



Fonix plc

**Annual Report
& Accounts**

2025

FY25 has been a strategically important year in which we have broadened our product offering, expanded our international footprint, and laid the foundations for the next phase of growth.

Edward Spurrier
Non-executive Chair



Contents

Overview 4

Highlights	5
Business Model	7
Case Study	10

Strategic Report 11

Chair's Review	12
CEO's Statement	14
Key Performance Indicators	17
Financial Review	18
Principal Risks and Uncertainties	21

Governance 38

Board of Directors	39
Directors' Report	41
Corporate Governance Statement	43
Section 172 Statement	51
Environment, Social and Governance (ESG) Scorecard	53
Remuneration Committee Report	55
Statement of Directors' Responsibilities	61

Financial Statements 62

Independent Auditor's Report	63
Statement of Comprehensive Income	71
Statement of Financial Position	72
Statement of Changes in Equity	73
Statement of Cash Flows	74
Statement of Underlying Cash Flows	75
Notes to Financial Statements	76



Annual Report & Accounts 2025

Overview



Highlights

Financial Highlights

Gross Profit



2025

£18.6m

2024

£17.9m

Change +3.9%

Adjusted EBITDA¹



2025

£14.6m

2024

£13.7m

Change +6.6%

Adjusted PBT²



2025

£14.3m

2024

£14.0m

Change +2.1%

Total Payments Volume (TPV)⁶



2025

£280.9m

2024

£303.3m

Change -7.4%

Total payments volume is consumer spend inclusive of VAT processed via carrier billing, SMS billing and voice, along with the total value of payments facilitated through third-party payment service providers via Google Pay, Apple Pay, PayPal and bank card.

Adjusted EBITDA excludes share-based payment charges along with depreciation, amortisation, interest, R&D tax credits and tax from the measure of profit.

Adjusted PBT is profit before tax excluding share-based payment charges and R&D tax credits.



Highlights

Operational Highlights



International progress

Overseas markets now represent c.13% of gross profit, driven primarily by Ireland; first live campaigns launched in Portugal in June with broader commercial rollout taking place in mid-September and additional customer launches expected later in FY26; legal entities established and contracting underway in two additional European territories.



Product innovation advancing

Strong progress across the product suite – PayFlex launched with major UK broadcasters, CompsPortal scheduled for first launches in October 2025, and RCS (Rich Communication Services) preparations underway for FY26 – extending Fonix's capabilities beyond SMS and positioning the company as a leader in multi-channel interactivity and payments.



Growing and scalable platform

29m unique mobile user interactions during the year (FY24: 23m) with 100% uptime; platform proven to scale reliably with increasing demand.



Solid client base

High retention maintained, including renewal of the Bauer UK contract on an exclusive two-year basis. New customer wins such as GB News and News UK added further momentum in the UK media sector.



Business Model

What we do

Fonix is a leading provider of mobile payments and customer engagement solutions for businesses across media, charity, gaming, e-mobility and other digital services. Our technology enables consumers to pay and interact directly through their mobile devices using simple, familiar channels.

In FY25, Fonix's payment services operated primarily in the UK and Ireland, with a pilot launch in Portugal at the end of the financial year.

Our client base includes many of Europe's most recognised broadcasters, charities and digital service providers — including ITV, Bauer Media, Global Radio, RTÉ, Comic Relief, The DEC and BBC Children in Need.

Value proposition

Fonix's payment technology creates significant new revenue opportunities for businesses by providing frictionless payments that help them monetise their customer relationships and increase conversion rates in their checkout processes.

By combining payment and messaging capabilities, Fonix enables campaigns where marketing, engagement and transactions happen seamlessly within the same interaction — maximising both conversion and consumer engagement.



Services & revenue model

Mobile payments

Mobile payments enable consumers to make purchases from merchants (Fonix customers), charged to their mobile phone bill. Fonix also facilitates payments for merchants via Apple Pay, Google Pay, PayPal and debit cards through their existing PSP partners. On each transaction, Fonix generates a commission or facilitation fee from the merchant which is recognised as revenue along with any mobile carrier commission. Fonix pays the carrier a commission, which it recognises as cost of sales.

Fonix's Campaign Manager is a platform for setting up, managing, operating, reconciling, and reporting on marketing activities and the associated mobile payments. Our platform supports:

1. Carrier billing

One-off purchases, recurring subscriptions and in-app payments within PSD2 limits.

2. SMS billing

Impulse purchases such as competitions, donations and interactive services.

3. Voice billing

Premium rate calls for competitions, voting services, audience participation and entertainment.

4. Online payments via PSP partners

Facilitating alternative payment methods including Apple Pay, Google Pay, PayPal and debit cards through merchants' existing PSP integrations.



Services & revenue model

Mobile messaging

Fonix's messaging API and Campaign Manager platform allow clients to send marketing, alerts, authentication and service messages. Fonix's Campaign Manager platform is largely agnostic to particular messaging channels and has been adapted to allow richer messaging via Google's RCS Business Messaging (RBM), which will enable clients to send richer content and messaging experiences to increase engagement and conversion.

Fonix enables clients to send messages to consumers at no charge to the consumer. Fonix charges clients to facilitate the message,

which is recognised as revenue. Carriers charge Fonix to facilitate the transaction, which is recognised as cost of sales.

Managed services

Fonix enables consumers to donate to a charity client via their mobile phone bill or an online donation portal. The charity pays Fonix a fee for facilitating donations or providing the donation portal, which is recognised as revenue.

Sector focus

Fonix has a sector focussed growth strategy as follows:



Media

Consisting primarily of TV and radio, this is Fonix's largest market. Our growth strategy is to expand market share in core territories by engaging broadcasters and media organisations not yet using interactive services, and by winning business from broadcasters running competition services with competitors in neighbouring European markets. We also expect continued growth from our existing client base.



Gaming

A large, underpenetrated market for carrier billing with opportunities for expansion in the UK and internationally.



Enterprise

Adoption of Fonix's messaging platform by enterprise clients is accelerating, as organisations seek robust, scalable and compliant solutions for customer communications, authentication and service alerts. Fonix is increasingly recognised as a trusted alternative to global providers, combining direct operator connectivity with strong local regulatory expertise.



Charity

Market leader in text-to-donate in the UK, with growth opportunities both in the domestic market and through targeted international expansion.



Case Study:

PayFlex pilot delivers results for Media Company

The Challenge

A media partner was looking to reduce failed SMS payments while maintaining a smooth, secure, and on-brand customer experience.

The Solution

When SMS payments failed, PayFlex offered a fully branded fallback flow – cards, Apple Pay, Google Pay, and PayPal – seamlessly recovering transactions and ensuring listeners completed purchases.



Result

10k+

fallback links
delivered

2k+

payments
recovered

>20%
conversion rate

PayFlex transformed failed payments into recovered revenue!



Annual Report & Accounts 2025

Strategic Report



Strategic Report

Chair's Review



"These results underline the strength of our business model, with profitability holding firm and gross margins improving year-on-year."

I am pleased to present my review of the year ended 30 June 2025, a period marked by investment, innovation and international expansion for Fonix. Although headline growth was more measured than in recent years, the business delivered resilient earnings and strong cash generation, underpinned by disciplined execution of our strategy. FY25 has been a strategically important year in which we have broadened our product offering, expanded our international footprint, and laid the foundations for the next phase of growth.

Gross profit grew by 3.9% to £18.6m, adjusted EBITDA increased by 6.6% to £14.6m, and adjusted earnings per share rose by 4.6% to 11.3p. These results underline the strength of our business model, with profitability holding firm and gross margins improving year-on-year. The decline in total payment volumes was largely attributable to lower charitable giving, reduced telephone voting traffic, and a decision by a gaming client to exit the market – all of which had lower margins and limited impact on Fonix's earnings. In addition, some broadcasters encouraged consumers towards higher price points, which reduced volumes but maintained margins. Taken together, these dynamics highlight the resilience of our revenues and our ability to deliver sustainable returns, even as market formats evolve. Return on capital employed rose further to 125%, reflecting the efficiency of our operations.

Fonix remains highly cash generative, and the Board is recommending an increased final dividend of 5.9p per share in line with market expectations, taking the full-year ordinary

dividend to 78% of adjusted earnings, in line with our progressive policy. In addition, a special dividend of 3p was paid in February, reflecting our strong cash generation and balance sheet. These distributions demonstrate our commitment to returning surplus capital to shareholders while continuing to invest in growth.

Strategy and growth

Our UK and Ireland SMS business has remained resilient, supported by strong client relationships and a leading market position, such that we attracted new clients News UK and GB News in the year. We continue to see opportunities for growth in this area, while recognising that the primary drivers of future expansion will be international markets and product innovation. New capabilities such as RCS (Rich Communication Services) and online interactivity will broaden our addressable market and position Fonix to capture additional opportunities across competitions and adjacent sectors.

International expansion has been a major focus, with a live trial in Portugal being completed in June 2025, followed by full commercial launch earlier in mid-September. This represents an important milestone: while Ireland demonstrated the potential of our client-led model in closely aligned markets, Portugal reinforces the broader opportunity and proves our ability to expand successfully into geographies where cultures and languages are less closely aligned with the UK. Building on this success, we are establishing legal entities and entering into contracts with broadcasters and mobile operators in two further



European markets, with additional geographies identified on our roadmap. Many of these markets remain underdeveloped in interactive services, where incumbents have placed limited focus. With our proven technology, trusted reputation with regulators and operators, and broadened product suite, Fonix is well positioned to capture and expand this significant opportunity.

Governance and people

During the year we appointed Michael Foulkes to the expanded role of Chief Financial and Operating Officer (CFOO). This reflects the increasing scale and complexity of our business as we broaden our product suite and expand into multiple new geographies. Michael's dual oversight of finance and operations ensures Fonix is well positioned to deliver disciplined execution alongside ambitious growth.

The Board continues to progress the appointment of an additional independent non-executive director, in line with shareholder feedback and best practice under the QCA Corporate Governance Code. A key consideration in our search is to identify a candidate with deep local market knowledge in the new geographies we are targeting. Having board-level expertise in these regions would provide valuable insight as we navigate entry, strengthen relationships and establish our presence.

More broadly, the Board recognises the strength of Fonix's entrepreneurial, specialist team, which has consistently demonstrated its ability to deliver innovation, scale efficiently, and maintain the company's competitive edge.

As always, I would like to thank our talented team for their dedication and hard work, our customers and partners for their collaboration, and our shareholders for their ongoing support.

Outlook

Fonix enters FY26 with strong momentum. With launches planned in multiple new markets, and new products such as PayFlex, CompsPortal and RCS set to broaden our reach and deepen customer relationships, the Board is confident in the company's long-term prospects.

Our strategic focus remains clear: to drive sustainable, high-quality growth, expand internationally in partnership with leading broadcasters, and deliver long-term value creation for our shareholders.



Edward Spurrier

Non-executive Chair



Strategic Report

CEO's Statement



"This has been a period of real momentum behind the scenes, laying the foundations for the next phase of expansion."

FY25 has been a year of delivery and preparation, in which Fonix has made strong progress across products, clients and international markets. While overall growth was steadier than in prior years, this has been a period of real momentum behind the scenes, laying the foundations for the next phase of expansion.

Our strategy is clear and focused, built around three core pillars that guide how we deliver growth and scale the business:

1 Driving revenue growth through technological innovation

Our UK business continues to be the foundation of Fonix. While SMS revenues remain steady, SMS remains a crucial foundation of our business, as the only truly universal mobile channel available on every handset and there is meaningful opportunity for further growth as newer clients, such as News UK, scale their activity. At the same time, we are broadening our product suite in ways that we believe will significantly increase our addressable market for both new and existing customers:

PayFlex

PayFlex enables consumers to complete online payments directly within, or from, a message-based chat. Its first application is helping broadcasters recover failed SMS billing transactions by offering alternatives such as Apple Pay, Google Pay or PayPal. More broadly,

PayFlex allows customers to offer online payment options where SMS billing is restricted by regulation or commercial limits, supporting higher-value transactions and new campaign formats. Fully integrated into Campaign Manager, PayFlex provides a flexible way for clients to increase revenues while keeping the user journey simple and familiar. Payflex has been trialled by a number of clients over the summer, and is ready for a full launch this autumn.

CompsPortal

CompsPortal allows broadcasters to extend their on-air competitions with a dedicated online site promoted alongside SMS campaigns. This expands the broadcaster's opportunity to promote their competitions to an online audience, increasing engagement channels and creating opportunities to drive for higher revenues. Integration with Campaign Manager makes campaign setup, management and winner selection straightforward across every channel. By unifying consumer data across SMS, PayFlex, RCS and online, CompsPortal also enables more personalised marketing and ensures the most effective channel is promoted at the right time. CompsPortal is being launched with one major customer in October 2025, and will be rolled out to others over the coming year.

RCS

RCS is the next major evolution of interactive messaging, giving brands the ability to deliver richer, branded experiences directly within consumers' native messaging apps. It combines



embedded payments, interactive content and real-time engagement within a single conversation. For customers, this means higher participation, stronger audience relationships and entirely new formats that go beyond the limitations of SMS or email. Fonix is one of the few providers able to deliver RCS with integrated payments, giving us a clear advantage as adoption accelerates. We see RCS as a major opportunity to bring conversational commerce to life, with purchases, upgrades and upsells taking place directly within the chat.

Together, these innovations extend Fonix's capabilities beyond SMS, positioning us as the market leader in multi-channel interactivity and payments.

2 Client- and sector-led international expansion

International growth adds a significant new dimension to our strategy. In September, we completed a full rollout across a major broadcaster's radio portfolio, marking an important milestone and proving our ability to expand successfully into markets beyond those closely aligned with the UK. With direct connectivity across all operators and a growing broadcaster pipeline, Portugal clearly demonstrates the scalability of our model.

We are also in the process of establishing legal entities and contracting with broadcasters and carriers in two further European markets, with other geographies identified for future expansion. Early engagement has been highly encouraging, and we look forward to updating shareholders as and when services are live and generating revenues.

Crucially, the innovations we have developed in the UK — PayFlex, CompsPortal and RCS — will be major differentiators overseas. Many international markets remain underserved in interactive services, with incumbents focused elsewhere. Broadcasters and operators are actively seeking modern, flexible solutions, and Fonix's reputation as a trusted partner — built on years of regulator and operator collaboration — gives us a strong platform to accelerate adoption.

3 Sustaining long-term profitability for shareholders

We continue to take a disciplined approach to growth, balancing investment in innovation and international expansion with consistent shareholder returns. Our highly leveraged operating model allows profitability to scale faster than costs, enabling us to invest in new products and international infrastructure from a position of strength. At the same time, we remain committed to returning surplus cash to shareholders, as demonstrated by both the ordinary and special dividends paid during the year.

Looking ahead, we may incur one-off exceptional costs where we see opportunities to accelerate international expansion. In particular, certain larger neighbouring markets represent a very significant medium-term opportunity but may require additional upfront investment in overheads, regulatory work and local operations before delivering material revenues. Where such opportunities exist, we will take a measured approach — investing selectively to establish an early-mover advantage, while ensuring the underlying business remains highly profitable and cash generative.

The expansion of Michael Foulkes' role to CFOO has been an important development, bringing together oversight of finance, operations and technology delivery. This unified remit ensures that as we broaden our product suite and scale into new geographies, we maintain tight cost control, operational resilience, and the agility to allocate resources quickly to areas of greatest opportunity.

People and culture

Fonix's success is built on its people. Headcount increased to 52 during the year, with senior hires in engineering and operations strengthening our capacity to deliver multiple product workstreams. As we expand internationally, we are also building teams with local expertise to help navigate regional dynamics and support relationships with broadcasters and operators.



