.5m).

The Group's closing cash balance at 30 November 2025 was £5.9m (2024: £8.9m and £3.6m excluding operations held for sale).

OPERATIONAL

The segmental results of the Group's ongoing operations for the financial year ended 30 November 2025 and comparatives for 2024 are summarised in the tables below. Reporting is divided between the K3 Products division and the Third-party Solutions division. K3 Products encompasses K3's own products and includes strategic fashion and apparel products. The Third-party Solutions division now only comprises 9-months of Global Accounts trade for FY25, as NexSys has been recorded as discontinued in the results for both FY24 and FY25.

Continuing operations

	Revenue (£m)		Gross profit (£m)		Gross margin	
	2025	2024	2025	2024	2025	2024
K3 products	10.3	12.3	8.6	9.9	83%	80%
Third-party solutions	8.5	10.9	3.9	4.8	46%	45%
Central	0.1	–	–	–	58%	–
Total	18.9	23.2	12.5	14.8	66%	64%

K3 Products

The division provides software products and solutions that are powered by our own IP. For FY25, they comprise:

- strategic products focused on fashion and apparel markets (the Fashion portfolio); and
- solutions for the visitor attraction market; and other stand-alone point-of-sale retail solutions ("Retail Solutions").

The Fashion portfolio increased its contribution to the Group, although disposals in the Retail Solutions division, meant that total divisional revenue decreased to £10.3m (2024: £12.3m).

Gross profit reduced to £8.6m (2024: £9.9m) largely due to the sale of DdD businesses on 2 June 2025 and other product sales in May and June 2025, however, the gross margin was higher at 83% (2024: 80%). The year-on-year rise in gross margin reflected the higher margin revenue mix, together with pricing and cost base actions and other initiatives.

REPORT AND FINANCIAL STATEMENTS 2025 STRATEGIC REPORT

Overall deal closure and volume in the Fashion portfolio (through the K3 partner network) for the year was in line with expectations, showing a steady increase in activity through H1 into H2 as business uncertainties and the impact of US Tariffs were better understood across the industry. In line with previous years, customers continue to initiate projects with lower initial user numbers and then increase during the implementation project and post go-live in line with usage. We continue to focus on supporting and developing our partner network to drive additional volume in markets, where we are underrepresented and have growth potential.

The team at Retail Solutions managed the expected legacy revenue attrition well. This is shown in the gross margin result, which remained high at 79% (2024: 76%). The disposal of the DdD business and two own IP products have led to a lower gross profit of £3.5m (2024: £5.4m). The team continues to focus on its remaining business through good customer service, retention and efficiency.

Third-party Solutions

Third-party Solutions comprised two units until the sale of NexSys, which was announced at the end of the financial year and completed on 6 January 2025, and the sale of Global Accounts, which completed on 30 September 2025. The segmental results in the table above are those of Global Accounts only, as NexSys was not classified as a continuing operation in the financial period.

- Global Accounts provides specialist services and support, predominantly to the Inter IKEA Concept overseas franchisee network.

The revenue and profit performance of the Third-party Solutions segment reflected 9-months of activity at Global Accounts, where the division had performed well against management expectations. The Group had seen the slowdown in expansion of IKEA stores by franchisees in recent years, which had adversely impacted the performance of Global Accounts division, and the sale enables the Group to focus on a much-simplified Group operating model.

Revenue decreased year-on-year to £8.5m (2024: £10.9m) and gross profit decreased to £3.9m (2024: £4.8m) due to the sale of the business in September 2025. Up to the sale, performance of the division was as expected, with gross margin slightly improved on the prior year at 46% (2024: 45%).

The Third-party Solutions segment will have no further trade in the next financial year.

STRATEGY

The sale of NexSys was an example of the Group's strategy of simplification and cost control, returning £29m to shareholders in July 2025.

The Board's principal focus remains on shareholder value and cash returns, and it will continue to concentrate on profitable growth opportunities available for the software products and solutions of its continuing operations. Cash management and cost control also remains a priority.

The K3 Products Fashion portfolio offers the opportunity of higher-margin growth, which reflects the fact that its solutions are based on K3 intellectual property ("IP"). A key focus is the development and growth of our core strategic fashion and apparel products. Microsoft's endorsement of K3 Fashion as its 'go to' embedded solution for the fashion and apparel sector is a benefit in this regard. Our key route-to-market remains our business partner network.

DELISTING AND BOARD CHANGES

Following the return of £29 million of the net proceeds to shareholders on 28 July 2025, the Group delisted from the AIM of the London Exchange on 30 July 2025. As part of the delisting, Tom Crawford and Gabrielle Hase resigned from the Board as non-executive directors. Eric Dodd also subsequently stepped down as Group CEO. Further appointments to the Board post delisting were Mark Cockings and Chris Errington, the latter as a non-executive director.

Also, as part of the delisting process the Remuneration Committee, Audit Committee and Corporate Governance Committee were disbanded, with ownership of these areas now sitting with the Board. For the period up to delisting, the Group was compliant with the requirements of the QCA's Corporate Governance Code.

RISK MANAGEMENT

The Board is responsible for risk management of the Group with the principal business risks and uncertainties which the Group faces categorised as follows:

FY25 Principal risks and uncertainties and mitigations

Description	Mitigation	Change
<p><i>1. Customer relationships</i></p> <p>The Group had a dependency on a single ecosystem, which accounts for a significant proportion of revenue during the year. Changes to this relationship including commercial structure could have a significant and detrimental impact on the Group's financial performance.</p>	<p>As of 30 September 2025, the business unit holding this customer relationship has been sold, removing the risk from the Group. The continuing business has a more regular customer base spread with no material single customer reliance.</p>	<p>Down</p>
<p><i>2. Supplier relationships</i></p> <p>The Group benefits from a few close commercial relationships with key suppliers and software partners. Damage to or loss of these relationships could have a direct and detrimental effect on the Group's results. The international nature of the Group also means the supplier base carries a geo-political risk.</p>	<p>The key Group supplier and software partner relationships are secured by commercial agreements. They are large global suppliers and K3 enjoys a good relationship.</p> <p>Activity can be diversified and moved to alternative relationships if required.</p>	<p>Flat</p>

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Description	Mitigation	Change
<p>3. <i>Group strategies and product management</i></p>	<p>The Group re-evaluates its market strategy annually and ensures that strategy, technology, pricing, product and business development is market-led, and market informed, going forwards with focus on the strategically chosen fashion and apparel vertical.</p>	Flat
<p>4. <i>Credit risk</i></p>	<p>The business units operate a credit management function and assess credit risk on an individual customer basis and with standardised contract terms.</p> <p>For the Group’s SaaS based products, the annual access codes and partner model is considered to structurally reduce the risk by retaining the control over the right to access and use the software.</p>	Flat
<p>5. <i>Cyber security</i></p>	<p>The Group has robust policies, incident response protocols and a strong partner to support and manage resilience.</p>	Flat
<p>6. <i>Currency risk</i></p>	<p>Where possible, currency and exchange risk is hedged by matching off amounts payable in those local currencies. The disposal of the Nordic businesses during the period has helped reduce foreign exchange risk.</p>	Down

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STRATEGIC REPORT**

Description	Mitigation	Change
<i>7. Liquidity and banking facilities</i>		
The Group needs to maintain an appropriate level of cash in the business to fund future working capital requirements.	The Group ensures it has the funds to meet its working capital commitments by monitoring cash flow as part of its day-to-day control procedures.	Flat
<i>8. Employees</i>		
Following reorganisation activity across the Group over the last few years, there is potentially an increased reliance on a number of key individuals. If the Group fails to retain these individuals, this could have an adverse impact on its ability to deliver on strategy.	The Group seeks to access global talent, offering competitive remuneration together with the ability to participate in a bonus scheme and hybrid working. The Group has strong purpose, clear routes of communication and core values deemed important to employees.	Up
<i>9. Economic conditions</i>		
Demand for the Group’s products and increased price competition may be adversely affected if economic and market conditions are unfavourable.	The Group has high levels of recurring revenue from business-critical systems such as ERP, which provides some resilience against the full effects of market deterioration. Following restructuring the continuing business is focused on one sector, Fashion and Apparel, which has been impacted by global economic challenges during the year. As a result, this risk is increased.	Up
<i>10. Property risk</i>		
With the sale of the NexSys business, there is a risk associated with the future utilisation of owned property which previously serviced NexSys and Group employees.	The Group is actively marketing this property for sale at a favourable price.	Up

SECTION 172 STATEMENT

The K3 Board considers it has made decisions in a way that, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to the factors set out in section 172 of the Companies Act 2006.

The following sections set out some examples of how the Directors have exercised this duty:

Shareholders

We aim to create value by increasing the performance of the Group and providing sustainable shareholder returns.

**REPORT AND FINANCIAL STATEMENTS 2025
STRATEGIC REPORT**

The Group proactively engages in dialogue with shareholders. Ongoing shareholder consultation is embedded within the Board's activities and the views of major shareholders are obtained through direct face-to-face contact as well as through the corporate representation of Kestrel Partners on the Board itself.

Suppliers

With part of the Group a reseller of software, including Microsoft, K3's relationships with strategic software partners are important to the success of the business.

The Group benefits from several close commercial relationships with key suppliers and software partners with which the management team participate in regular product, service, market and strategy reviews.

Employees

K3 recognises the importance of our talented and important teams across the organisation and several initiatives have been put in place throughout the last financial year to improve the employee experience.

As a global software house, the Group is committed to attracting and retaining talent across the globe through competitive remuneration.

Customers and Business Partners

Customer satisfaction is of critical importance to K3.

As well as allocating dedicated K3 account managers for the larger relationships to ensure sufficient customer engagement at the correct level within the K3 Group.

The Group carries mindfully the responsibility that comes with the delivery and support of business-critical software solutions for its customers.

APPROVAL OF THE STRATEGIC REPORT

The strategic report for the year ended 30 November 2025 was approved by the Board and signed on its behalf by:



L Alderson

Chief Financial Officer

3 March 2026

K3 BUSINESS TECHNOLOGY GROUP PLC

REPORT AND FINANCIAL STATEMENTS 2025 DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 30 November 2025.

The Group delisted on 30 July 2025. For the period up to delisting, the Group was compliant with the requirements of the QCA's Corporate Governance Code.

PRINCIPAL ACTIVITY

The Company's principal activity continues to be the supply of computer software and related consultancy.

REVIEW OF THE BUSINESS

The strategic report on pages 2 to 11 provides a review of the business, the strategies, the Group's trading for the year ended 30 November 2025 and an indication of future developments.

