

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-38203

Mynd.ai, Inc.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**Maples Corporate Services Limited,
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American depositary shares, each representing 10 ordinary shares par value US\$0.001 per share*	MYND	NYSE American

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2024, there were 456,477,820 ordinary shares outstanding, par value US\$0.001 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

☒

International Financial Reporting Standards as issued by the International

☐

Accounting Standards Board

Other

☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

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INTRODUCTION

As used in this Annual Report on Form 20-F (this “Annual Report”), unless the context otherwise requires or otherwise states, references to the “Company,” “Mynd,” “we,” “us,” “our,” and similar references refer to Mynd.ai, Inc., a company formed under the laws of the Cayman Islands, and its subsidiaries.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other U.S. federal securities laws. These statements relate to our current expectations and views of future events, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements relating to:

- our goals and strategies;
- our future business development, financial conditions and results of operations;
- our expectations regarding demand for our educational products and services;
- our ability to attract and retain customers;
- our ability to develop new products and improve and enhance our existing solutions to address additional applications and markets;
- our competitiveness and ability to adapt to technological developments in the use of artificial intelligence;
- our ability to attract, retain and motivate qualified personnel;
- the effect of the Merger (hereinafter defined) on our ability to maintain relationships with our customers and business partners, or on our operating results and business generally;
- our cash needs and financing plans;
- the imposition of new or increased tariffs on goods we import;
- compliance costs and/or penalties we may incur in connection with certain agreements we have with the Federal Government;
- competition in our industry;
- our ability to protect ourselves against cybersecurity risks and threats;
- our ability to protect or monetize our intellectual property;
- our ability to maintain the listing of our securities on a national securities exchange; and
- relevant government policies and regulations relating to our industry.

You should read this Annual Report and the documents that we refer to in this Annual Report and have filed as exhibits to this Annual Report completely and with the understanding that our actual future results may be materially different from what we expect. Other sections of this Annual Report discuss factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made in this Annual Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

Corporate Overview and Structure

Mynd.ai, Inc. (“Mynd” or the “Company”) is a Cayman Islands exempted company and conducts its business through various subsidiaries. Our operations are principally focused in the United States ("U.S."), Europe and the United Kingdom ("U.K."). Unless otherwise indicated, all references to the “Company”, “we”, “us”, “our” shall mean the Company and its subsidiaries. For more information on our subsidiaries, please see Item 4C below.

A. [Reserved]

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable

D. Risk Factors

The following discussion summarizes certain factors that could make an investment in us speculative or risky and should be considered carefully. These risks are interrelated and you should treat them as a whole. Additional risks and uncertainties not presently known to us may also materially and adversely affect our business operations, the value of our ordinary shares/American Depositary Shares ("ADS") and our ability to pay dividends to our shareholders. In connection with the forward-looking statements that appear in this Annual Report, in these risk factors and elsewhere, you should carefully review the section above entitled "Forward-Looking Statements."

Risks Related to our Business and Industry

We generate a substantial portion of our revenue from the sale of large format interactive display products, and any significant reduction in the sales of these products would materially harm our business.

We currently generate a majority of our revenue from the sale of large format Interactive Flat Panel Display (IFPD) products. A decrease in demand for our interactive flat panel displays would significantly reduce our revenue. If any of our competitors introduce attractive alternatives to their interactive flat panel displays, we could experience a significant decrease in our sales as customers migrate to those alternative products, which could have a material adverse effect on our business, financial condition or results of operation.

As a result of market saturation, future sales of interactive displays in developed markets may slow or decrease.

As a result of the high levels of penetration in certain developed markets, such as the U.S., U.K., Denmark and the Netherlands, the education market for interactive flat panel displays may reach saturation levels. Future sales growth in those markets and other developed markets with similar penetration levels may, as a result, be difficult to achieve, and the Company's sales of interactive flat panel displays may decline in those countries. If we are unable to replace the revenue and earnings that we have historically derived from sales of interactive flat panel displays to the education market in these developed markets, our business, financial condition and results of operations may be materially adversely affected.

Our business is subject to seasonal fluctuations, which may cause our operating results to fluctuate from quarter-to-quarter and adversely affect our working capital and liquidity throughout the year.

Our revenues and operating results normally fluctuate as a result of seasonal variations in our business, driven largely by the purchasing cycles of the educational market. Since the majority of our revenue is driven by U.S. sales and since the bulk of expenditures by school districts occur in the second and third calendar quarters after receipt of budget allocations, we expect quarterly fluctuations in our revenues and operating results to continue. These fluctuations could result in volatility and adversely affect our cash flow. As our business grows, these seasonal fluctuations may become more pronounced. As a result, we believe that sequential quarterly comparisons of our financial results may not provide an accurate assessment of our financial position.

Fluctuations in foreign currency exchange rates could harm our financial performance.

We are subject to inherent risks attributed to operating in a global economy. For the year ended December 31, 2024, the Company generated approximately 67% of its revenue in the U.S., and 33% of its revenue from outside of the U.S., and the majority of our international sales are denominated in foreign currencies. As a result, any movement in the exchange rates between U.S. dollars and the currencies in which we conduct sales in foreign countries may affect our performance. For example, fluctuations in foreign currencies such as the Sterling, Euro and Chinese Yuan, could have an adverse impact on our revenue and operating results. Gains or losses from the revaluation of certain cash balances, accounts receivable, and intercompany balances that are denominated in these currencies will then also adversely impact our net (loss) income.

We rely on highly skilled personnel, and, if we are unable to attract, retain or motivate qualified personnel, we may not be able to operate our business effectively.

Our success depends in large part on continued employment of senior management and key personnel who can effectively operate our business, as well as our ability to attract and retain skilled employees. Competition for highly skilled management, technical, research and development (or "R&D") and other employees is intense in the high-technology industry and we may not be able to attract or retain highly qualified personnel in the future. In making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the equity awards they would receive in connection with their employment. Our long-term incentive programs may not be attractive enough or perform sufficiently to attract or retain qualified personnel.

Our success also depends on having highly trained financial, technical, recruiting, sales and marketing personnel. A shortage in the number of people with these skills or our failure to attract them could impede our ability to increase revenues from our existing products and services, ensure full compliance with federal, state and other applicable regulations, or launch new product offerings and would have an adverse effect on our business and financial results.

We rely on third-party contractors located in countries outside of the U.S. (including contractors employed by affiliated companies of our controlling shareholder) for development of our products, which exposes us to risks associated with doing business in that geographic area. If we are not able to continue to use those third-party contractors, our business, financial conditions, and results of operations may be adversely affected.

We use third-party contractors including contractors employed by affiliated companies of our controlling shareholder, who are located in China, Mexico and other countries outside the U.S. to develop current and future product lines, and we expect to continue to use such third party contractors, which exposes us to risks associated with reliance on third-party contractors, including but not limited to:

- the failure of the third party to develop our products on-schedule, or at all, including if our third-party contractors give greater priority to the supply of other products over our products or otherwise do not satisfactorily perform according to the terms of the agreements between us and them;
- the termination or non-renewal of arrangements or agreements by our third-party contractors at a time that is costly or inconvenient for us;
- the breach by the third-party contractors of our agreements with them;
- the failure of third-party contractors to comply with applicable regulatory requirements;
- the failure of the third party to develop our products according to our specifications;
- the misappropriation or unauthorized disclosure of our intellectual property or other proprietary information, including our trade secrets and know-how.

In addition, any disruption in production or inability of our third-party contractors in China or Mexico to develop products that meet our needs, whether as a result of a natural disaster, pandemics, trade disruptions or other causes, could impair our ability to operate our business on a day-to-day basis and to continue development of our product lines.

We operate in a highly competitive industry, and if we are not able to maintain or increase our market share, our business, financial condition and results of operations may be adversely affected.

We are engaged in the interactive education industry and primarily the interactive flat panel display industry and related compute devices and software products and services. We face substantial competition from developers, manufacturers and distributors of interactive learning products and solutions, including interactive whiteboards, interactive flat panel displays, software, software services and any comparable or competitive new products that may be offered in the future. The industry is highly competitive and characterized by frequent product introductions and rapid technological advances. These advances include, for example, substantially increased capabilities and use of interactive whiteboards, interactive flat panel displays and micro-computer-based logging technologies and combinations of them. We face increased competition from companies with strong positions in certain markets we serve, and in new markets and regions that we may enter. These companies manufacture and/or distribute new, disruptive or substitute products that compete for the pool of available funds that our customers have available to purchase our interactive flat panel displays and associated products. Increased competition (particularly from Chinese manufacturers) or other competitive pressures have and may continue to result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations.

In addition, some of our customers are required to purchase equipment by soliciting proposals from a number of sources and, in some cases, are required to purchase from the lowest bidder. While we attempt to price our products competitively based upon the features our products offer, our competitors' prices and other factors, we are often not the lowest bidder and may lose sales to lower bidders.

Competitors may also be able to respond to new or emerging technologies and changes in customer requirements more effectively and faster than we can or they may be able to devote greater resources to the development, promotion and sale of products than we can. Current and potential competitors may establish cooperative relationships among themselves or with third parties, including through mergers or acquisitions, to increase the ability of their products to address the needs of customers. If these interactive display competitors or other substitute or alternative technology competitors acquire significantly increased market share, it could have a material adverse effect on our business, financial condition or results of operations.

If we are unable to anticipate consumer preferences and successfully develop attractive products, we might not be able to maintain or increase our revenue or achieve profitability.

Our success depends on our ability to identify and originate product and industry trends as well as to anticipate and react to change in demands and preferences of customers in a timely manner. If we are unable to introduce new products or technologies in a timely manner or our new products or technologies are not accepted by our customers, our competitors may introduce more attractive products which would adversely impact our competitive position. Failure to respond in a timely manner to changing consumer preferences could lead to, among other things, lower revenues and excess inventory positions of outdated products.

If we are unable to continually enhance our products and to develop, introduce and sell new technologies and products at competitive prices and in a timely manner, our business will be harmed.

The market for interactive learning and collaboration solutions is still emerging and evolving. It is characterized by rapid technological change and frequent new product introductions, many of which may compete with, be considered as alternatives to or replace our interactive flat panel displays, such as tablet computers. Accordingly, our future success will depend upon our ability to enhance our products and to develop, introduce and sell new technologies and products offering enhanced performance and functionality at competitive prices and in a timely manner.

The development of new technologies and products involves time, substantial costs and risks. Our ability to successfully develop new technologies will depend in large measure on our ability to effectively partner with third party developers and/or maintain a technically skilled research and development staff and to adapt to technological changes and advances in the industry. The success of new product introductions depends on a number of factors, including our ability to fund development of new technologies, timely and successful product introduction, market acceptance, the effective management of purchase commitments and inventory levels in line with anticipated product demand, the availability of components in appropriate quantities and costs to meet anticipated demand, the risk that new products may have quality or other defects and our ability to manage distribution and production issues related to new product introductions. If we are unsuccessful in selling the new products that we develop and introduce, or any future products that we may develop, we may carry obsolete inventory and have reduced available working capital for the development of other new technologies and products.

If we are unable, for any reason, to enhance existing products and or develop, introduce and sell new products in a timely manner, or at all, in response to changing market conditions or customer requirements or otherwise, our business will be harmed.

Defects in our products can be difficult to detect before shipment. If defects occur, they could have a material adverse effect on our business.

Our products are highly complex and sophisticated and, from time to time, have contained and may continue to contain design defects or failures including software “bugs” or glitches that are difficult to detect and correct in advance of shipping. The occurrence of errors and defects in our products could result in loss of, or delay in, market acceptance of our products, including harm to our brand, and correcting such errors and failures in our products could require significant expenditure of capital by us. In addition, we are rapidly developing and introducing new products, and new products may have higher rates of errors and defects than our established products. The consequences of such errors, failures and other defects and claims could have a material adverse effect on our business, financial condition, results of operations and our reputation.

A failure to keep pace with developments in technology could impair our operations or competitive position.

Our business continues to demand the use of sophisticated systems and technology. These systems and technologies must be refined, updated and replaced with more advanced systems on a regular basis in order for us to meet our customers’ demands and expectations. We will need to respond to technological advances and emerging industry standards in a cost-effective and timely manner in order to remain competitive. The need to respond to technological changes may require us to make substantial, unanticipated expenditures. There can be no assurance that we will be able to respond successfully to technological change. If we are unable to respond to technological changes and meet customers’ demands and expectations in a timely basis or within reasonable cost parameters, or if we are unable to appropriately and timely train our employees to operate any of these new systems, our business could suffer. We also may not achieve the benefits that we anticipate from any new system or technology, and a failure to do so could result in higher than anticipated costs or could impair our operating results.

We may not be successful in our strategy to increase sales in the business and corporate markets.

A significant portion of our revenue has been derived from sales in the education market. Our business strategy contemplates expanding our sales in both the education market, as well as the corporate sector. Successful expansion into the corporate market will require the Company to develop a unique offering specifically for the corporate market and to develop or acquire new software or partner with a third party to provide software that is attractive specifically to corporate customers. Additionally, we will be required to augment and develop new distribution and reseller relationships, and we may not be successful in developing those relationships. In addition, widespread acceptance of our interactive solutions may not occur due to lack of familiarity with how our products work, the perception that our products are difficult to use and a lack of appreciation of the contribution they can make in the corporate market. In addition, our Promethean brands may be less recognized in these markets as compared to the education market. A key part of our strategy to grow in the corporate market is to develop strategic alliances with companies in the unified communications and collaboration sector, and there can be no assurance that these alliances will help us to successfully grow our corporate market.

Furthermore, our ability to successfully grow in the corporate market depends upon revenue and cash flows derived from sales to the education market. As the education market represents a significant portion of our revenue and cash flow, we utilize cash from sales in the education market for our operating expenses. If we cannot continue to augment and develop new distributor and reseller relationships, market our brands, develop strategic alliances and innovate new technologies, we may not be successful in our strategy to grow in the corporate market.

We face significant challenges growing our sales in foreign markets.

For our products to gain broad acceptance in all markets, we may need to develop customized solutions specifically designed for each country in which we seek to grow sales and to sell those solutions at prices that are competitive in that country. If we are not able to develop, or choose not to support, customized products and solutions for use in a particular country, we may be unable to compete successfully in that country and our sales growth in that country will be adversely affected.

Growth in many foreign countries will require us to price our products competitively in those countries. In certain developing countries, we have been and may continue to be required to sell our products at prices significantly below those that we are currently charging in developed countries. Such pricing pressures could reduce our gross margins and adversely affect our revenue.

Our customers' experience with our products will be directly affected by the availability and quality of our customers' internet access. We are unable to control broadband penetration rates, and, to the extent that broadband growth in emerging markets slows, our growth in international markets could be hindered.

In addition, we may face lengthy and unpredictable sales cycles in foreign markets, particularly in countries with centralized decision making. In these countries, particularly in connection with significant technology product purchases, the Company has experienced recurrent requests for proposals, significant delays in the decision-making process and, in some cases, indefinite deferrals of purchases or cancellations of requests for proposals. If we are unable to overcome these challenges, the growth of our sales in these markets would be adversely affected, and we may be unable to recoup marketing costs, impairing our profitability.

We may invest in research and development, and to the extent our research and development investments do not translate into new solutions or material enhancements to our current solutions, or if we do not use those investments efficiently, or such investments are not sufficient, our business and results of operations would be harmed.

We may invest in research and development efforts internally and/or through third party relationships to develop new products and improve and enhance our existing solutions to address additional applications and markets. If we do not spend our research and development budget efficiently or effectively or if we do not invest enough in R&D, our business may be harmed. Moreover, research and development projects can be technically challenging and expensive and we may not be able to secure third party relationships that will lead to successful innovations, products or services. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of solutions that are competitive in our current or future markets, or if we do not invest sufficiently on research and development efforts, it would harm our business, financial condition and results of operations.

Our business operations are significantly dependent on the importation of products manufactured in China and Mexico into the United States. The current administration has recently announced the imposition of new tariffs on goods imported from Mexico and has increased tariffs on imported goods from China. The imposition of these new/increased tariffs as well as the imposition of reciprocal tariffs imposed on U.S. goods, could materially harm our business.

Our business operations are significantly dependent on the importation of products manufactured in China and Mexico into the United States. The imposition of new and increased tariffs could materially harm our business in several ways as follows:

- **Increased Costs:** Higher tariffs on our imported products could lead to increased costs of goods sold, which may not be fully passed on to our customers. This could negatively impact our profit margins and overall financial performance;

- **Supply Chain Disruptions:** The imposition of tariffs could disrupt our supply chain, causing delays and increased costs associated with sourcing materials and products. This could affect our ability to meet customer demand in a timely and cost-effective manner;
- **Competitive Disadvantage:** Increased tariffs could place us at a competitive disadvantage compared to other manufacturers that may be importing from countries not subject to similar tariffs. This could result in a loss of market share and adversely affect our business operations;
- **Uncertainty and Market Volatility:** The ongoing uncertainty regarding trade policies and potential tariff increases could lead to market volatility, affecting our stock price and investor confidence. This uncertainty may also impact our strategic planning and investment decisions;

Given these potential risks, we are actively monitoring developments in trade policies and exploring strategies to mitigate the impact of increased tariffs and reciprocal tariffs on our business. However, there can be no assurance that we will be able to fully offset the adverse effects of such tariffs, which could have a material adverse effect on our business, financial condition, and results of operations.

The current administration has expressed an intention to potentially dismantle the U.S. Federal Department of Education. If these efforts are successful, it could lead to substantial changes in the allocation and availability of federal funds for public education.

Our U.S. business relies significantly on public K-12 schools, which in turn depend heavily on funding from the Federal Department of Education. The current administration has expressed an intention to potentially dismantle the Federal Department of Education. If these efforts are successful, it could lead to substantial changes in the allocation and availability of federal funds as follows:

- **Reduction in Federal Funding:** Programs such as Title I, which support high-poverty schools, and the Individuals with Disabilities Education Act ("IDEA"), which funds special education, may face significant cuts or be eliminated. This could lead to decreased financial resources for our customers, impacting their ability to purchase our products and services;
- **Increased Funding Disparities:** Without federal oversight, funding disparities between affluent and disadvantaged school districts may widen. Schools in lower-income areas might struggle to maintain operations, further reducing demand for our offerings;
- **Regulatory Uncertainty:** The absence of federal regulations and oversight could lead to a fragmented education system with varying standards and requirements across states. This inconsistency could complicate our business operations and strategic planning; and
- **Impact on Educational Equity:** The dismantling of the Department of Education could weaken protections against discrimination and reduce support for students with special needs. This could affect the overall quality of education and the stability of our customer base.

Given these potential risks, any significant reduction or elimination of federal funding for public K-12 schools could materially and adversely affect our business, financial condition, and results of operations.

Impairment charges may have a material adverse effect on our business, financial condition and operating results.

We have a substantial amount of long-lived assets on our balance sheet, including finite-lived tangible and intangible assets, goodwill, and indefinite-lived intangible assets. Goodwill and our indefinite-lived tradenames asset must be tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset is impaired. Long-lived assets, other than goodwill and indefinite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets. The fair value of each of these assets could decline if projected revenues, operating margins, or cash flows were to be lower in the future due to the effects of the global economy, market conditions, or other causes. If the carrying value of any of these assets were to exceed its fair value, the asset would be written down to its fair value, with the impairment loss recognized as a non-cash charge in our consolidated statements of operations.

The impairment analyses for each of these assets are sensitive to changes in key assumptions used, such as revenues, cash flows, operating margins, royalty rates, growth rates, and discount rates, as well as market multiples of comparable companies. Disruptions in global credit and other financial markets and deteriorating economic conditions, including the impact of inflation or elevated interest rates, could, among other things, cause us to negatively adjust the key assumptions used in the valuations.

Given economic uncertainty and other factors affecting management's assumptions underlying the valuation of our long-lived assets, the assumptions and projections used in the analyses may not be realized and our current estimates could vary significantly in the future, which may result in impairment charges. We may experience additional unforeseen circumstances that adversely affect the value of our long-lived assets, and trigger an evaluation of the recorded amount. Future write-offs as a result of an impairment could have a material adverse impact on our business, financial condition, and operating results.

The observed downward trend, relative to recent prior years, in education technology customer demand throughout all of the key markets in which we operate, among other conditions, led management to conclude that there were indications that its definite-lived long-lived assets and goodwill might not be recoverable and its indefinite-lived intangible asset might be impaired as of December 31, 2024. Accordingly, management performed quantitative analyses to estimate the applicable recoverability or fair value for each of its definite-lived long-lived asset group, reporting unit, and indefinite-lived intangible asset, as applicable. Each analysis resulted in a determination to not record impairment charges for the applicable asset (see "Item 5 – Operating and Financial Review – Critical Accounting Estimates – Evaluation of long-lived assets for impairment"). However, if our estimates or underlying assumptions change in the future, we may be required to record impairment charges in future periods, and such impairment charges could be material.

We may have difficulty in entering into and maintaining strategic alliances with large established third parties.

We have entered into and we may continue to enter into strategic alliances with third parties to gain access to new and innovative technologies and markets. These parties are often large, established companies. Negotiating and performing under these arrangements involves significant time and expense, and we may not have sufficient resources to devote to our strategic alliances, particularly those with companies that have significantly greater financial and other resources than we do. The anticipated benefits of these arrangements may never materialize, and performing under these arrangements may adversely affect our results of operations.

We are dependent on a limited number of third-party manufacturers and key suppliers for the components used in our products. Our suppliers may not be able to always supply components or products to us on a timely basis and on favorable terms, and as a result, our dependency on third party suppliers may adversely affect our revenues.

We do not manufacture any of the products we sell and distribute and, therefore, we rely on our suppliers for all products and components, and we depend on obtaining adequate supplies of quality components on a timely basis with favorable terms. Some of those components, as well as certain complete products that we sell are provided to us by only one key supplier or contract manufacturer. We are subject to disruptions in our operations if our sole or limited supply contract manufacturers decrease or stop production of components and products, or if such suppliers and contract manufacturers do not produce components and products of sufficient quantity. Alternative sources for our components are not always available. Many of our products and components are manufactured overseas. If we are not able to identify alternative sources for our components in a reasonable time or our sole or limited supply contract manufacturers are delayed in their ability to deliver components to us due to supply chain issues or otherwise, our business, financial condition and results of operations may be adversely affected.

In the event we need to and are unable to timely replace a major supplier with a supplier on substantially equivalent terms, we may be unlikely to meet demand for our products, which may materially adversely affect our business, financial condition and results of operations.