Our entrepreneurial, specialist team is a key differentiator. Their deep sector expertise and innovative mindset enable us to deliver unique value to clients, while maintaining the scalability of a technology-led business rather than a services model.

Outlook

FY25 has been a pivotal year of preparation, and we now move into FY26 with the strongest growth platform in our history. With Portugal live, two further European markets progressing, and additional geographies already on our roadmap, international expansion is set to become a major driver of growth.

At the same time, our product innovations are opening entirely new revenue streams. PayFlex, CompsPortal and RCS together represent a step-change in capability — enabling richer

consumer journeys, higher-value transactions and deeper relationships for our clients. These are not incremental add-ons but transformational products that expand our addressable market and reinforce our position as the leading provider of interactive services.

The combination of international scale and product innovation means Fonix is entering its next phase with powerful momentum. We are confident that FY26 will mark the start of an acceleration in growth, greater diversification of our earnings, and sustained long-term value creation. Above all, we believe the opportunity ahead of us is larger and more exciting than at any point since IPO, and we look forward to delivering on it.



Robert Weisz

Chief Executive Officer





Key Performance Indicators

Financial	2025	2024	Change
Gross profit	£18.6m	£17.9m	3.9%
Adjusted EBITDA ¹	£14.6m	£13.7m	6.6%
Adjusted PBT ²	£14.3m	£14.0m	2.1%
Underlying cash ³	£9.9m	£11.3m	-12.4%
Adjusted EPS ⁴	11.3p	10.8p	4.6%
Adjusted ROCE ⁵	125%	116%	

Non-financial	2025	2024	Change
Total payments volume (TPV) ⁶	£280.9m	£303.3m	-7.4%

¹Adjusted EBITDA excludes share-based payment charges along with depreciation, amortisation, interest, R&D tax credits and tax from the measure of profit.

²Adjusted PBT is profit before tax excluding share-based payment charges and R&D tax credits.

³Underlying cash is actual cash excluding cash held on behalf of customers.

⁴Adjusted EPS is earnings per share excluding share-based payment charges.

⁵Adjusted ROCE is return on capital employed calculated as adjusted EBIT (being earnings before interest, R&D tax credits and tax excluding share-based payment charges) divided by capital employed (total assets less total current liabilities).

⁶Total payments volume is consumer spend inclusive of VAT processed via carrier billing, SMS billing and voice, along with the total value of payments facilitated through third-party payment service providers via Google Pay, Apple Pay, PayPal and bank card.



Strategic Report

Financial Review



“Gross profit for the year increased to £18.6m (2024: £17.9m) growing 3.9% on the previous year...”

Total payments volume (TPV)

Total Payment Volume (TPV) represents the cash payments processed or facilitated by Fonix on behalf of customers. TPV declined to £281m (2024: £303m), primarily due to fewer charity campaigns and the planned exit of certain low-margin services. These included a gaming client withdrawing from the UK market in response to tighter gambling regulations and the discontinuation of paid voting by a broadcast customer. In addition, some broadcaster customers encouraged consumer spend at higher price points—delivering them stronger margins but typically lower volumes. Overall, the impact on gross profit was limited, reflecting our strategic focus on sustainable, higher-margin revenue.

Revenue and other income

Gross profit remains the company’s key indicator of growth and is regarded as the most meaningful measure of performance. By contrast, reported revenues include the share of each payment transaction retained by mobile network operators (MNOs), which can vary significantly depending on product mix, operator, price point, and geography. Revenues for the year decreased to £72.7m (2024: £76.1m), reflecting changes in the service and product mix—most notably the discontinuation of

certain gaming and voting services which, while low-margin for the company, were valuable to MNOs, as well as greater use of higher price points by customers, where the average MNO share of transactions is lower.

Gross profit

Gross profit is the business’ most important financial indicator as this represents the company’s share of revenue for processing mobile payments and messages.

Gross profit for the year increased to £18.6m (2024: £17.9m) growing 3.9% on the previous year, with mobile payments growing 1% (2024: 17%), mobile messaging growing 26% (2024: 43%) and managed services growing 6% (2024: 2%).

Blended gross profit margin increased to 25.6% (2024: 23.5%), reflecting the same product and client mix dynamics described above. The discontinuation of lower-margin voting and gaming services reduced the share of revenue retained by mobile network operators, while some customers shifted towards higher average transaction values. These factors lowered MNO transaction shares and, in turn, lifted gross margins for mobile payments.



Adjusted operating expenses

Operating costs were kept firmly under control, with increases arising mainly from investments to support future growth. Adjusted operating costs remained broadly unchanged at £4.1m (2024: £4.2m). The reduction reflects lower staff bonuses, in line with more modest business growth, a decrease in one-off marketing spend, and an additional £0.2m of headcount spend allocated to capitalised new product development.

Staff-related costs and incentives—including remuneration, bonuses, benefits, recruitment, and training—rose to £4.5m (2024: £4.3m), driven by growth in engineering and operations headcount, partly offset by reduced bonuses. Average headcount increased to 52 (2024: 49).

IT hosting costs fell slightly to £200k (2024: £217k) following the consolidation of certain platform databases.

Software development costs of £1,285k (2024: £1,061k) were capitalised, representing 67% of development costs (2024: 67%). The increase reflects expansion of the development team and further investment in the Fonix platform. Capitalised spend was offset by an amortisation charge of £874k (2024: £693k), with development costs amortised on a straight-line basis over three years.

Adjusted EBITDA

Growth in gross profit, combined with continued cost control, drove a 6.6% increase in adjusted EBITDA to £14.6m (2024: £13.7m). Adjusted EBITDA is presented as a clearer measure of underlying business performance, excluding share-based payment charges, depreciation, amortisation, interest, R&D tax credits, and tax.

Finance income and expenses

Finance expense, relating to the unwinding of the discounted lease liability, increased slightly to £21k (2024: £18k) following the renewal of the company's office lease for a further three years in November 2023.

Finance income decreased to £0.8m (2024: £1.1m), reflecting lower base interest rates during the year.

Corporation tax

The company's effective corporate tax rate decreased to 22.7% (2024: 23.2%) following the adoption of an HMRC-approved branch profits exemption from 1 July 2024. Under this arrangement, profits generated by branches outside the UK are taxed at the applicable local rate rather than UK corporation tax. While the UK headline rate remains 25%, the corporation tax rate in Ireland, where the company operates a branch, is 12.5%.



EPS and Dividends

Given the company's strong performance, cash resources, distributable reserves and confidence in future prospects, the board recommends paying out 78% of adjusted EPS as an ordinary dividend, in line with the company's progressive policy to distribute at least 75% of adjusted earnings per share each year. This excludes the special dividend of 3p paid in February; when included, total dividends for the year amount to more than 100% of adjusted EPS. The board therefore intends to recommend an increased final dividend of 5.90p per share (2024: 5.70p), to be approved at the AGM in November.

Statement of Financial Position

The company had net assets of £10.5m (2024: £10.7m) at the year-end, including capitalised software development costs with a carrying value of £2.0m (2024: £1.6m). The movement in net assets reflects profit after tax less dividend payments and share options exercised.

Current assets decreased to £56m (2024: £62m), primarily reflecting lower cash balances at year end. This was driven by the company holding less cash on behalf of customers, which is correspondingly reflected in reduced trade and other payables.

Current liabilities decreased to £47m (2024: £53m), reflecting lower trade payables at year end due to changes in the timing of certain customer campaigns, as well as a reduction in VAT owed, driven by invoicing timing differences.

Non-current liabilities decreased to £0.3m (2024: £0.4m) as the company partially unwound its office lease liability following the lease renewal in November 2023.

Cash and underlying cash

The board distinguishes between actual cash, which includes cash held on behalf of customers, and underlying cash, which excludes cash held on behalf of customers.

Underlying cash is considered a better reflection of the cash flow available to the business. It decreased to £9.9m (2024: £11.3m), primarily due to additional shareholder distributions, including a £3.0m special dividend paid in February 2025.

Actual cash, which includes cash held on behalf of customers, can vary substantially from period to period and is particularly sensitive to the timing of passthrough outpayments. Actual cash held decreased to £22.0m (2024: £26.5m) in the year. The reduction, beyond the movement in underlying cash, was purely timing-related and reflects the settlement of certain customer liabilities around the year end.



Michael Foulkes
Chief Finance Officer



Principal Risks and Uncertainties

The company faces a number of business risks and uncertainties due to ever changing market dynamics, including risks from competitors, supply-chain disruptions, regulatory changes, cyber criminals and other economic events. The table below sets out the key risks that have been identified, along with the company's approach to mitigating those risks:

Risk	Description
 Fall in demand for services	The company's future revenue and profit growth will depend largely on maintaining and increasing demand for its services. There can be no assurance that the company will continue to be successful in selling services to existing customers or in winning new customers. There is a risk that the company may exhaust the list of services it is able to cross-sell or up-sell to existing customers, either through natural attrition or due to customers choosing to use another provider. As the company's income is largely transaction-based, its performance is directly linked to the transaction volumes generated by its customers (merchants). Any decline in consumer demand for a customer's own services will result in fewer transactions and reduced income for the company. This includes the risk that customers change or evolve their own service formats – for example, competition operators moving from more frequent prize draws (e.g. daily or hourly) to less frequent ones (e.g. weekly), or adjusting prize structures and aggregate prize funds in a way that reduces overall consumer spend. Similarly, some customers have shifted towards promoting higher price-point bundles which, while delivering them a better overall return per transaction, can result in fewer total transactions and therefore a lower total revenue for the company. As the company does not control the design, frequency or pricing of its customers' services, changes made by customers to optimise their own commercial outcomes may inadvertently reduce consumer participation levels and transaction volumes. Given the company has historically benefited from a consistent supply of repeat business from customers, a material reduction in demand from existing customers – whether due to a downturn in their own performance, format changes, or a decline in their markets – could result in a significant fall in the company's revenue and profitability. The company mitigates this risk by continuing to invest in new product innovations that provide additional value to existing customers, differentiate it from competitors and attract new customers. It is also investing in expansion into new geographies and adjacent product areas to diversify revenue streams. In addition, the company works closely with customers to support the relevance of their services, encourage sustained consumer engagement, and identify opportunities to grow transaction volumes.



Risk	Description
 Loss of key customers	Whilst the top 10 customers of the company can change each year (as new customers undertake large change programmes, for example), they have accounted for 88 percent, 86 percent and 83 percent of the company's gross profit in the years ended 2023, 2024 and 2025 respectively. Over the last few years the business has established a reasonably significant wholesale messaging business line, with customers using Fonix's direct network operator connections to send SMS messages to UK consumers. Unlike the company's core interactive services, wholesale messaging customers tend to have relatively low switching costs and are highly price sensitive due to the commoditized nature of pure SMS messaging. One of the company's top 10 customers (by contribution to the company's annual gross profit) exclusively uses Fonix's wholesale messaging services. Whilst the company has not lost a significant customer to a competitor during the past six financial years, the loss of one or more of these key customers to a competitor or otherwise, could lead to a material adverse effect on the company's revenue and profitability. The company mitigates this risk by continuing to invest in new product features that differentiate it from its competitors and ensure customers are more embedded in the company's platform. All significant clients are also given dedicated and exemplary customer service support.



Risk	Description
 Dependency on key suppliers	The company's services are largely dependent on contracting with mobile network operators (MNOs) for the supply of mobile payments and messages. While the board is not presently aware of any reason likely to lead to the termination or variation of any such contracts, there can be no guarantee that such events will not occur in the future. It is common for contracts with MNOs to be capable of termination on short notice and in certain cases, the MNOs can exercise that right without cause. The MNOs are also entitled to review, vary and/or introduce new fees from time to time, and these tend to take effect between 30 – 60 days after written notice has been given to the company. Such terminations or variations could have a material adverse effect upon the company's ability to offer services or viable commercials to customers and therefore on the company's financial results. To mitigate this risk, the company continues to maintain strong relationships with all its MNOs and takes a consultative approach with MNOs regarding any compliance and/or proposed commercial changes. In the event of MNOs enforcing adverse price variances, the company maintains the ability to pass the difference onto merchants. The company also continues to invest in new product innovations, such as alternative messaging and payment connections, which have the potential to alleviate some of the dependency on supplies from MNOs.



Risk	Description
 Mobile network operator indemnities	As mobile network operators (MNOs) have no contractual relationships with the company's merchants (wholesale carrier billing and SMS billing customers of the company), the company takes on responsibility for them in its contracts with MNOs. As such, each MNO agreement will contain a number of warranties granted by the company relating to a merchant's fitness to operate, compliance with all applicable laws and information and platform security measures to be put into place. Although these warranties are numerous, they are standard in the industry. MNO agreements will also contain indemnities to be granted by the company in favour of the MNO, including in relation to the operation of the company's platforms, infringement of third-party intellectual property rights, fraudulent consumer activity, artificially inflated traffic, consumer bad debts and regulatory or other third-party claims. It is common for liability to be uncapped. To mitigate these risks, the company continues to maintain strong relationships with all its MNOs and regularly reviews its customers' services to ensure they comply with MNO contracts and regulatory guidelines. The company also maintains the right within its contracts with customers (merchants) to pass-on customer specific claims to the relevant customer, although it has no way of guaranteeing recovery of any liabilities passed on.



Risk	Description
Technological change	The company operates in an industry which is subject to continuous and fast-paced technological change, with new products and services being introduced to the market frequently. If the company is unable to respond to such changes in a cost-effective manner, the company may become less marketable and less competitive or perceived to be obsolete and the company's operating results may be adversely affected. Therefore, the company's success depends, in part, on its ability to anticipate these changes effectively and to develop its offering in line with changing customer demands and market preferences, as well as to adapt to changes in hardware, software, networking, browser and database technologies. The company may be required to invest significant time and resources to develop or establish the necessary expertise and experience to sell and deliver new solutions to its customers effectively and there can be no assurance that any new investment would ultimately prove successful. Such investments carry the risks associated with any new development effort, including cost overruns, delays in delivery, performance issues and the risk that customers may be reluctant to adopt new solutions without seeing reference use cases. Failure to adapt in response to changes in customer demand and preferences or to keep pace with relevant technological or regulatory change could limit the company's ability to serve its customers effectively and restrict the company's ability to execute its growth strategy, which could lead to a reduction in customers and have a material adverse effect. The company mitigates these risks by continuously reviewing its product roadmap to ensure new and planned product features remain relevant to the demands of its customers and prospective customers. The company also continuously monitors the competitive landscape to ensure it continues to innovate its products to maintain a competitive edge.