RESEARCH AND DEVELOPMENT

During the year, the Group carried out development work of which £0.5m (2024: £0.6m) was capitalised. Development expenditure capitalised on product for external commercialisation was spread evenly across the core strategic products.

RESULT AND DIVIDEND

The Group has reported its Consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

The Group's results for the year are set out in the Consolidated Income Statement on page 20. The Company has applied FRS 101: Reduced Disclosure Framework to the financial statements for the year ended 30 November 2025.

The Directors do not propose a final dividend for 2025 (2024: £nil).

The Board intends paying a special dividend in the second calendar half of 2026 to distribute excess cash that arose from the NexSys disposal. Thereafter, the Board intends to continue distributing excess cash by way of dividends on a regular basis.

DIRECTORS

The directors who served during the year was as follows:

T Crawford	(resigned 31 July 2025)
O Scott	
G Hase	(resigned 31 July 2025)
E Dodd	(resigned 30 September 2025)
L Alderson	
C Errington	(appointed 31 July 2025)
M Cockings	(appointed 30 September 2025)

In accordance with the Company's current Articles of Association, C Errington and M Cockings retire and offer themselves for re-election.

FINANCIAL INSTRUMENTS RISKS

Details of financial instruments risks are included in note 19 to the financial statements.

K3 BUSINESS TECHNOLOGY GROUP PLC

REPORT AND FINANCIAL STATEMENTS 2025 DIRECTORS' REPORT

DIRECTORS' INTERESTS

Directors' (who served during the financial year) interests in the Company's shares:

	As at 30 November 2025	As at 30 November 2024
	Number of shares	Number of shares
T Crawford*	–	61,445
O Scott	91,233	12,917,079
G Hase*	–	Nil
E Dodd*	–	Nil
L Alderson	64	256
C Errington**	90,340	–
M Cockings**	–	–

* T Crawford, E Dodd and G Hase resigned from the board in 2025, therefore the number of shares for 2025 is not disclosed.

** C Errington and M Cockings were appointed to the board in 2025, therefore the number of shares for 2024 is not disclosed.

Mr O Scott has a direct interest in 893 shares in the Company and is deemed to have an indirect interest in a further 90,340 shares in the Company.

Mr C Errington is deemed to have an indirect interest in 90,340 shares in the Company.

Mr O Scott and C Errington are appointed representatives of various clients of Kestrel Partners LLP, an investment management firm that has discretionary rights to vote these shares under management, who between them hold 3,416,024 shares in the Company.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training and facilities are arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. The model is one of communication by Business Unit leaders with support from the Chair.

DIRECTORS' INDEMNITY COVER

All Directors benefit from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

**REPORT AND FINANCIAL STATEMENTS 2025
DIRECTORS' REPORT**

GOING CONCERN

The Group closely reviews its funding position throughout the year to ensure it has sufficient headroom to fund operations. The Group cancelled its Banking Facilities arrangements with Barclays plc in November 2024 in anticipation of receipt of proceeds from the sale of NexSys, which were received on 6 January 2025 totalling £36m gross (£34.3m net of transaction costs and fees). £29m of these proceeds has been distributed to shareholders by way of a tender offer in July 2025.

The Group closed the year ended 30 November 2025 with a net cash position of £5.9m.

The Group has prepared a cashflow forecast for a period of at least 12 months from the date of approval of the financial statements which shows that the Group will have reasonable headroom to support its forecast working capital requirements. The forecast has undergone sensitivity analysis and stress testing, and the Directors have concluded that there is no likely worst-case scenario which would mean the Group would run out of cash.

The Directors therefore have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. For these reasons the financial statements have been prepared on a going concern basis.

AUDITORS

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The Notice of Annual General Meeting contains a resolution to re-appoint Crowe U.K. LLP as auditors for the ensuing year.

By order of the Board:



L Alderson
Director

3 March 2026

Suite 511
Block Bristol Pithay Court
Bristol BS1 3BN

REPORT AND FINANCIAL STATEMENTS 2025 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the strategic report, the annual report, and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and in accordance with international accounting standard in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standard in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 financial statements comply with the requirements of the Companies Act 2006. 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.

WEBSITE PUBLICATION

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

K3 BUSINESS TECHNOLOGY GROUP PLC

Qualified Opinion

We have audited the financial statements of K3 Business Technology Group plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 November 2025, which comprise:

- the Consolidated income statement for the year ended 30 November 2025;
- the Consolidated statement of comprehensive income for the year ended 30 November 2025;
- the Consolidated and Parent statement of financial position as at 30 November 2025;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section below:

- 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 30 November 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

During the year ended 30 November 2025, the Group disposed of Retail Support International ApS and its subsidiaries ("DdD"). As at 30 November 2025, there are no balances relating to DdD recognised by the Group. The results of DdD for the period from 1 December 2024 to the date of disposal, 2 June 2025, are included in the Consolidated income statement. Following the disposal of DdD, we were denied access by the new owners of DdD to the financial information, management, and the auditors of DdD and so we were unable to obtain sufficient appropriate audit evidence about the results of DdD included in the Consolidated Income Statement. Further, we were also unable to satisfy ourselves as to the amount of net assets of DdD at the date of disposal, which amount would impact the loss on disposal. The relevant amounts are disclosed in Note 29.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary. In addition, were any adjustments to the Consolidated income statement or the profit on disposal of DdD to be required, the strategic report or directors' report would also need to be amended.

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

Conclusions relating to going concern

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.

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

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

Other information

The Directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the results and profit on disposal of DdD included in the Consolidated income statement for the year ended 30 November 2025. We have concluded that where the other information refers to the affected classes of transactions during the year, it may be materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

Except for the possible effect of the matter described in the basis for qualified opinion section of our report, in our opinion based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

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

Arising solely from the limitation on the scope of our work relating to DdD, referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

- adequate accounting records have not been kept, 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.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 15, 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 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:

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the misstatement of revenue and override of controls by management leading to a misstatement of carrying value of intangible assets including goodwill. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities and sample testing on the posting of journals. We also reviewed and challenged accounting estimates and assumptions used by management for the valuation of goodwill, intangible assets and recognition of contract income, in order to verify that the calculations and models were reasonable and free of biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Michael Jayson (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

3 March 2026

K3 BUSINESS TECHNOLOGY GROUP PLC

CONSOLIDATED INCOME STATEMENT

Year ended 30 November 2025

	Note	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Revenue	2	18,918	23,217
Cost of sales		(6,371)	(8,446)
Gross profit		12,547	14,771
Adjusted administrative expenses		(10,475)	(15,735)
Impairment losses on financial assets	3	(293)	(148)
Adjusted operating profit/(loss)		1,779	(1,112)
Exceptional impairment	3	(260)	–
Exceptional reorganisation costs	3	(1,205)	(1,441)
Exceptional acquisition/disposal related credit/(costs)	3	7,525	(30)
Share-based payment credit	10	–	192
Profit/(loss) from operations	3	7,839	(2,391)
Finance interest/(expense)	6	1,009	(378)
Profit/(loss) before taxation from continuing operations		8,848	(2,769)
Tax (charge)/credit	7	(189)	332
Profit/(loss) for the year from continuing operations		8,659	(2,437)
(Loss)/profit for the year from discontinuing operations	28	(41)	3,011
Profit for the year		8,618	574

All the profit/(loss) for the year is attributable to equity shareholders of the parent.

	Note	Year ended 30 November 2025	Year ended 30 November 2024
Earnings/(loss) per share			
Basic	9	25.4p	1.3p
Diluted	9	24.9p	1.3p
Basic from continuing operations	9	25.5p	(5.4)p

The parent Company profit for the year after tax was £10.1m (2024: £1.3m loss).

The accompanying notes on pages 25 to 79 form part of these financial statements.

K3 BUSINESS TECHNOLOGY GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 November 2025

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Profit for the year	8,618	574
Other comprehensive income	8,618	574
Exchange rate differences on translation of foreign operations	(179)	(314)
Other comprehensive expense	(179)	(314)
Total comprehensive income for the year	8,439	260

Total comprehensive income is attributable to equity holders of the parent.

All the other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met. None of the items within other comprehensive (expense)/income had a tax impact.

The Consolidated Statement of Comprehensive Income includes both continuing and discontinued operations' results.

The notes on pages 25 to 79 form part of these financial statements.

K3 BUSINESS TECHNOLOGY GROUP PLC

COMPANY NUMBER: 02641001

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 November 2025

	Note	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Property, plant and equipment	11	24	967	14	106
Right-of-use assets	12	10	679	–	–
Goodwill	13	1,097	10,108	–	–
Other intangible assets	13	894	1,404	–	–
Trade and other receivables	16	1,287	–	1,287	–
Deferred tax asset	21	–	145	–	–
Investments	15	–	–	4,040	14,968
Total non-current assets		3,312	13,303	5,341	15,074
Stock		77	154	–	–
Trade and other receivables	16	3,888	3,652	3,037	2,827
Current tax assets		–	–	146	149
Cash and short-term deposits		5,856	3,643	3,835	718
Assets classified as held for sale	28,15	–	22,428	–	14,192
Total current assets		9,821	29,877	7,018	17,886
Total assets		13,133	43,180	12,359	32,960
Non-current lease liabilities	22	216	497	–	–
Non-current provisions	20	4	622	–	501
Deferred tax liabilities	21	76	71	–	–
Total non-current liabilities		296	1,190	–	501
Trade and other payables	17	4,821	7,574	1,906	4,138
Current tax liabilities		167	130	–	–
Lease liabilities	22	11	179	–	–
Borrowings	18	–	1	–	–
Provisions	20	755	167	737	–
Liabilities classified as held for sale	28	–	6,595	–	–
Total current liabilities		5,754	14,646	2,643	4,138
Total liabilities		6,050	15,836	2,643	4,639
Share capital	23	591	11,183	591	11,183
Share premium	23	–	31,450	–	31,450
Other reserves	23	1,946	6,401	1,946	6,277
Translation reserve		1,191	1,370	–	–
Accumulated gains/(losses)		3,355	(23,060)	7,179	(20,589)
Total equity attributable to equity holders of the parent		7,083	27,344	9,716	28,321
Total equity and liabilities		13,133	43,180	12,359	32,960

The financial statements were approved and authorised for issue by the Board of Directors on 3 March 2026 and were signed on its behalf by:



L Alderson, Director

K3 BUSINESS TECHNOLOGY GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 November 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit for year		8,618	574
Adjustments for:			
Finance (income)/expense		(1,003)	397
Tax expense	7	179	(274)
Depreciation of property, plant and equipment	11	199	530
Depreciation of right-of-use-assets	12	175	294
Amortisation of intangible assets and development expenditure	13	928	761
Impairment of assets	3	260	–
Gain/(loss) on sale of property, plant and equipment and right-of-use assets		23	(374)
Profit on disposal of subsidiaries (including held for sale)		(7,525)	–
Share-based payment credit	10	–	(192)
Net cash flow from provisions		107	366
Net cash flow from stock		(25)	121
Net cash flow from trade and other receivables		(817)	1,711
Net cash flow from trade and other payables		(3,807)	(2,050)
		<hr/>	<hr/>
Cash (used in)/generated from operations		(2,688)	1,864
Income tax (paid)/received		(33)	25
		<hr/>	<hr/>
Net cash from operating activities		(2,721)	1,889
Cash flows from investing activities			
Development expenditure capitalised	13	(450)	(747)
Purchase of property, plant and equipment	11	(24)	(32)
Disposal of subsidiaries, net of cash disposed of		28,347	–
		<hr/>	<hr/>
Net cash generated by/(used in) investing activities		27,873	(779)
Cash flows from financing activities			
Proceeds from loans and borrowings		–	2,250
Repayment of loans and borrowings		(1)	(2,261)
Repayment of lease liabilities		(161)	(265)
Interest paid on lease liabilities		(48)	(74)
Finance income received/(expenses paid)		732	(120)
Warrants exercised		300	–
Tender offer distribution paid		(29,000)	–
		<hr/>	<hr/>
Net cash used in financing activities		(28,178)	(470)
		<hr/>	<hr/>
Net change in cash and cash equivalents		(3,026)	640
Cash and cash equivalents at start of year		8,889	8,304
Exchange gains/(losses) on cash and cash equivalents		(7)	(55)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	27	5,856	8,889
		<hr/> <hr/>	<hr/> <hr/>

K3 BUSINESS TECHNOLOGY GROUP PLC

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 November 2025

	Share capital	Share premium	Other reserves	Translation reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 30 November 2023	11,183	31,450	11,151	1,684	(28,192)	27,276
Profit for the year	–	–	–	–	574	574
Foreign exchange movements	–	–	–	(314)	–	(314)
Total comprehensive (expense)/income	–	–	–	(314)	574	260
Share-based payment	–	–	–	–	(192)	(192)
Other reserves reclassification*	–	–	(4,750)	–	4,750	–
At 30 November 2024	11,183	31,450	6,401	1,370	(23,060)	27,344
Profit for the year	–	–	–	–	8,618	8,618
Foreign exchange movements	–	–	–	(179)	–	(179)
Total comprehensive income/(expense)	–	–	–	(179)	8,618	8,439
Warrant exercise*	300	–	–	–	–	300
Capital reduction*	(9,186)	(31,450)	240	–	40,396	–
Tender offer share cancellation*	(1,706)	–	1,706	–	–	–
Other reserves reclassification*	–	–	(6,401)	–	6,401	–
Tender offer distribution	–	–	–	–	(29,000)	(29,000)
At 30 November 2025	591	–	1,946	1,191	3,355	7,083

Company	Share capital	Share premium	Other reserves	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000
At 30 November 2023	11,183	31,450	11,027	(23,818)	29,842
Loss for the year	–	–	–	(1,329)	(1,329)
Total comprehensive expense	–	–	–	(1,329)	(1,329)
Share-based payment	–	–	–	(192)	(192)
Other reserves reclassification*	–	–	(4,750)	4,750	–
At 30 November 2024	11,183	31,450	6,277	(20,589)	28,321
Profit for the year	–	–	–	10,095	10,095
Total comprehensive income	–	–	–	10,095	10,095
Warrant exercise*	300	–	–	–	300
Capital reduction*	(9,186)	(31,450)	240	40,396	–
Tender offer share cancellation*	(1,706)	–	1,706	–	–
Other reserves reclassification*	–	–	(6,277)	6,277	–
Tender offer distribution	–	–	–	(29,000)	(29,000)
At 30 November 2025	591	–	1,946	7,179	9,716

* See note 23 for more details.

The notes on pages 25 to 79 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

Statement of compliance

The Group financial statements have been prepared in accordance with UK endorsed IFRS in conformity with the requirements of the Companies Act 2006 (“IFRS”) (“UK Adopted internal accounting standards”). The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (“FRS101”).

The financial statements have been prepared on the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented. Also, policies have been consistently applied unless the Group has exercised any exemptions arising following the adoption of new or revised IFRSs allowing the Group to not restate the comparative information.

In preparing these financial statements, the Company has taken advantage of section 408 of the Companies Act 2006, with no separate income statement and related notes being presented for the Company. The Company has also taken advantage of certain exemptions permitted by FRS 101, as the equivalent disclosures are made in the Group accounts. Exemptions have been applied in respect of the following disclosures:

- The cash flow statement and related notes
- Capital management disclosures
- The effects of new IFRSs
- The disclosure of the remuneration of key management personnel
- Disclosure of related party transactions with other wholly owned members of the K3 Business Technology Group plc group of companies
- Financial instrument disclosures

A number of subsidiaries have chosen to take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 30 November 2025, with the Parent Company providing a declaration of guarantee in accordance with section 479C of the Companies Act 2006 for the relevant subsidiaries. A full listing of the subsidiaries availing of the guarantee and audit exemption is set out in note 30.

The financial statements are presented in Sterling and in round thousands.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Going Concern

The Group closely reviews its funding position throughout the year to ensure it has sufficient headroom to fund operations. The Group cancelled its current Banking Facilities arrangements with Barclays plc in anticipation of receipt of the proceeds from the sale of NexSys Solutions, which were received on 6 January 2025 totalling £36m gross (£34.3m net of transaction fees and costs). £29m of these proceeds has been distributed to shareholders by way of a tender offer in July 2025.

The Group closed the year ended 30 November 2025 with a net cash position of £5.9m.

The Group has prepared a cashflow forecast for a period of at least 12 months from the date of approval of the financial statements which shows that the Group will have reasonable headroom to support its forecast working capital requirements. The forecast has undergone sensitivity analysis and stress testing, and the Directors have concluded that there is no likely worst-case scenario which would mean the Group would run out of cash.

The Directors therefore have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. For these reasons the financial statements have been prepared on a going concern basis.

Adoption of new and revised standards

New accounting standards, interpretations adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year as disclosed in the 2024 Annual Report and Accounts. At the date of authorisation of these financial statements, there are no amended standards and interpretations issued by the UK Endorsement Board that impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

New accounting standards, interpretations and amendments not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 November 2025 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions, excluding IFRS 18. IFRS 18 applies from periods beginning 1 January 2027 and will have presentation and disclosure impacts which will be considered accordingly in due course.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 November each year. The Company controls an investee if all three of the following elements are present:

- power over the investee;
- exposure, or has rights, to variable returns from the investee; and
- the ability of the investor to use its power to affect those returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

All business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Discontinued operations

In line with IFRS 5, the Group classifies discontinued operations within a disposal group held for sale if their carrying values will be recovered principally through a sale transaction rather than through their continuing use. Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of a disposal group. The criteria for classifying a disposal group as held for sale is only considered as having been met when a sale is highly probable and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be reversed. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Income Statement. The discontinued operations are excluded from the individual captions in the Statement of Financial Position with all discontinued operations assets presented as a single amount called 'assets classified as held for sale' and all discontinued operations liabilities presented as a single amount called 'liabilities classified as held for sale'.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For impairment testing, goodwill is allocated to each of the Group's subsidiaries or cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

On disposal of a subsidiary or cash-generating unit, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

The Group contracts for products and services in a variety of contractual forms and deployment methods which impact IFRS 15 revenue recognition. These include:

- Reselling of 3rd party products for which following contracting, the Group has no continuing performance obligations for software and the customer controls the software. These are usually perpetual licenses with customer on premise installations. Since the Group is reselling these already functional products, services are unbundled. Customers can also choose to take maintenance and support for these products or indeed obtain services, support, and maintenance from different suppliers.
- K3 bolt on own software IP (Intellectual Property) that adds incremental vertical functionality and bolts onto Microsoft Dynamics products and that is either sold directly to customer or via a channel partner. There is an ongoing performance obligation to maintain the product to ensure the functionality continues to bolt onto Microsoft Dynamics products.

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Revenue recognition (continued)

- K3 own products for which K3 controls and has ongoing performance obligations. These products are typically SaaS (Software as a Service) based subscription products which include a right to access as the customer continuously consumes functionality. The product offer is a typical bundle of software access, maintenance, and support. The contracts typically have a low level of services.

Software licence revenue:

Software licenses for 3rd party products are recognised at a point in time, on contract and issue of the initial license key which is contemporaneous.

K3 bolt on own software IP is recognised over time.

K3 own products which is SaaS based is recognised over time and not in software but rather in maintenance and support for the purposes of revenue disaggregation disclosures. Revenue is recognised over time as K3 controls the product, the license is not distinct, and the customer continually receives benefits.

Services revenues:

Services are linked to implementation and set up of K3 own and 3rd party products, rather than product functionality build. Services are contracted for on a time and materials basis, the customer takes ownership of the work delivered and revenue is recognised as it is performed.

Hardware:

Hardware is peripheral to a number of contract implementations; the revenue is recognised when the customer takes control of the asset on delivery.

Maintenance and Support:

Maintenance refers to the maintenance of the products and ensuring a right to upgrade whilst Support refers to ongoing customer support including for example help desk access.

3rd party product maintenance is provided by the product's author. K3 has no performance obligation and this is sold through K3 for a margin. Revenue is recognised for the term of the contract at a point in time when the contract is signed. Support of 3rd party products is provided by K3 over time over the term of the contract.

K3 bolt on own software IP is typically re-sold via channel partners who provide support. K3 has an ongoing performance obligation for the maintenance of the product and recognises a portion of revenue associated with that over time.

K3 own SaaS/subscription products are usually hosted by K3 and typically a bundled offer of maintenance and support is provided to customers which are both performance obligations for K3 and revenue is recognised over time.

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Revenue recognition (continued)

Allocation of transaction price:

Transaction price is measured based on the consideration specified in a contract with a customer and, where applicable, the best estimate of any consideration related to modifications to the contract which has yet to be agreed. Any amounts expected to be paid to the customer, such as penalties for late delivery, are deducted from the consideration. Where a transaction price must be allocated between multiple performance obligations, this is generally achieved through allocating a proportion of total price against each using either standard list sales prices or an estimated cost methodology.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

Deferred tax is not recognised for the initial recognition of an asset or liability in a transaction which at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group can 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 reporting 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 is realised. Deferred tax is charged or credited in the income statement, 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 the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Dividends

Dividends are recognised when paid for interim dividends and when approved by shareholders for final dividends.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

The cost of items of property, plant and equipment is its purchase cost, together with any incidental costs of acquisition. As well as the purchase price, cost includes directly attributable costs of bringing the asset into use.