Reliance on third-party manufacturers and suppliers entails risks to which we would not be subject if we manufactured the components for our own products, including:

- reliance on the third parties for regulatory compliance and quality assurance;

- the possible breach of the manufacturing agreements by the third parties due to factors beyond our control or the insolvency of any of these third parties or other financial difficulties, labor unrest, natural disasters or other factors adversely affecting their ability to conduct their business; and
- possibility of termination or non-renewal of the agreements by the third parties, at a time that is costly or inconvenient for us, because of our breach of the manufacturing agreement or based on our own business priorities.

If our contract manufacturers or our suppliers fail to deliver the required commercial quantities of its components required for our products on a timely basis and at commercially reasonable prices, and we are unable to find one or more replacement manufacturers or suppliers capable of production at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, we would likely be unable to meet demand for our products, and we would lose potential revenue. It may also take a significant period of time to establish an alternative source of supply for our components, which may materially adversely affect our business, financial condition and results of operations.

We, like many other technology companies, rely on microchips and other components to develop our product line, which may face global shortage and supply chain issues, which could negatively affect our business, financial condition, and results of operations.

We rely on microchips and other components to develop our product line and any chip shortages and supply chain constraints would have an adverse impact on our ability to deliver products in a timely manner and increase our cost of revenue due to rising prices for materials. In addition, long lead times for components, and events such as local disruptions, natural disasters or political conflict may cause unexpected interruptions to the supply of our products or components. Any such extended lead times for components or other significant adverse impacts on our supply chain could disrupt or delay our scheduled product deliveries to our customers, resulting in inventory shortage, causing loss of sales and customers or increase in component costs resulting in lower gross margins and free cash flow that could negatively affect our business, financial condition and results of operations.

An information security incident, including a cybersecurity breach (whether the incident or breach is the Company's or one of our vendors), could have a negative impact on our business or reputation.

To meet business objectives, we rely on both internal information technology (IT) systems and networks, and those of third parties and their vendors, to process and store sensitive data, including confidential research, business plans, financial information, intellectual property, and personal data that may be subject to legal protection. The extensive information security and cybersecurity threats, which affect companies globally, pose a risk to the security and availability of these IT systems and networks, and the confidentiality, integrity and availability of our sensitive data. We continually assess these threats and make investments to increase internal protection, detection and response capabilities, as well as ensure our third-party providers have required capabilities and controls to address these risks. To date, we have not experienced any material impact to our business or operations resulting from information or cybersecurity attacks; however, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for us to be adversely impacted. This impact could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action. We maintain cybersecurity insurance in the event of an information security or cyber incident for our material legal entities; however, the coverage may not be sufficient to cover all financial losses or such losses may impact legal entities without cybersecurity insurance.

In addition, the risk of cybersecurity incidents has increased in connection with the ongoing war between Russia and Ukraine, driven by justifications such as retaliation for the sanctions imposed in conjunction with the war, or in response to certain companies' continued operations in Russia. For example, the war has been accompanied by cyberattacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations and could increase the frequency and severity of cyber-based attacks against our information technology systems. While we have taken actions to mitigate such potential risks, the proliferation of malware from the war into systems unrelated to the war or cyberattacks against U.S. companies in retaliation for U.S. sanctions against Russia or U.S. support of Ukraine, could also adversely affect our operations.

Government regulation of education and student information is evolving, and unfavorable developments could have an adverse effect on our results of operations.

We are subject to regulations and laws specific to the education sector because we offer solutions and services to students, collect data from students, and offer education and training. Data privacy and security with respect to the collection of personally identifiable information from minors and in particular, students, continues to be a focus of worldwide legislation and regulation. Within the U.S., dozens of states have enacted student data privacy legislation that goes beyond any federal requirements relating to the collection and use of personally identifiable information and other data from minors. Many of these laws impose direct liability on education technology ("EdTech") operators. California, for example, passed the Student Online Personal Information Protection Act ("SOPIPA") which went into effect in 2016 and is considered to be the most comprehensive student data privacy legislation in the U.S. that specifically addressed the changing nature of technology usage in schools by putting responsibility for compliance on the EdTech industry. SOPIPA expressly prohibits operators of a website, online service, or mobile application used primarily for K-12 school purposes from commercializing the collection of covered student data - either by selling it, using it to target advertisements to students or their families, or collecting it for any other non-educational purpose. It applies to any EdTech company regardless of whether they have a contract in place with the school or district. It also removes the idea of consent, meaning parents and students cannot consent to a company's use of a student's personal information for commercial purposes. Since the end of 2016, 33 states have introduced a version of California's SOPIPA or a similar piece of legislation that regulates our industry known as the SUPER (Student User Privacy in Education Rights) Act, and 12 states have passed those bills into law. SOPIPA and SUPER, and other recent student privacy laws impose direct liability on EdTech operators.

The continued passage of student data legislation could harm our business by causing schools and districts to be hesitant to do business with EdTech providers for fear of violating new legislation and we may be hesitant to develop new technology which collects student data for fear of running afoul of the new legislation thus resulting in a decrease in revenue. These decreases could be caused by, among other possible provisions, the required use of disclaimers or other requirements before students can utilize our services. We post our privacy policies and practices concerning the use and disclosure of student data on our website. However, any failure by us to comply with posted privacy policies, FTC requirements or other privacy-related laws and regulations could result in proceedings by governmental or regulatory bodies or by private litigants that could potentially harm our business, results of operations, and financial condition.

We plan to continue to expand our portfolio of products and services which feature artificial intelligence ("AI"). As this technology is new and developing, it may present both compliance risks and reputational risks, and may require strategic investments. We will need to maintain our competitiveness and any failure to adapt to technological developments or industry trends could harm our business. In addition, regulation and fear associated with use of AI enabled products could result in customers refraining from purchasing our products which could potentially harm our business, results of operations, and financial condition.

We plan to continue to expand our portfolio of products and services which feature AI as a component. Given the rapid developments in artificial intelligence, we believe it is likely that the education market has not kept up with recent developments in AI and will thus lag behind other markets in terms of adoption of products which contain AI features and functionality. AI algorithms require massive amounts of data in order to learn and become intelligent enough to be effective. There is a natural suspicion that (i) AI technology may collect data, specifically personal data which is not permitted under applicable law, (ii) AI technology may produce images and text which might infringe on the intellectual property ownership rights of other parties, and (iii) AI technology may use inaccurate or unreliable data to generate the AI thus resulting in inaccurate results or ineffective uses. It is possible that the education market will be cautious in purchasing products which have an AI component for fear that they will inadvertently run afoul of applicable data privacy laws, specifically student data privacy laws, or infringe on third party intellectual property. Furthermore, AI algorithms are based on machine learning and predictive analytics, which can create unintended biases and discriminatory outcomes. We plan to continue to implement measures to address algorithmic bias as we utilize AI features for our products and services. However, there is always a risk that algorithms could produce discriminatory or unexpected results or behaviors (e.g., "hallucinatory behavior," which involves the generation of fabricated information in response to a user's prompt that is presented as factually accurate) that could harm our reputation, business, customers, or stakeholders.

In addition, the use of AI involves significant technical complexity and requires specialized expertise, which presents risks and challenges to the adoption of AI components in our products and services. For example, algorithms may be flawed or datasets may be insufficient, and we may need to hire additional employees with specialized skill sets necessary to address such deficiencies. Any disruption or failure in our AI systems or infrastructure could result in delays or errors in our operations, which could harm our business, results of operations and financial results. Any imposed halt in the adoption of our anticipated AI systems or infrastructure could also harm our business, results of operations and financial results. If we do not sufficiently invest in new technology and industry developments such as AI features and functionality, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our ability to generate demand for services, attract and retain clients, and our ability to develop and achieve a competitive advantage and continue to grow could be negatively affected.

Further, the emergence of competitors who may be able to optimize products, services or strategies that use advanced computing such as cloud computing, as well as other technological changes and developing technologies, such as machine learning and AI, have, and will require us to make new and costly investments. Transitioning to new technologies may be disruptive to resources and the services we provide and may increase our reliance on third party service providers. We may not be successful or may be less successful than our current or new competitors, in developing technology that operates effectively across multiple devices and platforms and that is appealing to our customers, either of which would negatively affect our business and financial performance. Moreover, given the rapid pace at which AI has advanced, there has been a push by legislators and even the private sector to consider regulation of AI such that it is not used in a potentially harmful way. The potential for regulation and the fears and suspicions associated with use of AI enabled products could result in customers refraining from purchasing our products which could potentially harm our business, results of operations, and financial condition.

We, along with our Promethean World Limited subsidiary and our Promethean Inc. subsidiary, are subject to compliance with a National Security Agreement ("NSA") with the U.S. Government. Failure to comply with the terms of this NSA could result in significant civil penalties.

We, along with our Promethean World Limited subsidiary and our Promethean Inc. subsidiary entered into a NSA with the Committee on Foreign Investment in the United States ("CFIUS"). Generally, the NSA restricts Promethean from disclosing, transferring, or providing access to Protected Data (as defined in the NSA, including certain U.S.-based personally identifiable information) to NetDragon Websoft Holdings Limited, our controlling shareholder ("NetDragon"), the Company (with the exception of certain Promethean personnel who are also Company personnel) or persons in China. To date, we have self-reported one or more instances that could give rise to violations of the NSA. While CFIUS has not yet imposed penalties for the reported instances, it has the authority to do so if it deems the instances to represent material violations of the NSA, with potential fines of up to \$250,000 per material violation or the value of the related transaction, whichever is greater, with the ultimate amount of the penalty imposed being based on the nature of the violations and as determined by CFIUS. Should CFIUS decide to impose penalties for past violations, or if we incur additional violations in the future, we could face significant financial penalties. These penalties could adversely affect our financial condition, results of operations, and cash flows. Furthermore, repeated or severe violations could lead to more stringent oversight and additional operational restrictions, which could impact our ability to conduct business effectively.

We are committed to complying with all terms of the NSA and are taking steps to enhance our compliance program to prevent future violations. However, there can be no assurance that we will be able to fully comply with the NSA at all times, and any failure to do so could result in substantial penalties and other adverse consequences.

We may be subject to claims, suits, government investigations, other proceedings, and consent decrees, including a final penalty notice in the amount of \$14.6 million issued by CFIUS under a certain NSA dated May 3, 2021 between NetDragon, Digital Train and the U.S. Government. Notices similar to this can result in further scrutiny and further requirements imposed on our business which may result in limitations on our operations which may materially and adversely affect our business, financial condition, and results of operations.

We are subject to claims, suits, government investigations, other proceedings, and consent decrees involving competition, intellectual property, data privacy and security, consumer protection, tax, labor and employment, commercial disputes, content generated by our users, and the collection and retention of student data and other matters. Due to our manufacturing and sale of an expanded suite of products and services, we are also subject to a variety of claims including product warranty, product liability, and consumer protection claims related to product defects, among other litigation. We may also be subject to claims involving health and safety, hazardous materials usage, other environmental effects, or service disruptions or failures.

On October 9, 2024, Edmodo, LLC, formerly, a wholly owned subsidiary of the Company that was dissolved in June of 2024, received an initial notice of civil monetary penalty (Initial Notice) in the amount of \$14.6 million on the basis of alleged misstatements made by Edmodo during the initial CFIUS investigation of the Edmodo /NetDragon transaction and on the basis of violations of provisions of the National Security Agreement entered into on May 3, 2021 ("NSA"), which CFIUS alleges represent material violations of the NSA. Following receipt of the Initial Notice, Edmodo (through external counsel) submitted a timely response to the Initial Notice with a Petition for Reconsideration. CFIUS issued a Final Penalty Notice ("Final Notice") on January 14, 2025, for the same amount of civil monetary penalty. Payment of this penalty was due 45 calendar days following the date of the Final Notice. Since Edmodo, with the full knowledge and consent of CFIUS, had been dissolved several months earlier, no payment was made and CFIUS may refer the matter to the Department of Justice ("DOJ") for the DOJ to file an action in Federal District Court to collect the penalty plus interest, additional penalties and handling and processing fees.

If an action is filed by the DOJ, such action will be vigorously defended on the basis that Edmodo LLC was properly dissolved and that there are no likely or reasonable circumstances which warrant the nullification of Edmodo's certificate of cancellation and thus no penalty can be assessed against a dissolved entity. Additionally, if necessary, arguments will be made that Promethean is not a successor entity to Edmodo and that Promethean should not be responsible for payment of the penalty. We cannot predict if or when the DOJ may decide to file an action to collect the penalty (there is no statute of limitations) or predict with any degree of certainty the outcome of such an action should the DOJ bring one.

Any of these types of legal proceedings can have an adverse effect on the Company because of legal costs, diversion of management resources, negative publicity and other factors. Determining reserves for our pending litigation is a complex, fact-intensive process that requires significant judgment by us. The resolution of one or more such proceedings has resulted in, and may in the future result in, additional substantial fines, penalties, injunctions, and other sanctions that could harm our business, financial condition, and operating results.

Privacy and data protection regulations are complex and rapidly evolving, and we collect, process, store and use personal information and data, which subjects us to governmental regulation and other legal obligations related to privacy; any failure or alleged failure to comply with these laws could harm our business, reputation, financial condition, and operating results.

Authorities around the world have adopted and are considering a number of legislative and regulatory proposals concerning data protection and the secure and lawful processing of personal data. Multiple U.S. states, and countries around the world continue to adopt new privacy and data processing laws, regulatory agencies continue to issue new regulations, update and revise existing regulations, and issue guidance that impact our data processing activities, policies and procedures. Potentially, we may be subject to investigation by regulatory authorities within different countries and such investigations may result in, fines and orders requiring that we change our data practices, which could have an adverse effect on our ability to provide services, harming our business operations. Complying with these evolving laws could result in substantial costs and harm the quality of our products and services, negatively affecting our business, and may be particularly challenging during certain times, such as a natural disaster or pandemic. Amongst others, we are and expect to continue to be subject to the following laws and regulations:

- The General Data Protection Regulation ("GDPR"), which applies to all of our personal data processing activities involving a person within the EU including the personal data we process within the products and services that we offer to EU users or customers. Ensuring compliance with the range of obligations created by the GDPR is an ongoing commitment that involves substantial costs. If any of our personal data processing activities within the EU are found to violate GDPR requirements, we may incur substantial fines, have to change our business practices, and face reputational harm, any of which could have an adverse effect on our business. Serious breaches of the GDPR can result in administrative fines of up to 4% of annual worldwide revenues. Fines of up to 2% of annual worldwide revenues can be levied for other specified violations;
- The UK General Data Protection Regulation is substantially similar to the EU's GDPR and, similar to the EU's GDPR, the UK's GDPR, in the event our any of our personal data processing activities within the UK are found to violate the UK's GDPR requirements, we may incur substantial fines, have to change our business practices, and face reputational harm, any of which could have an adverse effect on our business;
- Multiple U.S. states have enacted state privacy laws including, for example, the California Consumer Privacy Act of 2018 ("CCPA"), which came into effect in January of 2020; the California Privacy Rights Act (CPRA), which went into effect in January 2023; the Virginia Consumer Data Protection Act (Virginia CDPA), which went into effect in January 2023; and the Colorado Privacy Act (ColoPA), which went into effect on July 1, 2023; all of which give new data privacy rights to their respective residents (including, in California, a private right of action in the event of a data breach resulting from our failure to implement and maintain reasonable security procedures and practices). Each of these laws impose significant obligations upon us with regard to any personal data we collect;
- Many U.S. states have also enacted student data privacy laws which apply specifically to the processing of any student personal data. These state student data privacy laws typically prohibit the delivery of advertisements to students or the creation of a profile of a student's online behavior for the purpose of delivering targeted advertisements. These student data privacy laws generally limit the processing of student data only as necessary to deliver the specific product or service that the students' data was originally collected for, and for no other purposes. Ensuring compliance with the range of obligations created by these state student data privacy laws is an ongoing commitment that involves substantial costs. If any of our student personal data processing activities within many US states are found to violate state law requirements, we may incur substantial fines, have to change our business practices, and face reputational harm, any of which could have an adverse effect on our business; and
- Laws such as SB-327 in California and the EU regulation 2023/2854 (the "Data Act") (which came into force in January 2024 and will become applicable in September 2025) regulate the security of data in connection with internet connected devices and ensuring compliance with the range of obligations created by these state student data privacy laws is an ongoing commitment that involves substantial costs. If any of our data processing activities are found to violate the requirements imposed by these internet of things or connected devices laws, we may incur substantial fines, have to change our business practices, and face reputational harm, any of which could have an adverse effect on our business.

Further, we are subject to evolving laws and regulations that dictate whether, how, and under what circumstances we can transfer, process and/or receive personal data. On July 10, 2023, the European Commission adopted an adequacy decision for the EU-US Data Privacy Framework ("DPF"). The DPF is the successor to the EU-US privacy shield, which the Court of Justice of the European Union (CJEU) declared invalid in 2020. The adequacy decision means that U.S. businesses that self-certify under the DPF no longer require separate data transfer mechanisms in order to transfer personal data from the European Union to the U.S. Self-certified companies to the DPF will be able to freely transfer personal data from the European Economic Area to the U.S. without having to conduct a data transfer impact assessment (DTIA) or implement supplemental measures. However, any company which relies on other data transfer mechanisms, such as Standard Contractual Clauses (SCCs), may have to adapt its existing contractual arrangements to incorporate DTIA before transferring data. The validity of data transfer mechanisms remains subject to legal, regulatory, and political developments in both Europe and the U.S., such as recent recommendations from the European Data Protection Board, decisions from supervisory authorities, recent proposals for reform of the data transfer mechanisms for transfers of personal data outside the United Kingdom, and potential legal challenges or other actions that may lead to the invalidation of the adequacy decision the EU has issued in favor of the U.S. or other data transfer mechanisms, which, together with increased enforcement action from supervisory authorities in relation to cross-border transfers of personal data, could have a significant adverse effect on our ability to process and transfer personal data outside of the European Economic Area and/or the United Kingdom.

The requirements for incorporating DTIA to SCCs as well as complying with evolving laws and regulations in this area remains subject to interpretation, including developments which create some uncertainty, and further compliance obligations that could cause us to incur costs or harm the operations of our products and services in ways that harm our business. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data that could increase the cost and complexity of delivering our services and carries the potential of service interruptions in those countries, which could have an adverse effect on our business, financial condition and results of operation.

Executive Order 13873 issued February 28, 2024 seeks to address the threat of China's access to Americans' sensitive personal data and, may in time, adversely impact our business.

Executive Order 13873 (the "Order") was issued February 28, 2024 in order to protect Americans' sensitive personal data from exploitation by countries of concern. The Order authorizes the Attorney General to prevent the large-scale transfer of American's personal data to countries of concern, provides safeguards around other activities that give those countries access to Americans' sensitive data and directs the Department of Justice ("DOJ") to issue regulations that establish clear protections for Americans' sensitive personal data from access and exploitation by countries of concern. Additionally, the Order directs the DOJ and Homeland Security to set high security standards to prevent access by countries of concern to Americans' data through other commercial means such as data available via investment, vendor, and employment relationships. Given the uncertainty of what regulations and what standards will result from the Order, it is uncertain at this time what impact, if any, the Order may have on the Company's business, but compliance with additional data security regulations could result in an increase in our costs of operations and have an adverse impact on our results of operations.

We are subject to risks inherently related to our international operations.

Sales outside the U.S. represent a significant portion of our revenues. We have committed, and may continue to commit, significant resources to our international operations and sales and marketing activities.

Our significant international operations subject us to several risks related to these international business activities that may increase costs, lengthen sales cycles and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, complications in compliance with, and unexpected changes in regulatory requirements under or relating to, foreign laws, international import and export legislation, trading and investment policies, exchange controls, tariffs and other trade barriers, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. Risks inherent in our international operations may have a material adverse effect on our business.

Risks associated with climate change and other environmental impacts, and increased focus and evolving views of our customers, shareholders, and other stakeholders on climate change issues, could negatively affect our business and operations.

The effects of climate change can create short and long-term financial risks to our business, both in the U.S. and globally. We have significant operations located in regions that have been, and may in the future be, exposed to significant weather events and other natural disasters. Climate related changes can increase variability in or otherwise impact natural disasters, including weather patterns, with the potential for increased frequency and severity of significant weather events (e.g., flooding, hurricanes, and tropical storms), natural hazards (e.g., increased wildfire risk), rising mean temperature and sea levels, and long-term changes in precipitation patterns (e.g., drought, desertification, and/or poor water quality). We expect climate change could affect our facilities, operations, employees, and communities in the future, particularly at facilities in coastal areas and areas prone to extreme weather events and water scarcity. Our suppliers are also subject to natural disasters that could affect their ability to deliver or perform under our contracts, including as a result of disruptions to their workforce and critical infrastructure. Disruptions also impact the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs.

We must comply with the U.S. Foreign Corrupt Practices Act as well as similar applicable anti-bribery laws around the world.

We are required to comply with the United States Foreign Corrupt Practices Act, which prohibits U.S. companies from engaging in bribery of or other prohibited payments to foreign officials for the purpose of obtaining or retaining business and requires that we maintain adequate financial records and internal controls to prevent such prohibited payments. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in countries where we do business. If our competitors engage in these practices, they may receive preferential treatment from personnel of some companies, giving our competitors an advantage in securing business or from government officials who might give them priority in obtaining new business, which would put us at a disadvantage. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties which could materially and adversely affect our financial condition and result in reputational harm.

Our worldwide operations will subject us to income taxation in many jurisdictions, and we must exercise significant judgment to determine our worldwide financial provision for income taxes.

We are subject to income taxation in the U.K., the U.S. and numerous other jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe our tax estimates are reasonable, our ultimate income tax liability may differ from the amounts recorded in our financial statements. Any additional income tax liability may have a material adverse effect on our financial results in the period or periods in which such additional liability arises.

Income tax law and regulatory changes in the U.S., the E.U. and other jurisdictions, including income tax law and regulatory changes that may be enacted by the U.S. federal and state governments or as a result of tax policy recommendations from organizations such as the Organization for Economic Co-operation and Development (the “OECD”), have and may continue to have an impact on our financial condition and results of operations.

Certain of our subsidiaries provide products to and may from time to time undertake certain significant transactions with us and our other subsidiaries in different jurisdictions. In general, cross-border transactions between related parties and, in particular, related party financing transactions, are subject to close review by tax authorities. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules that require all transactions with nonresident related parties to be priced using arm’s-length pricing principles and require the existence of contemporaneous documentation to support such pricing. A tax authority in one or more jurisdictions could challenge the validity of our related party transfer pricing policies. If in the future any taxation authorities are successful in challenging our financing or transfer pricing policies, our income tax expense may be adversely affected and we could become subject to interest and penalty charges, which may harm our business, financial condition and results of operations.

We are subject to non-income taxes in many jurisdictions in which we conduct business and significant judgement is required in determining our exposure for non-income taxes.