Risk	Description
 Regulatory and compliance breaches	As a regulated provider of phone-paid services, the company is bound by the relevant codes of practice in the markets in which it operates. In the UK, the Phone-paid Services Authority (PSA) has now been incorporated into Ofcom and its regulatory functions continue to apply under the Ofcom Code for Phone-paid Services (the “Code”). The company is also subject to the Commission for Communications Regulation (ComReg) Code of Practice in the Republic of Ireland, the Anacom code of practice in Portugal, and similar regulatory obligations in other territories where it chooses to operate. Ofcom, ComReg, Anacom and other relevant regulators investigate complaints, monitor compliance and may initiate enforcement action where there is an apparent breach of their code or applicable regulations. In certain cases, regulators may seek interim measures such as suspension of a service and/or withholding of revenue before a formal adjudication takes place. In the UK, if a regulatory tribunal determines that a provider has breached the Code, it can apply a range of sanctions including, but not limited to: (1) issuing a formal reprimand and/or warning as to future conduct; (2) ordering a provider to issue refunds to consumers; (3) imposing a fine of up to £250,000 per breach; and (4) barring access to the service for a defined period. Similar sanctions and penalties are available to other regulators in other jurisdictions. The company mitigates this risk by carrying out regular customer compliance reviews and due diligence in line with applicable codes, regulatory requirements and network operator rules. Some of the company’s customers operate in regulated sectors such as broadcasting (regulated by Ofcom in the UK and ComReg in Ireland) and gambling (licensed by the UK Gambling Commission). If any of the company’s key customers were to lose their regulatory licence or authorisation, this could materially impact their ability to operate services with the company, which in turn could have a material adverse effect on the company’s business, financial performance, financial condition and/or prospects. The company mitigates this risk in part by generally working with customers that have an established track record and a long-standing trading history. The company is also subject to general laws and regulations that apply to AIM-listed businesses, the processing of personal data, and the processing of payments in the UK and other territories. These legal and regulatory frameworks continue to evolve, and changes may adversely affect the company’s business. To mitigate this, the management team monitors developments in all applicable laws and regulations, assesses the potential impact of proposed changes, and engages external advisers where appropriate.



Risk	Description
Regulatory changes, including gambling legislation	A number of the company's significant customers operate 'prize draw competitions', which currently fall outside gambling and lottery legislation in the company's core geographical markets, including the UK, Ireland, and certain prospective new markets. Any legislative or regulatory change that limits, alters, or prohibits the ability of these customers to operate prize draw competitions in their current form could have a material adverse effect on the company's business, financial performance, financial condition and/or prospects. In the UK, the Government has announced a new voluntary code of conduct for prize draw and competition operators. This allows such services to remain exempt from gambling licensing, provided they continue to offer a valid free entry route and adhere to the standards set out in the code. However, the Government has made clear that the code will act as a test: if it fails to deliver adequate transparency, consumer protection, and compliance, the Gambling Act 2005 may be amended to require such services to be licensed gambling activities. The UK Gambling Commission's ongoing Gambling Act Review, as referenced in the associated Gambling White Paper, specifically highlights prize draw competitions as an area where future statutory regulation could be introduced. If licensing were required, this could significantly increase compliance costs, restrict marketing and operational flexibility, and reduce transaction volumes. In the Republic of Ireland, the Gambling Regulation Act is now in force, the Gambling Regulatory Authority of Ireland has been established, and the Act's new definitions of gambling and lottery services are operational. These definitions have the potential to capture broadcaster prize draw competitions—previously outside gambling regulation—within the regulated framework. It remains unclear whether certain formats could continue to operate outside the new definitions (for example, by using free-entry routes) or whether the regulator will introduce specific licence categories for broadcaster competitions. If licensing were required, customers may be subject to prize caps (such as those applicable to licensed raffles), restrictions on advertising (including prohibitions on daytime SMS marketing or on-air mentions during broadcasts), and other operational constraints. Such measures could make certain competition formats commercially unviable, materially reducing transaction volumes and the company's revenue. The company mitigates these risks by engaging proactively with customers, industry bodies, and policymakers in all relevant markets. In the UK, it works closely with significant customers and the Association for Interactive Media and Micropayments (AIMM) to participate in consultations and influence the development and implementation of the voluntary code and any potential future regulation. In Ireland, it continues to engage with the Gambling Regulatory Authority and other stakeholders to clarify the treatment of broadcaster prize draw competitions, seek exemptions where possible, and shape any future licensing regime to allow such services to remain viable.



Risk	Description
Potential competition	The company faces competition for its technology and products from other providers of interactive services, carrier billing, and alternative payment solutions. The results of such increased competition may have a material adverse effect on the company's revenue, profitability, and prospects. A number of specialist online portal providers offer solutions to the company's customers, and online competition portals are a significant area of growth for many major customers. The availability of competing portal solutions may reduce demand for the company's own products and services. In addition, there are a number of significant competitors offering Rich Communication Services (RCS) messaging solutions, some of which have publicly stated plans to expand into RCS-based payment services. If these solutions are successfully deployed at scale, they could directly compete with the company's future growth opportunities in RCS payments. Many of the company's customers also face increasing competition in their own markets from large-scale online competition operators—such as Omaze—that have strong brand recognition, significant marketing budgets, and the ability to attract consumers away from broadcaster or media-run competitions. This erosion of market share for the company's customers could reduce their transaction volumes and, in turn, reduce the company's revenue. Some of the company's competitors may have significantly greater financial and human resources, along with more experience in the development and commercialisation of their products. As a result, such competitors may develop more effective or more innovative products, implement more effective sales and marketing programmes, or secure stronger proprietary positions. It is also possible that mobile network operators (MNOs) could develop direct contractual relationships with the company's customers, bypassing the company entirely, or that MNOs could open their networks to new entrants with direct connectivity, further increasing competitive pressure. Customer contracts are generally rolling month-to-month, and exclusivity of supply is uncommon in the industry. Even where fixed-term agreements exist, customers are typically free to operate with multiple providers in parallel and can migrate services to competitors at short notice. The company mitigates this risk by continuing to invest in new product features that differentiate it from competitors, with the aim of making customers more embedded in the company's platform. In addition, the company provides dedicated account management and a high standard of customer service to significant clients in order to maintain strong relationships and reduce the likelihood of services being moved to a competitor.



Risk	Description
 Insufficient operational support	Once a customer uses the company’s platform, they depend on the company’s technical support services to resolve any issues relating to the services delivered through the platform. If the company does not effectively and quickly resolve post-deployment issues, or provide effective ongoing support, the company’s ability to sell additional services to existing customers would be adversely affected and the company’s reputation with potential customers could be damaged. The company’s failure to provide and maintain high quality support services, especially as the company’s business grows, could lead to a reduction in customers and ultimately have a material adverse effect on the company’s reputation, financial performance, and prospects. The company mitigates this risk by continuously reviewing whether its operational processes and resources remain adequate given the size and nature of its customer base and the requirements of its contractual service-level agreements (SLAs).



Risk	Description
Loss of key staff and recruitment	The company's future success depends on the ability, experience, and industry knowledge of its staff, as well as its ability to attract, adequately compensate, and retain key personnel. The continued services and contributions of senior management are particularly important to executing the company's business plan, identifying and pursuing new opportunities and product innovations, and maintaining the company's culture and values as it expands geographically and increases its headcount. Competition for suitably qualified individuals with the relevant technical and sector expertise is intense, and the company may face challenges in recognising or responding quickly enough to market dynamics to retain or recruit key staff. There is also a risk that highly skilled employees—particularly those with long-standing customer relationships or specialist product knowledge—could move to competitors, taking with them valuable expertise, commercial relationships, and market insight. Such moves could strengthen a competitor's position while weakening the company's own capabilities and market share. Furthermore, necessary increases in employee compensation to retain key personnel could adversely impact the company's profitability. When hiring from competitors, the company may also face allegations of improper solicitation, misappropriation of proprietary information, or disputes over ownership of intellectual property created by such individuals in previous roles. If the company is unable to identify, attract, develop, motivate, adequately compensate, and retain well-qualified and engaged personnel—or if key personnel leave and suitable successors or replacements are not available—the company may not be able to manage its operations effectively. This could result in delays to new product development, slower implementation of software or platform enhancements, and reduced customer satisfaction, all of which could have a material adverse effect on the company's reputation, business, financial performance, financial condition and/or prospects. The company mitigates this risk by fostering a positive and engaging work environment, positioning itself as an enjoyable and rewarding place to work, and actively promoting employee development and career progression. Responsibilities are shared across teams to reduce key person dependency. The company also reviews its remuneration and benefits packages regularly to ensure they remain competitive—particularly for senior and specialist roles—and implements retention measures such as long-term incentive schemes to reduce the risk of valuable personnel moving to competitors.



Risk	Description
Misappropriation of intellectual property rights	The success of the company's business depends on its ability to protect and enforce its trademarks, and other unregistered intellectual property rights (IPR), including copyright and know-how. The company attempts to protect its intellectual property through registered trademarks and a combination of confidentiality procedures, contractual provisions, and other methods, all of which offer only limited protection. The company generally enters confidentiality, invention assignment or licence agreements with employees, consultants and customers, and generally limits access to distribution of its proprietary information. However, the company cannot guarantee that it has entered into such agreements with all parties who may have or have had access to confidential information or that the agreements entered into will not be breached. Despite the company's best efforts to protect its intellectual property rights, unauthorised parties may not be deterred or prevented from misuse, theft or misappropriation of information the company regards as proprietary. Moreover, policing unauthorised use of the company's intellectual property is difficult, expensive and time consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the UK and where mechanisms for enforcement of intellectual property rights may be weaker. Attempts to enforce the company's rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against the company or take unilateral steps to invalidate the company's intellectual property rights (IPR), which could result in a holding of official action that invalidates or narrows the scope of its rights, in whole or in part. If the company is unable to protect its proprietary rights, it may be at a competitive disadvantage compared to others who need not incur the additional expense, time, and effort required to create the payments platform that has enabled the company to be successful to date. Any of these events could have a material adverse effect on the company's reputation, business, financial performance, financial condition and/or prospects. The company in part mitigates this risk by in general requiring that any agreements it enters include appropriate confidentiality and IPR clauses.



Risk	Description
Security breaches and cyber risk	Any unauthorised intrusion, malicious software infiltration, network disruption, denial-of-service attack, or similar act by a malicious party could compromise the integrity, continuity, security, and trust of the company's payments platform or the systems of its customers. In addition, any significant system outage, operational failure, or defect in the company's platform—including a failure to process transactions, non-compliant selection of a competition winner, or failure to complete competition draws on schedule—could result in customers seeking compensation for direct losses, including loss of profits, reimbursement of refunded consumer payments, or repayment of prize funds. Such claims could be substantial, particularly where competitions involve high-value prizes or significant promotional expenditure. These risks could also lead to costly litigation, significant financial liability, increased regulatory scrutiny, financial sanctions, GDPR-related fines, reputational damage, and loss of customer confidence in the company's ability to deliver services reliably and compliantly. This, in turn, could cause customers to migrate services to competitors, having a material adverse effect on the company's business, financial performance, financial condition, and/or prospects. As cyber threats and operational risks continue to evolve, the company must invest significant resources to maintain and enhance its information security, platform resilience, and compliance controls, as well as to investigate and remediate any vulnerabilities or incidents. Although the company believes it operates a robust programme of information security, resilience, and compliance controls, and none of the incidents encountered to date have had a material impact, it cannot guarantee the prevention of a future material event or ensure that any such event could be remedied promptly and effectively. The company mitigates this risk by maintaining strong data security standards, intrusion detection, and operational monitoring processes, as well as undergoing independent third-party penetration testing at least annually. Responsibilities for compliance and operational integrity are embedded within product and engineering teams to reduce the likelihood of service failure. During the year, the company has also taken steps to strengthen its operational resilience and governance by achieving ISO certification, demonstrating adherence to internationally recognised standards of information security and operational management. The company has, to date, been unable to source commercially viable cyber insurance, due to the limited number of underwriters willing to provide cover for the payments sector.



Risk	Description
 Industry scandals	Whilst the company and its customers have the utmost regard for industry regulations, it is possible that other providers—and their customers—operating in the sector may be less diligent or respectful of applicable rules. Misconduct by such organisations could lead to negative public relations events, similar to the 2007 British premium-rate phone-in scandal, which severely damaged public trust in the sector at that time. In the UK, the Phone-paid Services Authority (PSA) is now part of Ofcom, which regulates phone-paid services under the Ofcom Code for Phone-paid Services, as well as licensed national broadcasters. However, Ofcom has no jurisdiction over most online prize draw competition providers, as these services typically use online payment methods such as debit or credit cards rather than phone-paid billing, and most are not licensed broadcasters. This has contributed to a rapid increase in unregulated operators entering the market for online prize draw competitions. Many of these unregulated providers are adopting practices that closely resemble gambling—such as “instant win” mechanics—without being licensed gambling operators. The growing prevalence of such providers increases the risk that consumers, the media, and policymakers will perceive the prize draw competition sector as “unregulated gambling.” This could lead to reputational damage for compliant operators, reduced consumer participation, erosion of trust among the company’s customers, and calls for additional regulation that may increase compliance burdens across the industry. The company mitigates this risk by working closely with Ofcom in respect of its phone-paid services and with industry bodies such as the Association for Interactive Media and Micropayments (AIMM) to promote best practice and responsible operation. AIMM is also actively cooperating with the Department for Culture, Media and Sport (DCMS) on matters relating to the voluntary code of practice for prize draw competitions and potential future regulation. The company further engages proactively with its customers to ensure their services remain compliant, transparent, and aligned with applicable regulations, while advocating for proportionate enforcement measures that target non-compliant operators without unnecessarily burdening compliant businesses.



Risk	Description
 Changes in consumer behaviour and economic downturn	The majority of the company's gross profit is derived from a share of revenue on consumer purchases made through its merchants (customers). Most of these consumer transactions are discretionary and spontaneous in nature. As such, any macroeconomic event that negatively impacts consumer confidence, household disposable income, or overall levels of discretionary spending could reduce transaction volumes. Similarly, a decline in the popularity of a merchant's services among consumers could reduce merchant sales and, in turn, the company's gross profit. Adverse macroeconomic conditions—such as economic recession, high inflation, rising interest rates, or increased unemployment—could have a material adverse effect on the company's business, financial performance, financial condition, and/or prospects. The company mitigates this risk by continuing to grow and diversify its customer base across different sectors and geographies, reducing dependency on individual merchants or market segments. It also works closely with merchants to optimise their marketing spend through targeted consumer messaging, and ensures that its products remain flexible to support new formats and consumer engagement strategies introduced by merchants.



Risk	Description
 Foreign exchange	The majority of the company's income and costs are denominated and settled in pounds sterling, which is the company's functional and reporting currency. However, as the business continues to expand internationally, an increasing proportion of its revenues, costs, and working capital are denominated in foreign currencies, particularly euros. Overseas expansion also involves the establishment of legal entities in multiple jurisdictions, which may result in a higher proportion of operational costs—such as salaries, supplier payments, and local taxes—being incurred in foreign currencies. While the company generally receives and pays funds to customers in the same currency, it remains exposed to foreign exchange risk in several ways. This includes potential exchange rate losses on the revaluation of working capital balances and on historic retained earnings held in foreign currencies, as well as on the conversion of overseas profits into pounds sterling for reporting purposes. Material adverse currency movements could therefore impact reported profitability, cash flow, and financial position. The company mitigates this risk by converting surplus working capital into pounds sterling at the earliest opportunity once profits have been realised in net cash. It also monitors foreign currency exposures closely and, where appropriate, may consider the use of natural hedging strategies or other treasury measures to reduce volatility.



Risk	Description
 Treasury	The company's business model requires it to receive and handle significant quantities of cash on behalf of its customers. As a result, at any one time, the company may hold significant amounts of cash. Generally, this cash is only as secure as the counterparty (financial institutions) holding the cash on behalf of the company, and any failure of such financial institutions could have a material adverse effect on the company's business, financial performance, financial condition and/or prospects. The company in part mitigates this risk by only holding cash in instant access bank accounts with financial institutions with high levels of credit worthiness. In addition, the company holds multiple banking relationships so that cash deposits can be moved to alternative financial institutions at short notice.
 Phishing	The company's business model requires it to receive and handle significant quantities of cash on behalf of its customers. As a result, the company frequently makes significant cash outpayments to its customers. The business is therefore often targeted by criminals looking to manipulate the company's staff into making payments into incorrect bank accounts under their control, commonly known as 'phishing'. Any such theft of the company's cash resources could have a material adverse effect on the company's business, financial performance, financial condition and/or prospects. The company in part mitigates this risk by having comprehensive payment approval processes and ensuring any requests to change a merchant's bank details are thoroughly checked and cross referenced ahead of any changes being approved.