Depreciation is recognised so as to write off, on a straight-line basis over the expected useful economic lives of the asset concerned, the cost of property, plant and equipment, less estimated residual values, which are adjusted, if appropriate, at each reporting date. The principal economic lives used for this purpose are:

- Long leasehold buildings Period of lease
- Leasehold improvements Period of lease
- Plant, fixtures and equipment Three to five years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Provision is made against the carrying value of items of property, plant, and equipment where impairment in value is deemed to have occurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within administrative expenses in the consolidated income statement. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. The significant intangibles recognised by the Group, their estimated useful economic lives and the methods used to determine the cost of intangibles acquired in business combinations are as follows:

<i>Intangible asset</i>	<i>Estimated useful economic life</i>	<i>Valuation method</i>
Software distribution agreements	5-9 years	Estimated royalty stream if the rights were to be licensed
Contractual and non-contractual customer relationships	5-15 years	Estimated discounted cash flow
Intellectual property rights	6-10 years	Estimated royalty stream if the rights were to be licensed

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Externally acquired intangible assets (continued)

Expenditure on research activities is recognised as an expense in the year in which it is incurred. An internally generated intangible asset arising from the Group's software development is recognised only if all the following conditions are met:

it is technically feasible to develop the product for it to be sold;

- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

The expenditure capitalised represents the cost of direct labour and third-party costs incurred in developing the software product.

Capitalised development costs are amortised on a straight-line basis over their useful lives commencing from the date the asset is available for use. Management estimates the amortisation of useful economic life is 3 to 5 years, depending on the age of the technology and how quickly it moves. The amortisation expense is included within administrative expenses in the consolidated income statement. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets which are currently in development and not amortised, these are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

**Impairment of property, plant and equipment and intangible assets excluding goodwill
(continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Investments

Fixed asset investments are shown at cost less provision for impairment. Loans due from subsidiary companies which are of a long-term nature are regarded as permanent equity and included in investments. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured either by reference to the nominal value or the fair value of the shares where appropriate. Any premium is ignored when the nominal value is used.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group and Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Intercompany loans are subsequently measured at amortised cost. Interest income is recognised using the effective interest method.

The carrying amount of financial assets and liabilities that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting year. For financial assets and liabilities measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Financial assets (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting years, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

The Group recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Financial liabilities

All financial liabilities are measured initially at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including

all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third-party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Dilapidation provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the Directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Warrants

Warrants are measured at fair value at the date of grant and initially recognised in equity. The fair value determined at the grant date is expensed as a finance cost on a straight-line basis over the term of the loan.

Pension contributions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. The Group has no defined benefit arrangements in place.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management system are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Foreign currency translation

The presentational currency is sterling.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are translated at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates ruling at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the year. The statement of financial positions of overseas subsidiaries are translated using the closing year-end rate. Exchange differences arising, if any, are taken to a separate component in equity (the translation reserve). Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

Exchange differences recognised in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the translation reserve on consolidation.

Critical accounting estimates and judgements

In applying the Group's accounting policies above the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

1. MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS (CONTINUED)

Critical accounting estimates and judgements (continued)

The Directors are of the opinion that there are no significant judgements to be disclosed. The key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below:

Impairment of goodwill and other intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit. It also requires judgement as to a suitable discount rate in order to calculate present value, i.e., the Directors' current best estimate of the weighted average cost of capital ("WACC"). Other intangibles are assessed annually for impairment as well as when triggers of impairment arise. An impairment review has been performed at the reporting date. More details, including carrying values are, included in note 14.

Recoverability of investments in subsidiaries held by the Parent

Investments in subsidiaries held by the Parent Company are compared to the net assets of the entities which the investment is held against when considering whether the investments are recoverable. Where the net assets fall below the investment value, the investment is assessed against other criteria, such as past profitability, future expected profitability and other known information such as recent dividend payments. A value in use calculation is performed to assess the appropriateness alongside the other known information as to whether the investment is considered recoverable. If the investment is deemed not to be supportable, it is written off through the Consolidated Income Statement.

Capitalised development expenditure and subsequent amortisation

Where such expenditure meets the relevant criteria, the Group is required to capitalise development expenditure. In order to assess whether the criteria are met the Board is required to make estimates in relation to likely income generation and financial and technical viability of the relevant development projects and the period over which the Group is likely to benefit from such expenditure. Development projects are subject to an investment appraisal process with the product managers to assess the status of the development and the expected commercial opportunities. Development costs are assessed for impairment which requires an estimation of the future expected revenues to be generated from each product. This methodology, which is similar to that used to assess any impairment of goodwill, is discussed further in note 14. Expenditure is only capitalised when the investment appraisal process has assessed that the product is likely to benefit the Group in the future. More details including carrying values are included in note 14.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

2. REVENUE

The Group's revenue comprises:

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Software licence revenue	299	377
Services revenue*	4,922	6,356
Maintenance and support**	13,024	15,832
Hardware and other revenue	673	652
	<u>18,918</u>	<u>23,217</u>

*From installation, integration and software development services.

**From software maintenance renewals, annual term contracts, support contracts and software as a service ("SaaS").

3. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging/(crediting):

		Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Staff costs	Note 4	7,931	11,895
Depreciation of property, plant and equipment (PPE)	11	199	340
Loss/(gain) on disposal of fixed and right-of-use assets	11	23	(374)
Depreciation of right-of-use assets	12	175	294
Amortisation of development costs	13	928	761
Exceptional impairment of goodwill, intangibles and PPE	11/13	260	–
Exceptional reorganisation costs		1,205	1,441
Exceptional acquisition/disposal related costs/(credit)		(7,525)	30
Impairment losses on financial assets		293	148
Audit fees:			
- Audit services: Audit of Group		105	206
- Audit services: Audit of subsidiaries		–	19
- Non-audit services		–	–
		<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

4. STAFF COSTS

Staff costs (including executive Directors) comprise:

Group	Year ended	Year ended	Year ended	Year ended
	30 November	30 November	30 November	30 November
	2025*	2025**	2024*	2024**
	£'000	£'000	£'000	£'000
Wages and salaries	6,477	6,896	10,151	14,718
Short-term non-monetary benefits	12	17	10	67
Defined contribution pension cost	515	556	518	925
Employers' taxes	927	994	1,216	1,784
	<u>7,931</u>	<u>8,463</u>	<u>11,895</u>	<u>17,494</u>

Company	Year ended	Year ended
	30 November	30 November
	2025	2024
	£'000	£'000
Wages and salaries	932	1,795
Short-term non-monetary benefits	27	52
Defined contribution pension cost	151	95
Employers' taxes	171	176
	<u>1,281</u>	<u>2,118</u>

In addition, share-based payments were credited of £nil (2024: £0.2m credit). Of the above Group staff costs £0.5m (2024: £0.6m) has been capitalised within development costs (see note 13).

The average number of employees in continuing and discontinuing operations during the year was:

	Group	Group	Group	Company	Company
	2025***	2024*	2024**	2025	2024
	Number	Number	Number	Number	Number
Consultants and programmers	69	100	170	–	–
Sales and distribution	12	21	30	–	–
Administration	27	37	43	14	20
	<u>108</u>	<u>158</u>	<u>243</u>	<u>14</u>	<u>20</u>

* Excludes discontinued operations held for sale staff costs or headcount.

** Includes discontinued operations held for sale staff costs or headcount.

*** Excluding discontinued operations held for sale staff headcount, the average number of employees was 101 during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

4. STAFF COSTS (CONTINUED)

Directors and key management personnel remuneration

Key management personnel, defined as the Board, are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group.

Key management personnel remuneration consists of:

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Remuneration (includes contractual and settlement for loss of office)	1,229	860
Company contributions to pension schemes	24	20
	<u>1,253</u>	<u>880</u>

Included in the totals above is Directors' remuneration. Directors' remuneration consists of:

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Remuneration (includes contractual and settlement for loss of office)	1,016	720
Company contributions to pension schemes	18	14
	<u>1,034</u>	<u>734</u>

Share-based payment credit relating to Directors' remuneration (and key management) was £nil (2024: credit of £0.2m).

Remuneration in respect of the highest paid Director:

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Remuneration (includes contractual and settlement for loss of office)	477	325
Company contributions to pension schemes	9	11
	<u>486</u>	<u>336</u>

There were 7 Directors during the year (2024: 6) of which 3 were in defined contribution pension schemes (2024: 2). Note that the Directors' emoluments include amounts attributed to benefits-in-kind on which Directors are assessed for tax purposes. This may differ to the cost to the Group of providing those benefits included in this note.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

5. SEGMENT INFORMATION

The Group operates a streamlined organisation with management resource and central services focused on working across the Group in a more unified manner to increase the strategic focus on the level of our own product sales.

Reporting is based on product split between K3 own products ('K3 Products') and Third-party reseller activities ('Third-party Solutions') across revenue and gross margin. Overheads and administrative expenses are included as a central cost given resource works across these three segments. The activities and products and services of the operating segments are detailed in the Strategic Report on pages 6 to 7.

Transactions between operating segments are on an arms-length basis. The CODM (Chief Operating Decision Maker, the Board) primarily assesses the performance of the operating segments based on product revenue, gross margin and Group adjusted operating profit/(loss). The segment results for the year ended 30 November 2025 and for the year ended 30 November 2024, reconcile to profit for the year.

Year ended 30 November 2025

	K3 Products £'000	Third-party Solutions £'000	Central Costs £'000	Total £'000
External revenue	10,309	8,495	114	18,918
Cost of sales	(1,704)	(4,619)	(48)	(6,371)
Gross profit	8,605	3,876	66	12,547
Gross margin	83%	46%	58%	66%
Adjusted administrative expenses and impairment losses on financial assets	(5,382)	(3,768)	(1,618)	(10,768)
Adjusted operating profit/(loss)	3,223	108	(1,552)	1,779
Exceptional impairment cost	–	–	(260)	(260)
Exceptional reorganisation costs	–	–	(1,205)	(1,205)
Exceptional acquisition/disposal costs	–	–	7,525	7,525
Profit from operations	3,223	108	4,508	7,839
Finance income	–	–	1,009	1,009
Profit before tax	3,223	108	5,517	8,848
Tax expense	–	–	(189)	(189)
Profit for the year from continuing operations	3,223	108	5,328	8,659
Loss from discontinued operations				(41)
				8,618

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

5. SEGMENT INFORMATION (CONTINUED)

Year ended 30 November 2024

	K3 Products £'000	Third-party Solutions £'000	Central Costs £'000	Total £'000
External revenue	12,340	10,877	–	23,217
Cost of sales	(2,412)	(6,034)	–	(8,446)
Gross profit	9,928	4,843	–	14,771
Gross margin	80%	45%	–	64%
Adjusted administrative expenses and impairment losses on financial assets	(10,461)	(2,419)	(3,003)	(15,883)
Adjusted operating profit/(loss)	(533)	2,424	(3,003)	(1,112)
Exceptional reorganisation costs	–	–	(1,441)	(1,441)
Exceptional acquisition/disposal costs	–	–	(30)	(30)
Share-based payment credit	–	–	192	192
(Loss)/profit from operations	(533)	2,424	(4,282)	(2,391)
Finance expense	–	–	(378)	(378)
(Loss)/profit before tax	(533)	2,424	(4,660)	(2,769)
Tax expense	–	–	332	332
(Loss)/profit for the year from continuing operations	(533)	2,424	(4,328)	(2,437)
Profit from discontinued operations				3,011
				574

Segment assets and segment liabilities are reviewed by the CODM in a consolidated statement of financial position. Accordingly, this information is replicated in the Group consolidated statement of financial position. As no measure of assets or liabilities for individual segments is reviewed regularly by the CODM, no disclosure of total assets or liabilities has been made, in accordance with the amendment to paragraph 23 of IFRS 8.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Transactions between segments are accounted for at cost.