We are subject to non-income taxes, including withholding, sales, use, and value added taxes, in various jurisdictions in which we conduct business. Fiscal authorities in one or more of those jurisdictions may contend that our non-income tax liabilities are greater than the amounts we have accrued and/or reserved for. Moreover, future changes in non-income tax laws or regulations may materially increase our liability for such taxes in future periods.

Significant judgment is required in determining our exposure for non-income taxes. These determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. Although we believe our tax determinations are reasonable, tax authorities in certain jurisdictions may disagree. Moreover, certain jurisdictions in which we do not collect or pay withholding, sales, use, value added, or other non-income taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect or pay such taxes in the future.

If we are unable to ship and transport components and final products efficiently and economically across long distances and borders, our business would be harmed.

We transport significant volumes of components and finished products across long distances and international borders. Any increases in our transportation costs, as a result of increases in the price of oil or otherwise, would increase costs and the final prices of our products to customers. In addition, any increases in customs or tariffs, as a result of changes to existing trade agreements between countries or otherwise, could increase costs or the final cost of products to customers or decrease margins. Such increases could harm our competitive position and could have a material adverse effect on our business. The laws governing customs and tariffs in many countries are complex and often include substantial penalties for non-compliance. Disputes may arise and could subject us to material liabilities and have a material adverse effect on our business. It should be noted that the highly charged geopolitical climate between the U.S. and China has already resulted in the imposition of tariffs on the import of many of our products into the U.S. from China. To the extent that China takes any actions that are seen by the U.S. administration to be adverse in nature to the U.S. or its allies, the U.S. could institute additional tariffs or increase existing tariffs which could have a material adverse effect on our business.

If we are unable to ship and transport components and final products efficiently and economically due to violence and dangerous conditions in certain shipping routes, our business would be harmed.

We transport significant volumes of components and finished products across long distances and international waters. The consequences of piracy are far-reaching and multi-faceted. Shipping companies face increased insurance costs, higher security measures, and disruptions to their supply chains. There is an increased threat of violence and hostage-taking in several shipping routes between China and Europe and the U.S. The carriers we use may be unable to enter certain shipping routes as a result of dangerous conditions or potential violence due to these increased risks. Such increased risks could cause the delivery of our products to be significantly delayed which could harm our competitive position and have a material adverse effect on our business.

If our procedures to ensure compliance with export control laws are ineffective, our business could be harmed.

Our extensive international operations and sales are subject to far reaching and complex export control laws and regulations in the U.S. and elsewhere. Violations of those laws and regulations could have material negative consequences for us including large fines, criminal sanctions, prohibitions on participating in certain transactions and government contracts, sanctions on other companies if they continue to do business with us and adverse publicity, any of which could have a material adverse effect on our business, financial condition and results of operation.

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future. Failure to remediate such material weaknesses in the future or to maintain an effective system of internal control could impair our ability to comply with the financial reporting and internal controls requirements for publicly traded companies.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. As set forth in more detail in "Item 15 - Controls and Procedures," we have identified several material weaknesses in our internal controls over financial reporting, as well as our plans to mitigate and remediate such weaknesses.

While we believe that the actions we have taken and will continue to take as outlined in Item 15 below, will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses. If the steps we take do not correct the material weaknesses in a timely manner, we will be unable to conclude that we maintain effective internal controls over financial reporting. Accordingly, there could continue to be a reasonable possibility that these deficiencies or others could result in a misstatement of our accounts or disclosures that would result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

If we fail to remediate these material weaknesses or identify new material weaknesses, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected which, in turn, may adversely affect our reputation and business. In addition, any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, delisting of our securities and harm to our reputation and financial condition, or diversion of financial and management resources from the operation of our business.

The process of designing and implementing internal control over financial reporting required to comply with Section 404 of the Sarbanes-Oxley Act will be time consuming, costly and complex. If during the evaluation and testing process, we identify one or more other material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, and when required in the future, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our ADSs could be adversely affected and we could become subject to litigation or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

Fulfilling our obligations as a public company, including with respect to the requirements of and related rules under the Sarbanes-Oxley Act of 2002, and the Dodd-Frank Act, is expensive and time-consuming.

We are subject to the reporting, accounting and corporate governance requirements of the NYSE and the Exchange Act, Sarbanes-Oxley Act of 2002 and Dodd-Frank that apply to issuers of listed equity, which impose certain compliance requirements, costs and obligations upon us. The expenses associated with being a public company include those related to auditing, accounting and legal fees, investor relations, directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. In addition, if we are unable to maintain effective internal control over financial reporting, we may be unable to report our financial condition or financial results accurately or to report them within the timeframes required by the SEC.

As a public company, we are required, among other things, to have in place comprehensive governance, financial reporting, compliance and investor relations functions, subject to any exemptions that may apply to us as a "foreign private issuer" and a "controlled company" under applicable NYSE rules and regulations. Failure to comply with any applicable requirements of being a public company listed in the U.S. could subject us to sanctions or investigations by the SEC, NYSE or other regulatory authorities and could potentially cause investors to lose confidence in the accuracy and completeness of our financial reports.

Risks Related to Our Intellectual Property

We may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business.

Our commercial success depends to a significant degree upon our ability to develop new or improved technologies and products. Some of those new or improved technologies could be protected for use only by us or by our customers by obtaining patents or other intellectual property rights or statutory protection for these technologies and products in the U.S. and other countries. We will seek to patent concepts, components, processes, designs and methods, and other inventions and technologies that we consider having commercial value or that will likely give us a technological advantage. Despite devoting resources to the research and development of proprietary technology, we may not be able to develop technology that is patentable or protectable. Patents may not be issued in connection with pending patent applications, and claims allowed may not be sufficient to allow us to use the inventions that we create exclusively. Furthermore, any patents issued could be challenged, re-examined, held invalid or unenforceable or circumvented and may not provide sufficient protection or a competitive advantage. In addition, despite efforts to protect and maintain patents, competitors and other third parties may be able to design around their patents or develop products similar to our products that are not within the scope of their patents. Finally, patents provide certain statutory protection only for a limited period of time that varies depending on the jurisdiction and type of patent. The statutory protection term of certain of our material patents may expire soon and, thereafter, the underlying technology of such patents can be used by any third-party including competitors.

Prosecution and protection of the rights sought in patent applications and patents can be costly and uncertain, often involving complex legal and factual issues and consume significant time and resources. In addition, the breadth of claims allowed in our patents, their enforceability and our ability to protect and maintain them cannot be predicted with any certainty. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of the U.S. Even if our patents are held to be valid and enforceable in a certain jurisdiction, any legal proceedings that we may initiate against third parties to enforce such patents will likely be expensive, take significant time and divert management's attention from other business matters. There can be no assurances that any of our issued patents or pending patent applications will provide any protectable, maintainable or enforceable rights or competitive advantages to the Company.

In addition to patents, we rely on a combination of copyrights, trademarks, trade secrets and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce our proprietary technology and intellectual property rights in the U.S. and other countries. However, our ability to protect our brands by registering certain trademarks may be limited. In addition, while we will generally enter into confidentiality and nondisclosure agreements with our employees, consultants, contract manufacturers, distributors and resellers and with others to attempt to limit access to and distribution of our proprietary and confidential information, it is possible that:

- misappropriation of our proprietary and confidential information, including technology, will nevertheless occur;
- our confidentiality agreements will not be honored or may be rendered unenforceable;
- third parties will independently develop equivalent, superior or competitive technology or products; or
- disputes will arise with our current or future strategic licensees, customers or others concerning the ownership, unauthorized disclosure of our know-how, trade secrets or other proprietary or confidential information will occur.

There can be no assurances that we will be successful in protecting, maintaining or enforcing our intellectual property rights. If we are unsuccessful in protecting, maintaining or enforcing our intellectual property rights, then our business, operating results and financial condition could be materially adversely affected, which could:

- adversely affect our relationships with current or future distributors and resellers of our products;
- adversely affect our reputation with customers;
- be time-consuming and expensive to evaluate and defend;
- cause product shipment delays or stoppages;
- divert management's attention and resources;

- subject us to significant liabilities and damages;
- require us to enter into royalty or licensing agreements; or
- require us to cease certain activities, including the sale of products.

If it is determined that we have infringed, violated or are infringing or violating a patent or other intellectual property right of any other person or if we are found liable in respect of any other related claim, then, in addition to being liable for potentially substantial damages, we may be prohibited from developing, using, distributing, selling or commercializing certain of our technologies and products unless we obtain a license from the holder of the patent or other intellectual property right. There can be no assurances that we will be able to obtain any such license on a timely basis or on commercially favorable terms, or that any such licenses will be available, or that workarounds will be feasible and cost-efficient. If we do not obtain such a license or find a cost-efficient workaround, our business, operating results and financial condition could be materially adversely affected, and we could be required to cease related business operations in some markets and restructure our business to focus on our continuing operations in other markets.

Our business may suffer if it is alleged or determined that our technology or another aspect of our business infringes the intellectual property of others.

The markets in which we will compete are characterized by the existence of many patents and trade secrets and also by litigation based on allegations of infringement or other violations of intellectual property rights. Moreover, in recent years, individuals and groups have purchased patents and other intellectual property assets for the purpose of making claims of infringement to extract settlements from companies like us. Also, third parties may make infringement claims against us that relate to technology developed and owned by one of our suppliers for which our suppliers may or may not indemnify us. Even if we are indemnified against such costs, the indemnifying party may be unable to uphold its contractual obligations and determining the extent of such obligations could require additional litigation. Claims of intellectual property infringement against the Company or its suppliers might require us to redesign our products, enter into costly settlements or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from marketing or selling our products or services. If we cannot or do not license the infringed intellectual property on reasonable terms or at all, or substitute similar intellectual property from another source, our revenue and operating results could be adversely impacted. Additionally, our customers and distributors may not purchase our offerings if they are concerned that they may infringe third party intellectual property rights. Responding to such claims, regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and cause us to incur significant expenses. The occurrence of any of these events may have a material adverse effect on our business, financial condition and operating results.

Risks Related to the Ownership of our Ordinary Shares or ADSs

The trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of our ADSs has been, and is likely to continue to be, volatile and could fluctuate widely due to multiple factors, some of which are beyond our control and which may materially adversely affect the market price and marketability of the ADSs and our ability to raise capital through equity financings. These factors include the following:

- regulatory developments affecting us, our customers, or our industry;
- variations in our revenues, earnings, cash flow and data related to our operations;
- changes in market condition, market potential and the competitive landscape;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings, solutions and expansions by us or our competitors;
- fluctuations in global economies;
- changes in financial estimates by securities analysts;
- negative publicity about us, our services or our industry;

- announcements of new regulations, rules or policies relevant to our businesses;
- additions or departures of key personnel and senior management;
- release of lock-up or other transfer restrictions on our outstanding equity securities, including the conversion of our outstanding convertible notes in the principal amount of \$68.3 million; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

In the past, shareholders of public companies have brought securities class action suits against certain companies following periods of instability in the market price of their securities. If we were to become involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require it to incur significant expenses to defend the suit, which could harm its results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Substantial future sales or perceived sales of our Shares or ADSs in the public market could cause the price of our ADSs to decline.

Sales of our Shares or ADSs, either in the public market or through a private placement, or the perception that these sales could occur, could cause the market price of our ADSs to decline. It cannot be predicted what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADS and trading volume could decline.

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about the Company or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade the ADSs or publish inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for ADSs to decline.

Any conversion of our senior convertible note will dilute the ownership interest of existing ordinary shareholders and holders of our ADSs.

The conversion into ordinary shares of some or all of the \$68.3 million in aggregate principal amount of our Senior Secured Convertible Notes due 2028 will dilute the ownership interests of existing ordinary shareholders and holders of the ADSs. Any sales of the ADSs issuable upon such conversion could adversely affect prevailing trading prices of the ADSs. In addition, any actual or anticipated conversion of the Note into ADSs could significantly depress the trading price of the ADSs.

We have incurred and may incur additional indebtedness.

We currently rely on, and may in the future rely on, the incurrence of indebtedness as a source of liquidity. Our ability to make payments on and to refinance our existing or future indebtedness will depend on our ability to generate cash in the future from operations, financing or asset sales.

If we are unable to satisfy our obligations with respect to our borrowings, comply with the covenants with respect to such borrowings or fulfill the conditions applicable to such borrowings, or any of our lenders from time to time fail to fund their lending commitments (whether due to insolvency, illiquidity or other reasons), our business, financial condition, results of operations, liquidity and our ability to meet our obligations could be adversely impacted. We could also be forced to take unfavorable actions, including business and legal entity restructuring, limited new business investment, asset sales or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness.

If we seek to refinance our indebtedness, we may be unable to do so on terms acceptable to us or at all. Market disruptions, as well as our indebtedness level, may increase our cost of borrowing or adversely affect our ability to refinance our obligations as they become due. If we are unable to refinance our indebtedness or access additional credit, or if short-term or long-term borrowing costs dramatically increase, our ability to meet our short and long-term obligations could be adversely affected, which would have a material adverse effect on our business, financial condition, results of operations and liquidity.

In addition, the level of our indebtedness could put us at a competitive disadvantage compared to our competitors that are less leveraged than us. These competitors could have greater financial flexibility to pursue business strategies and secure financing for their operations. The level of our indebtedness could also impede our ability to withstand downturns in our industry or the economy in general.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

As a "foreign private issuer" incorporated in the Cayman Islands and a "controlled company" within the meaning of the NYSE corporate governance rules, the Company is permitted to, and does, adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if the Company complied fully with the NYSE corporate governance listing standards.

The Company is a Cayman Islands exempted company listed on the NYSE and is subject to the NYSE corporate governance listing standards. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards. For example, neither the Companies Act (As Revised) of the Cayman Islands nor our memorandum and articles of association requires a majority of our directors to be independent. If the Company chooses to follow certain home country practices, the shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. See "Item 16G - Corporate Governance" for a description of home country corporate governance practices we follow in lieu of the NYSE corporate governance listing standards.

Our status as a "controlled company" could make our ADSs less attractive to some investors or otherwise harm our share price.

As of the date of this Annual Report, NetDragon owns approximately 74% of our issued and outstanding ordinary shares. As our majority shareholder, NetDragon continues to be able to control the appointment of our directors, exert substantial influence over our corporate and management policies and determine, without the consent of our other shareholders, the outcome of any corporate transaction or other matter submitted to our shareholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. NetDragon also has sufficient voting power to approve amendments to our Sixth Amended and Restated Memorandum and Articles of Association. Accordingly, should the interests of NetDragon differ from those of other shareholders, the other shareholders may not have the same protections afforded to shareholders of companies that are not controlled companies. Our status as a controlled company could make our ADSs less attractive to some investors or otherwise harm the trading price of our ADSs.

We and our shareholders may have conflicts of interest with NetDragon.

Conflicts of interest may arise between NetDragon and us, since NetDragon continues to engage in transactions with us. Further, NetDragon may, from time to time, acquire and hold interests in, or maintain business relationships with, businesses that compete directly or indirectly with us. In general, NetDragon could pursue business interests or exercise its voting power as a shareholder in ways that are detrimental to us but beneficial to themselves or to other companies in which they invest or with whom they have relationships.

In addition, adverse publicity, regulatory scrutiny and pending investigations by regulators or law enforcement agencies involving NetDragon could negatively impact our reputation due to our relationship with NetDragon, which could materially and adversely affect our business, results of operations, financial condition and liquidity.

The Chairman of our board of directors may have actual or potential conflicts of interest due to his NetDragon equity ownership or his current or former NetDragon positions.

The Chairman of our board of directors is, and will likely continue to be, a NetDragon officer and director and, thus, have professional relationships with NetDragon's other executive officers, directors or employees. In addition, by virtue of our Chairman's current NetDragon positions and ownership of NetDragon equity, these relationships and financial interests may create, or may create the appearance of, conflicts of interest when our Chairman is faced with decisions that could have different implications for NetDragon and us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between NetDragon and us regarding the terms of any agreements between us and NetDragon that may arise from time to time.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because the Company is incorporated under Cayman Islands law.

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our sixth amended and restated memorandum and articles of association (or the A&R MAA), the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against us and our directors, actions by minority shareholders and the fiduciary duties of our directors under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the English common law, which are generally of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of the Company's shareholders and the fiduciary duties of the Company's directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the U.S. In particular, the Cayman Islands has a different body of securities laws than the U.S. and provides significantly less protection to investors. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the U.S. There is no statutory recognition in the Cayman Islands of judgments obtained in the U.S., although the courts of the Cayman Islands will in certain circumstances, recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the amended and restated memorandum and articles of association, the register of mortgages and charges, and copies of any special resolutions passed by our shareholders) or to obtain copies of lists of shareholders of these companies. The Company's directors have discretion under the A&R MAA, to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to the Company's shareholders, except as conferred by law or by ordinary resolution of the Company's shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands differ significantly from requirements for companies incorporated in other jurisdictions such as the U.S. If we choose to follow our home country practice, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have greater difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the U.S.

The Company is a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

The Company is a foreign private issuer under the Exchange Act, and exempt from certain provisions of the securities rules and regulations in the U.S. that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD promulgated by SEC.

The information we are required to file with or furnish to the SEC is less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you if you were investing in a U.S. domestic issuer.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

In January 2007, we were incorporated under the name of Top Margin Limited, as an exempted company under the laws of the Cayman Islands. In June 2017, we changed our corporate name to RYB Education, Inc., and in May of 2022, we changed our corporate name again to Gravitas Education Holdings, Inc. On December 13, 2023, in connection with the transactions described immediately below under "The 2023 Transactions," we changed our corporate name to Mynd.ai, Inc.

Our principal executive offices are located at 701 5th Avenue, Suite 5000, Seattle, WA 98104. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on www.sec.gov. We also maintain a website at www.mynd.ai, where we regularly post copies of our press releases as well as additional information about us. From time to time, we may also use our website for disclosure of material information about our business and operations. Our filings with the SEC are available free of charge through the website as soon as reasonably practicable after being electronically filed with or furnished to the SEC. In addition, upon receiving a request from any shareholder or bondholder who wishes to receive a hard copy of the Company's complete audited financial statements, the Company will furnish such audited financial statements free of charge. Such request may either be directed to Mynd.ai, Inc., 701 5th Avenue, Suite 5000, Seattle, WA 98104, Attn: General Counsel or to investorrelations@mynd.ai. Information contained in our website is not a part of, nor incorporated by reference into, this Annual Report or our other filings with the SEC, and should not be relied upon.

All trademarks, service marks and trade names appearing in this Annual Report are the property of their respective holders. Use or display by us of other parties' trademarks, trade dress, or products in this Annual Report is not intended to, and does not, imply a relationship with, or endorsements or sponsorship of, us by the trademark or trade dress owners.

Information on our principal capital expenditures and disposals is included below under "*Item 5. Operating and Financial Review and Prospects.*"

The 2023 Transactions

On April 18, 2023, we entered into an agreement and plan of merger among Bright Sunlight Limited, a Cayman Islands exempted company and a direct, wholly owned subsidiary of the Company (the "Merger Sub"), Best Assistant Education Online Limited, a Cayman Islands exempted company ("Best Assistant") and a controlled subsidiary of NetDragon Websoft Holdings Limited (HKEX: 0777, "NetDragon"), a Cayman Islands exempted company, and solely for purposes of certain named sections thereof, NetDragon (the "Original Merger Agreement") as amended via a certain Omnibus Amendment and Waiver dated as of October 18, 2023 (the "First Amendment"); and as further amended via a Second Omnibus Amendment and Waiver, dated as of December 7, 2023 (the "Second Amendment") (both the First Amendment and the Second Amendment, together with the Original Merger Agreement, are collectively referred to herein as the "Merger Agreement"). The Merger Agreement contemplated that Best Assistant would transfer the education business of NetDragon outside of the Peoples Republic of China ("PRC") to eLMTree Inc., a Cayman Islands exempted company limited by shares and wholly-owned by Best Assistant who became a party to the Merger Agreement by executing a joinder on August 18, 2023 ("eLMTree"), and Merger Sub would merge with and into eLMTree with eLMTree continuing as the surviving company and becoming our wholly owned subsidiary (such transactions collectively, the "Merger").

On December 13, 2023, we consummated the closing of the transactions contemplated by the Merger Agreement and certain other agreements set forth therein ("Closing"), pursuant to which, (i) Best Assistant transferred the education business of NetDragon outside of the PRC to eLMTree, (ii) Merger Sub merged with and into eLMTree with eLMTree continuing as the surviving company and becoming our wholly owned subsidiary, (iii) we changed our name to "Mynd.ai, Inc." and (iv) we issued 329,812,179 of our ordinary shares to NetDragon WebSoft, Inc. ("ND BVI"), a wholly-owned subsidiary of NetDragon, and 96,610,041 of our ordinary shares to former shareholders of Best Assistant. The Company has since been listed on NYSE American LLC, and our ADS trade under the symbol "MYND."

Also concurrent with the Closing of the Merger:

- we transferred our entire education business in the PRC to Rainbow Companion, Inc., a purchaser consortium formed by the Founding Shareholders (as hereinafter defined) and their affiliates in consideration of \$15 million (the "2023 Disposition");
- ND BVI, a wholly-owned subsidiary of NetDragon, purchased an aggregate of 8,528,444 of the Company's ordinary shares from Joy Year Limited, Bloom Star Limited, Ascendent Rainbow (Cayman) Limited ("ACP"), Trump Creation Limited and China Growth Capital Limited (collectively, the "Founding Shareholders"), for an aggregate consideration of \$15 million (the "Secondary Sale"); and
- Nurture Education Cayman Limited, an affiliate of ACP, purchased a \$65.0 million convertible promissory note from us (the "Convertible Note").

As a result of the foregoing transactions, we ceased operations of all education business in China and NetDragon, through ND BVI, is the holder of approximately 74% of our issued and outstanding shares.

The Merger has been accounted for as a reverse acquisition where Gravitas Education Holdings, Inc. was the legal acquirer, but eLMTree was deemed to be the acquirer for accounting purposes, resulting in inclusion of eLMTree financial information for all historical periods presented.

Disposition of Early Childcare Learning Business

On October 2, 2024, we completed the sale (the “2024 Disposition”) of all of the Company’s shares of the capital stock in Global Eduhub Holding Limited, a Hong Kong corporation (“GEH”) for cash consideration of \$20 million pursuant to the terms of a written agreement dated October 1, 2024 by and among the Company, Strategic Global Group Holdings Pte Ltd (the “Purchaser”) and Ms. Koh Chew Chee, the prior minority owner of GEH prior to the closing of the transaction. The shares sold by the Company constituted eighty-five percent (85%) of the total equity ownership in GEH prior to the consummation of the 2024 Disposition. GEH, through its network of subsidiaries, is engaged in the early childcare learning business in Singapore. The 2024 Disposition reflects the decision by the Company’s management and board of directors to divest itself of non-strategic assets and to focus the Company’s attention and resources on delivering hardware and software solutions for the education, business, and public sectors.