Risk	Description
 Forecasting	Contractual negotiations and the onboarding of new customers and operators can often be prolonged and subject to delays, making short- and medium-term revenues difficult to predict. The vast majority of merchant and customer contracts contain no revenue commitments, and expected revenues can change significantly at short notice due to shifts in customer priorities, service formats, or consumer demand. This challenge has increased as the company expands into new markets, working with a greater number of operators under less defined or evolving regulatory frameworks, and in environments where cultural and commercial practices may differ materially from those in the UK. These factors add further uncertainty to the timing of service launches, transaction volumes, and resulting gross profit. As a result, forecasting gross profit—and particularly its growth rate—has become more complex and less predictable. The company mitigates this risk by taking a conservative approach to forecasting, basing projections on confirmed activity rather than anticipated opportunities, and where possible avoiding over-commitment of resources during contract negotiations and onboarding.

By order of the board

Michael Foulkes
Company Secretary

23 Heddons Street
London, W1B 4BQ

22 September 2025



Annual Report & Accounts 2025

Governance



Governance

Board of Directors



Aged 60

Edward Spurrier

Independent Non-executive Chair

Edward is also Non-executive Chair of Captec Group Limited, and Equity Networks Limited. In the last 8 years he has chaired several successful fast growth Private Equity and VC backed technology companies. He also has held non-executive roles with some private and not for profit organisations. He has been involved in the telecom, IT and tech sector for over 25 years and formerly was CEO and CFO of Alternative Networks plc (AIM listed) for 17 years, until 2015.

He qualified as a chartered accountant with PWC in London and spent 11 years advising entrepreneurs before joining Alternative Networks.



Aged 47

Robert Weisz

Chief Executive Officer

Rob has held several senior positions in technology companies including Commercial Director at Mobile Interactive Group Ltd and most recently, Chief Executive Officer at Fonix. Prior to this, Rob was a Commercial Partnership Manager at O2 (UK) where he worked within Interactive Services, holding responsibility for new business and account management. Rob has had extensive experience working in both public and private companies within the telecoms and technology sectors. Rob began his career at Thus Plc, working in business development and account management where he was responsible for a number of key clients including the US Embassy and The Telegraph Group.



Aged 40

Michael Foulkes

Chief Financial & Operating Officer

Michael is a chartered accountant with over 15 years working in senior finance roles for some of Europe's most successful technology businesses, including Mobile Interactive Group ("MIG"), previously one of Europe's largest mobile payments businesses. MIG was subsequently acquired by Velti, a Nasdaq listed mobile marketing business, where Michael continued in senior finance roles. Since, his most recent CFO role was over 4 years at the venture backed Black Swan Data.



Governance

Board of Directors



Aged 49

William Neale

Founder and Non-executive Director

Will founded Fonix plc in 2006. In 2013, Will founded Grabyo, a cloud-based video production, editing and distribution company. Will is a serial investor having invested in many early-stage companies, including Revolut and Marshmallow. Will began his career at Accenture where he worked within technology consulting, specialising in mobile telecoms.



Aged 60

Carmel Warren

Independent Non-executive Director

Carmel is also Non-executive Chair of Character Group plc. In the last 10 years she has gained further experience in the technology sector working as CFO of several Aim listed companies including D4t4 Solutions plc, SEEN plc and Universe Group Plc. Prior to that she gained extensive financial experience across multiple industries beginning her career at EY. She remains a fellow of the ICAEW.



Directors' Report

The directors present their report and the audited financial statements for Fonix plc for the year ended 30 June 2025.

The preparation of financial statements is in compliance with UK adopted International Accounting Standards and IFRIC Interpretations issued by the International Accounting Standards Board (IASB).

Principal activities

The principal activity of Fonix Plc is the provision of mobile payments and messaging services for merchants. These solutions enable consumers to make payments and engage with digital content directly through their mobile devices.

Business review and future developments

The review of the period's activities, operations, future developments, and key risks is contained in the Strategic Report on [pages 11 to 37](#).

Directors

The directors who held office during the period and subsequently were as follows:

1. **Robert Weisz**
2. **Michael Foulkes**
3. **Edward Spurrier**
4. **William Neale**
5. **Carmel Warren**

The company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Details of directors' interests in the share capital of the company are disclosed in the Remuneration Committee Report set out on [pages 55 to 60](#).

Substantial holdings

The company has been advised of the following interests in more than 3% of its ordinary share capital as at 30th June 2025:

Holder	Total shares	%
William Neale (held by Ganton Limited)	18,919,665	19.10%
Rathbones Plc	9,823,869	9.92%
Charles Stanley	9,002,424	9.09%
Richard Thompson (held by Starnevesse Limited)	7,287,167	7.36%
Robert Weisz	6,071,386	6.13%
Slater Investments	3,501,975	3.53%



Risk management objectives and policies

Details of the company's financial risk management objectives and policies are set out in note 17 of the financial statements. The key non-financial risks that the company faces are set out on [pages 21 to 37](#) of the Strategic Report.

Dividends

There was a profit for the year after taxation amounting to £11.1m (2024: £10.6m).

A final dividend of £5.65m (5.70p per share) was paid during the year in respect of the year ended 30 June 2024 (2023: £4.88m, 4.89p per share).

A special dividend of £2.97m (3.00p per share) was paid during the year in respect of the year ended 30 June 2025 (2024: not applicable).

An interim dividend of £2.87m (2.90p per share) was paid during the year in respect of the year ended 30 June 2025 (2024: £2.60m, 2.60p per share).

The directors recommend a final dividend of 5.90p per share (2024: 5.70p per share). If approved, the total dividend for the year would be 11.80p per share (2024: 8.30p per share) and the total distribution of dividends would be £11.69m (2024: £8.24m).

Disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements confirm that:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware.
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors appointment

UHY Hacker Young were appointed during the period and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

Michael Foulkes

Company Secretary

23 Heddon Street
London, W1B 4BQ

22 September 2025



Corporate Governance Statement

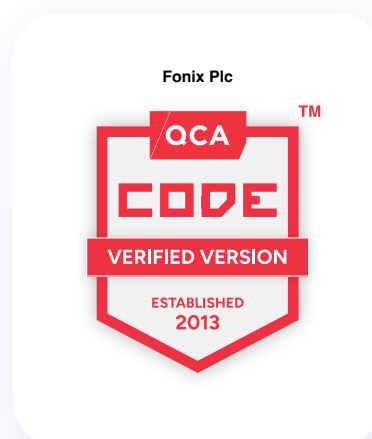
Chair's corporate governance report

As Chair of the Board, I take overall responsibility for ensuring the highest standards of corporate governance. The Board recognises that strong governance is fundamental to delivering long-term shareholder value and maintaining the trust of all stakeholders.

Fonix continues to comply with the QCA Corporate Governance Code, updated in 2023 (the 'QCA Code'), which provides a practical framework for growth companies such as ours. The updated Code places greater emphasis on a company's purpose. Fonix's purpose is to simplify and enhance how businesses and consumers connect, engage and transact through innovative mobile payments and messaging solutions. The QCA Code is based on the principle that companies should deliver long-term value for shareholders while maintaining effective governance structures.

During the year, our governance arrangements have remained stable and effective, reflecting the maturity of our framework. While no material changes have been made to the governance structure, the Board continues to review our approach regularly to ensure it remains fit for purpose as the business grows and evolves. The company has not departed from any of the principles of the QCA Code, and where minor deviations exist, these are explained in this report.

The following pages set out how Fonix applies the 10 principles of the QCA Code, supported by examples of how the board and management team put them into practice across the business.





Our Principles

- 1 Establish a strategy and business model which promote long-term value for shareholders
- 2 Promote a corporate culture that is based on ethical value and behaviours
- 3 Seek to understand and meet shareholder needs and expectations
- 4 Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success
- 5 Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation
- 6 Establish and maintain the board as a well-functioning, balanced team led by the chair
- 7 Maintain appropriate governance structures and ensure individually and collectively the directors have the necessary up-to-date experience, skills and capabilities
- 8 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
- 9 Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture
- 10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders



Principle 1

Establish a strategy and business model which promote long-term value for shareholders

The company's business model is described in the Strategic Report. The board reviews strategy at least annually, setting goals and targets to drive long-term value creation. The company's strategic priorities remain:

- Growing income from existing customers and winning new customer accounts.
- Building products and services that provide new revenue streams and strengthen client relationships.
- Realising international growth opportunities by investing in supply-chain connectivity and supporting multinational clients.
- Scaling efficiently to balance growth, risk, and shareholder returns.

Principle 2

Promote a corporate culture that is based on ethical value and behaviours

The board promotes a culture of integrity, transparency, accountability, and respect. These values are embedded through formal policies, annual reviews, and leadership example, and are reinforced through recruitment, training, and performance management.

Fonix is proud to be the only major mobile billing provider in the UK that has never received a regulatory fine, reflecting our disciplined approach to compliance and customer selection. The company prioritises partnerships with merchants and suppliers who share our high standards, often declining prospective business that does not align with our values.

The board recognises that emerging issues, including AI, ESG responsibilities, and evolving consumer protection standards, will shape future expectations of corporate behaviour. Preserving a strong, ethical culture is central to how Fonix adapts to these developments.

Principle 3

Seek to understand and meet shareholder needs and expectations

The board maintains an active dialogue with shareholders, ensuring clarity of communication on strategy, governance, and performance.

- The CEO and CFOO meet with most major institutional shareholders at least twice per year, with feedback reported to the board.
- The Chair is available for additional engagement where required.
- The AGM remains a valuable forum for shareholder dialogue, with all directors attending and responding to questions.

The board also monitors investor sentiment on governance issues, including remuneration and ESG matters.

Principle 4

Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

Engaging with stakeholders enables the company to understand their needs more effectively which in turn helps the company make more informed business decisions. In addition to its shareholders, the company's key stakeholders are its employees, customers, end users (consumers of its customer services), suppliers (including mobile network operators), and regulators. The board regularly considers these stakeholders to ensure the business is taking appropriate actions to further strengthen these key relationships. Further information on the specific actions the business is taking can be found in the 'Section 172 Statement' on [page 51](#).



Principle 5

Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The board retains overall responsibility for risk management. Risks and opportunities are documented by management on a monthly basis and reviewed by the board. A comprehensive risk register is maintained, updated quarterly, and discussed at board level to ensure appropriate oversight.

The board adopts a cautious and measured approach, balancing opportunities for growth with the need to manage risks effectively. Key areas of focus include cybersecurity, fraud prevention, regulatory compliance, reliance on key suppliers such as mobile network operators, and ensuring robust business continuity planning.

Regarding climate-related risks and opportunities, the board evaluates all business inputs that could have an environmental impact and, whenever possible, prioritises suppliers with best-in-class environmental policies.

There is currently no internal audit function as the board and audit committee considers that given the company's current stage of development, it is not necessary, but this will be reviewed annually as the company evolves.

The company does not fully comply with the QCA Code recommendation that independent non-executive directors should comprise half of the board. However, the board believes the current composition is appropriate for the size and complexity of the business and enables effective decision-making. The board also acknowledges feedback from some shareholders who would like to see further independent representation. As a result, the board remains committed to considering the appointment of an additional independent non-executive director where this would add meaningful strategic value. In particular, the company is keen to identify a candidate with experience in overseas markets, to support Fonix's international growth strategy and strengthen governance as the business expands beyond the UK.

The board meets monthly, with supplementary meetings convened as required, and operates with an open and collaborative culture. Directors are encouraged to challenge constructively and bring their independent judgement to bear on all matters. The board is further supported by a committee structure consisting of separate audit and remuneration committees, each chaired by an independent non-executive director. These committees have formally delegated responsibilities and the expertise necessary to discharge their duties effectively.

Further details of the current directors, including biographies and confirmation of independence, are set out on [page 39](#).

Principle 6

Establish and maintain the board as a well-functioning, balanced team led by the chair

The QCA Code requires that boards strike an appropriate balance between executive and non-executive directors, with at least two independent non-executive directors. The Fonix board comprises the non-executive Chair, who was independent at the time of appointment, two executive directors and two other non-executive directors. Of the non-executive directors, the board considers both Edward Spurrier and Carmel Warren to be independent. This structure provides a balance between executive leadership, sector expertise, and independent oversight.

Principle 7

Maintain appropriate governance structures and ensure individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The long-term success of the company is the responsibility of the board of directors, which comprises two executive directors and three non-executive directors (one female and two males). In all new appointments, the board aims to add diverse skills, perspectives, and experience to strengthen its composition.

The executive directors are responsible for the operational management of the company's activities, while the non-executive directors



provide independent oversight and objective judgement. There is a clear separation between the roles of the non-executive Chair and the Chief Executive Officer: the Chair leads the board and has overall responsibility for governance, while the CEO is accountable for implementing strategy and managing day-to-day operations. The Company Secretary ensures that board procedures are followed and that the company complies with all applicable rules and regulations.

The board brings together backgrounds in commerce, payments, finance, and technology across both public and private companies. Individually and collectively, directors have a wide range of experience and capabilities. The independent non-executive directors hold similar positions on other listed company boards, contributing valuable external perspectives. Both independent non-executive directors, along with the CFOO, also maintain professional memberships requiring continuing professional development (CPD), helping to ensure skills remain up to date.

The board is supported by an effective committee structure. The audit committee, chaired by Carmel Warren, and the remuneration committee, chaired by Edward Spurrier, each have formally delegated duties and responsibilities. The company has not established a Nominations Committee; given the size of the business, this function is effectively carried out by the full board.

Looking ahead, the board will continue to review its composition and skills mix to ensure it remains well aligned with the company's strategy, particularly as Fonix pursues international growth opportunities.

Principle 8

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The company conducts annual monitoring of both corporate and individual performance. Each year, agreed objectives and targets are set for the executive directors and leadership team, with performance measured against these metrics. The independent non-executive Chair is responsible for assessing and monitoring the performance of the executive directors.

The board keeps its own effectiveness under review, with periodic evaluations of engagement, behaviour, alignment, decision-making, and overall composition. These reviews are carried out internally and provide a framework for open discussion and continuous improvement. Based on the outcomes of these reviews, together with the consistent strong performance of the business and management team, the board has concluded that an externally facilitated review is not required at this time, but this will remain under consideration as the business grows.

Succession planning is reviewed regularly across the organisation to ensure resilience, with a focus on avoiding single points of failure and reducing dependency on any individual member of staff.

Principle 9

Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.

The remuneration committee is committed to maintaining a remuneration policy that is transparent, straightforward, and aligned with the creation of long-term shareholder value. Board remuneration is reviewed at least annually, with incentive structures linked to the company's core strategic objective of delivering sustainable growth in adjusted EBITDA.

In line with best practice, board remuneration is also submitted to an advisory shareholder vote, providing an additional layer of accountability and transparency.

Further details of the company's remuneration policy are set out in the remuneration committee report on [pages 55–60](#).



Principle 10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The company maintains regular and transparent communication with shareholders through a variety of channels, including the Annual Report and Accounts, full and half-year trading updates, regulatory announcements, the Annual General Meeting (AGM), bi-annual investor roadshows, and other ad hoc investor meetings.