Since K3 disposed of the Global Accounts division, the Group no longer has reliance on individual customers (2024: 1 customer represented 12% of external Group revenue).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

5. SEGMENT INFORMATION (CONTINUED)

Analysis of the Group's external revenues (by customer geography) and non-current assets by geographical location are detailed below:

External revenue by end customer geography

	External revenue		Non-current assets	
	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000	2025 £'000	2024 £'000
United Kingdom	5,918	3,999	3,294	12,203
Netherlands	3,714	4,349	16	1,039
Ireland	21	26	–	–
Rest of Europe	3,380	6,891	–	55
Middle East	1,519	1,896	–	–
Asia	2,548	3,220	–	(3)
USA	594	575	2	9
Rest of world	1,224	2,261	–	–
	18,918	23,217	3,312	13,303
% of non-UK revenue	69%	83%		

External revenue by business unit geography

	External revenue	
	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
United Kingdom	5,795	4,917
Netherlands	12,128	15,776
Rest of Europe	995	2,524
	18,918	23,217
% of non-UK revenue	69%	79%

6. FINANCE INCOME/(EXPENSE)

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Bank borrowings	21	(108)
Interest expense on lease liabilities	(56)	(85)
Bank interest receivable	667	–
Other finance costs	377	(185)
	1,009	(378)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Current tax (credit)/expense:		
UK corporation tax on profits/(losses) for the year	–	(1)
Corporation tax of overseas operations on profits/(losses) for the year	66	56
Adjustments in respect of prior years	94	(299)
Total current tax charge/(credit)	<u>160</u>	<u>(244)</u>
Deferred tax:		
Origination and reversal of timing differences	31	(14)
Adjustments in respect of prior periods	(2)	(74)
Total deferred tax charge/(credit)	<u>29</u>	<u>(88)</u>
Total tax charge/(credit)	<u><u>189</u></u>	<u><u>(332)</u></u>

Deferred tax balances as at 30 November 2025 have been measured at 25% (2024: 25%).

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits/(losses) for the year are as follows:

	Year ended 30 November 2025 £'000		Year ended 30 November 2024 £'000	
Profit/(loss) before tax	<u>8,848</u>		<u>(2,769)</u>	
Tax credit based on standard rate of corporation tax	2,212	25%	(692)	25%
Effects of:				
Items not deductible for tax purposes	4,033		91	
Income not taxable	(5,556)		(177)	
Group relief on held for sale operations	–		757	
Adjustments respect of prior years	92		(372)	
Movements in deferred tax not recognised	(588)		66	
Differences between overseas tax rates	(4)		(5)	
Total tax charge/(credit) in current year	<u><u>189</u></u>	2%	<u><u>(332)</u></u>	12%

None of the items within other comprehensive income in the Consolidated Statement of Comprehensive Income have resulted in a tax expense or tax income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

8. DIVIDENDS AND TENDER OFFER DISTRIBUTIONS

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Tender offer distributions during the period	29,000	–

A tender offer distribution of £29m was made during the period. No final dividend in respect of the year ended 30 November 2025 will be proposed (2024: £nil).

9. EARNINGS/(LOSS) PER SHARE

The calculations of earnings/(loss) per share are based on the profit/(loss) for the year and the following numbers of shares:

	2025 Number	2024 Number
Weighted average number of shares used in basic EPS	33,959,830	44,732,379
Weighted average warrants	600,000	1,200,000
Weighted average number of shares used in diluted EPS	34,559,830	45,932,379

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Profit/(loss) after tax from continuing operations	8,659	(2,437)
(Loss)/profit after taxation from discontinued operations	(41)	3,011
Profit/(loss) attributable to ordinary equity holders	8,618	574

The alternative earnings per share calculations have been computed because the Directors consider that they are useful to shareholders and investors. These are based on the following profits/(losses) and the above number of shares.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

9. EARNINGS/(LOSS) PER SHARE (CONTINUED)

	Year ended 30 November 2025 £'000	Year ended 30 November 2024 £'000
Profit/(loss) after tax from continuing operations	8,659	(2,437)
Add back other items:		
Exceptional reorganisation costs	1,205	1,441
Exceptional impairment costs	260	–
Share-based payment credit	–	(192)
Acquisition/disposal related (credit)/costs	(7,525)	30
Tax credit related to other items	(301)	(360)
	<hr/>	<hr/>
Profit/(loss) attributable to ordinary equity holders before other items	2,298	(1,518)
	<hr/> <hr/>	<hr/> <hr/>
	2025 Pence	2024 Pence
Profit/(loss) per share		
Basic profit/(loss) per share	25.4	1.3
Diluted profit/(loss) per share	24.9	1.3
Basic profit/(loss) per share per continuing operations	25.5	(5.4)
Adjusted earnings/(loss) per share		
Basic earnings/(loss) per continuing operations and before other items	6.8	(3.4)
	<hr/>	<hr/>

10. SHARE-BASED PAYMENTS

The Group did not enter into any share-based payment transactions with parties during the current or previous year with no share option scheme currently operating. An outstanding credit of £0.2m from lapsed options was included in the 2024 numbers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

11. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land and buildings £'000	Leasehold improvements £'000	Plant, fixtures and equipment £'000	Total £'000
Cost				
At 30 November 2023	750	47	6,879	7,676
Additions	–	–	32	32
Disposals	–	(47)	(3,827)	(3,874)
Reclassified to held for sale	–	–	(537)	(537)
Effect of movements in FX rate	–	–	(136)	(136)
At 30 November 2024	750	–	2,411	3,161
Additions	–	–	24	24
Disposals	–	–	(991)	(991)
Impairment	(750)	–	–	(750)
Effect of movements in FX rate	–	–	38	38
At 30 November 2025	–	–	1,482	1,482
Accumulated depreciation				
At 30 November 2023	167	47	6,139	6,353
Depreciation charge	10	–	330	340
Disposals	–	(47)	(3,797)	(3,844)
Reclassified to held for sale	–	–	(528)	(528)
Effect of movements in FX rate	–	–	(127)	(127)
At 30 November 2024	177	–	2,017	2,194
Depreciation charge	8	–	191	199
Disposals	–	–	(779)	(779)
Impairment	(185)	–	–	(185)
Effect of movements in FX rate	–	–	29	29
At 30 November 2025	–	–	1,458	1,458
Net book value				
At 30 November 2024	573	–	394	967
At 30 November 2025	–	–	24	24

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Plant, fixtures and equipment £'000
Cost	
At 30 November 2023	2,111
Additions	9
Disposals	(832)
	<hr/>
At 30 November 2024 and 2025	1,288
Accumulated depreciation	
At 30 November 2023	1,828
Depreciation charge	186
Disposals	(832)
	<hr/>
At 30 November 2024	1,182
Depreciation charge	92
	<hr/>
At 30 November 2025	1,274
	<hr/>
Net book value	
At 30 November 2024	106
	<hr/> <hr/>
At 30 November 2025	14
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 November 2025

12. RIGHT-OF-USE ASSETS**Group**

	Buildings £'000	Motor vehicles £'000	Total £'000
Cost			
At 30 November 2023	3,544	2,030	5,574
Additions	–	55	55
Disposals	(2,432)	(1,359)	(3,791)
Reclassified to held for sale	–	(26)	(26)
Effect of movements in FX rate	(23)	(19)	(42)
At 30 November 2024	1,089	681	1,770
Additions	–	109	109
Disposals	(886)	(753)	(1,639)
Impairment	(219)	–	(219)
Effect of movements in FX rate	32	(8)	24
At 30 November 2025	16	29	45
Accumulated depreciation			
At 30 November 2023	2,761	1,788	4,549
Depreciation charge	178	116	294
Disposals	(2,355)	(1,359)	(3,714)
Reclassification	(90)	90	–
Reclassified to held for sale	–	(17)	(17)
Effect of movements in FX rate	(7)	(14)	(21)
At 30 November 2024	487	604	1,091
Depreciation charge	117	58	175
Disposals	(578)	(635)	(1,213)
Impairment	(24)	–	(24)
Effect of movements in FX rate	14	(8)	6
At 30 November 2025	16	19	35
Net book value			
At 30 November 2024	602	77	679
At 30 November 2025	–	10	10

The Group leases several assets including buildings, motor vehicles and equipment. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

	2025	2024
	£'000	£'000
Depreciation expense on right-of-use assets	175	294
Interest expense on lease liabilities	48	85

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

13. INTANGIBLE ASSETS

Group	Goodwill £'000	Develop- ment costs £'000	Customer relation- ships £'000	Distribution agreements £'000	Intellect- ual property £'000	Total £'000
Cost or valuation						
At 30 November 2023	34,038	28,045	19,040	10,646	3,951	95,720
Additions	–	567	–	–	–	567
Reclassified to held for sale	(14,448)	(2,206)	(2,924)	(496)	–	(20,074)
Disposals	(7,411)	(23,756)	(9,810)	(8,950)	(374)	(50,301)
Effect of movements in FX rate	(355)	235	–	–	–	(120)
At 30 November 2024	11,824	2,885	6,306	1,200	3,577	25,792
Additions	–	450	–	–	–	450
Disposals	(10,778)	(384)	(5,325)	(475)	(2,933)	(19,895)
Effect of movements in FX rate	508	165	256	65	98	1,092
At 30 November 2025	1,554	3,116	1,237	790	742	7,439
Accumulated amortisation						
At 30 November 2023	9,127	26,512	19,040	10,646	3,951	69,276
Amortisation charge	–	761	–	–	–	761
Reclassified to held for sale	–	(1,772)	(2,924)	(496)	–	(5,192)
Disposals	(7,411)	(24,156)	(9,810)	(8,950)	(374)	(50,701)
Effect of movements in FX rate	–	136	–	–	–	136
At 30 November 2024	1,716	1,481	6,306	1,200	3,577	14,280
Amortisation charge	–	928	–	–	–	928
Disposals	(1,306)	(384)	(5,325)	(475)	(2,933)	(10,423)
Effect of movements in FX rate	47	197	256	65	98	663
At 30 November 2025	457	2,222	1,237	790	742	5,448
Net book value						
At 30 November 2024	10,108	1,404	–	–	–	11,512
At 30 November 2025	1,097	894	–	–	–	1,991

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

14. GOODWILL AND IMPAIRMENT

Goodwill acquired in business combinations is allocated at acquisition to the cash generating units (“CGUs”) that are expected to benefit from that business combination. The allocation made represents the lowest level at which goodwill is monitored for internal management purposes and are not larger than the single operating segment defined under IFRS 8 (Operating Segments).