B. Business Overview

We are dedicated to creating a robust, seamless, and comprehensive digital communication and collaboration platform for the education, business, and public sectors. Our solutions include a wide range of interactive tools and technologies, with our award-winning interactive displays at the forefront. Our comprehensive software platform is designed to make it easier than ever to create captivating lessons, presentations, and training programs that immerse people in a world of vibrant multimedia, real-time collaboration, and imaginative instruction.

Promethean.

Promethean, our leading, award-winning subsidiary, is working to transform the way the world learns and collaborates. Promethean produces large touch screen interactive flat-panel displays (“IFPDs”) and teaching applications and collaboration software primarily used in the education market in the U.S., the U.K. and Europe. Over the last 25 years, Promethean has sold its front of class solutions in over 125 countries around the globe. Promethean’s award-winning IFPD, the ActivPanel, was designed to engage students, connect colleagues, and bring out the brilliance in everyone. Our interactive displays are also integrated with powerful Explain Everything software that provides a state-of-the-art infinite canvas whiteboard to engage students with a wide variety of content and resources directly from the panel, including customizable templates, unsplash imagery, YouTube videos, browsers, clipart, and more. Teachers can import multiple file types directly into the whiteboard and enhance and manipulate them in real time. The Explain Everything Whiteboard App works seamlessly alongside Promethean’s other popular Apps such as Timer, Spinner, and Polling. Additionally, Promethean develops award-winning lesson delivery and teaching software. Promethean’s Explain Everything Advanced platform can be used to record, edit, and share unlimited lessons within the software using our patented tool enabling students to view them anytime. This platform also integrates with OneDrive, Dropbox, Google Classroom and other applications. In addition, we believe the corporate workplace provides opportunity for similar use cases for our products in meeting rooms, collaboration areas, and training facilities. Our products are currently sold to and used by corporations, and we intend to continue to innovate our solutions for corporate uses to expand and grow our market opportunity.

Founded in 1996 by Tony Cann in Blackburn, England, Promethean was created by teachers, for teachers. Seeking to alleviate teachers’ workload, Promethean pioneered interactive whiteboards and sold over one million interactive whiteboards over the following ten years.

As Promethean continued to develop its market leading interactive whiteboards and started to develop its new IFPDs, it sought to further improve student outcomes by designing lesson delivery software including ActivInspire. By 2015, Promethean was one of the few interactive learning companies that had a combined hardware and software solution. In November 2015, NetDragon, a leading developer and operator of online games and mobile internet platforms, acquired Promethean as part of its commitment to scale its online education business to pursue its vision of creating an online learning community, and to bring the “classroom of the future” to schools around the world.

More than 25 years of product development experience and close relationships with the teaching community has positioned the Company to adapt to and understand teacher and student needs, and we believe positions us well to successfully address “pain points” in the classroom. According to management commissioned reports on the world IFPD market, as of December 31, 2024, Promethean held a 22.1% share of the IFPD market in the U.S. and a 12.9% share of the global market, excluding China. For the year ended December 31, 2024, Promethean’s business in the U.S. generated \$179.8 million in revenue and its business outside of the U.S. generated \$87.6 million in revenue.

Our global coverage is facilitated by Promethean’s strong, far-reaching relationships with over two hundred distributor and reseller partners with whom Promethean has a direct relationship, and more than fifteen hundred resellers globally with whom Promethean has worked with through its distributor relationships.

Product Overview

Our commitment is to deliver solutions to customers’ most pressing problems: easy, secure sign-in options, streamlined connection to content, flexible lesson delivery, and personalized user experiences. Promethean products are comprised of interactive smart displays, accessories, and software. Our range of IFPD products includes our recently launched ActivPanel 10 and our ActivPanel LX product, each as more fully described below. We will also continue to market and sell our existing inventory of ActivPanel 9 products while supplies last and for limited use cases. All of our IFPD products are compatible with our Promethean ActivSuite, Explain Everything, and ActivInspire software.

Interactive Displays

ActivPanel 10 is Promethean’s latest generation IFPD and has specifically been designed to support freedom of choice, simplicity, and adaptability for Promethean’s customers. The ActivPanel 10, with its flexible design, can be seamlessly integrated with connected devices irrespective of whether the operating system of the connected device is Android, Windows or Chrome. This flexibility enables customers to incorporate the ActivPanel 10 into their environments quickly and with the confidence that their ActivPanel investment will remain relevant over time due to the ActivPanel 10’s ability to adapt to future technology upgrades. Specifically, as new technologies emerge, customers will be able to simply update or swap their connected compute device without the requirement of having to buy a brand-new interactive display device.

The ActivPanel 10 is available in two models: the ActivPanel 10 and the ActivPanel 10 Premium. Both models are available in various sizes and, depending upon the model selected, come with accessories and software that untether the user from the ActivPanel in classrooms, teaching spaces, offices, conference spaces, and training rooms. In addition, both the ActivPanel 10 and the ActivPanel 10 Premium models include a five-year subscription to Promethean ActivSuite™ which provides users the freedom to untether to the panel and access to Promethean’s most popular software applications wherever they are.

ActivPanel 9 is available in two models: ActivPanel 9 or ActivPanel 9 Premium with ActivSync. Designed after listening to customers across the globe, Promethean designed the IFPD to facilitate use with minimal maintenance and training. ActivPanel 9 provides enhanced interactivity, enhanced security, Bluetooth on-board, and advanced computing power. With our patented ActivSync technology, the ActivePanel 9 Premium helps eliminate the digital barriers between devices and enables increased connectivity, customizable settings, and enhanced mobility, so teachers can move around the classroom freely. ActivSync technology allows the teacher to save and open files quickly and easily between the ActivPanel and their device, access their content and customizations from any ActivPanel 9 with their roaming profiles, and connect their devices directly to the panel with one cable for their audio, video and data. Additionally, ActivPanel 9 features pen and touch differentiation, near-field communication, proximity for warm boot, a USB-C 3.2 port, and more continuous touch points than the previously offered ActivPanel Nickel. The ActivPanel 9 allows authentication with multiple sign-in options, including a password, QR code, Promethean desktop app, and NFC card. It allows teachers to lock their panel quickly and easily when they need to be away from the panel for a short time and they can sign out of their panel from anywhere to ensure their data is kept safe.

ActivPanel LX is Promethean's easy to use, flexible, and budget-friendly front-of classroom display. This IFPD is designed to work with a school's existing technology platform along with the software and applications that teachers already know and love. The ActivPanel LX connects to a laptop with a single USB-C cable instantly turning the teacher's computer into a large-format interactive display. In terms of computing, the ActivPanel LX is OS-agnostic and compatible with the Promethean Chromebox (Chrome OS), the Promethean OPS-M (Windows), and the Promethean OPS-A (Android, EDLA certified) giving schools maximum flexibility especially as the school's EdTech needs change. The ActivPanel LX is easy to install and set up, requiring minimal training and limited support from IT staff. IT administrators should not need to enroll, manage, or frequently update the panels, or deal with security issues. For a lower price than ActivPanel 10 or ActivPanel 10 Premium, the ActivPanel LX offers: A crystal clear 4K display that leverages HDMI 2.0 technology; Gigabit ethernet ports for uncompromised network speeds to a connected OPS device; LCD bonded glass offering excellent writing and viewing experiences; Advanced touch technology providing pen and touch; differentiation, palm erase, and 20 points of touch; and dual front-facing speakers, an integrated full-length pen tray, and a wall mount.

ActivPanel 9 for the Workplace (ActivPanel 9 Pro), is designed to enhance collaboration in the corporate environment. The ActivPanel 9 Pro provides an exceptional touch experience, high-caliber audio and visuals, bonded glass for improved viewing and brightness, and one-touch access to the web and cloud. Each panel includes built-in business templates and integrated partner tools and apps, including UC Workspace Quicklaunch, which allows the user to customize their experience. As with ActivPanel 9, ActivPanel for the Workplace also features pen and touch differentiation, near-field communication, proximity for warm boot, a USB-C 3.2 port, and more continuous touch points than the previously offered ActivPanel Nickel. Every ActivPanel 9 Pro comes with a suite of peripherals that enhance the user experience including a Logitech wireless keyboard with trackpad and a highly functional ActivPen that can be used as a virtual laser pointer, slide advancer and magnifying tool and the ActivPanel 9 Pro comes with a 5-year warranty.

Software

The Promethean ActivSuite™ offers a platform for seamless, dynamic, and flexible learning and collaboration. Designed to revolutionize the way users interact with technology, we believe that ActivSuite™ provides unparalleled access to Promethean's most popular applications on any device. We also believe that with ActivSuite™ users experience unmatched freedom and versatility, enabling them to effortlessly transition between the Promethean ActivPanel and other devices. Whether users are in the classroom, an office, a conference room or working from home, ActivSuite™ empowers teachers to plan, design and deliver lessons or materials with ease and precision. Promethean applications within the ActivSuite™ are tailored for the user's environment, K-12 education, higher education, or workplace, and, depending upon the applicable environment, may include Whiteboard, Annotate, Screen Share, Timer, and Spinner. Each such application is crafted to enhance productivity, engagement and collaboration.

Explain Everything Advanced is Promethean's web-based lesson creation and delivery software platform that brings together some of the most effective and popular education tools, apps, resources, and content into a convenient one-stop shop. Using Explain Everything Advanced, teachers are just a click away from dozens of engaging, customizable templates, loads of shapes, symbols, clipart and other popular online resources. Designed to be used for in-person, remote, and hybrid environments, it allows teachers to record their lessons and then edit them using Promethean's patented tool, so they can be shared with students anytime. Teachers have the flexibility to create compelling, engaging lessons from anywhere at any time and display them on their panel, board, or projector. This platform also integrates with OneDrive, Dropbox, Google Classroom, and much more. Teachers can access a wealth of online videos, webinars and online support.

ActivInspire, is Promethean's downloadable and collaborative lesson-delivery software, designed by teachers, for teachers. Capable of being run on any major operating system, ActivInspire allows teachers to seamlessly leverage and enhance existing content and resources. Prominent features of ActivInspire include: ability to smoothly insert multimedia into flipcharts, use of Clock, Timer and Spotlight tools to focus students' attention, gradual exposure of information with the Revealer tool, interaction with documents, websites, and other resources with the Annotation tool, use of interactive ruler, compass and protractor, and access to free resource pack. ActivInspire is currently offered at no charge with the purchase of Promethean's premium ActivPanels but it is also available for purchase to be used with any third party front of class display device.

Accessories

We also offer accessories for our IFPDs, including the Distance Learning Bundle (with webcam and tripod), Chromebox (facilitating instant access to Google applications and the Google Chrome ecosystem), ActivConnect OPS-M (facilitating access to the Microsoft ecosystem and ability to choose the customer's preferred interactive display operating system), ActivSoundBar (delivering up to 90 decibels of power), ActivPanel Stands (stands and mounts for the ActivPanels), and the OPS-A computing module (an Android 12 device built specifically for use with the ActivPanel LX).

Edmodo

Previously, through an indirect, wholly-owned subsidiary, Edmodo LLC, we operated a software platform known as Edmodoworld, outside of the U.S. in several schools in Hong Kong, Thailand, Egypt and Ghana. Edmodo provided a subscription-based product marketed mainly to Ministries of Education to enable their teachers to share content, quizzes and assignments and manage communications with students and colleagues. On March 31, 2024, the Edmodoworld platform was shut down and subsequently all accounts and data within those accounts were permanently destroyed. Edmodo was dissolved effective June 3, 2024.

Sales and Marketing

The K-12 education market is highly fragmented, with an estimated 36.2 million K-12 classrooms worldwide outside of China. K-12 schools and school districts vary widely in size and often have unique technology requirements, including the need for installation, training, support and service. For these two principal reasons, resellers are the primary conduit through which K-12 schools purchase technology solutions of all types, including hardware, software and cloud-based solutions. Outside of the U.S., distributors are also important as they help facilitate warehousing, logistics, and relationships with resellers.

We believe that we have one of the most robust and scaled-out channel-based sales organizations in the K-12 education market. With over 140 sales professionals managing over 1,700 reseller channel partners and distributors serving over 125 different countries around the world, we believe that we have the infrastructure in place to expand our market share and launch our software capabilities. Our sales team interacts with the market at every level: customer, distributor, value added resellers and up to and including Ministries of Education.

Over the past 25 years we have recruited and developed an ecosystem of resellers and distributors, giving us “eyes and ears” in most markets to help alert us to new sales opportunities, budget availability, replacement cycles, RFPs and competitor activity, and providing us with significant sales leverage around the world. We believe that this network of relationships provides us with a critical advantage in introducing our SaaS products, Explain Everything and Promethean ActivSuite, into the market and achieving rapid scale. We develop deep relationships with our customers, distributors, and partners, and drive leads through customer referrals, word of mouth, organic search, digital advertising, social, and field events.

Many of our sales efforts are made with the intent to positively influence customer requirements contained within request for proposals (RFP) and tenders. To be successful with these efforts, we focus on brand awareness activities which include press relations in business, human resources, and education, combined with market specific campaigns including social, digital, and regional events and seminars.

Competition

The interactive education industry is highly competitive and characterized by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of interactive flat panels and interactive whiteboards. Interactive displays, since the time they were first introduced, have evolved from a high-cost technology that involves multiple components requiring professional installers, to a one-piece technology that is available at increasingly reduced-price points and affords simple installations. With lowered technology entry barriers, we face competition from other developers, manufacturers and distributors of interactive displays and personal computer technologies, tablets, television screens and smart phones including Smart Technologies, ViewSonic, Newline, Dell Computers, Samsung, Panasonic and ClearTouch.

Even with these competitors, we believe the market presents new opportunities in responding to demands to replace outdated and failing interactive displays with more affordable and simpler solution interactive displays. Our ability to integrate technologies and software either internally or in conjunction with third parties, will determine our ability to grow our interactive technology hardware and software business.

Principal Markets

The principal market in which we compete is the K-12 education market where we provide hardware and accessories, services, and SaaS to schools and learning centers in over 125 countries. For a breakdown of our total revenues over the past three years, disaggregated by revenue source and geographic market, please see "Note 4. Revenue Recognition" set forth in our Consolidated Financial Statements under Item 18 herein.

Seasonality

Our revenues and operating results normally fluctuate as a result of seasonal variations in our business, driven largely by the purchasing cycles of the educational market. Traditionally, the bulk of expenditures by school districts occur in the second and third calendar quarters after receipt of budget allocations.

Sources and Availability of Raw Materials

Although we do source microchips and display panels, we do not directly source the raw materials that are used in our products. Our suppliers source various raw materials used in our products and the prices of such raw materials may be subject to volatility based on various market and geopolitical conditions.

Intellectual Property

As of the date of this Annual Report, our (in particular, Promethean's) intellectual property portfolio includes 19 granted and 6 pending patents. Many of our patents have been filed in multiple countries including the U.S., U.K. and Europe. These patents cover various aspects of our hardware and software systems relevant to the K-12 education and business areas. For example, Promethean has a number of design patents in the U.S. and foreign jurisdictions that cover the industrial design and user interfaces for its IFPDs. Furthermore, Promethean has pending and registered utility patents that cover a variety of hardware and software features such as touch input routing between the IFPD operating system and one or more applications running on the IFPD, systems and methods of mirroring multiple computing devices on an IFPD where the computing devices are connected via different local and wide area networks, system and methods for capturing and displaying annotations and overlays on an IFPD, systems and methods for adjusting user interfaces on the IFPD based on one or more characteristics of the user, and Promethean's ActivSync USB relay that allows multiple computer devices to connect to an IFPD via USB connections where one computing device can talk directly to another connected computing device over the USB connection.

We rely on a combination of trade secret, patent, copyright, and trademark laws, a variety of contractual arrangements, such as license agreements, assignment agreements, confidentiality and non-disclosure agreements, and confidentiality procedures and technical measures to gain rights to and protect the intellectual property used in our business. We actively pursue registration of our patents, trademarks, logos, service marks, and domain names in the U.S. and in other key foreign jurisdictions.

Certain of our products, such as the Mobile Application, ActivPanel Software, Web Portal and Screen Share, use "open source" software that we license from third parties. Open-source software is made available to the general public on an "as-is" basis under the terms of a non-negotiable license. Open-source software is generally freely accessible, usable and modifiable. Certain open-source licenses may require us to offer the components of our software that incorporate the open source software for no cost, make available source code for modifications or derivative works we create based upon incorporating or using the open source software, and license such modifications or derivative works under the terms of the particular open source license. We also rely on certain intellectual property rights that we license from third parties under proprietary licenses. Though such third-party technologies may not continue to be available to us on commercially reasonable terms, or at all, we believe that alternative technologies would be available to us.

We control access to and use of our proprietary technology and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers, and partners, and our software is protected by U.S. and international copyright laws. Our policy is to require employees and independent contractors to sign agreements assigning to the Company any inventions, trade secrets, works of authorship, developments and other processes generated by them on our behalf and agreeing to protect our confidential information, and all of our key employees and contractors have done so. In addition, we generally enter into confidentiality agreements with our vendors and customers. We also control and monitor access to, and distribution of our software, documentation and other proprietary information.

Regulation

Education Technology Sector

We are subject to regulations and laws specific to the education sector because we offer solutions and services to students, collect data from students, and offer education and training. Data privacy and security with respect to the collection of personally identifiable information from minors and in particular, students, continues to be a focus of worldwide legislation and regulation. Within the U.S., many states have enacted student data privacy legislation that goes beyond any federal requirements relating to the collection and use of personally identifiable information and other data from minors. Many of these laws impose direct liability on EdTech operators. California, for example, passed the Student Online Personal Information Protection Act (“SOPIPA”) which went into effect in 2016 and specifically addressed the changing nature of technology usage in schools by putting responsibility for compliance on the EdTech industry. SOPIPA expressly prohibits operators of a website, online service, or mobile application used primarily for K-12 school purposes from commercializing the collection of covered student data - either by selling it, using it to target advertisements to students or their families, or collecting it for any other noneducational purpose. It applies to any EdTech company regardless of whether they have a contract in place with the school or district. It also removes the idea of consent, meaning parents and students cannot consent to a company’s use of a student’s personal information for commercial purposes. Since the end of 2016, over 30 states have introduced a version of California’s SOPIPA or a similar piece of legislation that regulates our industry and many of those states have passed those bills into law. SOPIPA and other recent student privacy laws impose direct liability on EdTech operators. See also “*Item 3.D – Risk Factors - Government regulation of education and student information is evolving, and unfavorable developments could have an adverse effect on our results of operations.*”

In addition, authorities around the world have adopted and are considering a number of legislative and regulatory proposals concerning data protection and limits on encryption of user data. Amongst others, we are and expect to continue to be subject to the following laws and regulations:

- The General Data Protection Regulation (GDPR), which applies to all of our personal data processing activities involving an person within the EU including the personal data we process within the products and services that we offer to EU users or customers. Ensuring compliance with the range of obligations created by the GDPR is an ongoing commitment that involves substantial costs;
- The UK General Data Protection Regulation is substantially similar to the EU’s GDPR and, similar to the EU’s GDPR, the UK’s GDPR, in the event our any of our personal data processing activities within the UK are found to violate the UK’s GDPR requirements, we may incur substantial fines, have to change our business practices, and face reputational harm, any of which could have an adverse effect on our business;
- Multiple U.S. states have enacted state privacy laws including, for example, the California Consumer Privacy Act of 2018 (CCPA), which came into effect in January of 2020; the California Privacy Rights Act (CPRA), which went into effect in January 2023; the Virginia Consumer Data Protection Act (Virginia CDPA), which went into effect in January 2023; and the Colorado Privacy Act (ColoPA), which went into effect on July 1, 2023; all of which give new data privacy rights to their respective residents (including, in California, a private right of action in the event of a data breach resulting from our failure to implement and maintain reasonable security procedures and practices);
- Many U.S. states have also enacted student data privacy laws which apply specifically to the processing of any student personal data. These state student data privacy laws typically prohibit the delivery of advertisements to students or the creation of a profile of a student’s online behavior for the purpose of delivering targeted advertisements. These student data privacy laws generally limit the processing of student data only as necessary to delivery the specific product or service that the students’ data was originally collected for, and for no other purposes; and
- Laws such as SB-327 in California and the EU regulation 2023/2854 (the “Data Act”) (which came into force in January 2024 and will become applicable in September 2025) regulate the security of data in connection with internet connected devices and ensuring compliance with the range of obligations created by these state student data privacy laws is an ongoing commitment that involves substantial costs.

Further, we are subject to evolving laws and regulations that dictate whether, how, and under what circumstances we can transfer, process and/or receive personal data. On July 10, 2023, the European Commission adopted an adequacy decision for the EU-US Data Privacy Framework (“DPF”). The DPF is the successor to the EU-US privacy shield, which the Court of Justice of the European Union (CJEU) declared invalid in 2020. The adequacy decision means that US businesses that self-certify under the DPF no longer require separate data transfer mechanisms in order to transfer personal data from the European Union to the U.S. Self-certified companies to the DPF will be able to freely transfer personal data from the European Economic Area to the US without having to conduct a data transfer impact assessment (DTIA) or implement supplemental measures. However, any company which relies on other data transfer mechanisms, such as Standard Contractual Clauses (SCCs), may have to adapt its existing contractual arrangements to incorporate DTIA before transferring data. The validity of data transfer mechanisms remains subject to legal, regulatory, and political developments in both Europe and the U.S., such as recent recommendations from the European Data Protection Board, decisions from supervisory authorities, recent proposals for reform of the data transfer mechanisms for transfers of personal data outside the U.K., and potential legal challenges or other actions that may lead to the invalidation of the adequacy decision the EU has issued in favor of the U.S. or other data transfer mechanisms, which, together with increased enforcement action from supervisory authorities in relation to cross-border transfers of personal data, could have a significant adverse effect on our ability to process and transfer personal data outside of the European Economic Area and/or the U.K. See also *“Item 3.D – Risk Factors - Privacy and data protection regulations are complex and rapidly evolving, and we collect, process, store and use personal information and data, which subjects us to governmental regulation and other legal obligations related to privacy; any failure or alleged failure to comply with these laws could harm our business, reputation, financial condition, and operating results.”*

Locations

We are headquartered in Seattle, Washington and have other physical office locations in Alpharetta, Georgia, the U.K., France, Germany, Poland, China, Italy and Dubai.