Corporate information, including reports, results announcements, notices of general meetings, and regulatory updates, is also made available to shareholders, investors, and the wider public via the company's investor website: www.fonix.com/investors





Board and committee attendance

The board met twelve times during the financial year and its committees met a further five times, including three audit committee meetings.

The attendance of the directors at these meetings is detailed below. On the occasions

when a director is unable to attend a meeting, any comments he or she has arising from the information pack circulated prior to the meeting are provided to the chair.

	Board meetings		Audit committee		Remuneration committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Robert Weisz	12	12	–	–	–	–
Michael Foulkes	12	12	–	–	–	–
William Neale	12	12	–	–	–	–
Edward Spurrier	12	12	3	3	2	2
Carmel Warren	12	12	3	3	2	2

Committees of the board

The remuneration committee

The remuneration committee is chaired by Edward Spurrier and its other member is Carmel Warren. The remuneration committee reviews the performance of the executive directors and makes recommendations to the board on matters relating to their remuneration and terms of employment. The remuneration committee also makes recommendations to the board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the non-executive directors of the company are set by the board. The remuneration committee invites the executive board members and other relevant parties to attend where necessary.

The remuneration committee meets as frequently as necessary and not less than once a year.

The audit committee

The audit committee is chaired by Carmel Warren and its other member is the non-executive chair, Edward Spurrier. The external auditors are invited to each meeting and the Chief Executive Officer, Chief Financial & Operating Officer (together with members of the finance team as appropriate) and William Neale (as a non-executive director) attend by invitation.

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the company is properly measured and reported on. It receives and reviews reports from the company's management and auditors relating to the annual accounts and the accounting and internal control systems in use throughout the company. The audit committee has unrestricted access to the company's auditors.



Further, the audit committee advises the board on the company's overall risk appetite and strategy including, inter alia, regularly reviewing, and updating (if appropriate) the risk assessment processes in place, including in relation to remuneration and compliance functions, and assisting in overseeing implementation of the adopted strategy.

Edward Spurrier is chair of the company and therefore his membership of the audit committee does not comply with the recommendation of the QCA Code. However, the board has determined that, in light of Edward Spurrier's extensive knowledge of financial governance and internal controls and taking into account the size and nature of the company and the independence of the other members of the audit committee, it is appropriate for Edward Spurrier to be a member of the audit committee.

The company does not comply with the QCA's requirement to publish a separate audit committee report as it believes that the information provided within this corporate governance report gives shareholders adequate information on the committee's activities.

The audit committee meets as frequently as necessary and not less than three times a year.

Relations with shareholders

The board is committed to regular, open and effective communication with shareholders to ensure that the company's strategy and performance are clearly understood. The company provides annual and interim statutory financial reports, investor and analyst presentations, regular trading and business updates. At the Annual General Meeting (AGM) all shareholders have the opportunity to meet and ask questions of the board of directors. The next AGM is scheduled for 13 November 2025.





Section 172 Statement

The directors are aware of their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a.** the likely consequences of any decision in the long term; and
- b.** the interests of the company's employees; and
- c.** the need to foster the company's business relationships with suppliers, customers and others; and
- d.** the impact of the company's operations on the community and the environment; and
- e.** the desirability of the company maintaining a reputation for high standards of business conduct; and
- f.** the need to act fairly as between members of the company.

Engaging with employees

The company holds regular all-staff meetings, providing updates from across the business in an open forum. These sessions enable employees to hear directly about team, product, and market developments, as well as new commercial opportunities, while also giving them the chance to share feedback and ideas. In addition, the company conducts anonymous staff surveys at least once a year, ensuring all employees can provide candid input to the senior leadership team and the Board.

While the company operates a flexible working and "working from home" policy, staff are encouraged to attend the office at least once a week on a voluntary basis, with many teams choosing to meet in person weekly. This approach is designed to support collaboration, provide junior staff with greater exposure to senior colleagues, and strengthen the company's culture. To further promote engagement, the company also hosts weekly office-based social events.

Engaging with customers

The company's primary customers are its payment merchants. Each significant customer account is supported by a dedicated client services representative who meets with them regularly to understand their needs and ensure Fonix is helping to deliver on their objectives. In addition, the company hosts annual client and partner events, which have grown into key industry gatherings, strengthening relationships, encouraging collaboration, and showcasing innovation across the mobile payments and messaging sector.



Engaging with suppliers

The company's largest suppliers are mobile network operators (MNOs) and technology partners. Senior management maintains close relationships with each MNO, meeting regularly to discuss their requirements, explore new commercial opportunities, review existing services, and address regulatory developments. MNOs are also invited to the company's customer events, providing a forum for both parties to share insights and identify opportunities in the market.

Engaging with regulators

The management team works closely with regulators and trade associations to help uphold the highest standards across the industry. To support this, the Chief Executive Officer serves as Vice Chair and a board member of the Association for Interactive Media and Micropayments (AIMM), the UK's specialist trade association for the sector.

Minimising environmental impact

The Board is committed to reducing the environmental impact of the company's activities and ensuring the business operates sustainably. We recognise an ethical responsibility to go beyond compliance and therefore strive to: reduce energy consumption; minimise waste and increase recycling; incorporate environmental considerations into decision-making; limit the use of carbon-intensive travel such as air travel; and encourage employees to use sustainable alternatives including walking, cycling, and public transport.

To support this commitment, the company continues to implement initiatives to reduce electricity usage. Where energy consumption is necessary—such as in our office and data centre operations—we seek to partner with environmentally responsible suppliers, prioritising those that source a high proportion of their energy from 100% renewable sources.





Environment, Social and Governance (ESG) Scorecard

The board considers the following key indicators when assessing whether the business continues to meet its objective of being an environmentally and socially responsible organisation with a balanced and effective governance structure:

	2025	2024	Unit
Environmental			
Energy consumption (scope 1 & 2)	0.016	0.016	MWh/£m of revenue
CO2 production (scope 1 & 2)	0.003	0.003	tonnes/£m of revenue
Water consumption	3.6	2.9	m3/£m of revenue
Waste production	0.23	0.16	tonnes/£m of revenue
Google Workspace (part of scope 3) ¹	79.562	94.132	kgCO ₂ e
Amazon Web Services (part of scope 3) ²	0.015	0.013	MTCO ₂ e
Social			
Employee turnover rate	5.8%	8.4%	per annum
Effective corporation tax rate	22.7%	23.2%	
Governance			
Board seats held by women	20.0%	20.0%	
Board seats held by independent directors	40.0%	40.0%	

¹Google Workspace emissions data is taken from Google's Carbon Footprint for Google Workspace tool for the period August 2024 – July 2025, due to data from the 12 months ending June 2025 not being available.

²AWS emissions data is sourced from Amazon's Carbon Footprint Tool for July 2024–May 2025. June 2025 figures are estimated based on prior months, as official data was not yet available at the time of preparing these financial statements. Prior-year figures have been updated to reflect actual data reported by Amazon's Carbon Footprint Tool for July 2023–June 2024.



Energy and carbon report

The majority of Fonix's CO₂e emissions are believed to come from scope 3 sources, including its suppliers Amazon Web Services (AWS), Google Drive and the mobile network operators. AWS and Google Drive emissions are shown in the table above, which are taken from each supplier's online carbon footprint tool. No data is available from the mobile network operators that allows the company to estimate the carbon footprint of their services.

Google reached its target of matching 100% of its electricity use with renewable energy in 2017 and has maintained this commitment each year since. Its current goal is to operate on 24/7 carbon-free energy across all data centres and campuses worldwide by 2030.

Amazon achieved its target of powering its operations with 100% renewable energy in 2023, seven years ahead of its original 2030 commitment. The company has also pledged to reach net-zero carbon emissions by 2040.

As the company has not directly consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Waste

As a business, Fonix consumes very little water and produces very little waste. Fonix operates a paperless office and has recycling facilities in place for any waste it or its staff produce. Where possible, Fonix ensures all shareholder, customer or supplier communications are made electronically.

Social responsibility

Fonix places a strong emphasis on employee wellbeing and supports flexible working practices, which are highly valued by staff. Anonymous staff satisfaction surveys are conducted at least annually, inviting all employees and contractors to provide candid feedback and recommendations to the Board. Results from these surveys continue to be positive, with adjustments to business practices considered in areas where improvements are identified.

The company is committed to diversity and inclusion, with a workforce drawn from a broad range of backgrounds and a significant proportion of employees belonging to minority groups.

Health and safety is fundamental to Fonix's operations. Although assessed as a low-risk workplace, a significant proportion of staff are trained as first aiders or fire wardens, and training is offered to all employees who wish to participate.

Fonix also upholds the highest standards of data protection. All staff complete monthly data security training, and the leadership team regularly reviews emerging risks and mitigation strategies. While the company holds only limited amounts of personally identifiable information (PII), strict data retention policies ensure such information is not retained longer than necessary.



Remuneration Committee Report

Remuneration of executive directors

The company's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the company's business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for FY26 and subsequent years, subject to ongoing review as appropriate.

The company's remuneration policy for executive directors seeks to:

- consider each individual's experience and the nature and complexity of their work in order to set a competitive base salary that attracts and retains individuals of the highest quality, whilst avoiding remunerating more than is necessary; and
- link remuneration packages to the company's long-term performance through share plans; and
- provide post-retirement benefits through payment into private pension arrangements and/or salary supplements; and
- design long-term incentives that are prudent and will not expose shareholders to unreasonable financial risk.

Executive directors' remuneration packages are considered annually by the remuneration committee in line with the above policy and comprise a number of elements:

Salaries

The base salary of the Chief Financial & Operating Officer (CFOO) is normally reviewed by the Remuneration Committee each June, with any changes implemented from July. The base salary of other directors is reviewed each November, with any changes implemented from the following January. For FY26, the CFOO's July 2025 review was deferred until January 2026 in order to align with the timetable for all other staff.

In both processes, the committee takes account of the profitability and ongoing strategy of the company and the individual's contribution. Consideration is also given to the need to retain and motivate individuals, with reference made to information on salary levels in comparable organisations. To assist in this the remuneration committee looks at external salary surveys and undertakes its own research.

Annual bonus

During FY25, the CFOO participated in an annual bonus scheme with a maximum opportunity of £80,000 (FY24: £75,000). The Chief Executive Officer did not participate in an annual bonus scheme, with remuneration structured through base salary and the growth in value of their existing shareholding.

The total bonus payable to the executive directors in respect of the current financial year was determine as set out below:

Name	Maximum reward	Actual performance	Annual bonus payable
Michael Foulkes	£80,000	0% of bonus	£0



Pensions

The company operates a workplace pension scheme under which directors who opt into auto-enrolment receive an employer contribution of 5% of salary between the lower and upper qualifying earnings limits set by the UK Pensions Regulator (£6,240 and £50,270 respectively for the 2025/26 tax year). This results in a maximum employer contribution of £2,201.50 per director per year.

Share awards

Executive directors may, at the discretion of the remuneration committee, be granted share option awards.

Remuneration of non-executive directors

The remuneration of the non-executive directors is determined by the board, based on a review of current practices in comparable companies. The non-executive directors do not receive any pension payments and generally do not participate in any incentive schemes, with the exception of the chair who received some share options in 2020 as listed in the sections below. In the light of best practice, it is not intended to grant any further share options to the non-executive directors in the future.

Wider employee considerations

The company encourages share ownership amongst all staff and therefore permanent staff with long lengths of service, are awarded share option grants at set intervals.

Shareholder engagement

The remuneration committee seeks and takes into consideration the views of shareholders on remuneration on an ongoing basis and they are invited to make contact directly with the chair of the remuneration committee at any time should they wish to do so.

Remuneration committee advice

In undertaking its responsibilities, the committee seeks independent external advice as necessary.



Annual remuneration statement

On behalf of the board, I am pleased to present our remuneration report for FY25.

Salaries

The base salary of the Chief Executive Officer (CEO) was increased with effect from 1 January 2025. The Chief Financial & Operating Officer (CFOO) received an increase effective 1 July 2024, marking the 12-month anniversary of their previous adjustment, but no further increase was awarded from 1 July 2025. The remuneration committee agreed that the CFOO's base salary will instead be reviewed as part of the group's annual pay review in January 2026, in line with other staff across the business. As at 1 July 2025, the base salaries of the executive directors were as follows:

Robert Weisz,
Chief Executive Officer

£190,019

Michael Foulkes,
Chief Finance Officer

£160,000

Fees for non-executive directors

Fees for non-executive directors were increased with effect from 1 January 2025. As at 1 July 2025, the fees were as set out below. These amounts include any additional fees payable for chairing the remuneration committee and the audit committee.

Name	Role	Committee chair	Fee
Edward Spurrier	Chair	Remuneration	£66,300
William Neale	Non-executive director		£40,800
Carmel Warren	Non-executive director	Audit	£35,700

Equity plan

During the year, certain directors were issued share options in the company. All options had an exercise price equal to the closing mid-market price the day before the date of grant. The options are subject to performance criteria as well as deferred vesting conditions. Details of options issued to directors during the financial year are listed below:

Name	Type of award	Date of grant	Number	Exercise price	Initial vesting date	Final vesting date	Lapse date
Michael Foulkes	Performance scheme	24/03/2025	55,000	£1.805	24/03/2028	24/03/2030	24/03/2035
			55,000				



Outstanding equity awards

At the 30 June 2025, the following outstanding options were held by the directors of the company:

Name	FY	Date of grant	Type of award	Number of shares granted	Exercise price £	Vested at start of year	Vested during the year	Exercised during the year	Lapsed during the year	Vested unexercised	Total 30 June 2024	Final vesting date
Edward Spurrier	FY21	07/10/2020	ES ¹	500,000	£0.900	500,000	-	-	-	500,000	500,000	07/10/2023
				500,000		500,000	-	-	-	500,000	500,000	
Michael Foulkes	FY21	08/04/2021	GES ²	64,426	£1.785	21,475	21,475	-	-	42,950	64,426	08/04/2026
	FY22	11/05/2022	GES ²	31,469	£1.430	-	10,490	-	-	10,490	31,469	11/05/2027
	FY24	30/11/2023	GES ²	27,500	£1.955	-	-	-	-	-	27,500	30/11/2028
	FY24	30/11/2023	PS ³	27,500	£1.955	-	-	-	-	-	27,500	30/11/2028
	FY25	24/03/2025	PS ³	55,000	£1.805	-	-	-	-	-	55,000	24/03/2030
				205,895		21,475	31,965	-	-	53,440	205,895	

¹ Executive scheme

² General employee scheme

³ Performance scheme



Summary of directors' total remuneration

The directors received the following remuneration during the year to 30 June 2025:

	Salary and fees	Bonus	2025 Total (excl. pension)	2025 Pension	2025 Total fixed remuneration	2025 Total variable remuneration	2024 Total (excl. pension)	2024 Pension
Name of Director	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive								
Robert Weisz	187	-	187	-	187	-	181	-
Michael Foulkes	160	-	160	2	162	-	225	2
Non-Executive								
William Neale	40	-	40	-	40	-	40	-
Edward Spurrier	66	-	66	-	66	-	65	-
Carmel Warren	35	-	35	-	35	-	35	-
	488	-	488	2	490	-	546	2



Application of remuneration policy for FY26

Salaries

During the course of the financial year, the remuneration committee met to review the remuneration of the board. Based on AIM and Listed CFO remuneration studies, the committee concluded that the overall remuneration package of the Chief Financial & Operating Officer – who had been promoted to the expanded role during FY25 without any immediate adjustment to base salary – remains broadly consistent with comparable AIM and listed company peers. Any adjustment to base salary will be revisited as part of the group's annual pay review in January 2026, alongside all other staff.