The carrying value of goodwill in respect of all CGUs is set out below. These are fully supported by value in use calculations in the year.

	2025	2024
	£'000	£'000
Global Accounts	–	9,011
Walton	1,097	1,097
	1,097	10,108

The recoverable amounts of the remaining CGUs are determined from value in use calculations. The key assumptions for these calculations are discount rates, sales growth, gross margin, and admin expense growth rates. The assumptions for these calculations reflect the current economic environment. The discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC). Other assumptions used are based on external data and management’s best estimates.

For all the CGUs where the recoverable amount is determined from value in use, the Group performs impairment reviews by forecasting cash flows based upon the Annual Budget starting in 2025, which anticipates sales, gross margin and admin cost growth based on management’s best estimates. A projection of sales and cash flows based upon a blended inflation rate of 1.2% for the Walton CGU is then made for a further four years, into a terminal amount.

The rate used to discount the forecast pre-tax cash flows is 20.5% for Walton, which represents the Directors’ current best estimates of the pre-tax weighted average cost of capital (“WACC”). The Directors consider that there are no material differences in the post-tax WACC for different CGUs.

15. INVESTMENTS

	2025	2024
	£'000	£'000
Subsidiary undertakings	4,040	29,160

The trading subsidiaries of K3 Business Technology Group plc are disclosed in note 30. All subsidiary undertakings are wholly owned, and all shares consist of ordinary shares only.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

15. INVESTMENTS (CONTINUED)

	£'000
At 30 November 2023	28,589
Additions	571
At 30 November 2024	29,160
Impairment	(573)
Business disposals	(24,547)
At 30 November 2025	4,040
Net book value	
At 30 November 2024*	29,160
At 30 November 2025	4,040

* £14.2m is disclosed in the caption 'assets classified as held for sale' on the face of the Company Statement of Financial Position.

FY24 additions of £0.6m related to K3 Property Holdco Limited, which holds the head office owned by the Group and purchased from a subsidiary via dividends paid. This was fully impaired in FY25.

16. TRADE AND OTHER RECEIVABLES

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Trade receivables	1,634	2,872	13	–
Loss allowance	(187)	(407)	–	–
Trade receivables – net	1,447	2,465	13	–
Deferred consideration	926	–	926	–
Loan receivable	1,310	–	1,310	–
Amounts due from subsidiary undertakings	–	–	673	2,516
Other receivables	21	193	43	71
Contract assets	47	419	–	–
Prepayments	137	454	72	240
Intercompany trading with held for sale assets	–	121	–	–
Current trade and other receivables	3,888	3,652	3,037	2,827
Deferred consideration	1,287	–	1,287	–
Non-current trade and other receivables	1,287	–	1,287	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The fair value of trade and other receivables approximates to book value at 30 November 2025 and 30 November 2024.

Of the above, trade receivables of £nil (2024: £nil) and contract assets of £nil (2024: £nil) are due after more than one year.

A working capital loan of €1.5m (£1.3m) has been made during October 2025 to the Global Accounts business following the sale of the business. The loan is in place to support working capital following extraction of all available cash prior to the sale transaction. Interest accrues at a market rate of 11.15% per annum. The latest repayment date is 18-months from the date of the loan, with early repayment accepted.

Interest is charged on amounts owed by subsidiary undertakings at 7.95% (2024: 8.75%), which is deemed to be a market rate. The Company impaired £nil during the year (2024: £1.9m) of the intercompany receivables.

The Group is exposed to credit risk with respect to trade receivables due and accrued income which will become due from its customers. The Group has more than 1,000 (2024: more than 1,000) customers at the year-end spread across various industries, although predominantly in the retail, manufacturing, and distribution sectors. Since K3 disposed of the Global Accounts division, the Group no longer has reliance on individual customers (2024: 1 customer represented 12% of external Group revenue). The Group assesses the credit rating for new customers to minimise the credit risk.

The average credit period on sales is 30 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The carrying amounts of the Group's trade and other receivables are denominated in the following:

	2025	2024
	£'000	£'000
Pound sterling	1,702	935
Euro	3,473	2,555
Other	–	162
	5,175	3,652

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables and contract assets based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

30 November 2025

Group	Not past due £'000	<30 days £'000	31-60 days £'000	61-90 days £'000	> 90 days £'000	Total £'000
Expected credit loss rate	1.1%	1.4%	3.2%	0.0%	3.7%	1.7%
Estimated total gross carrying amount at default	1,058	213	94	43	273	1,681
Specific provision	–	(3)	–	(5)	(151)	(159)
Lifetime expected credit loss	(12)	(3)	(3)	–	(10)	(28)
						<u>1,494</u>
				Trade receivables – net		1,447
				Contract assets		47
					Total	<u>1,494</u>

30 November 2024

Group	Not past due £'000	<30 days £'000	31-60 days £'000	61-90 days £'000	> 90 days £'000	Total £'000
Expected credit loss rate	0.8%	0.9%	3.5%	1.7%	0.9%	1.0%
Estimated total gross carrying amount at default	2,304	422	173	59	333	3,291
Specific provision	–	(2)	(27)	(18)	(327)	(374)
Lifetime expected credit loss	(19)	(4)	(6)	(1)	(3)	(33)
						<u>2,884</u>
				Trade receivables – net		2,465
				Contract assets		419
					Total	<u>2,884</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements on the Group provision for impairment of trade receivables and contract assets are as follows:

	2025	2024
	£'000	£'000
At beginning the of the year	407	635
Provided during the year	293	148
Utilised during the year	(178)	(311)
Sold operations	(335)	
Discontinued operations held for sale	–	(65)
	<hr/>	<hr/>
At the end of the year	187	407
	<hr/> <hr/>	<hr/> <hr/>

The movement on the provision for impaired receivables and contract assets has been included in administrative expenses in the consolidated income statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above.

17. TRADE AND OTHER PAYABLES

	Group	Group	Company	Company
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade payables	355	1,138	146	591
Amounts owed to subsidiary undertakings	–	–	1,179	2,331
Other payables	557	1,234	195	507
Accruals	387	1,379	386	709
Other tax and social security taxes	75	381	–	–
Contract liabilities	3,447	3,442	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	4,821	7,574	1,906	4,138
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

To the extent trade and other payables are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 30 November 2025 and 30 November 2024.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

17. TRADE AND OTHER PAYABLES (CONTINUED)

Interest is charged on amounts owed to subsidiary undertakings at 7.95% (2024: 8.75%), which is deemed to be a market rate.

£3m of contract liabilities in 2024 have been included in discontinued operations held for sale. See note 28 for detail.

The carrying amounts of the Group's trade and other payables are denominated in the following:

	2025	2024
	£'000	£'000
Pound sterling	2,936	4,523
Euro	1,846	2,714
Other	39	337
	4,821	7,574

18. BORROWINGS

	2025	2024
	£'000	£'000
Current:		
Bank loans	–	1
Total borrowings	–	1

With the sale of NexSys Solutions Limited on 29 November 2024, the bank facility with Barclays fell away, with the Group keeping a proportion of the gross sales proceeds within the Group for working capital purposes and to ensure that the remaining parts of the Group are appropriately funded.

19. FINANCIAL INSTRUMENTS

Risk management

The Group is exposed through its operations to one or more of the following financial risks:

- a) Market (and currency) risk;
- b) Liquidity risk; and
- c) Credit risk.

Policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below. Further quantitative information in respect of these risks is presented throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

There have been no substantive changes from previous years in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or methods used to measure them.

Principal financial instruments

The principal financial instruments used by the Group, from which financial risk arises, are as follows:

- a) Trade receivables;
- b) Cash at bank;
- c) Trade and other payables; and
- d) Floating-rate bank loans and overdrafts.

Market (and currency) risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Fair value and cash flow interest rate risk

The Group has fixed interest loans in respect of leases with a net book value of £0.2m (2024: £0.7m). The interest rate applicable on lease liabilities ranges from 3% to 9% (2024: 5% to 9%).

Bank debt is £nil (2024: £nil).

Foreign currency risk

Foreign exchange risk arises because the Group has operations located overseas whose functional currency is not the same as the Group's primary functional currency (sterling). The net assets from overseas operations are exposed to currency risk giving rise to gains or losses on retranslation into sterling. The amount of receivables and payables denominated in different currencies can be seen notes 16 and 17 accordingly.

Foreign exchange risk also arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. It is Group policy that such transactions should be hedged by entering into forward contracts where it is considered the risk to the Group is significant. This policy is managed centrally by Group treasury entering into a matching forward contract with a reputable bank when required.

It is Group policy that transactions between Group entities are always denominated in the selling entity's functional currency thereby giving rise to foreign exchange risk in the income statement of both the purchasing Group entity and the Group. No external hedge is entered into as there is no exposure to consolidated net assets from intra-group transactions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The liquidity risk of each Group entity is managed comparing to budgets and month trading.

The Group retains a cash balance for working capital purposes and to ensure that the Group is appropriately funded.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any contractual arrangements.

The Group does not have any significant credit risk exposure to any single customer. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group’s maximum exposure to credit risk.

Further details, including quantitative information, are included in note 16.

Capital disclosures

The Group monitors “adjusted capital” which comprises all components of equity (i.e., share capital, share premium, retained earnings and other reserves) other than amounts in the translation reserve. Other reserves comprise a merger relief reserve.