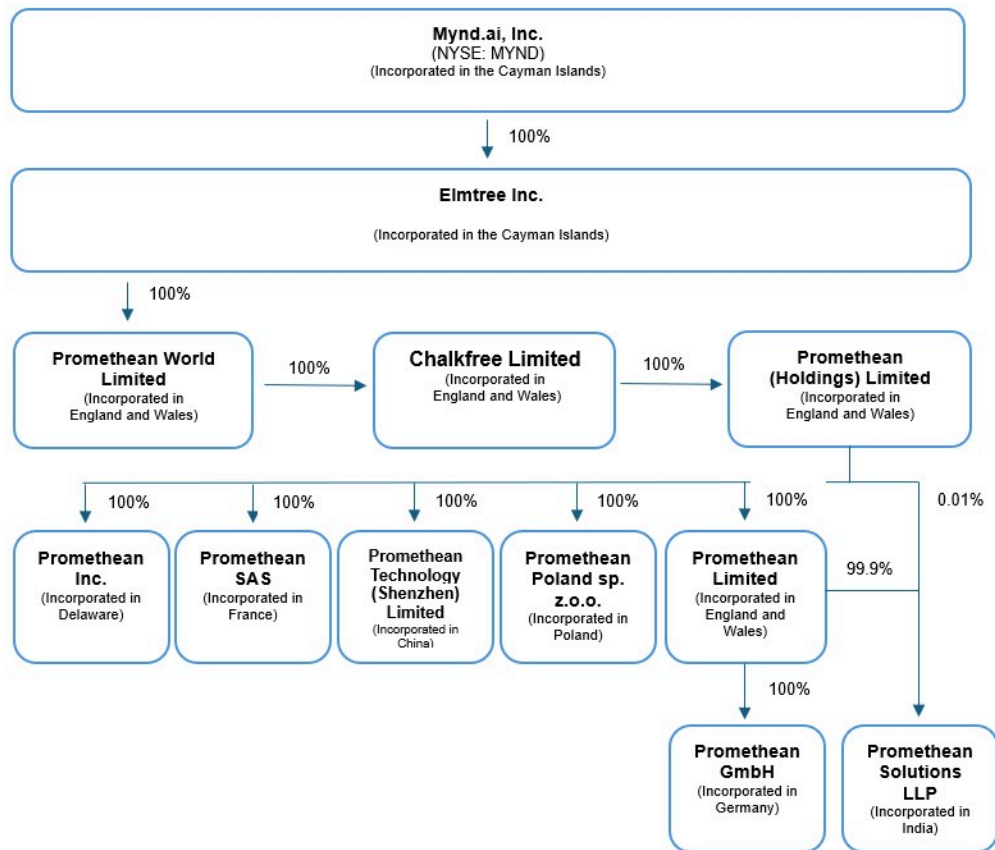
Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. For more information, see *“Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”*

C. Organizational Structure

Set forth below is a diagram illustrating the Company and our subsidiaries:

MYND.AI and Subsidiaries



D. Property, Plant and Equipment

We do not own any material tangible fixed assets. While we do lease properties in various locations, including our 8,873 square foot headquarters in Seattle, Washington and our 13,791 square foot offices in Alpharetta, Georgia no single lease is material to our business.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 20-F. This discussion may contain forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements because of various factors, including those set forth under Item 3 “Key Information—D. Risk Factors” or in other parts of this Annual Report on Form 20-F. See also “Introductory Notes—Forward-looking Information.”

A. Operating Results

Overview

We are dedicated to creating a robust, seamless, and comprehensive digital communication and collaboration platform for the education, business, and public sectors. Our solutions include a wide range of interactive tools and technologies, with our award-winning interactive displays at the forefront. Our comprehensive software platform is designed to make it easier than ever to create captivating lessons, presentations, and training programs that immerse people in a world of vibrant multimedia, real-time collaboration, and imaginative instruction.

Key Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by the general factors affecting the education technology industry in the markets in which we operate, including the level of overall economic growth and growth in education spending in those markets. In addition, they are also affected by factors driving uptake of education technology in the markets in which we operate, such as an increased rate of return to in-classroom learning, improvements in available education technology and software, and increasing broadband growth and internet access in emerging markets. Unfavorable changes in any of these general factors could materially and adversely affect our results of operations.

Since the completion of the Merger, we have begun, and will continue, to incur additional costs for Mynd.ai to operate as a public company. In particular, since eLMTree was not a public company prior to the Merger, additional accounting, legal and personnel-related expenses, as well as insurance costs, are necessary to support the post-merger company's compliance and governance functions, including to establish, maintain, and review internal controls over financial reporting, and to prepare and distribute periodic reports in accordance with SEC rules. Our financial statements reflect the impact of these expenses.

During 2024, we observed a downward trend, relative to recent prior years, in education technology customer demand throughout all of the key markets in which we operate. We believe this reduction in demand likely reflects an uncertainty around future budget allocations for many of our customers, following multiple years of unusually high funding as a result of COVID-related government relief programs, which have now ended. While we believe that these trends impacted, to some degree, all of our competitors in the education technology industry, this reduced spending by our customers nonetheless had a material impact on our revenue and operating results during the year ended December 31, 2024. While management believes that this downward trend will reverse as schools look to refresh their existing technology solutions, there remains uncertainty as to when this next refresh cycle will begin in earnest.

On October 2, 2024, we completed the sale (the "Disposition") of all of our holdings of capital stock in GEH Singapore (constituting 85% of the total equity ownership of GEH Singapore prior to the Disposition) for cash consideration of \$20.0 million, pursuant to the terms of a written agreement dated October 1, 2024 between us and an entity controlled by the former minority owner of GEH Singapore prior to the Disposition. This sale represented a strategic shift with a major effect on our operations and financial results, and as a result, the GEH Singapore segment has been presented as discontinued operations and excluded from both continuing operations and segment results for all periods presented throughout this Annual Report. Accordingly, the result of GEH Singapore are not included in the results of operations for the years ended December 31, 2024, 2023, and 2022 presented and discussed below.

We are actively monitoring recent trade policy and tariff announcements directing the United States to impose new/additional tariffs on imports from Canada, Mexico, and China. We are currently evaluating the potential impact of the recently announced tariffs on our business and financial condition and actions we may take to mitigate the impact. In addition, we are monitoring the potential impact, if any, of actions taken by these countries in response to the announced tariffs. There can be no assurance that the future imposition of any tariffs, changes thereto or potential actions taken by countries in response to the tariffs will not have a material adverse effect upon our results of operations, financial condition, or liquidity in any period, or that any actions we take to mitigate the impact of the tariffs will be effective.

Key Metrics and Non-GAAP Measures

In reviewing our financial information, management focuses on a number of operating and financial metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

As a result, in addition to presenting financial measures in accordance with accounting principles generally accepted in the U.S. or GAAP, management's discussion may contain references to EBITDA, Adjusted EBITDA and Free Cash Flow, which are non-GAAP financial measures. The non-GAAP financial measures presented herein should not be considered a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. Reconciliations between the non-GAAP financial measures and the most directly comparable GAAP measure are included where applicable.

EBITDA, Adjusted EBITDA, and Free Cash Flow are not presentations made in accordance with GAAP, and our use of the terms EBITDA, Adjusted EBITDA, and Free Cash Flow may vary from the use of similarly titled measures by others in our industry due to the potential of inconsistencies in the method of calculation and differences due to items subject to interpretation.

Management uses EBITDA and Adjusted EBITDA (1) to compare our operating performance on a consistent basis, (2) to calculate incentive compensation for our employees, (3) for planning purposes including for purposes of preparing our internal annual operating budget, (4) to evaluate the performance and effectiveness of our operational strategies, and (5) to assess compliance with various metrics associated with the agreements governing our indebtedness. EBITDA and Adjusted EBITDA also eliminate certain items that affect period-over-period comparability and provide consistency with past financial performance, as well as provide additional information about underlying results and trends by excluding certain items that may not be indicative of our business, results of operations, or outlook. Accordingly, we believe that EBITDA and Adjusted EBITDA provides useful information in understanding and evaluating our operating performance in the same manner as management.

We consider Free Cash Flow to be a liquidity measure, therefore, we adjust our Free Cash Flow metric with amounts that directly impact the cash flows in the period, in addition to our operating activities. Free Cash Flow provides useful information to management and investors about the amount of cash generated by our operations, deducting for investments in or payments for property and equipment and internal-use software development costs to maintain and grow our business.

We believe the presentation of EBITDA, Adjusted EBITDA, and Free Cash Flow provides useful information to management and investors regarding financial and business trends related to our results of operations, and that

when non-GAAP financial information is viewed with GAAP financial information, investors are provided with a meaningful understanding of our ongoing operating performance.

Non-GAAP measures should not be considered as alternatives to performance measures derived in accordance with GAAP as a measure of operating performance. EBITDA, Adjusted EBITDA, and Free Cash Flow have important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

Revenue

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Revenue	\$ 267,381	\$ 411,757	\$ 584,684

We generate the majority of our revenue from the sales of hardware and accessory products to a global network of distributors and resellers, who are considered the customers for these products. We also separately recognize revenue when we arrange for the shipment, based on the request of the customer, of our hardware products by third-party logistics providers. Although not currently significant to our overall operations, we are investing in software-as-a-service (SaaS) product offerings, with a goal of realizing consistent revenue growth in this line of business in the coming years. Other major sources of revenue include the sale of extended warranties on our hardware products and training services for the use of our hardware.

Revenue is recognized based on when the customer obtains control of the distinct good or service. For hardware and freight revenue, this occurs at the point in time when the goods are shipped by a third-party carrier or when the goods are made available for pick-up by the customer. For SaaS, extended warranties, and training services revenue recognition occurs over time, as the related services are delivered.

Gross Profit

	Year Ended December 31,		
	2024	2023	2022
	(in thousands, except for %)		
Gross profit	\$ 66,241	\$ 100,485	\$ 141,086
Gross profit as a percentage of total revenue	24.8%	24.4%	24.1%

Gross profit primarily represents the difference between the product cost from our suppliers, including the cost of inbound freight, and the sales price to our customers. Gross profit also reflects a number of other costs including, but not limited to, costs of providing warranties on our products, warehousing, amortization of certain intangible assets, depreciation of certain property, plant, and equipment, and allocations of certain employee costs and other shared costs.

Net (Loss) Income

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net (loss) income	\$ (95,752)	\$ (39,395)	\$ 20,463

EBITDA

We define EBITDA as net (loss) income adjusted to exclude interest expense, interest income, income tax expense (benefit), and depreciation and amortization.

Reconciliation of EBITDA to net (loss) income:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net (loss) income	\$ (95,752)	\$ (39,395)	\$ 20,463
Interest expense	10,371	4,658	1,833
Interest income	(2,659)	(223)	(6)
Income tax expense (benefit)	68,732	(9,658)	(25,982)
Depreciation and amortization	5,698	4,973	4,520
EBITDA	<u>\$ (13,610)</u>	<u>\$ (39,645)</u>	<u>\$ 828</u>

Adjusted EBITDA

We define Adjusted EBITDA as net (loss) income, adjusted for (gain) loss from discontinued operations, interest expense, interest income, income tax expense (benefit), and depreciation and amortization, as well as, non-cash, non-operating expenses such as stock-based compensation, changes in the fair value of derivative instruments, and other income (expense); and, one-time, unplanned and/or infrequent events we believe are outside the ordinary course of our continuing operations, including transaction-related costs, restructuring costs, litigation costs and penalties, and gain on forgiveness of debt.

Reconciliation of Adjusted EBITDA to net (loss) income:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net (loss) income	\$ (95,752)	\$ (39,395)	\$ 20,463
(Income) loss from discontinued operations, net of tax	(8,725)	605	12,637
Interest expense	10,371	4,658	1,833
Interest income	(2,659)	(223)	(6)
Income tax expense (benefit)	68,732	(9,658)	(25,982)
Depreciation and amortization	5,698	4,973	4,520
Share-based compensation	3,698	—	—
Gain on embedded derivative	(11,389)	(432)	—
Other expense (income), net	1,384	(1,598)	(591)
Transaction-related costs ⁽¹⁾	—	19,288	502
Restructuring costs ⁽²⁾	3,484	10,195	238
Litigation costs and penalties ⁽³⁾	1,021	405	1,046
Gain on forgiveness of debt ⁽⁴⁾	—	—	(4,923)
Adjusted EBITDA	<u>\$ (24,137)</u>	<u>\$ (11,182)</u>	<u>\$ 9,737</u>

(1) Transaction-related costs are non-recurring costs related to one or more acquisitions.

- (2) Refers to employee severance costs, contract termination costs, facility restructuring, and business restructuring efforts undertaken by management.
- (3) Refers to costs incurred to defend against, opportunistically settle, and establish a reserve for claims associated with litigation, as well as any related penalties incurred for such litigation.
- (4) Refers to forgiveness of loan provided by the U.S. Small Business Administration provided under the Payroll Protection Program (PPP).

Free Cash Flow

We calculate Free Cash Flow as net cash flows from operating activities as presented in the statement of cash flows of our financial statements less cash flows required for: (i) acquisition of property and equipment; and (ii) development costs associated with internal-use software.

Reconciliation of Free Cash Flow to Net cash provided by (used in) operating activities:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net cash provided by (used in) operating activities	\$ 786	\$ (2,358)	\$ (5,272)
Internal-use software development costs	\$ (8,465)	\$ (4,434)	\$ (1,028)
Acquisition of property and equipment, other than internal-use software development costs	\$ (1,283)	\$ (389)	\$ (829)
Free Cash Flow	<u>\$ (8,962)</u>	<u>\$ (7,181)</u>	<u>\$ (7,129)</u>

Results of Operations for the Years Ended December 31, 2024, 2023, and 2022

The following discussion and analysis highlights items that affected our results of operations for the years ended December 31, 2024, 2023, and 2022, as follows:

	Year Ended December 31,			2023 - 2024 Change		2022 - 2023 Change	
	2024	2023	2022	\$	%	\$	%
	(in thousands, except for percentages)						
Revenue	\$ 267,381	\$ 411,757	\$ 584,684	\$ (144,376)	(35.1)%	\$ (172,927)	(29.6)%
Cost of revenue	201,140	311,272	443,598	(110,132)	(35.4)%	(132,326)	(29.8)%
Gross profit	66,241	100,485	141,086	(34,244)	(34.1)%	(40,601)	(28.8)%
Gross profit as a percentage of total revenue	24.8%	24.4%	24.1%				
Operating expenses, net:							
General and administrative	33,427	30,964	34,608	2,463	8.0 %	(3,644)	(10.5)%
Research and development	25,253	34,604	41,459	(9,351)	(27.0)%	(6,855)	(16.5)%
Sales and marketing	42,115	51,477	60,848	(9,362)	(18.2)%	(9,371)	(15.4)%
Transaction-related costs	—	19,288	502	(19,288)	(100.0)%	18,786	3,742.2 %
Restructuring	3,484	10,195	238	(6,711)	(65.8)%	9,957	4,183.6 %
Total operating expenses	104,279	146,528	137,655	(42,249)	(28.8)%	8,873	6.4 %

Operating (loss) income	(38,038)	(46,043)	3,431	8,005	(17.4)%	(49,474)	(1,442.0)%
Other income (expense):							
Interest expense	(10,371)	(4,658)	(1,833)	(5,713)	122.6 %	(2,825)	154.1 %
Interest income	2,659	223	6	2,436	1,092.4 %	217	3,616.7 %
Gain on embedded derivative	11,389	432	—	10,957	2,536.3 %	432	— %
Gain on forgiveness of debt	—	—	4,923	—	— %	(4,923)	(100.0)%
Other income (expense)	(1,384)	1,598	591	(2,982)	(186.6)%	1,007	170.4 %
Total other income (expense)	2,293	(2,405)	3,687	4,698	(195.3)%	(6,092)	(165.2)%
Net (loss) income from continuing operations, before income taxes	(35,745)	(48,448)	7,118	12,703	(26.2)%	(55,566)	(780.6)%
Income tax (expense) benefit	(68,732)	9,658	25,982	(78,390)	(811.7)%	(16,324)	(62.8)%
Net (loss) income from continuing operations	(104,477)	(38,790)	33,100	(65,687)	169.3 %	(71,890)	(217.2)%
Income (loss) from discontinued operations, net of tax	8,725	(605)	(12,637)	9,330	(1,542.1)%	12,032	(95.2)%
Net (loss) income	<u>\$ (95,752)</u>	<u>\$ (39,395)</u>	<u>\$ 20,463</u>	<u>\$ (56,357)</u>	<u>143.1 %</u>	<u>\$ (59,858)</u>	<u>(292.5)%</u>

Revenue

Total revenue decreased by \$144.4 million or 35.1%, to \$267.4 million for the year ended December 31, 2024 from \$411.8 million for the year ended December 31, 2023. Revenue was down across nearly all regions, with the exception of a limited number of European markets, with the U.S. market showing the largest relative decline. As discussed above, we believe this result is tied to uncertainty amongst our customers regarding future budget allocations, and represents an industry-wide phenomenon that affected the entire education technology market. We believe the ending of government-funded COVID relief programs across the world, which occurred primarily in 2023, contributed significantly to these future budget uncertainties.

Total revenue decreased by \$172.9 million, or (29.6)%, to \$411.8 million for the year ended December 31, 2023, from \$584.7 million for the year ended December 31, 2022. Revenue was down across nearly all regions, with the exception of Germany, which stayed relatively flat year-over-year. The decline is reflective of a return to a more normal operating environment following significant disruptions as a result of the COVID-19 pandemic. As it specifically relates to the education technology market, government-funded COVID relief programs across the world caused significant increases in customer demand (due to availability of funds) in both 2021 and 2022. These programs had mostly concluded by the end of 2023.

Cost of Revenue

Costs of sales decreased by \$110.1 million, or 35.4%, to \$201.1 million for the year ended December 31, 2024 from \$311.3 million for the year ended December 31, 2023. The most significant driver of the decrease was the overall reduction in sales volume. However, we generated incremental savings in a number of areas year-over-year, including lower component material pricing and lower freight rates (both market-based and due to optimization of providers), as well as a reduction in freight and duty costs as a result of transitioning the final assembly by contract manufacturers of our U.S. ActivPanel inventory to Mexico. In addition, warranty costs decreased due to observed lower failure rates on our ActivPanel 9 and our ActivPanel LX models relative to earlier models.

Costs of sales decreased by \$132.3 million, or (29.8)%, to \$311.3 million for the year ended December 31, 2023, from \$443.6 million for the year ended December 31, 2022. The most significant driver of the decrease was the overall reduction in sales volume. Other savings consisted of lower component material pricing and lower freight rates (both market-based and due to optimization of providers). These decreases were partially offset by an increase in warranty service costs due both to an increased number of units under warranty, as well as additional transportation, warehousing, and repair costs associated with increasing stock of refurbished inventory in response to the timing of warranty claims related to post pandemic sales.

Gross Profit

Gross profit decreased by \$34.2 million, or 34.1%, to \$66.2 million for the year ended December 31, 2024 from \$100.5 million for the year ended December 31, 2023. This decrease was due to the year-over-year reduction in revenue, as gross profit as a percentage of revenue increased 0.4% year-over-year. As discussed above, there were certain cost savings realized related to component material pricing, freight, and duty during 2024 which contributed to gross profit as a percentage of revenue remaining relatively flat year-over-year.

Gross profit decreased by \$40.6 million, or (28.8)%, to \$100.5 million for the year ended December 31, 2023 from \$141.1 million for the year ended December 31, 2022. This decrease was due to the year-over-year reduction in revenue, as gross profit as a percentage of revenue increased 0.3% year-over-year. As discussed above, there were certain cost savings realized related to cost of revenue during 2023, which positively impact gross profit as a percentage of revenue.

Operating expenses

General and administrative expenses increased by \$2.5 million, or 8.0%, to \$33.4 million for the year ended December 31, 2024, from \$31.0 million for the year ended December 31, 2023. The increase was driven primarily by a year-over-year increase in corporate costs associated with being a public company, following the Merger and the listing of MYND.ai as an independent publicly traded entity in December 2023. These costs include various incremental legal, insurance, and audit-related fees to support the Company's post-merger compliance and governance functions. In addition, share-based compensation expense was recorded for the first time in 2024 due to the approval of a new Equity Incentive Plan in the year.

General and administrative expenses decreased by \$3.6 million, or (10.5)%, to \$31.0 million for the year ended December 31, 2023, from \$34.6 million for the year ended December 31, 2022. The decrease was driven primarily by a year-over-year decrease in corporate costs associated with the Edmodo business, following the shutdown of the Edmodo operations in the US at the end of the third quarter of 2022. These costs were not presented as discontinued operations because they primarily supported the non-US operations of Edmodo, which was still an operating business at December 31, 2023.

Research and development expenses decreased by \$9.4 million, or 27.0%, to \$25.3 million for the year ended December 31, 2024, compared to \$34.6 million for the year ended December 31, 2023. During 2024 there was an increased focus on R&D efforts related to new panel hardware development and internal-use software for future SaaS offerings. Qualifying R&D costs for such projects can be capitalized under US GAAP, which led to a decrease in year-over-year costs expensed directly in the consolidated statements of operations. In addition, people-related costs decreased as a result of lower attainment of bonus targets in 2024 versus 2023 due to year-over-year declines in revenue and EBITDA, as well as a result of adjusting our workforce to better align our resources with our future product release strategy.

Research and development expenses decreased by \$6.9 million, or (16.5)%, to \$34.6 million for the year ended December 31, 2023, compared to \$41.5 million for the year ended December 31, 2022. During 2023 there was an increased focus on R&D efforts related to internal-use software for future SaaS offerings. Qualifying R&D costs for such projects can be capitalized under US GAAP, which led to a decrease in year-over-year costs expensed directly in the consolidated statements of operations. In addition, people-related costs decreased as a result of lower attainment of bonus targets in 2023 versus 2022 due to year-over-year declines in revenue and EBITDA.

Sales and marketing expenses decreased by \$9.4 million, or 18.2%, to \$42.1 million for the year ended December 31, 2024, compared to \$51.5 million for the year ended December 31, 2023. The decrease was driven by lower year-over-year people-related costs, including lower commissions as a result of lower sales, and continuing to adjust and realign our workforce to better leverage our distributor and partner network in our go-to-market efforts.

Sales and marketing expenses decreased by \$9.4 million, or (15.4)%, to \$51.5 million for the year ended December 31, 2023, compared to \$60.8 million for the year ended December 31, 2022. The decrease was driven by lower year-over-year people costs, including lower commissions as a result of lower sales, and adjusting and realigning our workforce to better leverage our distributor and partner network in our go-to-market efforts.