The remaining executive directors' base salaries will also be reviewed by the remuneration committee during the course of the year, with any further changes effective from 1 January 2026, subject to shareholder approval at the AGM in November 2025.

Annual bonus

From 1 July 2025, the CFOO's annual bonus opportunity was increased to £100,000 (FY25 £80,000), reflecting the expansion of the role from Chief Financial Officer to Chief Financial & Operating Officer. The bonus is structured such that 75% is linked to achievement against the company's EBITDA objective, with the remaining 25% linked to the delivery of specific and measurable operational milestones. The remuneration committee retains discretion to adjust the bonus award in exceptional circumstances.

Company chair and non-executive directors

The fees for the company chair and non-executive directors will be reviewed during the course of the year with any increases effective from 1 January 2026, subject to a shareholder vote at the AGM in November 2025.

Shares held by directors

Name of director	Beneficially owned shares		Unvested share options		Vested unexercised share options	
	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025
Executive						
Robert Weisz	6,071,386	6,071,386	–	–	–	–
Michael Foulkes	–	–	129,421	152,455	21,474	53,440
Non-Executive						
William Neale	18,919,665	18,919,665	–	–	–	–
Edward Spurrier	–	–	–	–	500,000	500,000



Statement of Directors' Responsibilities

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

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

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

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

In preparing each of the company financial statements, the directors are required to:

- a.** select suitable accounting policies and then apply them consistently; and
- b.** make judgements and accounting estimates that are reasonable and prudent; and
- c.** for the company financial statements, state whether they have been prepared in accordance with IFRSs adopted by the UK, subject to any material departures disclosed and explained in the company financial statements; and
- d.** 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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



Annual Report & Accounts 2025

Financial Statements



Independent Auditor's Report

to the board of Fonix plc

Opinion

We have audited the financial statements of Fonix Plc (the 'company') for the year ended 30 June 2025, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Statement of Underlying Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in preparation of the company's financial statements is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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



Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

Evaluation of management assessment	Key observations
Management have prepared forecasts to 30 June 2027 ("the forecast period"). We evaluated the management's going concern assessment and performed the following procedures: • Reviewing the forecasts, the methodology behind these and ensuring they are arithmetically correct; • Challenging the assumptions set by management; • Obtaining post year end management information and comparing these to budget to ensure budgeting is reasonable and the results are in line with expectations; • Discussing with management plans for the company going forward, ensuring these have been incorporated into the budgeting and would not have a material adverse impact on the going concern status of the company; and • Assessing the transparency, completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cash flow projections for the forecast period and the underlying assumptions;	The company generated a profit of £11,145,000 in the year ended 30 June 2025 (2024: £10,617,000). They generated net underlying cash flows from operating activities of £10,572,000 (2024: £11,365,000) and had underlying cash of £9,877,000 (2024: £11,325,000) as at 30 June 2025. The forecast to 30 June 2027, indicates that the company is expected to remain profitable and maintain sufficient liquidity throughout the forecast period. Key assumptions, particularly gross profit margins, have been analysed on a client-by-client basis. These assumptions are considered reasonable based on historical performance and recent trends. Actual results for July and August 2025 closely align with forecasted figures, providing assurance over the reliability of management's projections and their ability to prepare accurate forecasts. Sensitivity analysis was performed to assess the impact of losing all gaming clients, which represent on average 10% of gross profit. Even under this scenario, the company retains significant cash reserves. No material going concern issues have been identified. The company is expected to meet its liabilities as they fall due, and management's use of the going concern basis of accounting is considered 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 entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the company, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

The audit team met and communicated regularly throughout the audit with the CFOO in order to ensure we had a good knowledge of the business of the company. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Key audit matters

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit. In arriving at our audit opinion above, the other key audit matters were as follows:





Key audit matters

Revenue recognition in line with IFRS 15

The company recognises income as one of the three key service lines as detailed in the revenue policy (mobile payments, mobile messaging or managed service). Each is assessed against the 5 step process in line IFRS 15.

Revenue is a key driver of the business and is made up of a high number of individual low value transactions therefore in respect of services provided there is a risk that revenue is recorded inappropriately relative to the provision of underlying services.

In addition, there is the risk of management override to overstate results due to the company being AIM listed and having performance related bonuses.

We therefore identified the risk over the existence and occurrence assertions relating to revenue recognition as a significant risk, which was one of the most significant risks of material misstatement.

How our audit addressed the key audit matters

Our audit work included, but was not restricted to:

- Documenting our understanding of management's process for evaluating revenue recognition and assessing the design effectiveness of related key controls.
- We conducted on a sample basis and encompassed transactions arising across the year under review, to ensure that the amounts attributable to revenue had been correctly calculated in accordance with IFRS 15 and included in the correct accounting period.
- We obtained copies of the customer contracts in order to check that relevant revenue and VAT had been posted accurately in the accounts.
- Performing transaction testing by tracing transactions recognised in the revenue nominal ledger to the monthly billing spreadsheets and then agreed a sample of sales to the source documents to test the occurrence.
- We used data analytics software to review the monetary flows of revenue to ensure every transaction results in a cash in-flow to gain assurance of occurrence.
- We performed a trend analysis of revenue and cost of sales to identify any outliers in movements which could indicate misstatement.
- Whilst performing our audit testing we assessed whether the treatment of revenue was in accordance with the correct recognition criteria as per the company's accounting policy.



Key audit matters	How our audit addressed the key audit matters
	Assessing whether the company's accounting policy for revenue recognition are in accordance with the requirements of IFRS 15. The company's accounting policy on revenue recognition is shown in Principal Accounting Policies for the financial statements and related disclosures are included in note 4. Key observations We have not found any issues or errors involving revenue and are therefore satisfied we have assurance over revenue recognition and treatment.
Management override of controls As an AIM listed company there is a risk of pressure on management to deliver strong results for the board, so the risk of bias or manipulation is higher. There is also a risk due to performance related bonuses being paid to senior management. The company applies the QCA Corporate Code as set out in the Corporate Governance Statement.	We assessed the level of control management has over the financials and what controls are in place to keep to the governance rules. - We reviewed estimates included in the financial statements for any evidence of management bias arising in their calculation. - We conducted enquiries of management and other staff to determine if they were aware of any unusual journals or other adjustments. - We tested a sample of journal entries, other adjustments, large or unusual transactions in the year and post year end period to determine that they are valid business transactions. - We assessed the accuracy of the bonus scheme provisions in-line with the scheme policy and agreed inputs to supporting documentation. This is based on predefined growth targets over a three-year period. Key observations As a result of our testing, we concluded that there is no evidence of management override of controls identified.



Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be £719,500 (2024: £696,600).
How we determine it	Based on a benchmark of 5% of profit before tax for the year.
Rationale for benchmarks applied	We believe profit for the year to be the most appropriate benchmark due to the size, growth stage, increase in profitability and the nature of the company.
Performance materiality	On the basis of our risk assessment, together with our assessment of the company's control environment, our judgement is that performance materiality for the financial statements should be 65% of materiality, and was set at £467,600 (2024: £452,700).

Reporting threshold

We agreed with the Audit Committee that we would report to them all misstatements over £35,900 (2024: £34,800) (5% of materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.



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.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on [page 60](#), 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 controls 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 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Phone-paid Authority Service Code of Practice (PSA Code), AIM listing rules and Data Security regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and QCA code. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation; review of legal invoices; enquiries of management; testing of journals; review of revenue and associated accounts using Mindbridge; assessment of cut-off procedures at year end; and review of credit notes raised to evaluate the appropriateness of revenue recognition. We also evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with part 3 of Chapter 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.

Jessica Moorghen (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Chartered Accountants and Statutory Auditor

UHY Hacker Young
4 Thomas More Square
London E1W 1YW

22 September 2025



Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025 £'000	2024 £'000
Continuing operations			
Revenue	4	72,780	76,089
Cost of sales		(54,152)	(58,203)
Gross profit		18,628	17,886
Adjusted operating expenses ¹		(4,074)	(4,193)
Profit before interest, tax, depreciation, amortisation, share-based payment charge and exceptional costs		14,554	13,693
R&D tax credit		131	58
Share-based payment charge		(86)	(100)
Depreciation and amortisation		(1,014)	(825)
Operating profit	5	13,585	12,826
Finance income	7	826	1,127
Finance expense	7	(21)	(19)
Profit before taxation		14,390	13,934
Taxation	8	(3,245)	(3,317)
Total comprehensive profit for the financial year		11,145	10,617

1. Adjusted operating expenses excludes share-based payment charge, depreciation, amortisation and R&D tax credits.

Earnings per share	Note	2025	2024
Basic earnings per share	9	11.3p	10.7p
Diluted earnings per share	9	11.2p	10.6p
Adjusted basic earnings per share	9	11.3p	10.8p



Statement of Financial Position

As at 30 June 2025

	Note	2025 £'000	2024 £'000
Non-current assets			
Intangible asset	10	2,017	1,606
Right of use asset	11	166	286
Tangible assets	12	31	30
		2,214	1,922
Current assets			
Trade and other receivables	13	33,766	35,947
Cash and cash equivalent		21,998	26,480
		55,764	62,427
Total assets		57,978	64,349
Equity and liabilities			
Equity			
Share capital	18	100	100
Share premium account	18	679	679
Treasury shares	18	(2,051)	(2,273)
Share option reserves		422	362
Retained earnings		11,380	11,834
		10,530	10,702
Liabilities			
Non-current liabilities			
Deferred tax liabilities	16	287	237
Lease liabilities	15	19	146
		306	383
Current liabilities			
Trade and other payables	14	47,015	53,148
Lease liabilities	15	127	116
		47,142	53,264
Total liabilities		47,448	53,647
Total equity and liabilities		57,978	64,349

These financial statements were approved by the board on 22 September 2025 and signed on its behalf.

M Foulkes, Director

R Weisz, Director



Statement of Changes in Equity

For the year ended 30 June 2025

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2023		100	679	297	(495)	8,807	9,388
Profit for the financial year		-	-	-	-	10,617	10,617
		-	-	-	-	10,617	10,617
Transactions with shareholders							
Dividends	19	-	-	-	-	(7,481)	(7,481)
Share-based payment charge		-	-	100	-	-	100
Purchase of own shares		-	-	-	(2,040)	-	(2,040)
Exercise of share options issued from treasury shares		-	-	-	262	(144)	118
Fair value of options exercised in the period		-	-	(35)	-	35	-
		-	-	65	(1,778)	(7,590)	(9,303)
Balance at 30 June 2024		100	679	362	(2,273)	11,834	10,702
Profit for the financial year		-	-	-	-	11,145	11,145
		-	-	-	-	11,145	11,145
Transactions with shareholders							
Dividends	19	-	-	-	-	(11,493)	(11,493)
Share-based payment charge		-	-	86	-	-	86
Purchase of own shares		-	-	-	-	-	-
Exercise of share options issued from treasury shares		-	-	-	222	(132)	90
Fair value of options exercised in the period		-	-	(26)	-	26	-
		-	-	60	222	(11,599)	(11,317)
Balance at 30 June 2025		100	679	422	(2,051)	11,380	10,530



Statement of Cash Flows

For the year ended 30 June 2025

	2025 £'000	2024 £'000
Cash flows from operating activities		
Profit before taxation	14,390	13,934
Adjustments for		
Depreciation	20	15
Amortisation	994	809
Share-based payment charge	86	100
Finance income	(826)	(1,127)
Finance expense	21	19
(Increase)/decrease in trade and other receivables	2,180	111
Increase/(decrease) in trade and other payables	(5,758)	4,297
Income tax paid	(3,570)	(2,839)
Net cash flows from operating activities	7,537	15,319
Cash flows from investing activities		
Interest received	826	1,127
Payments to acquire tangible assets	(20)	(18)
Payments to acquire intangible assets	(1,285)	(1,061)
Net cash flows from investing activities	(479)	48
Cash flows from financing activities		
Net proceeds from issue of equity	90	119
Dividends paid	(11,493)	(7,481)
Purchase of own shares	-	(2,040)
Capital payments in respect of leases	(116)	(115)
Interest paid in respect of leases	(21)	(18)
Net cash flows from financing activities	(11,540)	(9,535)
Net increase/(decrease) in cash and cash equivalents for the period	(4,482)	5,832
Cash and cash equivalents at beginning of period	26,480	20,648
Cash and cash equivalents at end of period	21,998	26,480

Cash and cash equivalents comprise the balances held at the bank.



Statement of Underlying Cash Flows

For the year ended 30 June 2025

The company's mobile payments segment involves collecting cash on behalf of clients which is then paid to clients net of the company's share of revenues or fees associated with collecting the cash. The company's cash balance therefore fluctuates depending on the timing of "pass through" cash received and paid.

The analysis below shows the movements in the company's underlying cash flow excluding the monies held on behalf of customers. The underlying cash is derived from actual cash by adjusting for customer related trade and other receivables less customer related trade and other payables and customer related VAT liabilities.

	2025 £'000	2024 £'000
Underlying cash flows from operating activities		
Profit before taxation	14,390	13,934
Adjustments for		
Depreciation	20	15
Amortisation	994	809
Share-based payment charge	86	100
Finance income	(826)	(1,127)
Finance expense	21	19
(Increase)/decrease in trade and other receivables	(410)	(31)
Increase/(decrease) in trade and other payables	(133)	485
Income tax paid	(3,570)	(2,839)
Net underlying cash flows from operating activities	10,572	11,365
Underlying cash flows from investing activities		
Interest received	826	1,127
Payments to acquire tangible assets	(20)	(18)
Payments to acquire intangible assets	(1,285)	(1,061)
Net underlying cash flows from investing activities	(479)	48
Underlying cash flows from financing activities		
Net proceeds from issue of equity	90	119
Dividends paid	(11,493)	(7,481)
Purchase of own shares	-	(2,040)
Capital payments in respect of leases	(116)	(115)
Interest paid in respect of leases	(21)	(18)
Net underlying cash flows from financing activities	(11,540)	(9,535)
Net increase/(decrease) in underlying cash for the period	(1,447)	1,878
Underlying cash at beginning of period	11,324	9,446
Underlying cash equivalents at end of period	9,877	11,324



Notes to Financial Statements

1 Accounting Policies

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with UK adopted International Accounting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) that are effective or issued and early adopted as at the date of these financial statements and in accordance with the provisions of the Companies Act 2006.

The Profit before interest, tax, depreciation, amortisation, share-based payment charge and exceptional costs (adjusted EBITDA) is presented in the income statement as the directors consider this performance measure provides a more accurate indication of the underlying performance of the company and is commonly used by City analysts and investors.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 2.

The presentational and functional currency of the company is sterling. Results in these financial statements have been prepared to the nearest £1,000.

Changes in accounting policy and disclosures

New and amended Standards and Interpretations applied

The following new and amended Standards and Interpretations have been issued and are effective for the current financial period of the company:

- Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements

These amendments introduce new qualitative and quantitative disclosure requirements related to supplier finance arrangements (e.g., reverse factoring) and require their effects on cash flows, liabilities, and liquidity risk to be disclosed.

The company does not have any supplier finance arrangements, and thus no disclosures are required.

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

These amendments require seller-lessees to measure lease liabilities arising from sale-and-leaseback transactions so that any gain or loss is limited to the right-of-use retained.

The company has not entered into any sale-and-leaseback transactions and accordingly, there is no impact.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

These amendments clarify that the right to defer settlement must have substance and exist at the reporting date.

The company has reassessed its liabilities and concluded that classification remains unchanged.



- Amendments to IAS 1 – Non-current Liabilities with Covenants

These amendments require enhanced disclosure where the right to defer settlement of a liability depends on compliance with covenants.