	2025	2024
	£’000	£’000
Total equity	7,083	27,344
Less: amounts in translation reserve	(1,191)	(1,370)
	5,892	25,974

The Group’s objective when maintaining capital is to safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

The carrying value of the Group's financial instruments are analysed as follows:

30 November 2025

Group	Notes	Amortised cost £'000	At FVTPL £'000	Total £'000
Assets				
Trade and other receivables:				
Trade receivables	16	1,447	–	1,447
Deferred consideration receivable	16	2,213	–	2,213
Loan receivable	16	1,310	–	1,310
Other non-derivative financial assets	16	21	–	21
Contract assets	16	47	–	47
Cash and cash equivalents		5,856	–	5,856
Total assets		10,894	–	10,894
Liabilities				
Borrowing and lease liabilities:				
Current	18/22	(11)	–	(11)
Non-current	18/22	(216)	–	(216)
Trade and other payables:				
Trade payables	17	(355)	–	(355)
Other non-derivative financial liabilities	17	(557)	–	(557)
Contract liabilities	17	(3,447)	–	(3,447)
Total liabilities		(4,586)	–	(4,586)
Net		6,308	–	6,308

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

19. FINANCIAL INSTRUMENTS (CONTINUED)

30 November 2024

Group

	Notes	Amortised cost £'000	At FVTPL £'000	Total £'000
Assets				
Trade and other receivables:				
Trade receivables	16	2,465	–	2,465
Other non-derivative financial assets	16	193	–	193
Contract assets	16	419	–	419
Cash and cash equivalents		3,643	–	3,643
Total assets		6,720	–	6,720
Liabilities				
Borrowing and lease liabilities:				
Current	18/22	(180)	–	(180)
Non-current	18/22	(497)	–	(497)
Trade and other payables:				
Trade payables	17	(1,138)	–	(1,138)
Other non-derivative financial liabilities	17	(1,234)	–	(1,234)
Contact liabilities	17	(3,442)	–	(3,442)
Total liabilities		(6,491)	–	(6,491)
Net		229	–	229

Financial instruments measured at fair value

There were no financial instruments measured subsequent to initial recognition at fair value at the end of either year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 November 2025

20. PROVISIONS

Group

	Dilapidations £'000	Deferred consideration £'000	Other provisions £'000	Total £'000
At 30 November 2024	669	–	120	789
Additions	1	737	–	738
Utilised in the year	(501)	–	(73)	(574)
Interest	8	–	–	8
Disposal	(155)	–	(53)	(208)
Exchange differences	–	–	6	6
At 30 November 2025	22	737	–	759
Split as:				
Current	18	737	–	755
Non-current	4	–	–	4
At 30 November 2025	22	737	–	759

Company

	Dilapidations £'000	Deferred consideration £'000	Dilapidations £'000
At 30 November 2024	501	–	501
Additions	–	737	737
Utilised in the year	(501)	–	(501)
At 30 November 2025	–	737	737
Split as:			
Current	–	737	737
Non-current	–	–	–
At 30 November 2025	–	737	737

21. DEFERRED TAX

	2025 £'000	2024 £'000
Deferred tax assets		
Continuing operations	–	145
Deferred tax liabilities		
Continuing operations	(76)	(71)
	(76)	74

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

21. DEFERRED TAX (CONTINUED)

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Plant and equipment	–	–	2	–	2	–
Other temporary differences	–	–	(78)	(71)	(78)	(71)
Losses	–	145	–	–	–	145
Deferred tax assets/(liabilities)	–	145	(76)	(71)	(76)	74

Movement in deferred tax during the year:

	Year ended	Recognised	Disposal	Year ended
	30 November			30 November
	2024	in income		2025
	£'000	£'000	£'000	£'000
Plant and equipment	–	2	–	2
Other temporary differences	(71)	114	(121)	(78)
Losses	145	(145)	–	–
Deferred tax assets/(liabilities)	74	(29)	(121)	(76)

The Group have not recognised a deferred tax asset on £0.7m (2024: £3.2m) of tax losses and intangible fixed asset timing differences carried forward due to uncertainties over recovery. No deferred tax liability is recognised on temporary differences of £nil (2024: £12k) relating to the unremitted earnings of overseas subsidiaries as the Group can control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

22. LEASE LIABILITIES

	2025 £'000	2024 £'000
Analysed as:		
Non-current	216	497
Current	11	179
	227	676

Maturity Analysis	2025 £'000	2024 £'000
Year 1	11	179
Years 2 to 5	2	282
Greater than 5	214	215
	227	676

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

22. LEASE LIABILITIES (CONTINUED)

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. Lease obligations are denominated in Sterling and Euros.

23. SHARE CAPITAL AND RESERVES

Issued and fully paid

Ordinary shares of 5p each
(2024: 25p)

	Number	£'000
At the beginning of the year	44,732,379	11,183
Warrants exercised	1,200,000	300
Capital reduction	–	(9,186)
Tender offer share cancellation	(34,117,647)	(1,706)
At the end of the year	11,814,732	591

All shares have equal voting rights and there are no restrictions on the distribution of dividends or repayment of capital.

Warrants

1,200,000 warrants for ordinary shares of 25p were exercised during the year. They were originally issued on 31 March 2020 following the receipt by the Group of £3,000,000 in shareholder loans, and the latter was subsequently transferred to shares in 2021. The split of the warrants pre-exercise was as follows:

- CA Fastigheter AB 300,000
- Johannes Plan Fastigheter AB 300,000
- Kestrel Partners LLP discretionary clients 600,000

There are no further warrants outstanding as at 30 November 2025.

Capital reduction and tender offer

The Board successfully sought shareholder approval and Court approval for a share capital reduction in order to increase the distributable reserves of the Company. This was made up of two elements:

- the share premium account was reduced in its entirety from £31,450,094; and
- the nominal value of each ordinary share in issue was reduced by £0.20 on each issued ordinary share of £0.25, reducing the nominal value of each ordinary share to £0.05.

£29.0m was returned to shareholders by way of a tender offer with the subsequent cancellation of 34,117,647 shares. The cancelled shares gave rise to a capital redemption reserve (disclosed in other reserves) of £1.7m.

23. SHARE CAPITAL AND RESERVES (CONTINUED)

Nature and purpose of other reserves

Merger relief reserve

The merger relief reserve represents the memorandum accounting reserve generated through acquisitions made by the Group where shares were issued as part of those acquisitions. During the year there has been a reduction in this reserve to retained earnings representing those parts of the merger relief reserve where the previous acquired companies are no longer held by the Group. As at 30 November 2025 there is no longer a merger relief reserve held.

Other reserve

This reserve represents the capital reduction associated with the in-year issue of warrants from 25p to 5p.

Capital redemption reserve

Following a tender offer, the subsequent cancellation of shares gave rise to a capital redemption reserve.

24. RETIREMENT BENEFITS

The Group operates a defined contribution scheme and also makes contributions to personal pension schemes of certain senior employees and Directors.

Pension costs for defined contribution schemes in the year to 30 November 2025 for the Group are £0.5m (2024: £0.5m).

25. RELATED PARTY TRANSACTIONS

Details of Directors and key management compensation is given in note 4.

Transactions

Non-Executive Director fees due to Mr O Scott and Mr C Errington are paid to Kestrel Partners, where both are founding partners. Kestrel Partners LLP is an investment management firm that has discretionary rights to vote 3,382,558 shares in the Company under management

Fees paid to Kestrel in the year were £62k (2024: £45k) and the balance owed to Kestrel at 30 November 2025 was £nil (2024: £nil).

600,000 warrants of 25p were exercised by Kestrel Partners LLP discretionary clients during the year. See note 23 for more information. Other than their remuneration and the warrants exercised, there are no other transactions in the year with key management personnel.

Mr O Scott and Mr C Errington participated pro-rata with other shareholders in the tender offer pursuant to the various interests disclosed at page 13.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

26. CONTINGENT LIABILITY

There are no known contingent liabilities in the current year. In the prior year, the Company has entered into a cross-guarantee with fellow Group undertakings in relation to liabilities with Barclays Bank plc, however the Group had cancelled this facility by the end of 30 November 2024.

27. NOTES TO THE CASH FLOW STATEMENT

	2025	2024
	£'000	£'000
Cash and cash equivalents excluding held for sale operations	5,856	3,643
Cash and cash equivalents – held for sale	–	5,246
	<hr/>	<hr/>
Cash and bank including held for sale operations	5,856	8,889
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents comprise cash and bank balances available on demand. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

Non-cash transactions

Additions to buildings and motor vehicles during the year amounting to £0.1m (2024: £0.1m) were financed by new leases.

Reconciliation of financing liabilities

No reconciliation of financing liabilities is shown in this note as the only financing liabilities are the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

28. DISCONTINUED OPERATIONS HELD FOR SALE

NexSys Solutions Limited (“NexSys”)

On the 6 January 2025, the Group sold NexSys Solutions Limited (“NexSys”) to SYSPRO, via funds managed and/or advised by Advent, for gross consideration of £36.0m. NexSys had already been classified as a discontinued operation in the prior year.

The cash impact of the disposal of the NexSys business was as follows:

	2025 £'000
Gross consideration	35,966
Intercompany settlements	(2,564)
	<hr/>
Cash consideration received	33,402
Cash disposed of	(4,106)
	<hr/>
Net cash inflow of discontinued operation	29,296
	<hr/> <hr/>

The net assets associated with the NexSys disposal and profit on disposal are as follows:

	2025 £'000
Property, plant and equipment	4
Right-of-use assets	3
Goodwill	14,448
Other intangible assets	450
Trade and other receivables	1,673
Cash and cash equivalents	4,106
Trade and other payables	(3,203)
Tax assets	69
Lease liabilities	(6)
	<hr/>
Net assets disposed of	17,544
Cash consideration	(33,402)
	<hr/>
Profit on disposal	(15,858)
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

28. DISCONTINUED OPERATIONS HELD FOR SALE (CONTINUED)

The results of NexSys for the year are presented below:

	2025	2024
	£'000	£'000
External revenue	576	12,048
Cost of sales	(215)	(3,710)
Gross profit	361	8,338
Administrative expenses	(424)	(5,194)
Exceptional reorganisation costs	–	(62)
(Loss)/profit from operations	(63)	3,082
Finance expense	(6)	(19)
(Loss)/profit before tax from discontinued operations	(69)	3,063
Tax expense	10	(53)
(Loss)/profit for the year from discontinued operations	(59)	3,010
	2025	2024
Basic (loss)/earnings per share from discontinued operations	(0.2)p	6.7p

The net cashflows incurred by NexSys are as follows:

	2025	2024
	£'000	£'000
Operating	(923)	2,154
Investing	(12)	–
Financing	–	(20)
Net cash (outflow)/inflow	(935)	2,134

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

28. DISCONTINUED OPERATIONS HELD FOR SALE (CONTINUED)

K3 Systems Support Limited (“SSL”)

On 20 December 2024, the Group sold SSL to its management team for consideration of £20k, being £500 cash consideration and £19.5k deferred consideration.