Transaction-related costs decreased by \$19.3 million, or (100)%, to \$0.0 million for the year ended December 31, 2024, compared to \$19.3 million for the year ended December 31, 2023. There were no transactions in 2024 that were comparable to the merger between eLMTree and GEH Singapore in 2023.

Transaction-related costs increased by \$18.8 million, or 3,742.2%, to \$19.3 million for the year ended December 31, 2023, compared to \$0.5 million for the year ended December 31, 2022. The increase was the result of the merger between eLMTree and GEH Singapore being a more significant transaction than the acquisition in 2022 of Explain Everything. The costs for the merger with GEH Singapore included one-time people-related costs and amounts paid to vendors and consultants assisting with the transaction.

Restructuring expenses decreased by \$6.7 million or (65.8)%, to \$3.5 million for the year ended December 31, 2024, compared to \$10.2 million for the year ended December 31, 2023. The decrease was driven by a decrease in severance costs to \$3.5 million in 2024, compared to \$4.5 million in 2023, as management continued to restructure the organization to better align with its future operating strategies and goals. In 2023, management recorded a \$5.7 million write-off of prepaid subscriptions purchased from a third-party, with no comparable such charge in 2024.

Restructuring expenses increased by \$10.0 million, or 4,183.6%, to \$10.2 million for the year ended December 31, 2023, compared to \$0.2 million for the year ended December 31, 2022. The increase was driven by an increase in severance costs of \$4.5 million in 2023, compared to \$0.2 million in 2022, as management sought to restructure the organization to better align with its future operating strategies and goals. In addition, management recorded a \$5.7 million write-off of prepaid subscriptions purchased from a third-party, as a result of changes in current and future product strategies.

Other income (expense)

Other income (expense) increased by \$4.7 million, or 195.3%, to \$2.3 million of income for the year ended December 31, 2024, compared to \$2.4 million of expense for the year ended December 31, 2023. This year-over-year change was driven primarily by a year-over-year change in gain of \$11.0 million as a result of the reduction in the fair value of the embedded derivative associated with our convertible note. These gains are partially offset by an increase in interest expense of \$5.7 million, due to cash interest and paid-in-kind interest on the convertible note, which was issued in December 2023.

In the year ended December 31, 2023, we had other expense of \$2.4 million as compared to other income of \$3.7 million for the year ended December 31, 2022. This year-over-year change was driven primarily by an increase in interest expense of \$2.8 million, due to an average higher outstanding balance on the line of credit in 2023 versus 2022. Additionally, during the year 2023, we did not have any gain on forgiveness of debt but during 2022, we recognized a gain of \$4.9 million on the forgiveness of our PPP loan.

Income tax (expense) benefit

There was an income tax *expense* of \$68.7 million during the year ended December 31, 2024 as compared to an income tax benefit of \$9.7 million for the year ended December 31, 2023. This change of \$78.4 million, or 811.7%, was primarily driven by the recording of a full valuation allowance against our U.S. and U.K. deferred tax assets due to the uncertainty regarding their realizability, as a result of cumulative pre-tax losses in the United States and United Kingdom in recent years, and the decline in sales, as a result of reduced customer demand, during 2024. The income tax benefit recorded in 2023 was primarily driven by pre-tax losses during the period. At that time, we had not concluded that a valuation allowance was necessary for either our U.S. or U.K. deferred tax assets.

The income tax benefit decreased by \$16.3 million, or 62.8%, to an income tax benefit of \$9.7 million for the year ended December 31, 2023, as compared to an income tax benefit of \$26.0 million for the year ended December 31, 2022. The income tax benefit recorded in 2023 was primarily driven by pretax losses during 2023. By comparison, the income tax benefit recorded in 2022 was primarily the result of the removal of a valuation allowance against certain deferred tax assets in the U.S.

Income (loss) from discontinued operations

In 2024 there was an income of \$8.7 million from discontinued operations, as compared to a loss of \$0.6 million in 2023. The income from discontinued operations in 2024 was the result of the disposal of GEH Singapore. The costs incurred in 2023 were related to run-off legal and compliance activities associated with the U.S. operations of our Edmodo subsidiary.

The loss from discontinued operations decreased by \$12.0 million, or 95.2%, to a loss from discontinued operations of \$0.6 million for the year ended December 31, 2023, as compared to a loss from discontinued operations of \$12.6 million for the year ended December 31, 2022. The decrease is a result of the abandonment of the U.S. operations of our Edmodo subsidiary in September 2022. The costs incurred in 2023 were related to run-off legal and compliance activities associated with the abandoned business.

B. Liquidity and Capital Resources

Liquidity refers to the ability to generate sufficient cash resources to meet the payment obligations of the Company. Capital refers to the long-term financial resources available to support the operations of the business, fund business growth, and provide for an ability to withstand adverse circumstances.

The following discussion and analysis highlight items that affected our liquidity and capital resources for the years ended December 31, 2024, 2023, and 2022 on a continuing operations basis, as follows:

	For the Year Ended December 31,			2023 - 2024 Change		2022 - 2023 Change	
	2024	2023	2022	\$	%	\$	%
(in thousands, except for percentages)							
Cash flows from continuing operations:							
Net cash (used in) provided by operating activities before changes in operating assets and liabilities	\$ (33,312)	\$ (34,996)	\$ 12,054	\$ 1,684	(4.8)%	\$ (47,050)	(390.3)%
Net change in operating assets and liabilities	32,437	35,736	(5,247)	(3,299)	(9.2)%	40,983	(781.1)%
Net cash (used in) provided by operating activities	(875)	740	6,807	(1,615)	(218.2)%	(6,067)	(89.1)%
Net cash provided by (used in) investing activities	10,252	13,571	(15,776)	(3,319)	(24.5)%	29,347	(186.0)%
Net cash (used in) provided by financing activities	(22,631)	44,437	11,349	(67,068)	(150.9)%	33,088	291.5 %

Cash Flows from Operating Activities

During the year ended December 31, 2024, net cash used in operating activities, before considering changes in operating assets and liabilities, of \$33.3 million, was primarily related to \$104.5 million in loss from continuing operations and \$11.4 million in change in fair value of embedded derivative liability, partially offset by \$67.7 million in non-cash deferred tax expense, \$4.8 million non-cash interest expense, \$5.7 million of non-cash depreciation and amortization, and \$3.7 million in non-cash share-based compensation expense. For further discussion see "Results of Operations" above. The \$32.4 million net cash inflow from changes in operating assets and liabilities was primarily related to a decrease in accounts receivable and inventories, which was partially offset by a decrease in accounts payable and contract liabilities.

During the year ended December 31, 2023, net cash used in operating activities before changes in operating assets and liabilities of \$35.0 million was primarily related to \$38.8 million in loss from continuing operations and \$10.8 million in non-cash deferred tax benefit, partially offset by \$5.7 million in non-cash write-off of prepaid subscriptions, \$5.0 million in non-cash depreciation and amortization, and \$4.6 million in inventory provision. For further discussion see "Results of Operations" above. The \$35.7 million of net cash inflow from changes in operating assets and liabilities was primarily related to a decrease in inventories and an increase in accrued warranty and contract liabilities. This net cash inflow was partially offset by a decrease in accounts payable and an increase in prepaid expenses and other assets.

During the year ended December 31, 2022, net cash provided by operating activities before changes in operating assets and liabilities of \$12.1 million was primarily related to \$33.1 million in income from continuing operations, \$4.5 million of non-cash depreciation and amortization, and \$1.8 million of non-cash lease expense, offset by \$4.9 million gain on forgiveness of debt and non-cash deferred taxes of \$26.0 million. For further discussion of the specific drivers of this activity, see "*Results of Operations*" above. The \$5.2 million net change in operating assets and liabilities was primarily related to a decrease in accounts receivable, which was partially offset by an increase in inventories and an decrease in accrued expenses.

Cash Flows from Investing Activities

Net cash provided by investing activities during the year ended December 31, 2024 of \$10.3 million was attributable to the proceeds from the disposition of GEH Singapore of \$20.0 million, partially offset by internal software development costs of \$8.5 million and purchases of property, plant and equipment of \$1.3 million.

Net cash provided by investing activities during the year ended December 31, 2023 of \$13.6 million was attributable to the repayment of the related party loan receivable of \$8.0 million and net cash acquired as a result of the acquisition of subsidiaries of \$10.4 million, partially offset by internal software development costs of \$4.4 million and purchases of property, plant and equipment of \$0.4 million.

Net cash used in investing activities during the year ended December 31, 2022 of \$15.8 million was attributable to purchases of property, plant and equipment of \$0.8 million, issuance of related party loan receivable of \$7.9 million, internal-use software development costs of \$1.0 million, and the acquisition of businesses of \$6.0 million.

Cash Flows from Financing Activities

Cash used in financing activities during the year ended December 31, 2024 was \$22.6 million, primarily resulting from the net repayment of our line of credit with Bank of America of \$21.0 million.

Cash provided by financing activities during the year ended December 31, 2023 was \$44.4 million, primarily resulting from proceeds from the issuance of the convertible note of \$64.9 million, partially offset by net repayment of our line of credit with Bank of America of \$18.3 million.

Cash provided by financing activities during the year ended December 31, 2022 was \$11.3 million, primarily resulting from net proceeds from our line of credit with Bank of America of \$13.7 million, and proceeds from NetDragon group loans of \$0.9 million, partially offset by NetDragon group loans of \$3.2 million.

Sources of Liquidity

To date, our operations have been financed principally through debt and equity financings.

In June 2018, we entered into a secured revolving line of credit facility for borrowings up to \$35.0 million with Bank of America with an original termination date of June 25, 2021, which was extended to January 19, 2028 through subsequent amendments. Such amendments also amended the borrowing capacity up to \$74.0 million through March 31, 2024, and \$50.0 million thereafter through January 19, 2028. As of December 31, 2024, the outstanding balance on the line of credit was \$11.0 million. There is no requirement to pay down the line of credit balance until the Revolver Termination Date. As of December 31, 2024, we had unused borrowing capacity of \$8.6 million, based on the borrowing base calculation as of that date. Borrowings under the Revolver are collateralized by our eligible trade receivables globally and eligible inventories in the U.S. and the Netherlands. Eligibility is determined by Bank of America and is based on the country of origin for the Company's trade receivables and the type and nature of our inventory in the U.S. and the Netherlands.

On December 13, 2023, we issued a convertible promissory note (the "Note") in the aggregate principal amount of \$65.0 million, which bears cash interest at the rate of 5.00% per annum and paid-in-kind ("PIK") interest at the rate of 5.00% per annum, and has a maturity date of December 13, 2028. Both the cash interest and PIK interest is payable semiannually on June 15 and December 13 of each year. The Company prepaid the cash interest due in 2024 at the time of issuance of the Convertible Note, so the first semiannual payment of cash interest will be on June 15, 2025. PIK interest is payable by issuing additional notes in an amount equal to the applicable amount of PIK interest for the interest period. During 2024, the Company issued two additional Notes in the aggregate amount of \$3.3 million representing PIK interest. The holder of the Note may elect, at any time, to convert some or all of the outstanding principal and accrued, but unpaid interest, into our ordinary shares or ADSs as provided therein at a rate of \$1.214 principal amount per share. For further information on the Note, see "Item 7B. Related Party Transactions".

Additionally, on July 17, 2024, the Company filed a shelf registration statement with the SEC that allows the Company to offer, issue and sell from time to time up to \$50.0 million of our ordinary shares, American Depositary Shares ("ADS") representing ordinary shares, preferred shares, subscription rights, warrants and/or a combination of such securities, separately or as units, in one or more offerings. Each ADS represents 10 ordinary shares.

As of December 31, 2024, we had \$75.3 million of cash and cash equivalents. We currently expect the recent downward trend in the education technology market, which had a material impact on our financial performance during 2024, to continue in 2025. As a result, we have closely monitored our liquidity position to ensure operational stability and we continue to explore various strategic alternatives, which may include potential financings, cost-saving measures, and other ways to optimize our future cash flows. Our management team is actively evaluating strategies to adapt to these adverse market dynamics and enhance our financial resilience.

We may incur operating losses and generate negative cash flows from operations due to the investments we intend to continue to make in expanding our operations and sales and marketing, continued investments in new product offerings, and due to additional general and administrative expenses we expect to incur in connection with operating as a public company. As a result, we may require additional capital resources to execute strategic initiatives to grow our business.

Notwithstanding these investments, management believes that our cash and cash equivalents will be sufficient to fund operating and capital needs for at least the next 12 months.

C. Research and Development, Patents and Licenses

See “Item 4. Information on the Company—B. Business Overview” and “Item 4. Information on the Company—B. Business Overview—Intellectual Property.”

D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2024 to December 31, 2024 that are reasonably likely to have a material effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect our reporting of, among other things, assets and liabilities, contingent assets and liabilities and total revenues and expenses. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since our financial reporting process inherently relies on the use of estimates and assumptions, our actual results could differ from what we expect.

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies, and the sensitivity of reported results to changes in conditions and assumptions. For further information on these accounting policies, see Note 2 to our consolidated financial statements included at Item 18 “*Financial Statements*.” Our critical accounting policies and estimates did not change materially during the period ended December 31, 2024. We believe the following accounting estimates involve the most significant judgments used in the preparation of our financial statements.

Revenue Recognition

We recognize revenue pursuant to ASC 606, *Revenue from Contracts with Customers* (“ASC 606”), which prescribes that an entity should recognize revenue that depicts the transfer of products or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those products or services. The guidance also requires disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgment and changes in judgments and assets recognized from costs incurred to fulfill a contract.

Under ASC 606, we recognize revenue following a five-step model which prescribes we: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. Performance obligations are satisfied both at a point in time and over time. All revenues are recognized based on the satisfaction of the performance obligations to date.

Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. In order to be distinct, the customer must be able to benefit from the service on its own or with readily available resources, and the promise to transfer the good or service must be separately identifiable from other goods and services in the contract.

When we enter into contracts whereby we will transfer cash or a credit note to a customer when a rebate has been achieved, we estimate the amount of consideration to which the customer will be entitled using the expected value method. We also enter into contracts with certain of our distributor and reseller partners where the sales price of the products or services transferred is not fixed at the time revenue is initially recognized but is rather subsequently determined by the price at which the distributor or reseller sells the products or services to the end consumer. These estimates are made using the expected value method based on historical rebate experience and expected future sales trends on a customer-by-customer basis. These estimates are measured at each reporting date and are generally resolved within 90 days of recognizing the initial revenue. Because these contracts contain elements of variable consideration, we only include this variable consideration in our transaction price when there is a basis to reasonably estimate the amount of consideration to which we expect to ultimately be entitled, and it is probable there will not subsequently be a significant reversal of revenue previously recognized.

Impairment of obsolete and slow-moving inventories

Inventories are valued at the lower of cost or net realizable value (NRV). We measure the cost of inventories based on the first-in first-out method. Inventory costs include expenditures incurred in acquiring the inventories, production or conversion costs, as well as other costs incurred in bringing them to their existing location and condition. Inventory is almost entirely comprised of finished products intended for sale. We perform periodic assessments to determine the existence of obsolete, slow-moving, and non-saleable inventories, and make judgments and estimates regarding the future utility and carrying value of inventory. The carrying value of inventory is periodically reviewed and impairments, if any, are recognized when the expected net realizable value is less than carrying value.

Valuation of assets acquired and liabilities assumed in business combinations

We account for our business combinations using the acquisition method of accounting. The purchase consideration is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of (i) the fair value of purchase consideration and fair value of the non-controlling interests over (ii) the fair value of identifiable net assets acquired is recorded as goodwill. We make significant estimates and assumptions in determining fair values, especially with respect to acquired intangible assets, which include but are not limited to the selection of valuation methodologies, expected future revenue and net cash flows, expected customer attrition rates, future changes in technology, and discount rates. These estimates are inherently uncertain and, therefore, actual results may differ from the estimates made. As a result, during the measurement period of up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill as information on the facts and circumstances that existed as of the acquisition date becomes available. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statements of operations.

Evaluation of long-lived assets for impairment

Long-lived assets, other than goodwill and indefinite-lived intangibles, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets.

Factors that we consider in deciding when to perform an impairment review include significant changes in our forecasted projections for the asset or asset group for reasons including, but not limited to, significant underperformance of a product in relation to expectations, significant changes, or planned changes, in our use of the assets, significant negative industry or economic trends, and new or competing products that enter the marketplace. The recoverability test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset group. If impairment is indicated, the asset is written down by the amount by which the carrying amount of the asset exceeds the related fair value of the asset, with the related impairment charge recognized within the statements of operations.

Indefinite-lived intangible assets are tested for impairment annually and more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. We have the option to assess the qualitative factors in determining whether it is more likely than not the fair value of the indefinite lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative indefinite-lived asset impairment test. If we determine that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, then a quantitative indefinite-lived asset impairment test is performed. Impairment tests are performed, at a minimum, on December 31st each year.

We use an income approach (generally the relief from royalty method) to determine the estimated fair value of our indefinite-lived intangible assets in concluding whether the fair value of these assets exceeded their carrying amounts. If the fair value exceeds the carrying amount, then no impairment is recognized. If the carrying amount exceeds the fair value calculated, then an impairment charge is recognized for the difference. The impairment review requires us to make judgments in determining various assumptions with respect to revenues, growth rates, royalty rates, and discount rates. The judgments made in determining the estimated fair value of an indefinite-lived intangible asset can materially impact the Company's financial condition and results of operations.

Goodwill is evaluated for impairment on an annual basis at a level of reporting referred to as the reporting unit, and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. We have the option to assess the qualitative factors in determining whether it is more likely than not the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative goodwill impairment test is performed. Impairment tests are performed, at a minimum, on December 31st each year.

We may use the income approach (utilizing future estimated discounted cash flows) or the market approach (utilizing revenue multiples of guideline public companies with similar operations and economic characteristics) to determine the estimated fair value of our reporting units in determining whether the fair value of our reporting units exceeded their carrying amounts. If the fair value exceeds the carrying amount, then no impairment is recognized. If the carrying amount exceeds the fair value calculated, then an impairment charge is recognized for the difference. The impairment review requires us to make judgments in determining various assumptions with respect to revenues, operating margins, growth rates, discount rates, and market multiples of comparable companies. The judgments made in determining the estimated fair value of a reporting unit can materially impact our financial condition and results of operations.

The observed downward trend, relative to recent prior years, in education technology customer demand throughout all of the key markets in which we operate, among other conditions, led management to conclude that there were indications our definite-lived long-lived assets and goodwill might not be recoverable and our indefinite-lived assets might be impaired as of December 31, 2024. Accordingly, management performed the following analyses.

(i) A recoverability test to compare the sum of the undiscounted cash flows expected to be generated from the use of the definite-lived long-lived asset group to its carrying amount. Based on this analysis, we concluded that the sum of undiscounted cash flows exceeded the carrying amount of the asset group, and thus the long-lived assets were concluded to be recoverable as of December 31, 2024.

(ii) A quantitative impairment analysis to estimate the fair value of our indefinite-lived intangible asset using the relief of royalty method. Based on the results of this analysis, we concluded that the estimated fair value of the indefinite-lived intangible asset continued to be in excess of its carrying amount and that the indefinite-lived intangible asset was not impaired of December 31, 2024.

(iii) A quantitative impairment analysis to estimate the fair value of our reporting unit, using both the income and market approach. The results of this analysis determined that the estimated fair value of the reporting unit is in excess of its carrying amount and therefore goodwill was not impaired as of December 31, 2024.

During the years ended December 31, 2023 and 2022, we did not identify any events or changes in circumstances that would indicate that the carrying amount of our long-lived assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets.

We performed a qualitative assessment and determined it was not more likely than not that the fair values of our reporting units and our indefinite-lived intangible assets were less than their carrying amounts for the years ended December 31, 2023, and 2022.

Given economic uncertainty and other factors affecting management's assumptions underlying the valuation of our long-lived assets, the assumptions and projections used in the analyses may not be realized and our current estimates could vary significantly in the future, which may result in impairment charges. We may experience additional unforeseen circumstances that adversely affect the value of our long-lived assets, and trigger an evaluation of the recorded amount. Future write-offs as a result of an impairment could have a material adverse impact on our business, financial condition, and operating results.

Valuation of embedded derivative

Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date. The fair value of the Embedded Derivative was calculated using a with and without method on the date of issuance (December 13, 2023) and at the end of each reporting period (December 31, 2023, and June 30 and December 31, 2024) using a Monte Carlo simulation model that used various assumptions related to term of the underlying agreement, ADS price, expected volatility, risk-free interest rate, and credit risk adjusted rate.

Valuation allowance for deferred tax assets

We account for income taxes under the asset and liability method. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits, by applying enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when we determine it is more likely than not that some portion or all deferred tax assets will not be realized.

As of June 30, 2024, management assessed the available positive and negative evidence in evaluating the realizability of our existing deferred tax asset. Two significant pieces of objective negative evidence identified were the cumulative pre-tax losses in the U.S. in recent years, and the decline in sales in the first six months of 2024 due to reduced customer demand. Such objective evidence limits the ability to consider more subjective evidence, such as projections for future improved operating results. On the basis of this evaluation, management recorded a full valuation allowance against these U.S. deferred tax assets, due to the uncertainty regarding their realizability. Based on the results of our U.S. operations in the second half of the year, management has maintained this full valuation allowance against our U.S. deferred tax assets as of December 31, 2024.

As of December 31, 2024, management determined that there is sufficient positive evidence to conclude that it is more likely than not that the majority of our deferred taxes outside the U.S. are realizable. The valuation allowances that are provided on these non-U.S. deferred tax assets mainly relate to specific tax losses carried forward due to the uncertainty surrounding their realization. Based upon the more-likely-than-not standard of the accounting literature, those specific deferred tax assets and liabilities were not to be realized.

If events occur in the future that improve the certainty of realization for those deferred assets for which a valuation allowance is recorded as of December 31, 2024, an adjustment to the valuation allowances will be made and consequently income tax expenses will be reduced. The valuation allowance has no impact on our tax loss carryforwards position for tax purposes, and if we generate taxable income in future periods, we will be able to use our tax loss carryforwards to offset taxes due at that time.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information relating to our directors and executive officers as of the date of this Annual Report.