The company has no liabilities that are subject to such covenants.

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the company has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

Standard or Interpretation	Effective for annual periods commencing on or after
Lack of Exchangeability (Amendments to IAS 21);	1 January 2025

These have been endorsed and adopted for use in the UK by the UKEB (UK Endorsement Board). The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.





Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is not externally funded and accordingly is not affected by borrowing covenants. In addition, the cost of capital represents the dividend distributions or purchase of own shares – which are discretionary.

At 30 June 2025 the company had cash and cash equivalents of £22.0 million (2024: £26.5 million) and net current assets of £8.6 million (2024: £9.2 million). The business model of the company is cash generative – with increased sales of payment services impacting positively on the working capital cycle and profit from trading activities being reflected in cash at bank.

The directors maintain sufficient net assets in the company by moderating or increasing dividend distributions or share buy-backs as necessary.

The directors have prepared detailed cash flow forecasts for the next 18 months that indicate the existing activities of the company do not require additional funding during that period. The forecasts are challenged by various downside scenarios to stress test the estimated future cash and net current asset position. The directors are pleased to note that the stress tests did not have a significant impact on the funding requirement. In addition, current trading is in line with the forecast.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Foreign exchange

Foreign currency transactions are initially recorded in the entity's functional currency, which is Pounds Sterling, at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies (such as receivables and payables) are measured at the exchange rate prevailing at the reporting date. Any exchange gains or losses are recognised in the income statement.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers as set out in note 3 below. The chief operating decision-makers (who are responsible for allocating resources and assessing performance of the operating segments) have been identified as the executive directors that make strategic decisions.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured – which is at the time of each transaction. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.



Services	Nature and timing of satisfaction of performance obligations and significant payment terms
Mobile payments	The company's technology for mobile payments facilitates a low friction way for mobile phone users to purchase services and charge them to their mobile phone bill or pre-paid balance. This revenue stream primarily consists of direct carrier billing, SMS billing and premium voice billing. Under IFRS 15 the company considers its involvement in all mobile payments transactions to be acting as an agent between customers (merchants) and end-consumers. Management has determined that it is acting as an agent under IFRS 15 because it does not have the primary responsibility for providing the services to the end consumer. Revenue is recognised at a point in time, as mobile payments are processed through the company's platform. Revenues recognised relate to the total commission charged to customers (merchants), with the mobile network operator commission recognised within cost of sales.
Mobile messaging	Mobile messaging represents the delivery of SMS text messages from the company's customers to the mobile network operators (MNOs), for purposes such as marketing, notifications and two factor authentication. Consumers are not charged for receiving these messages. Instead, MNOs charge the company for sending the messages, and the company in turn charges its customers for the same messages. Under IFRS 15 the company considers its involvement in all mobile messaging transactions, to be acting as a principal. Revenue is recognised as messages are processed through the company's platform. Revenues recognised relate to the amount charged to customers, with the associated MNO costs recognised within cost of sales.
Managed services	Managed services represent the delivery of services including event services, campaign management, MNO short code rentals and technology services. Under IFRS 15 the company considers its involvement in all managed services transactions to be acting as a principal. With revenue recognised over the period of providing the service to a customer. Revenues recognised relate to the amount charged to customers, with any third-party costs, including MNO costs incurred by the company, recognised within cost of sales.



Contracts and obligations

To determine whether to recognise revenue, the company follows the 5-step process as set out within IFRS 15 for all revenue streams:

1. Contract identification is performed, with each customer and mobile network operator having a separate signed contract with the company. Thereafter any subsequent changes are affected by separate addendums or notified rate changes to the relevant contract. Although every contract is unique, each has a significant level of replicated clauses that give similar trading arrangements within each income stream.
2. The performance obligation for each revenue stream is set out above.
3. The transaction price is determined as the fair value of the consideration the company expects to receive for the provision of the service. Accordingly, the transaction price is calculated on a per unit basis in all significant income streams.
4. The transaction price is allocated to the performance obligations as each individual message is delivered or received by the company.
5. Revenue is either recognised at a point in time, or over time, as set out in the respective policy for each revenue stream set out above, as each performance obligation is fulfilled. Delays in invoicing mean that each month's revenue transactions are accrued at the month end (reflected in accrued income) and transferred to trade receivables when invoiced.

Settlement terms

Customers are expected to settle trade receivables within 30 days of the month end or by offset against payables due to the same customers.

Interest income

Interest income from cash deposits is recognised in the Statement of Comprehensive Income using the effective interest method.

Property, plant and equipment

Property, plant & equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the location and condition necessary for an asset to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets (less any residual value) over their estimated useful lives – using the straight-line method. The estimated useful lives range is as follows:

Fixtures and fittings

3 years

Computer equipment

3 years

Office equipment

3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset. The resulting gain or loss is credited or charged to profit or loss.

The assets' residual values, useful lives and depreciation methods are reviewed (and adjusted if appropriate) at each year end or if there is an indication of any significant change since the last reporting date.



Intangible assets

Intangible assets are initially recognised at cost. After recognition intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made – then the useful life shall not exceed ten years. Intangible assets at the year end relate to customer contracts acquired and platform software that has been developed by the company.

The estimated useful life of customer contracts acquired is determined by the minimum revenue commitment period in each customer contract and amortisation is applied on a straight line basis. The amortisation charge is recognised within administrative expenses.

The estimated useful life of this platform software is 3 years and amortisation is applied on a straight line basis. The amortisation charge is recognised within administrative expenses.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits. Accordingly, all expenditure on research is recognised as an expense when it is incurred.

Expenditure on internally developed products is capitalised as an Intangible asset from the development phase of a project if (and only if) certain specific criteria are met as follows:

- The expenditure attributable to the intangible asset under development can be measured reliably; and
- The process being developed is technically and commercially feasible; and
- The future economic benefits arising are probable; and
- The company can use (and intends to use) the developed asset; and
- The company has adequate technical plus financial and other resources available to complete the asset.

The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project – the expenditure is treated as if it were all incurred in the research phase only.



Impairment of intangibles plus property, plant and equipment

At each reporting period end date, the company reviews the carrying amounts of its property, plant & equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication of impairment exists – the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset – the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the value in use of that asset.

There have been no impairment losses in the year to 30 June 2025.

Cash & cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The company classifies financial instruments (or their component parts) on initial recognition as a financial asset or a financial liability or as an equity instrument in accordance with the substance of the underlying contractual arrangement.

Financial instruments are recognised on the date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Financial instruments cease to be recognised at the date when the company ceases to be party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables or cash and cash equivalents. An analysis of the financial assets at each year end is set out in note 17 below.

Financial liabilities are included on the balance sheet as trade and other payables. An analysis of the financial liabilities at each year end is set out in note 17 below.



Financial assets

a. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current assets.

Trade receivables are recognised initially at the transaction price. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the company's historical credit losses experienced over the three year period prior to 30 June 2025. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers. The company has identified the UK gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

Financial liabilities

b. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities because the company does not have an unconditional right (at the end of the reporting period) to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date – they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and all are repayable within one year. Accordingly, these are included at the undiscounted amount of the cash expected to be paid.



Leases

Short term leases or leases of low value are recognised as an expense on a straight-line basis over the term of the lease.

The company recognises right of use assets under the lease agreements in which it is the lessee. The underlying asset recognised by the company in the financial statements comprises property that is used by the company in the normal course of business.

The right of use assets comprise the initial measurement of the corresponding lease liability payable plus payments made at (or before) the commencement day.

The right of use asset is recognised in the statement of financial position as a non-current asset. The corresponding lease liability is included in the statement of financial position as a current or non-current liability dependent upon the repayments due within twelve months of the balance sheet date.

The right of use asset is depreciated over the lease term and (if necessary) it is impaired in accordance with the policy set out above.

The lease liability is initially measured in the balance sheet at the present value of the lease payments that are not paid at that date – discounted using the interest rate implicit in the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (calculated from the interest rate implicit in the lease) and by reducing the carrying amount to reflect the lease payments made.

Any modifications made to the terms of a lease are reflected in the month that these are agreed with the lessor. The adjustments are reflected in the balance sheet value of both the lease liability and corresponding right of use asset.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense – unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are rendered.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Certain employees of the company receive bonuses linked to the company's EBITDA performance relative to predefined growth targets over a three-year period as part of a long-term incentive plan. The directors of the company are not included in this plan. The expenses related to these incentives are recognized as both a liability and an expense over the period during which the company is considered to have met or it is considered probable it will meet the targets necessary for the incentives to be awarded.

Retirement benefits

The company operates a defined contribution plan for its employees. This is a pension plan under which the company pays fixed rate contributions based on salary into a separate entity. Once the contributions have been paid, the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

The assets of the pension plan are held separately from the company in independently administered, third-party funds.

Share capital and dividends

Share capital issued by the company is recorded at the proceeds received (or receivable) net of transaction costs.

Interim dividends or special dividends are recognised on payment.

Final dividends payable are recognised as liabilities once they are no longer at the discretion of the company. As final dividends are



not proposed to shareholders or approved by shareholders until the annual general meeting (AGM) of shareholders held after the year end, they are not recognised as liabilities at the year end.

Share options

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

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties.

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

Share buy-back

In the prior financial year, on 18 April 2024 the company announced a share buyback programme to repurchase ordinary shares in the company (Fonix Plc) up to a maximum aggregate consideration of 1,000,000 ordinary shares. The share buyback programme completed on 19 April 2024.

The purpose of buyback programmes was to hold the shares in treasury for the purpose of satisfying future employee share option obligations.

The cost of treasury shares held is presented as a separate reserve (the “treasury shares”) and recorded in equity.

Taxation

The tax expense for the year to 30 June 2025 comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income – except where a charge is attributable to an item recognised as other comprehensive income or recognised directly in equity. In these latter circumstances the corresponding tax charge (or credit) is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at each balance sheet date in the jurisdictions in which the company operates.

From 1 July 2024, the company has elected to apply the branch profits exemption under UK tax legislation. As a result, profits attributable to overseas branches are subject to corporation tax in the relevant overseas jurisdictions and are exempt from UK corporation tax.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not yet reversed at each balance sheet date, in accordance with the tax rates and laws that have been enacted or substantively enacted in the relevant jurisdictions.

Deferred tax balances are not recognised in respect of permanent differences that do not reverse.

Any deferred tax assets that arise (such as on short term timing differences) are offset against deferred tax liabilities.



2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an on-going basis by the directors. Any revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period. Where the revision affects both current and future periods – the revision is recognised in both the period of the revision and also those future periods.

Key sources of estimation uncertainty

The key estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful economic lives of intangible fixed assets (see note 10)

The directors make estimates regarding the useful economic lives of intangible fixed assets. Intangible fixed assets consist of platform software – which is considered to have a 3-year life. Details of the judgements made are included in note 10.

Share-based payment charge

The company issues share options to certain employees. The Black-Scholes model is used to calculate the appropriate charge for these options. The choice and use of this model to calculate a

charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate risk-free interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. In addition, the directors estimate the percentage of options that are expected to vest considering the likelihood of achieving performance targets and employee churn rates. Should more options vest than estimated the charge would increase.

The total charge recognised in the year to 30 June 2025 is £86k (2024: £100k). Further information on share options can be found in note 20.

Recognition of long term employee bonus incentives

Several employees of the company receive bonuses linked to the company's EBITDA performance relative to predefined growth targets over a three-year period as part of a long-term incentive plan. Payment of such incentives is partially deferred over a three year period and only realised on completion of the final year. The directors make judgements on the proportion of the maximum incentive to accrue as a liability at the end of each financial year.



Key sources of judgement

Capitalisation of intangible fixed assets (see note 10)

The directors make judgements regarding the appropriateness of the time costs to capitalise on development projects. All expenditures on potential intangible fixed assets are treated as an expense unless the item being worked on meets the definition of an intangible asset as set out in note 1.

Each month development staff report the amount of actual time spent on development activities. The resulting direct labour cost arising that meets the above criteria is transferred from operating expenses to Intangible fixed assets. The capitalised costs are reviewed by directors with adjustments made where they considered appropriate.

Principal vs agent considerations (see note 4)

The directors make judgements regarding the appropriateness of treating revenue transactions as being undertaken as a principal or agent. In addition, the directors also make judgements regarding how the contracts with customers are recognised. The directors' judgements on the income streams for the year to 30 June 2025 are set out in note 1.

Lease term modifications

The directors make judgements regarding how to reflect the modifications arising from changes to the terms of a lease as set out in note 1 above.





3 Segmental reporting

Management currently identifies one operating segment in the company under IFRS 8 – being the facilitating of mobile payments and messaging. However, the directors monitor results and performance based upon the gross profit generated from the service lines as follows:

	2025	2024
Gross profit	£'000	£'000
Mobile payments	14,871	14,782
Mobile messaging	2,937	2,332
Managed services	820	772
	18,628	17,886

Differences between the way in which the single operating segment is reported in the financial statements and the internal reporting to the board for monitoring and strategic decisions, relates to the recording of revenue in line with IFRS 15. The IFRS adjustments do not impact on the calculation or reporting of gross profit.

Gross profit can be attributed to the following geographical locations, based on the end user and the associated mobile network operators' location:

	2025	2024
Gross profit by geography	£'000	£'000
United Kingdom	16,268	15,691
Rest of Europe	2,360	2,195
	18,628	17,886



4 Revenue

The company disaggregates revenue between the different streams outlined in note 1 above as this is intended to show its nature and amount.

The total revenue of the company has been derived from its principal activity undertaken wholly in the United Kingdom and EU.

Revenue is recognised at the point in time of each transaction when the economic benefit is received. The total revenue of the company by service line (as set out in note 1 above) is as follows:

	2025	2024
Revenue by service line	£'000	£'000
Mobile payments	48,784	54,199
Mobile messaging	21,831	19,859
Managed services	2,165	2,031
	72,780	76,089

Revenues can be attributed to the following geographical locations, based on the end user and the associated mobile network operators' location:

	2025	2024
Revenue by geography	£'000	£'000
United Kingdom	60,209	63,915
Rest of Europe	12,571	12,174
	72,780	76,089



5 Operating profit

Operating profit each year is stated in the statement of comprehensive income after charging or (crediting) the following:

	2025 £'000	2024 £'000
Exchange differences	3	8
Audit of the company's financial statements	49	47
Depreciation of owned tangible fixed assets	19	16
Amortisation of intangible assets	874	694
Amortisation of right of use asset	120	117
R&D expenditure	323	330

6 Staff costs

The aggregate employee benefit expenses during each year were as follows:

	2025 £'000	2024 £'000
Employment costs		
Wages and salaries	3,588	3,327
Share-based payment charge	86	100
Social security cost	454	407
Pension costs	77	68
	4,205	3,902
Less: amounts capitalised as intangible assets	(1,285)	(1,061)
	2,920	2,841

The average monthly number of employees during each year was as follows:

	2025 Number	2024 Number
Average number of employees		
Sales, marketing & client services	11	11
Administration	17	16
Development	24	22
	52	49



Key management remuneration

Remuneration of the key management team, including directors, during the year was as follows:

	2025	2024
Key management compensation	£'000	£'000
Salaries	1,297	1,469
Share-based payment charge	53	68
Social security cost	191	175
Pension costs	15	15
	1,556	1,727

Directors' remuneration

Remuneration of directors during the year was as follows:

	2025	2024
Directors' remuneration	£'000	£'000
Salaries	489	546
Share-based payment charge	17	29
Pension costs	2	2
	508	577

The remuneration of the highest paid director during the year was:

	2025	2024
Highest paid director	£'000	£'000
Total remuneration paid	187	243

Retirement benefits are occurring for one (FY24: one) director under a defined contribution pension scheme.