The cash impact of the disposal of the SSL business was as follows:

	2025 £'000
Cash consideration received	1
Cash disposed of	(85)
	<hr/>
Net cash outflow of discontinued operation	(84)
	<hr/> <hr/>

The net assets associated with the SSL disposal and loss on disposal are as follows:

	2025 £'000
Trade and other receivables	7
Cash and cash equivalents	85
Trade and other payables	(47)
Tax liability	(12)
	<hr/>
Net assets disposed of	33
Cash consideration	(1)
Deferred consideration	(19)
	<hr/>
Loss on disposal	13
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

28. DISCONTINUED OPERATIONS HELD FOR SALE (CONTINUED)

The results of SSL for the year are presented below:

	2025	2024
	£'000	£'000
External revenue	19	433
Cost of sales	(1)	(34)
Gross profit	18	399
Administrative expenses	–	(394)
Impairment losses on financial assets	–	1
Profit from operations	18	6
Finance expense	–	–
Profit before tax from discontinued operations	18	6
Tax expense	–	(5)
Profit for the year from discontinued operations	18	1
	2025	2024
Basic earnings per share from discontinued operations	0.1p	0.0p

The net cashflows incurred by SSL are as follows:

	2025	2024
	£'000	£'000
Operating	(121)	152
Investing	–	–
Financing	–	–
Net cash (outflow)/inflow	(121)	152

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE

K3 Business Solutions BV and subsidiaries (“BSBV”)

On 30 September 2025, the Group sold BSBV to its management team for deferred consideration of £1.3m.

The cash impact of the disposal of the BSBV business was as follows:

	2025 £'000
Cash disposed of	(246)
Net cash outflow of disposal	(246)

The net assets associated with the BSBV disposal and the loss on disposal were:

	2025 £'000
Property, plant and equipment	159
Right-of-use assets	(8)
Goodwill	9,472
Trade and other receivables	1,356
Stock	17
Cash and cash equivalents	246
Deferred tax asset	24
Trade and other payables	(1,367)
Tax assets	198
Lease liabilities	6
Provisions	(147)
Translation reserve	(557)
Net assets disposed of	9,399
Deferred consideration	(1,261)
Loss on disposal	8,138

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE (CONTINUED)

The results of BSBV for the year are presented below:

	2025 £'000
External revenue	9,114
Cost of sales	(5,129)
Gross profit	3,985
Administrative expenses	(4,089)
Impairment losses on financial assets	(116)
Exceptional impairment	(1,466)
Exceptional reorganisation costs	(5)
Loss from operations	(1,691)
Finance income	212
Loss before tax	(1,479)
Tax expense	71
Loss for the year	(1,408)
	2025
Basic earnings per share	(4.1)p

The net cashflows incurred by BSBV are as follows:

	2025 £'000
Operating	(1,255)
Investing	(10)
Financing	–
Net cash outflow	(1,265)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE

Retail Support International ApS and subsidiaries (“DdD”)

On 2 June 2025, the Group sold DdD for consideration of £1.2m, being £0.3m cash consideration and £0.9m deferred consideration. The deferred consideration has been provided for.

The cash impact of the disposal of the DdD business was as follows:

	2025 £'000
Cash consideration received	309
Cash disposed of	(559)
	<hr/>
Net cash outflow of disposal	(250)
	<hr/> <hr/>

The net assets associated with the DdD disposal and the loss on disposal were:

	2025 £'000
Property, plant and equipment	45
Right-of-use assets	9
Trade and other receivables	251
Stock	85
Cash and cash equivalents	559
Trade and other payables	(206)
Tax liabilities	(74)
Provisions	(240)
Translation reserve	(67)
	<hr/>
Net assets disposed of	362
Cash consideration	(309)
Deferred consideration	(926)
Provision against deferred consideration	926
	<hr/>
Loss on disposal	53
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE (CONTINUED)

The results of DdD for the year are presented below:

	2025 £'000
External revenue	1,229
Cost of sales	(313)
Gross profit	916
Administrative expenses	(935)
Impairment losses on financial assets	(1)
Exceptional impairment	(46)
Exceptional reorganisation costs	(9)
Loss from operations	(75)
Finance income	51
Loss before tax	(24)
Tax expense	54
Profit for the year	30
	2025
Basic loss per share	0.1p

The net cashflows incurred by DdD are as follows:

	2025 £'000
Operating	(89)
Investing	–
Financing	–
Net cash outflow	(89)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE

K3 Hardware Limited (“Mstore”)

On 12 June 2025, the Group sold its Mstore product for consideration of £0.1m.

The cash impact of the disposal of the Mstore business was as follows:

	2025 £'000
Cash consideration received	100
Cash disposed of	(182)
	<hr/>
Net cash outflow of disposal	(82)
	<hr/> <hr/>

The net assets associated with the Mstore disposal and the profit on disposal were:

	2025 £'000
Property, plant and equipment	7
Trade and other receivables	168
Cash and cash equivalents	182
Trade and other payables	(345)
	<hr/>
Net assets disposed of	12
Cash consideration	(100)
	<hr/>
Profit on disposal	(88)
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE (CONTINUED)

The results of Mstore for the year are presented below:

	2025 £'000
External revenue	9
Cost of sales	–
	<hr/>
Gross profit	9
Administrative expenses	(8)
	<hr/>
Profit from operations	1
Finance expense	–
	<hr/>
Profit before tax	1
Tax expense	–
	<hr/>
Profit for the year	1
	<hr/> <hr/>
	2025
Basic earnings per share	0.0p
	<hr/> <hr/>

The net cashflows incurred by Mstore are as follows:

	2025 £'000
Operating	182
Investing	–
Financing	–
	<hr/>
Net cash inflow	182
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE

Imagine Newco Limited (“Imagine”)

On 30 May 2025, the Group sold its Imagine product for consideration of £1.

The cash impact of the disposal of the Imagine business was as follows:

	2025 £'000
Cash consideration received	–
Cash disposed of	(285)
	<hr/>
Net cash outflow of discontinued operation	(285)
	<hr/> <hr/>

The net assets associated with the Imagine disposal and the loss on disposal were:

	2025 £'000
Property, plant and equipment	2
Trade and other receivables	11
Cash and cash equivalents	285
Trade and other payables	(83)
	<hr/>
Net assets disposed of	215
Cash consideration	–
	<hr/>
Loss on disposal	215
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

29. DISPOSALS NOT HELD FOR SALE (CONTINUED)

The results of Imagine for the year are presented below:

	2025 £'000
External revenue	108
Cost of sales	(2)
Gross profit	106
Administrative expenses	(33)
Profit from operations	73
Finance expense	–
Profit before tax	73
Tax expense	–
Profit for the year	73
	2025
Basic earnings per share	0.2p

The net cashflows incurred by Imagine are as follows:

	2025 £'000
Operating	285
Investing	–
Financing	–
Net cash inflow	285

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2025

30. SUBSIDIARIES

The trading subsidiaries of K3 Business Technology Group plc, all of which have been included in these consolidated financial statements as at 30 November 2025, are as follows:

Name	Country of incorporation	Proportion of ownership interest and ordinary share capital held
K3 BTG Limited* <i>Company no. 06338304</i>	UK	100%
K3 Property Holdco Limited* <i>Company no. 16102856</i>	UK	100%
K3 Software UK Limited* <i>Company no. 01763900</i>	UK	100%
K3 Software Solutions BV	Netherlands	100%
K3 Software Solutions LLC	USA	100%

* Subsidiaries which have chosen to take advantage of the audit exemption set out within section 479A of the Companies Act 2006, with a declaration of guarantee for all outstanding liabilities. This has been provided as at 30 November 2025, by K3 Business Technology Group plc, registered number 02641001.

The principal activity of all the above subsidiary undertakings is the supply of computer software and consultancy except for the following: K3 Business Technology Group Trustees Company Limited which is the trustee for the Group's previous employee share ownership plan.

Details of movements in investments are recorded in note 15.

The registered office for all the UK companies is Suite 511, Block Bristol Pithay Court, Bristol, BS1 3BN. The registered office for the Dutch company is Gildeweg 5a, 2632 BD Nootdorp, The Netherlands. The registered office for the US company is 335 6th St., Suite 4200, Minneapolis, MN 55402, USA.

In addition, the Company has the following subsidiaries which are non-trading or intermediate holding companies and all of which have been included in these consolidated financial statements:

Name	Country of incorporation	Ordinary share capital held
Colne Investment Limited** <i>Company no. 03563989</i>	UK	100%
Fashion Cloud Software.com, LLC	USA	100%
K3 Business Technology Group Trustees Company Limited* <i>Company no. 04229619</i>	UK	100%
K3 Fashion Limited	UK	100%
K3 Holdings BV	Netherlands	100%
Viji SAS	France	100%

* Subsidiaries which have chosen to take advantage of the audit exemption set out within section 479A of the Companies Act 2006, with a declaration of guarantee for all outstanding liabilities. This has been provided as at 30 November 2025, by K3 Business Technology Group plc, registered number 02641001.

** An application for strike off was made in November 2025.

GLOSSARY OF TERMS

'Adjusted administrative expense' – administrative expenses adjusted to exclude exceptional impairment costs, exceptional re-organisation cost and exceptional acquisition costs/(income) and share-based payment charges/(credit).

'Adjusted loss/earnings per share' is the basic profit/(loss) per share from continuing operations adjusted to exclude exceptional impairment costs, exceptional re-organisation cost and exceptional acquisition costs/(income) and share-based payment charges/(credit), net of the related tax charge.

'Adjusted operating profit/(loss)' is the profit/(loss) from continuing activities adjusted to exclude exceptional impairment costs, exceptional re-organisation cost and exceptional acquisition costs/(income) and share-based payment charges/(credit).

'ARR' stands for Annual Recurring Revenue. It is ongoing revenue from contracted support, maintenance and annual licenses for the future periods after taking into account churn and cancellations, price increases and new revenue.

'ERP' means Enterprise Resource Planning and refers to a type of software used by businesses to manage day-to-day business activities.

'FY' means financial year.

'IP' means Intellectual Property, intangible assets owned by the company and legal protected from outside use or implementation without consent.

'Net cash' is calculated as cash and cash equivalents balances less bank borrowings. The 2024 cash excludes NexSys Solutions Limited and K3 Systems Support Limited as discontinued operations.

'NRR' mean Net Revenue Retention and is calculated as ARR (defined above) less new revenue, taken as a % of the prior year revenue.

'ROI' means Return On Investment.

'SaaS' stands for Software as a Service.