Name	Age	Position
Vincent Riera	54	Chief Executive Officer and Director
Arthur Giterman	44	Chief Financial Officer
Michael Strand	59	Chief Revenue Officer
Lance Solomon	55	Chief Product Officer
Allyson Krause	55	Executive Vice President & General Counsel
Ronan O’Loan	59	Chief Human Resources Officer
Dr. Simon Leung Lim Kin	70	Chairman of the Board and Director
Robin Mendelson	58	Director
Denise Merle	61	Director
Joel A. Getz	60	Director
Dr. Tarek Shawki	67	Director
Dr. John Anthony Quelch	73	Director

Vincent Riera has served as our Chief Executive Officer and Director since December 2023. Previously, Mr. Riera served as the Chief Executive Officer of our subsidiary, Promethean World Limited (“Promethean”) since January of 2017. Mr. Riera is an experienced global executive. Prior to joining Promethean, he served as Director and CEO of Collegis Education and, prior to Collegis, Mr. Riera served as Director and CEO of Edmentum, a leader in software curriculum and assessment solutions. In addition, Mr. Riera has also served in progressive leadership and general management roles at Gateway, Inc., Equant, Inc., now Orange Business Services, Verizon/MCI WorldCom, and GE Capital Commercial Direct. In addition to Mr. Riera’s broad software, computing, services, and education industry background, he also has a proven track record of developing compelling and strategic plans that drive transformational growth and shareholder value. Mr. Riera is a graduate of Western New England University in Springfield, Massachusetts with a BS Degree in Business Administration.

Arthur Giterman has served as our Chief Financial Officer since December 2023. Previously, Mr. Giterman served as Chief Financial Officer of Promethean since May of 2023. Mr. Giterman has over 20 years of experience in financial, strategic, and operational leadership at high-growth global technology companies. Prior to Promethean, Mr. Giterman most recently held the role of CFO of Apteon, a global provider of targeted ERP, supply chain management, and compliance solutions. Prior to that, Mr. Giterman held the role of SVP of Finance & Chief Accounting Officer at Nuance Communications (NASDAQ: NUAN), a market leader in the speech recognition and conversational AI space. Prior to joining Nuance Communications, Mr. Giterman held accounting and operation management roles at ART Technologies, Inc. Mr. Giterman began his career at PricewaterhouseCoopers LLP, where he served clients in the Audit and Business Advisory Services groups. Mr. Giterman holds a B.S. in Accounting from Bentley University.

Michael Strand has served as our Chief Revenue Officer since December 3, 2024. He is a seasoned global sales and go-to-market leader who leverages his extensive experience in the SaaS, cloud, ProAV, and enterprise applications sectors to drive revenue growth and optimize business performance. Prior to joining the Company, from June 2021 to April 2023, Mr. Strand served as Chief Revenue Officer at Diversified, a leading global audio visual and broadcast/media consultancy and systems integrator, where he played a pivotal role in restructuring and streamlining go to market processes, resulting in significant growth and efficiency improvements. From 2015 to 2021, he served as Senior Vice President, Global Sales and Marketing at Hitachi Solutions America, Ltd., where he led the company's accelerated global expansion and developed its go to market model, making Hitachi Solutions one of the fastest-growing, globally-recognized Dynamics 365 cloud channel partners. Prior to that, Mr. Strand spent over two decades at Microsoft Corp. in various leadership and channel-led roles, most recently as Regional Area Leader of Microsoft’s Business Solutions unit for Southeast Asia, Australia, and New Zealand, and the Western United States. He holds a Bachelor of Science Degree in Communication, Journalism, and Related Programs from Washington State University.

Lance Solomon has served as our Chief Product Officer since December 2023. Previously, Mr. Solomon served as Chief Product Officer of Promethean since September 2018 and prior to that served as Promethean's Executive Vice President of Operations. Before joining Promethean, Mr. Solomon was an executive at Amazon Web Services leading planning, purchasing, and delivering new technology to the data center. Prior to Amazon, Mr. Solomon was an executive at Logitech where, in addition to managing the operational aspects of the supply chain, he partnered with the business groups to bring new products to market through his leadership in marketing analytics and product launch management. Mr. Solomon has also held progressive leadership roles at Cisco Systems and Intel developing mathematical tools used by planners, engineers, designers, and operational leaders to drive strategy and efficiency. Mr. Solomon holds a Bachelor of Science Degree in Mathematics from Pennsylvania State University and a Master of Science Degree in Operations Research/Industrial Engineering from the University of Texas at Austin.

Allyson Krause has served as our Executive Vice President, General Counsel and Corporate Secretary since December 2023. Previously, Ms. Krause served as Promethean's Executive Vice President and General Counsel since July 2014 and, before that, as Head of Legal for North America since July of 2010. Prior to joining Promethean, Ms. Krause held several legal positions in both the public and private sectors, including six years as in-house counsel to Southwire Company and six years as an Assistant Attorney General for the State of Georgia, USA. Ms. Krause holds a Bachelor of Arts degree in both Economics and Spanish from Brandeis University, and a law (Juris Doctor) degree from Emory University.

Ronan O'Loan has served as our Chief Human Resources (HR) Officer since December 2023. Previously, Mr. O'Loan served as Chief HR Officer of Promethean since February of 2020. Mr. O'Loan brings over 25 years of HR experience in the technology industry. Prior to joining Promethean, Mr. O'Loan served as CHRO for F5 Networks leading them through a period of CEO, strategy, organizational, and culture transition. Prior to F5 Networks, Mr. O'Loan led the corporate Talent & Organizational Development group for CVS Health in Providence RI, was Chief Talent Officer for Freescale Semiconductor in Austin TX (now part of NXP), and created and led Microsoft's global Change Management and Organizational Development function. Mr. O'Loan graduated with a Bachelor's Degree in Electrical and Electronic Engineering from Queens University Belfast, N. Ireland, and a Master's in Business Administration, specializing in International Finance and HR, from the Open University, UK.

Simon Leung Lim Kin has served as a Director and our Chairman of the Board since December 2023. Since March of 2015, Dr. Leung has served as Vice Chairman and as an Executive Director of NetDragon Websoft Holdings Limited, a publicly traded company listed on the Hong Kong Stock Exchange (0777.HK). Dr. Leung has been responsible for the planning, consolidation and operation of the education business of NetDragon in the PRC and the development of the online education business overseas. Dr. Leung has over 30 years of experience in both information technology and telecommunications industries. In 2005, Dr. Leung was appointed as the president of Motorola Asia-Pacific, a company principally engaged in the production of data communication and telecommunication equipment, where he was primarily responsible for the overall strategic planning and implementation in the Asia-Pacific region. Since 2008, Dr. Leung was the chief executive officer of Microsoft Greater China region, a company principally engaged in developing, manufacturing, licensing and sales of software products, where he was primarily responsible for overseeing overall business operations and for developing and implementing a regional strategy. Prior to joining NetDragon, Dr. Leung also held management roles at various educational institutions or corporations engaging in the education business. From 2009 to 2010, he was the governor of the Upper Canada College, an educational institution, where he was primarily responsible for establishing and directing policy for the college and overseeing its financial affairs. In 2012, Dr. Leung was the chief executive officer of Harrow International Management Services Limited, a company principally engaged in the management of Harrow International Schools, where he was responsible for the development of new Harrow International Schools and education services in Asia. Dr. Leung received his Bachelor of Arts Degree and a Doctorate in Laws from the University of Western Ontario, Canada in 1978 and 2005 respectively and a Doctorate In Business Administration from Hong Kong Polytechnic University in 2007.

Robin Mendelson has served as a Director of the Company since December 2023. Ms. Mendelson is a seasoned executive and board director with over 25 years of experience in building and leading high-growth technology-enabled businesses in the U.S. and internationally. From 1999 to 2019, Ms. Mendelson held leadership positions at Amazon, overseeing multibillion-dollar business portfolios. During her tenure at Amazon, she also led a global technology platform and expanded international business units for Amazon in France. Ms. Mendelson's e-commerce experience encompasses finance leadership, where among other roles, she led finance for Amazon's Worldwide Digital Products Group during the successful launch of the Kindle e-reader, Prime Video, and other transformative digital media products. Ms. Mendelson currently serves as a board member of Artcore Group Ltd. (ASX: ATG), which operates an online marketplace that facilitates the sale of art and design products in Australia and the United States, Mainstay (where she is also a member of the compensation committee), which is an AI enhanced software developer and Acadeum, which offers colleges and universities a network and technology platform to expand academic portfolios with in-demand certifications, courses, programs, and degrees to attract and retain learners along the education-career continuum. Ms. Mendelson serves on the Advisory Board of Yale University's Broad Center for Public Education Leadership, the Yale University Alumni Board of Governors, and is a Trustee of Rainier Prep. Ms. Mendelson holds a Bachelor's degree from Duke University and a Master of Business Administration from Yale University School of Management.

Denise Merle has served as a Director of the Company since December 2023. Ms. Merle has been Senior Vice President and Chief Administration Officer at Weyerhaeuser Company, a global leader in sustainable forestry, natural climate solutions and wood products manufacturing since February 2018. Prior to this role, Ms. Merle held a variety of progressive leadership roles, including serving as Senior Vice President of human resources and investor relations, head of finance and human resources for Weyerhaeuser's \$2 billion lumber business, and head of Internal Audit, risk management and enterprise planning. Ms. Merle has successfully led multiple transformational projects and initiatives, including the \$8 billion integration of Weyerhaeuser and Plum Creek; the redesign of all executive compensation programs to drive financial performance, align with shareholder interests and ensure market competitiveness; and work to accelerate the company's DEI efforts through establishing an executive diversity council, revamping company employee resources groups, and communicating regularly on inclusion topics through an internal blog. Ms. Merle has a BS Degree in Accounting from Pacific Lutheran University and an MBA with international studies from Seattle University, and she is a Certified Public Accountant.

Joel A. Getz has served as a Director of the Company since September 2017. Mr. Getz is now the deputy dean for Alumni, Development, and Special Initiative at the Yale School of Management. He also serves as an independent director of Luckin Coffee Inc. (OTC: LKNCY) since December 2022, a director and the board secretary of The Stephan Co. (OTC: SPCO) since February 2017 and March 2017, respectively, and the board trustee of New England Innovative Academy since February 2020. Prior to that, Mr. Getz served in various development capacities for non-profit organizations in New York and California and was president of the Mayor's Fund to Advance New York City. From 1990 to 1997, Mr. Getz was the president and co-founder of Rim Pacific, a manufacturing and distribution firm focusing on art reproductions. Mr. Getz received his B.A. in 1986 from Harvard University.

Dr. Tarek Shawki has served as a Director of the Company since December 2023. Dr. Shawki currently serves as the University Counselor at The American University in Cairo. Prior to his current role, Dr. Shawki served as the Minister of Education and Technical Education in Egypt from February 2017 through August 2022. Throughout his tenure as the Minister of Education, Dr. Shawki led a massive transformation of Egyptian pre-university education starting in the fall of 2017 when he introduced the new Egyptian Education System known as "EGY Edu 2.0" which covers the grades from KG1 until G6 moving forward to cover all remaining grades by 2029. In addition, Dr. Shawki introduced a major integration of ICT technologies in high school education at a national scale and changed assessment models, digital learning resources and used electronic examinations across the country besides reinventing the structure of the "exit examination" in G12 in Egypt. Prior to serving as the Minister, Dr. Shawki served as the "Secretary General of the Presidential Specialized Councils" from February 2015 to January 2017 where he managed 4 advisory councils to the President of Egypt. He also served as the Chair of the Specialized Council for Education and Scientific Research. Through this presidential assignment, Dr. Shawki designed and founded the so-called "Egyptian Knowledge Bank" (EKB) which is the largest knowledge digital library in the world containing digital resources from world renowned publishers, and it is made freely available for all Egyptians since its launch in January 2016. Dr. Shawki was educated at Cairo University in Egypt where he earned a B.Sc. in Mechanical Engineering (1979) and later earned a Ph.D. in Engineering from Brown University (1985) in Rhode Island, U.S.A. where he also earned two Master of Science degrees in Applied Mathematics and Applied Mechanics. Dr. Shawki completed a post-doctoral assignment at the Massachusetts Institute of Technology (MIT) followed by 13 years as a professor of theoretical and applied mechanics at the University of Illinois at Urbana-Champaign.

Dr. John Anthony Quelch has served as a Director of the Company since December 2023. Dr. Quelch currently serves as Executive Vice Chancellor of Duke Kunshan University. From January 2023 through December 2023, he served as the Leonard M. Miller University Professor at the University of Miami Herbert Business School. Between 2017 and 2022, he also served as Dean of Miami Herbert Business School and as the University's vice provost for executive education. Prior to joining the Miami Herbert Business School, Dr. Quelch was the Charles Edward Wilson Professor of Business Administration at Harvard Business School from 2013 until 2017. He also held a joint appointment as professor of health policy and management at the Harvard T.H. Chan School of Public Health. Prior to his most recent time at Harvard, Dr. Quelch was dean, vice president and distinguished professor of international management of the China Europe International Business School (CEIBS) from 2011 to 2013, leading the school to realize a significant increase in annual revenues and improving the global ranking of its MBA programs. From 1998 to 2001, Dr. Quelch served as dean of the London Business School, where he helped transform the school into a globally competitive institution and launched seed capital funds to invest in student and alumni start-ups. Dr. Quelch initially joined Harvard Business School in 1979, holding a number of positions over the years, including Sebastian S. Kresge Professor of Marketing, co-chair of the marketing department and Lincoln Filene Professor of Business Administration. He served as senior associate dean of Harvard Business School from 2001 to 2010. Dr. Quelch has served as an independent director of several publicly traded companies in the United States and the U.K. as well as in nonprofit and public agency boards, including as chairman of the Massachusetts Port Authority. He is a member of the Trilateral Commission and the Council on Foreign Relations. Dr. Quelch earned a B.A. and an M.A. from Exeter College, Oxford University; an MBA from the Wharton School of the University of Pennsylvania; an MS from the Harvard School of Public Health; and a DBA in business from Harvard Business School.

There are no family relationships among any of our executive officers or directors.

B. Compensation

For the fiscal year ended December 31, 2024, the aggregate cash compensation paid to our directors and executive officers in 2024 (including two individuals no longer serving as executive officers) was approximately \$8.3 million. This amount includes (i) approximately \$1.0 million paid to certain of our executive officers that was previously earned in prior years pursuant to the long term incentive plan that Promethean had in place prior to the Merger (the "Legacy Plan"), (ii) approximately \$2.7 million paid to certain of our executive officers relating to bonuses earned for 2023 under the Company's annual incentive plan ("AIP") and (iii) \$0.5 million paid to one of our executive officers representing the first of three installment payments related to a bonus payable under such executive's employment agreement upon the completion of our Merger. In addition, during the first quarter of 2025, we paid our directors and executive officers (including two individuals no longer serving as executive officers) aggregate cash consideration of approximately \$8.6 million which included (i) approximately \$0.9 million paid to certain of our executive officers that was previously earned in prior years under the Legacy Plan, (ii) approximately \$6.7 million pursuant to cash awards awarded during 2024 to our directors and executive officers and (iii) \$1.0 million paid to two executive officers, representing the second of three installment payments to one such officer and a one-time payment to the other officer, related to bonuses payable under each executive's employment agreement upon the completion of our Merger. Additionally, during 2024, we awarded our directors and executive officers (including two individuals no longer serving as executive officers), Restricted Stock Units ("RSUs") under our Equity Incentive Plan, representing an aggregate of 3,319,835 ADSs, valued at approximately \$13.0 million in the aggregate on the date of the grant, and which vest in accordance with their applicable award agreement. Neither we nor our subsidiaries have set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Such agreements provide for an annual base salary, an annual bonus opportunity targeted at a percentage of the executive's base salary and the opportunity to participate in any equity compensation plan, other incentive compensation programs and other health, benefit and incentive plans offered to other senior executives of the Company. Subject to the terms of the employment agreements, we may terminate their employment at any time, with "cause", and we are not required to provide any prior notice of the termination. In addition, upon termination of an executive officer's employment without cause or resignation by the executive officer for "good reason," as defined in their employment agreements, such executive officer will, conditioned upon his/her execution of a separation and release agreement, be eligible to receive a severance payment in the amount specified in their employment agreement.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Equity Incentive Plan

In January 2024, our Board approved the Mynd.ai Equity Incentive Plan, which we refer to as the “Incentive Plan”. The Incentive Plan provides eligible participants with compensation opportunities that will support the achievement of the Company’s performance objectives, align the interests of eligible participants with those of the Company’s shareholders, and attract, retain and motivate eligible participants critical to the long-term success of the Company and its subsidiaries.

Under the Incentive Plan, awards may be granted to officers, employees and consultants of the Company or any of our affiliates. The Incentive Plan will be administered by the Company’s Compensation Committee which shall have the full power and authority to, among other things, select eligible participants, grant awards in accordance with the Incentive Plan, determine the number of shares subject to each award or the cash amount payable in connection with an award and determine the terms and conditions of each award. Awards may be granted in the form of stock or share options, restricted shares, restricted share units, stock or share appreciation rights, performance stock or shares, performance stock or share units and other awards. The maximum aggregate number of ordinary shares that is initially authorized for issuance under the Incentive Plan is 54,777,338, together with a corresponding number of American Depositary Shares. The number of ordinary shares available for issuance under the Incentive Plan will also include an automatic annual increase on the first day of each fiscal year beginning in 2025, equal to five percent (5%) of the total number of our ordinary shares outstanding, on a fully diluted basis, on the last day of our immediately preceding fiscal year. Pursuant to this annual increase, an additional 27,731,110 ordinary shares became available for issuance under the Incentive Plan on January 1, 2025. The Board has the authority to amend, suspend or terminate the Incentive Plan. No amendment, suspension or termination will be effective without the approval of the Company’s shareholders if such approval is required under applicable laws, rules and regulations.

During 2024, we awarded restricted share units (“RSUs”) under the Incentive Plan to certain of our officers, directors and employees, representing an aggregate of 43,061,160 ordinary shares. The RSUs are subject to a vesting period as set forth in the corresponding award agreement and shall, unless otherwise provided therein, be forfeited if the recipient shall cease performing services for the Company. As of the date of this Annual Report, awards representing an aggregate of 57,166,560 ordinary shares (5,716,656 ADSs) are outstanding under the Incentive Plan, none of which have vested.

C. Board Practices

Board of Directors

Our board of directors consists of seven directors. None of our non-employee directors has a service contract with us that provides for benefits upon termination of service.

Director Independence

Our board of directors has undertaken a review of the independence of the directors and considered whether any director has a relationship with us that could interfere with such director’s ability to exercise independent judgment in carrying out the responsibilities of a director. As a result of this review, our board of directors determined that Dr. John Quelch, Denise Merle, Robin Mendelson, Dr. Tarek Shawki and Joel Getz, representing five of our seven directors, are “independent directors” as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and corporate governance rules of the NYSE (collectively, the “Listing Standards”). In making such determination, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances our board of directors deemed relevant in determining the director’s independence, including the number of ordinary shares beneficially owned by the director.

Board Committees

Our Board has three standing committees: an Audit Committee; a Compensation Committee; and a Nominating and Corporate Governance Committee. Each of the committees reports to the Board as it deems appropriate and as the Board may request. The composition, duties and responsibilities of these committees are set forth below. In the future, our Board may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Audit Committee. We have a standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Audit Committee is responsible for, among other things:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing, with our independent registered public accounting firm, the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm any financial statements that we file with the SEC;
- overseeing our financial and accounting controls and compliance with legal and regulatory requirements;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

The Audit Committee is composed of Denise Merle, Robin Mendelson and Joel Getz, with Ms. Merle serving as chair. Our Board has determined that Ms. Merle qualifies as an “audit committee financial expert” and that each member of the Audit Committee meets the definition of “independent director” for purposes of serving on the Audit Committee under Rule 10A-3 of the Exchange Act and the Listing Standards of the NYSE. Our Board has adopted a written charter for the Audit Committee, which is available on our website at: www.mynd.ai under Governance. The information on our website is not intended to form a part of or be incorporated by reference into this Annual Report.

Compensation Committee. Our Compensation Committee is responsible for, among other things:

- reviewing and approving the corporate goals and objectives, evaluating the performance and reviewing and approving the compensation of our CEO and executive officers;
- reviewing and approving or making recommendations to our Board of Directors regarding our incentive compensation and equity-based plans, policies and programs;
- reviewing and approving employment agreements and severance arrangements for our executive officers;
- making recommendations to our Board of Directors regarding the compensation of our directors; and
- retaining and overseeing any compensation consultants.

The Compensation Committee is composed of Denise Merle, Robin Mendelson and Joel Getz, with Ms. Merle serving as chair. Each member of our Compensation Committee is a non-employee director (within the meaning of Rule 16b-3 under the Exchange Act) and our Board has determined that each member of the Compensation Committee meets the definition of “independent director” for purposes of serving on the Compensation Committee under SEC Rules and the Listing Standards of the NYSE. Our Board has adopted a written charter for the Compensation Committee, which is available on our website at: www.mynd.ai under Governance. The information on our website is not intended to form a part of or be incorporated by reference into this Annual Report.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee is responsible for, among other things:

- identifying individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors;
- overseeing succession planning for our executive officers;
- periodically reviewing our Board of Directors' leadership structure and recommending any proposed changes to our Board of Directors;
- overseeing an annual evaluation of the effectiveness of our Board of Directors and its committees, including distributing annual written self and Board-assessments; and
- developing and recommending to our Board of Directors a set of corporate governance guidelines.

The Nominating and Corporate Governance Committee is composed of Dr Simon Leung, Vin Riera and Dr. John Quelch, with Dr. Leung serving as chair. Our Board of Directors has affirmatively determined that Dr. Quelch meets the definition of "independent director" for purposes of serving on the Nominating and Corporate Governance Committee under the independence standards under SEC Rules and the Listing Standards of the NYSE. Our Board has adopted a written charter for the Nominating and Corporate Governance Committee, which is available on our website at: www.mynd.ai under Governance. The information on our website is not intended to form a part of or be incorporated by reference into this Annual Report.

D. Employees

As of December 31, 2022, 2023 and 2024, we had a total of 1,143, 1,365 and 505 employees, respectively. The significant decline in the number of employees from 2023 to 2024 is mainly attributable to the disposition of our early childhood education business in Singapore in October 2024, during which a significant number of teaching staff and other staff in operated learning centers ceased to be our employees. As of December 31, 2024, approximately 256 of our employees were located in the U.S. and approximately 249 of our employees were located outside of the U.S.

We believe we offer our employees competitive compensation packages and a merit-based work environment that encourages proactivity and responsibility, and, as a result, we have generally been able to attract and retain qualified personnel.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes. Other than a Works Council established for the benefit of our employees in Germany and except for a small number of employees located in France, none of our employees are represented by labor unions.

E. Share Ownership

For information regarding share ownership, please see Item 7.A below.