7 Finance income and expenses

	2025	2024
Interest income	£'000	£'000
Interest receivable on bank deposits	826	1,127

	2025	2024
Interest expense	£'000	£'000
Interest on lease liability	21	19





8 Taxation

	2025 £'000	2024 £'000
Current tax		
UK corporation tax on profits for the current period	3,272	3,233
Adjustments in respect of prior years	(77)	4
	3,195	3,237
Deferred tax		
Current deferred tax expense/(credit)	50	80
Adjustments in respect of prior years	-	-
	50	80
Total tax charge	3,245	3,317

The actual charge for each year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2025 £'000	2024 £'000
Tax reconciliation		
Profit before taxation	14,390	13,934
Tax using UK corporation tax rate of 25.00% (2024: 25.00%)	3,597	3,484
Non-deductible expenses	8	19
Share-based payments	22	25
Research and development tax credit claim	(137)	(164)
Effect of branch profits exemption	(237)	-
Deferred tax rate adjustment	69	(51)
Adjustments in respect of prior years	(77)	4
Total tax charge	3,245	3,317

From 1 July 2024, the company elected to apply the UK branch profits exemption regime. As a result, profits attributable to its branches in Ireland and Portugal are exempt from UK corporation tax and are instead subject to corporation tax in those jurisdictions at the applicable local rates.



9 Earnings per share

The calculations of earnings per share are based on the following profit and number of shares:

	2025 £'000	2024 £'000
Retained profit for the financial year	11,145	10,617
Number of shares	2025 Number	2024 Number
Weighted average number of shares outstanding	99,036,308	99,651,884
Share options	695,763	803,079
	99,732,071	100,454,963
Earnings per ordinary share		
Basic	11.3p	10.7p
Diluted	11.2p	10.6p

The calculations of adjusted earnings per share are based on the following adjusted profit and number of shares listed above:

	2025 £'000	2024 £'000
Adjusted earnings per share		
Retained profit for the financial year	11,145	10,617
Adjustments		
Share-based payment charge	86	100
Net adjustments	86	100
Adjusted earnings	11,231	10,717
Adjusted basic earnings per ordinary share	11.3p	10.8p



10 Intangible assets

The Intangible asset represents the internally developed platform software and acquired customer relationships, and the movements each year are as follows:

	Customer relationships £'000	Platform software £'000	Total £'000
Cost			
At 1 July 2023	236	2,727	2,963
Additions	–	1,061	1,061
Written-off	–	(321)	(321)
At 30 June 2024	236	3,467	3,703
Additions	–	1,285	1,285
Written-off	–	(454)	(454)
At 30 June 2025	236	4,298	4,534
Amortisation			
At 1 July 2023	236	1,488	1,724
Charge for the year	–	694	694
Written-off	–	(321)	(321)
At 30 June 2024	236	1,861	2,097
Charge for the year	–	874	874
Written-off	–	(454)	(454)
At 30 June 2025	236	2,281	2,517
Net book value			
At 30 June 2025	–	2,017	2,017
At 30 June 2024	–	1,606	1,606
At 30 June 2023	–	1,239	1,239

When amortising intangible assets management make judgements over the useful economic life of assets and the likelihood that future economic benefits will flow from the assets held.

Customer relationships are amortised over the period that the associated customers are contractually committed to provide income to the business. The cost of a customer relationship

acquired is fully amortised in the year of acquisition where there is no income commitment in the associated customers' contract.

Internally generated platform software costs are amortised over 3-years as this is management's prudent assessment of how long on average computer code is retained before being replaced, upgraded or refactored with new code.



11 Right of use asset

Right to use land & buildings

£'000

Carrying value

At 1 July 2023	42
Additions	361
Amortisation for year	(117)
At 30 June 2024	286
Additions	-
Amortisation for year	(120)
At 30 June 2025	166

The right of use asset represents a property lease on the offices used by the company. The company renewed the office lease for a further 3 years in November 2023.





12 Tangible assets

	Fixtures & fittings £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 July 2023	32	–	64	96
Additions	–	–	18	18
Disposals	–	–	(7)	(7)
At 30 June 2024	32	–	75	107
Additions	–	–	21	21
Disposals	–	–	(12)	(12)
At 30 June 2025	32	–	84	116
Depreciation				
At 1 July 2023	28	–	40	68
Charge for the year	3	–	13	16
Disposals	–	–	(7)	(7)
At 30 June 2024	31	–	46	77
Charge for the year	1	–	18	19
Disposals	–	–	(11)	(11)
At 30 June 2025	32	–	53	85
Net book value				
At 30 June 2025	–	–	31	31
At 30 June 2024	1	–	29	30
At 30 June 2023	4	–	24	28



13 Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	20,478	23,808
Other debtors	41	43
Prepayments	623	212
Accrued income	12,624	11,884
	33,766	35,947

The company takes advantage of the practical expedient available under IFRS 15 so that no adjustments are made to Trade receivables – as the settlement terms are less than one year.

Trade receivables include gross mobile payments amounts due from mobile network operators that are payable to customers. These amounts are not recognised as revenue as detailed in note 1 above.

The movement on accrued income comprises the following:

	2025 £'000	2024 £'000
Opening balance	11,884	13,174
Transfer to trade receivables	(11,884)	(13,174)
Revenue recognised in advance of invoicing	12,624	11,884
Closing balance	12,624	11,884

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

	2025 £'000	2024 £'000
Sterling	28,884	33,077
Euros	4,882	2,870
US Dollars	–	–
	33,766	35,947



14 Trade and other payables

	2025 £'000	2024 £'000
Trade payables	28,600	31,264
Corporation tax	879	1,254
Other taxation and social security	994	4,231
Other creditors	12,677	11,632
Deferred income	1	-
Accruals	3,864	4,767
	47,015	53,148

Trade payables include gross mobile payments amounts due to customers where the company has received funds (or the funds are receivable) on their behalf. These funds are not recognised within revenue or expenditure in the company's income statement.

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

	2025 £'000	2024 £'000
Sterling	41,619	48,710
Euros	5,395	4,438
US Dollars	1	0
	47,015	53,148



15 Leases

The corresponding liability of the Right of Use asset set out in note 11 above represents the following:

	Property lease liability £'000
Carrying value	
At 1 July 2023	17
Interest charge	18
Repayments	(134)
Modification to lease	361
At 30 June 2024	262
Interest charge	21
Repayments	(137)
Modification to lease	–
At 30 June 2025	146

The lease liability is reflected in the balance sheet at each year end as follows:

	Current liability £'000	Non current liability £'000	Total liability £'000
At 30 June 2025	127	19	146
At 30 June 2024	116	146	262



16 Deferred tax

The elements of deferred taxation are as follows:

	2025	2024
	£'000	£'000
Closing liability		
Accelerated capital allowances	498	409
General provisions	(105)	(81)
Share-based payments	(106)	(91)
	287	237

	2025	2024
	£'000	£'000
Movements in the year		
Liability at 1 July	237	157
Charge/(credit) to statement for comprehensive income	50	80
Liability at 30 June	287	237

17 Financial instruments

The principal financial instruments used by the company from which financial instrument risk arises are as follows:

	2025	2024
	£'000	£'000
Financial assets		
Trade receivables	20,478	23,808
Accrued income	12,624	11,884
Cash & cash equivalents	21,998	26,480
	55,100	62,172
Financial liabilities		
Trade payables	28,600	31,264
Other creditors	12,677	11,632
Accruals	3,864	4,767
Leases	147	262
	45,288	47,925



Financial risk management

The company uses various financial instruments in its operations. These primarily include cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the working capital requirements of the company.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The directors review and agree policies for managing each of these risks and they are summarised below:

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and closely managing its cash balance.

The company's policy throughout the period has been to ensure continuity of funding. Short-term flexibility is achieved by paying trade payables relating to mobile payment transactions generally only after the corresponding sums from trade receivables have been received.

Foreign exchange risk

The majority of the company's revenues and costs continue to be in Sterling (the company's functional currency) and involve no currency risk. Activities in currencies other than Sterling are funded as much as possible through operating cash flows, mitigating foreign exchange risk. Funds held in foreign currencies and not required for operating expenses in the local currency are converted to Sterling on a prompt basis taking into consideration prevailing foreign exchange rates at the time of receipt.

The company has the following cash and cash equivalent deposits:

	2025 £'000	2024 £'000
Sterling	20,158	25,025
Euros	1,828	1,445
US Dollars	12	10
	21,998	26,480



Credit risk

The company's principal financial assets that may be impacted by credit risk are cash at bank plus trade receivables and accrued income.

The credit risk associated with cash at banks is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. Credit losses historically incurred by the company on these financial assets have been nil.

The company has trade receivables of £20,478k at 30 June 2025 (2024: £23,808k) arising from past contractual payment terms that are not deemed impaired. The directors monitor any customers not settling to terms at each month end – and take appropriate remedial action. Credit losses historically incurred by the company on trade receivables have been negligible and this is not anticipated to change over the next twelve months.

The trade receivables of the company is dominated by mobile network operators – which are considered to be large credit worthy entities. There have been no failures in settlements during the nine years ended 30 June 2025 and this position is expected to continue in the foreseeable future. Accordingly, an expected loss rate of 0 per cent. has been applied to each element of the trade receivable profile.

Accrued income at each year end is invoiced in the following July and collected as part of the usual trade receivable routines. There have been no historic issues with collecting the accrued income and the directors consider this will continue in the future.

Capital risk

The company considers its capital comprises share capital plus share premium and retained profit.

The company maintains adequate capital to safeguard its ability to continue as a going concern and also to provide an adequate return to shareholders – commensurate with their risk. Accordingly, the capital risk is managed by paying an appropriate level of dividends each year.

Maturity of financial assets and liabilities

All of the company's financial assets and financial liabilities at each reporting date are either receivable or payable within one year, other than in respect of the company's leases (see note 15).





18 Share capital and reserves

The share capital in issue at each year end is as follows:

	2025	2024
Number of shares	Number	Number
Ordinary shares at 0.1p each	100,000,000	100,000,000
	100,000,000	100,000,000

	2025	2024
Allotted, called up and fully paid	£'000	£'000
Ordinary shares at 0.1p each	100	100
	100	100

Share premium

The share premium disclosed in the statement of financial position represents the difference between the issue price and nominal value of the shares issued by the company.

Treasury shares

In the prior financial year, on 18 April 2024 the company announced a share buyback programme to repurchase ordinary shares in the company (Fonix Plc) up to a maximum aggregate consideration of 1,000,000 ordinary shares. The share buyback programme completed on 19 April 2024.

The purpose of the buyback programme was to hold the shares in treasury for the purpose of satisfying future employee share option obligations.

The company transferred 100,108 shares out of treasury on 20 November 2024 in order to satisfy employee share option exercises.

In the prior financial year, the company transferred 127,557 shares out of treasury on 13 November 2023 and a further 4,863 shares out of treasury on 12 April 2024 in order to satisfy employee share option exercises.

At 30 June 2025, the company held 924,472 shares in treasury (2024: 1,024,580) and therefore the total number of ordinary shares outstanding in the company was 99,075,528 (2024: 98,975,420).

The cost of treasury shares held is presented as a separate reserve (the "treasury shares") and recorded in equity.

Retained earnings

Retained profits are the cumulative net profit in the statement of comprehensive income, less dividend distributions and any retained earnings utilised up on the balance of employee share option exercises.

Movements on these reserves are set out in the statement of changes in equity



19 Dividends

Amounts recognised as distributions to equity holders in the year:

	2025 £'000	2024 £'000
Final dividend for year ended 30 June 2024 of 5.70p (2023: 4.89p) per share	5,647	4,884
Special dividend for year ended 30 June 2025 of 3.00p (2024: nil) per share	2,972	-
Interim dividend for year ended 30 June 2025 of 2.90p (2024: 2.60p) per share	2,873	2,597
	11,492	7,481
Proposed final dividend for year ended 30 June 2025 of 5.90p (2024: 5.70p) per share	5,846	5,642

20 Share-based payments

The company has a share option scheme for certain employees and directors of the company. Options are generally exercisable at a price equal to the market price of the company's shares on the day immediately prior to the date of grant. Options are forfeited if the employee or director leaves the company before the options vest.

With the exception of the Performance Scheme, service and performance criteria relating to the options are the continuing employment of the holder. The vesting of Performance Scheme options is also contingent on the company achieving certain minimum average growth percentages in Adjusted EBITDA over the 3-year period following the grant of options.

During the year ended 30 June 2025 the company had share-based payment arrangements under three schemes. The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. Fair value is determined by reference to the Black-Scholes option pricing model.



The inputs into the option pricing model for options issued in the year are as follows:

	Performance scheme	General employee scheme
Grant date	24/3/2025	24/3/2025
Vesting period ends	24 Mar 2030	24 Mar 2030
Share price at date of grant	180.5p	180.5p
Volatility	38.12%	38.12%
Option life	10-years	10-years
Expected dividend yield	5.20%	5.20%
Risk free investment rate	4.34%	4.34%
Fair value at grant	46.98p	46.98p
Exercise price at date of grant	180.5p	180.5p

The volatility of the company's share price on each date of grant is calculated as the average of the annualised standard deviations of daily continuously compounded returns on the company's stock.

A reconciliation of option movements over the year to 30 June 2025 is shown below:

	2025		2024	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
At 1 July	1,572,859	1.17	1,496,877	1.04
Granted during the year	288,000	1.81	214,500	1.96
Exercised during the year	(100,108)	0.90	(132,420)	0.90
Lapsed in the year	(5,000)	1.81	(6,098)	1.77
Outstanding at the end of the year	1,755,751	1.29	1,572,859	1.17
Exercisable at the end of the year	958,838	1.00	608,718	0.90



Options outstanding under the company's share option schemes were as follows:

Name of Scheme	2025 No. of options	2024 No. of options	Calendar year of grant	Exercise period	Exercise price per share
Executive Scheme	500,000	500,000	2020	2023	90.0p
General Employee Scheme	422,472	522,580	2020	2023–2025	90.0p
General Employee Scheme	64,426	64,426	2021	2024–2026	178.5p
General Employee Scheme	275,353	275,353	2022	2025–2027	143.0p
Performance Scheme	27,500	27,500	2023	2026–2028	195.5p
General Employee Scheme	183,000	183,000	2023	2026–2028	195.5p
Performance Scheme	55,000	–	2025	2028–2030	180.5p
General Employee Scheme	228,000	–	2025	2028–2030	180.5p
	1,755,751	1,572,859			

The company recognised a charge of £86k (2024: £100k) related to equity-settled share-based payment transactions in the year.

21 Related party transactions

Ganton Limited

Ganton Limited is a company in which the director and majority shareholder W Neale, has a significant influence – due to his shareholding in Ganton Limited.

The company paid dividends to Ganton Limited during the year ended 30 June 2025 of £2,194,681 (2024: £1,709,764).

At the year ended 30 June 2025 an amount of £nil (2024: £nil) was due to or from the related party.



22 Ultimate controlling party

There is no ultimate controlling party of the company.

23 Post balance sheet events

On 29 July 2025, 13,303 employee share options were exercised and satisfied through the transfer of treasury shares. Following this, the company's issued share capital comprises 100,000,000 ordinary shares, of which 911,169 are held in treasury, with 1,742,448 share options remaining outstanding.





Connect with us:

Investor relations: investors@fonix.com

Our address:

Fonix
23 Heddon Street
London
W1B 4BQ