F. Disclosure of registrant's action to recover erroneously awarded compensation

As set forth in greater detail in Note 2 to our consolidated financial statements, in connection with the preparation of the Company's financial statements for the year ended December 31, 2024 included elsewhere in this Annual Report, we determined that we had previously understated certain expenses during the periods of 2019 through 2024. As a result of restating our financial statements for the years ended December 31, 2023 and 2022, we have determined that we erroneously awarded an aggregate of \$193,959 in incentive-based compensation (the "Erroneously Awarded Compensation") to five current and two former executive officers, with respect to the fiscal year ended December 31, 2023.

The Erroneously Awarded Compensation was paid out during the first quarter of 2024 and was based (a) 50% on the Company's achievement of certain targeted revenues and (b) 50% based on the Company's achievement of certain targeted Adjusted EBITDA under the Company's historical International Financial Reporting Standards ("IFRS") reporting standard. By virtue of the accounting restatement, we have determined that while our revenues remain unchanged, our Adjusted EBITDA for the year ended December 31, 2023 was lower than originally calculated, resulting in the Erroneously Awarded Compensation.

As of December 31, 2024, the full amount of the Erroneously Award Compensation remained outstanding. In accordance with our Clawback Policy, we have since recouped substantially all of the Erroneously Awarded Compensation from the recipients by cancelling 201,655 RSUs previously awarded to such executive officers under the Company's Incentive Plan, having a market value on the date of their cancellation equal to 183,515 or 94.5% of the Erroneously Awarded Compensation.

Pursuant to the terms of the Company's Clawback Policy, we determined that the Company was not required to recoup any compensation received by its executive officer for any fiscal year prior to the year ended December 31, 2023.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information with respect to beneficial ownership of our ordinary shares as of March 15, 2025, except otherwise noted, by:

- each of our executive officers;
- each of our non-employee directors;
- our executive officers and non-employee directors as a group; and
- each person known to us to beneficially own 5% or more of our ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes the power to direct the voting or the disposition of the securities or to receive the economic benefit of the ownership of the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. The calculations of percentage ownership in the table below are based on 456,477,820 ordinary shares outstanding as of March 15, 2025.

Unless otherwise indicated, the address of each person named below is c/o Mynd.ai, Inc., 701 5th Avenue, Suite 5000, Seattle, WA 98104.

Name	Number of Ordinary Shares	Percent
Executive Officers:		
Vincent Riera	744,860 ⁽¹⁾	*
Arthur Giterman	459,520 ⁽¹⁾	*
Lance Solomon	60,630 ⁽¹⁾	*
Allyson Krause	181,230 ⁽¹⁾	*
Ronan O'Loan	49,400 ⁽¹⁾	*
Michael Strand	*	*
Non-Employee Directors:		
Dr. Simon Leung	17,914,367 ⁽²⁾	3.9%
Dr. John Anthony Quelch	138,170 ⁽¹⁾	*
Denise Merle	138,170 ⁽¹⁾	*
Robin Mendelson	138,170 ⁽¹⁾	*
Dr. Tarek Shawki	138,170 ⁽¹⁾	*
Joel A. Getz	138,170 ⁽¹⁾	*
Executive Officers and Non-Employee Directors as a Group (12 persons):		
	20,100,857 ⁽³⁾	4.4%
5% or Greater Shareholders:		
NetDragon Websoft Holdings Limited	338,243,483 ⁽⁴⁾	74.1%
Nurture Education Cayman Limited	56,286,500 ⁽⁵⁾	11.0%
Ascendent Rainbow (Cayman) Limited	60,871,136 ⁽⁶⁾	11.9%

* Less than 1%

(1) Represents ordinary shares underlying a Restricted Stock Unit ("RSU") which was granted pursuant to the Company's Equity Incentive Plan and which vests on April 10, 2025.

(2) Includes 223,210 ordinary shares underlying an RSU which vests on April 10, 2025.

(3) Includes 2,409,700 ordinary shares underlying RSUs which vest on April 10, 2025.

(4) Represents ordinary shares held directly by NetDragon WebSoft, Inc. ("ND BVI"), a wholly-owned subsidiary of NetDragon Websoft Holdings Limited ("NetDragon"). NetDragon has the power to vote and dispose of the ordinary shares held by ND BVI. NetDragon has an address at Units 2001-05 & 11, 20/F. Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong.

(5) Represents ordinary shares issuable upon conversion of certain convertible promissory notes, in the aggregate principal amount of \$68.3 million, made by the Company in favor of the holder. The holder has an address at c/o Ascendent Capital Partners (Asia) Limited, Suite 3501, 35/F, Jardine House 1 Connaught Place, Central, Hong Kong.

(6) Includes ordinary shares issuable upon conversion of certain convertible promissory notes, in the aggregate principal amount of \$68.3 million, held by Nurture Education Cayman Limited, an affiliate of Ascendent Rainbow (Cayman) Limited.

We have one class of ordinary shares and each holder of our ordinary shares is entitled to one vote per ordinary share. As of March 15, 2025, we had 152 record holders of our ordinary shares. As set forth above, by virtue of the ownership of 74.1% of our ordinary shares by ND BVI, we are indirectly controlled by NetDragon.

B. Related Party Transactions

Senior Secured Convertible Note.

On December 13, 2023 ("the Closing Date"), pursuant to a Senior Secured Convertible Note Purchase Agreement, dated April 18, 2023, by and among the Company, Best Assistant, and Nurture Education (Cayman) Limited (the "Holder"), an affiliate of ACP, a shareholder of the Company, we issued to the Holder a senior secured convertible note, in the principal face amount of \$65.0 million (the "Note").

The Note bears (i) cash interest at the rate of 5.00% per annum and (ii) PIK interest at the rate of 5.00% per annum payable by issuing additional notes (such additional notes, together with the Note issued on the Closing Date, the "Notes"). On the Closing date, we delivered a 12-month cash interest payment to the Holder for the first years' interest. Both the cash interest and PIK interest will be paid semiannually. Upon the continuation of an Event of Default as defined in the Notes, the Notes shall become immediately due and payable and all unpaid principal, together with all accrued and unpaid interest and the applicable Make Whole Premium (as defined in the Notes), shall be due and payable. If any amount payable under the Notes is not paid on its due date, an additional 2.00% per annum will be added to the cash interest rate. The Notes will mature on December 13, 2028, unless earlier converted, redeemed or repurchased. The Notes are convertible at the option of the Holder at any time until the outstanding principal amount (including any accrued and unpaid interest) has been paid in full. Subject to the terms of the Notes, the Holder may elect to receive our ADSs in lieu of ordinary shares upon conversion of the Notes. Presently, the aggregate principal amount of outstanding Notes is \$68.3 million.

The Notes may be redeemed by us following the third anniversary of Closing Date, in whole or in part, at a redemption price equal to the outstanding principal amount plus accrued and unpaid interest (calculated to the redemption date) and plus certain make whole premiums as specified in the Notes (which means the aggregate amount of cash interest and PIK interest that would be payable until the maturity date). The Notes are guaranteed by Promethean, a wholly-owned subsidiary of eLMTree, and secured by all the shares of Promethean. The Notes are our senior obligations and rank *pari passu* in right of payment with all of our other senior and unsubordinated obligations and the Notes are subordinated to the loans under those certain loan and security agreement documents among Promethean, Bank of America, N.A. and certain other parties and certain other loan documents related thereto.

The initial conversion rate per \$1,000 principal amount of the Notes is equal to (i) \$1,000 divided by (ii) the initial conversion price of \$2.0226 (which is 115% of the "GEHI Per Share Value" as defined under the Merger Agreement), such initial conversion price being subject to adjustments as provided in the Notes. Upon occurrence of a make whole fundamental change, the conversion rate will be adjusted based on certain make whole premiums. On each of the first anniversary and second anniversary of the Closing Date (each such anniversary, a "Reset Date"), if the volume weighted average closing price of our ordinary shares during any consecutive 40-trading day period in the 12 months preceding the relevant Reset Date (the "Reference Price") is below 85% of the initial conversion price, the conversion price will be adjusted to 115% of such Reference Price. If during the 12 months preceding a Reset Date there is more than one consecutive 40-trading day period when the volume weighted average closing price is below 85% of the initial conversion price, then the conversion price for the applicable Reset Date will be calculated based on the lower of (i) the volume weighted average closing price of the most recent applicable 40- trading day period and (ii) the average volume weighted average closing price for all applicable 40-trading day periods within the most recent six months. Notwithstanding the foregoing, in no event shall the conversion price be lower than 60% of the initial conversion price. By virtue of the foregoing, effective December 13, 2024, the conversion price was reset to \$1.214.

Upon the occurrence of a fundamental change (as defined in the Notes), we will offer to repurchase the Notes at a repurchase price of outstanding principal amount plus accrued and unpaid interest (calculated to the repurchase date). If the fundamental change is also a make whole fundamental change, the repurchase price will be outstanding principal amount plus accrued and unpaid interest (calculated to the repurchase date) and plus the make whole premiums.

So long as any Note remains outstanding, without consent of the majority noteholders, we and our subsidiaries are restricted from incurring certain indebtedness, entering into certain related party transactions, consummating certain asset sales or asset acquisitions, or undertaking certain capital expenditures.

We also entered into a registration rights agreement with the Holder, pursuant to which we granted the Holder certain registration rights in connection with our ordinary shares that may be issued upon conversion of the Notes.

Lock-up Agreement.

On December 13, 2023, we entered into a lock-up agreement with NetDragon, pursuant to which NetDragon agreed that it would not, without the prior written consent of our Board of Directors, during the period commencing on that date and ending 24 months thereafter, sell, transfer or otherwise dispose of any of our ordinary shares it owns provided, however, that such restriction terminated with respect to 50% of the ordinary shares held by NetDragon, on December 13, 2024. Notwithstanding the foregoing, the agreement also provides that after June 13, 2024, Netdragon may sell up to 20% of our ordinary shares it owns, if the trading price for our ADS exceeds 150% of the Reference Price (as defined therein) for any 20 trading days within any 30 consecutive trading days.

Commercial Agreements with NetDragon Affiliates.

Effective January 1, 2024, Best Assistant Education Online Limited, a controlled subsidiary of NetDragon, assigned its rights under certain independent contractor agreements that we are a party to, to Eternity Limited (“Eternity”), also a controlled subsidiary of NetDragon. Pursuant to these independent contractor agreements, Eternity and its affiliates provide certain technological design, development and programming services to us in connection with a variety of our products. For the year ended December 31, 2024, we incurred approximately \$5.4 million in fees under this agreement.

We have also entered into certain distribution agreements with Eternity, pursuant to which we have granted certain distribution rights to Eternity for our products in Saudi Arabia and Cameroon. For the year ended December 31, 2024, we received approximately \$462,000 from Eternity under these agreements.

Effective January 1, 2024, the Company and Promethean entered into a certain Agreement Relating to Accounting Services with NetDragon, pursuant to which we have agreed to assist NetDragon with certain of its financial reporting requirements. The agreement, as amended to date, provides that NetDragon will make the following payments to us in consideration of services rendered by us under the agreement: (i) \$200,000 annually for costs related to certain administrative and financial services, (ii) effective January 1, 2025, \$237,500 per quarter, for costs incurred by us in connection with our current annual audit and (iii) reimbursement of actual costs incurred by us in connection with any complex accounting issues that may arise that, for NetDragon’s reporting purposes, must be analyzed under IFRS accounting standards. For the year ended December 31, 2024, we were entitled to receive \$284,633 under this agreement which was offset against monies we owed to Eternity under our independent contractor agreements described above in this Item 7B.

As of December 31, 2024, certain historical net payable balances of \$2,412,052 owed by Edmodo to subsidiaries of NetDragon were forgiven, as a result of the formal dissolution of Edmodo LLC. The resulting benefit from the forgiveness of these payables has been presented as an increase to additional paid-in capital in the consolidated statements of changes in shareholders' equity.

The Merger Transactions

On April 18, 2023, we entered into an agreement and plan of merger among Bright Sunlight Limited, a Cayman Islands exempted company and a direct, wholly owned subsidiary of the Company (the “Merger Sub”), Best Assistant Education Online Limited, a Cayman Islands exempted company (“Best Assistant”) and a controlled subsidiary of NetDragon Websoft Holdings Limited (HKEX: 0777, “NetDragon”), a Cayman Islands exempted company, and solely for purposes of certain named sections thereof, NetDragon (the “Original Merger Agreement”) as amended via a certain Omnibus Amendment and Waiver dated as of October 18, 2023 (the “First Amendment”); and as further amended via a Second Omnibus Amendment and Waiver, dated as of December 7, 2023 (the “Second Amendment”) (both the First Amendment and the Second Amendment, together with the Original Merger Agreement, are collectively referred to herein as the “Merger Agreement”). The Merger Agreement contemplated that Best Assistant would transfer the education business of NetDragon outside of the Peoples Republic of China (“PRC”) to Elmtree Inc., a Cayman Islands exempted company limited by shares and wholly-owned by Best Assistant who became a party to the Merger Agreement by executing a joinder on August 18, 2023 (“eLMTree”), and Merger Sub would merge with and into eLMTree with eLMTree continuing as the surviving company and becoming our wholly owned subsidiary (such transactions collectively, the “Merger”).

On December 13, 2023, we consummated the closing of the transactions contemplated by the Merger Agreement and certain other agreements set forth therein (“Closing”), pursuant to which, (i) Best Assistant transferred the education business of NetDragon outside of the PRC to eLMTree, (ii) Merger Sub merged with and into eLMTree with eLMTree continuing as the surviving company and becoming our wholly owned subsidiary, (iii) we changed our name to “Mynd.ai, Inc.” and (iv) we issued 329,812,179 of our ordinary shares to NetDragon WebSoft, Inc. (“ND BVI”), a wholly-owned subsidiary of NetDragon, and 96,610,041 of our ordinary shares to former shareholders of Best Assistant. The Company has since been listed on NYSE American LLC, and our ADS trade under the symbol “MYND.”

Also concurrent with the Closing of the Merger:

- we transferred our entire education business in the PRC to Rainbow Companion, Inc., a purchaser consortium formed by the Founding Shareholders (as hereinafter defined) and their affiliates in consideration of \$15 million (the “2023 Disposition”);
- ND BVI, a wholly-owned subsidiary of NetDragon, purchased an aggregate of 8,528,444 of the Company’s ordinary shares from Joy Year Limited, Bloom Star Limited, Ascendent Rainbow (Cayman) Limited (“ACP”), Trump Creation Limited and China Growth Capital Limited (collectively, the “Founding Shareholders”), for an aggregate consideration of \$15 million (the “Secondary Sale”); and
- Nurture Education Cayman Limited, an affiliate of ACP, purchased a \$65.0 million convertible promissory note from us (the “Convertible Note”).

Registration Rights Agreements.

We have entered into Registration Rights Agreements with each of NetDragon and Nurture Education (Cayman) Limited, pursuant to which we have granted them certain “Demand” and “Piggy-back” registration rights with respect to the ordinary shares held by NetDragon and the ordinary shares underlying the Convertible Note held by Nurture Education (Cayman) Limited.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See “Item 18. Financial Statements,” which contains our financial statements prepared in accordance with U.S. GAAP.

B. Significant Changes

Except as otherwise disclosed in this Annual Report, we are not aware of any significant changes that have occurred since December 31, 2024.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

See "Item 9.C. Markets."

B. Plan of Distribution

Not applicable.

C. Markets

Since December 13, 2023, our ADS have been traded on the NYSE American under the symbol "MYND." Each of our ADS presently represents 10 of our ordinary shares. Our ADS were originally listed on the New York Stock Exchange on September 27, 2017, and traded under the symbol "RYB." On May 24, 2022, our ADS began trading under the symbol "GEHL." Prior to October 14, 2022, each of our ADSs represented one Class A ordinary share. On October 14, 2022, we effected a change in the ratio of our ADSs to one ADS representing 20 Class A ordinary shares. On October 31, 2023, we effected a further change in the ratio of our ADSs to one ADS representing 10 of our ordinary shares.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital.

Not applicable.

B. Memorandum of Articles of Association,

The information set forth in Exhibit 2.6 is incorporated herein by reference.

C. Material Contracts.

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" and "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this Annual Report.

D. Exchange Controls

Not applicable.

E. Taxation.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. In addition, the Cayman Islands does not impose withholding tax on dividend payments and is not party to any double tax treaties that are applicable to any payments made to or by the Company. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands.

U.S. Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by the U.S. Holders described below that hold the ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof and any of which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax considerations described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address the U.S. federal estate, gift, and alternative minimum tax considerations, the Medicare tax on net investment income, or any state, local and non-U.S. tax considerations relating to the ownership or disposition of the ADSs or ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of tax accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);

- persons who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;
- persons who hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- persons that actually or constructively own 10% or more of our stock (by vote or value);
- passive foreign investment companies or controlled foreign corporations; or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes and their partners;

all of whom may be subject to tax rules that differ significantly from those discussed below.

EACH U.S. HOLDER IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE APPLICATION OF U.S. FEDERAL TAXATION TO ITS PARTICULAR CIRCUMSTANCES, AND THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSIDERATIONS OF THE OWNERSHIP AND DISPOSITION OF THE ADSS OR ORDINARY SHARES.

General

For purposes of this discussion, a “U.S. Holder” is a person that for U.S. federal income tax purposes is a beneficial owner of the ADSs or ordinary shares that is any of the following:

- an individual who is a citizen or resident of the U.S. or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the law of, the U.S. or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If an entity or arrangement which is treated as a partnership for U.S. federal income tax purposes is a beneficial owner of the ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Entities or arrangements which are treated as partnerships for U.S. federal income tax purposes and their partners are urged to consult their tax advisors regarding an investment in the ADSs or ordinary shares.

Treasury regulations that apply to taxable years beginning on or after December 28, 2021, or the Foreign Tax Credit Regulations, may in some circumstances prohibit a U.S. person from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner and that deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Dividends

Subject to the discussion below under “Passive Foreign Investment Company Rules,” any cash distributions (including the amount of any taxes withheld thereon) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax at the lower capital gains tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) our ADSs are readily tradeable on an established securities market in the United States, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, (3) certain holding period requirements are met, and (4) such non-corporate U.S. Holders are not under an obligation to make related payments with respect to positions in substantially similar or related property. For this purpose, ADSs listed on New York Stock Exchange will generally be considered to be readily tradable on an established securities market in the United States. You should consult your tax advisor regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

For U.S. foreign tax credit purposes, dividends paid on our ADSs or ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. Subject to certain conditions and limitations, non-US withholding taxes on dividends may be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. If you do not elect to claim a foreign tax credit, you may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which you elect to do so for all creditable foreign income taxes. You should consult your tax advisor regarding the creditability of any such withholding tax.

Sale or Other Disposition

Subject to the discussion below under “Passive Foreign Investment Company Rules,” a U.S. Holder will generally recognize gain or loss upon the sale or other disposition of our ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. The gain or loss will generally be capital gain or loss. Individuals and other non-corporate U.S. Holders who have held the ADS or ordinary shares for more than one year will generally be eligible for reduced tax rates. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits.

Passive Foreign Investment Company Rules

If we are classified as a passive foreign investment company under Section 1297 of the Code (a “**PFIC**”) in any taxable year, a U.S. Holder will be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A non-U.S. corporation, such as the Company, will be classified as a PFIC for any taxable year in which, after applying certain look-through rules, either:

- at least 75% of its gross income is passive income (such as interest income) (the “*Income Test*”); or
- at least 50% of its gross assets (determined on the basis of a quarterly average) is attributable to assets that produce passive income or are held for the production of passive income (the “*Asset Test*”).

For this purpose, cash and assets readily convertible into cash are categorized as assets that are held for the production of passive income. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

It is uncertain whether we or any of our subsidiaries will be treated as a PFIC for U.S. federal income tax purposes for the current or any subsequent tax year. The determination of whether we are a PFIC is a fact-intensive determination made on an annual basis applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation. Fluctuations in the market price of our ADSs may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the Asset Test, including the value of our goodwill and un-booked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). Under the Income Test, our status as a PFIC depends on the composition of our income which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by the spending of the cash we raise in any offering. Because PFIC status is based on our income, assets, and activities for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for the current taxable year or any subsequent year until after the close of the relevant taxable year.

If we are classified as a PFIC in any year with respect to which a U.S. Holder owns our securities, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which the U.S. Holder owns our securities, regardless of whether we continue to meet the tests described above for any succeeding year(s) unless (i) we cease to be a PFIC and the U.S. Holder has made a “deemed sale” election under the PFIC rules, or (ii) the U.S. Holder makes a QEF Election (as defined below) with respect to all taxable years during such U.S. Holders holding period in which we are a PFIC. If the “deemed sale” election is made, a U.S. Holder will be deemed to have sold the securities the U.S. Holder holds at their fair market value and any gain from such deemed sale would be subject to the rules described below. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the U.S. Holder’s securities with respect to which such election was made will not be treated as shares in a PFIC and the U.S. Holder will not be subject to the rules described below with respect to any “excess distribution” the U.S. Holder receives from us or any gain from an actual sale or other disposition of the securities. U.S. Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if we cease to be a PFIC and such election becomes available.

For each taxable year we are treated as a PFIC with respect to U.S. Holders, U.S. Holders will be subject to special tax rules with respect to any “excess distribution” such U.S. Holder receives and any gain such U.S. Holder recognizes from a sale or other disposition (including, under certain circumstances, a pledge) of securities, unless (i) such U.S. Holder makes a QEF Election (as defined below) or (ii) our securities constitute “marketable” securities, and such U.S. Holder makes a mark-to-market election as discussed below. Distributions a U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions such U.S. Holder received during the shorter of the three preceding taxable years or the U.S. Holder’s holding period for the securities will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder’s holding period for the securities;

- the amount allocated to the taxable year of disposition, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year for individuals or corporations, as appropriate, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the securities cannot be treated as capital, even if a U.S. Holder holds the securities as capital assets.

If we are a PFIC, a U.S. Holder will generally be subject to similar rules with respect to distributions we receive from, and our dispositions of the capital stock of, any of our direct or indirect subsidiaries that also are PFICs, as if such distributions were indirectly received by, and/or dispositions were indirectly carried out by, such U.S. Holder. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to our subsidiaries.

Certain elections exist that may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment of the securities. A U.S. Holder may avoid the general tax treatment for PFICs described above by electing to treat us as a “qualified electing fund” under Section 1295 of the Code (a “**QEF**,” and such election, a “**QEF Election**”) for each of the taxable years during the U.S. Holder’s holding period that we are a PFIC. If a QEF Election is not in effect for the first taxable year in the U.S. Holder’s holding period in which we are a PFIC, a QEF Election generally can only be made if the U.S. Holder elects to make an applicable deemed sale or deemed dividend election on the first day of its taxable year in which the PFIC becomes a QEF pursuant to the QEF Election. The deemed gain or deemed dividend recognized with respect to such an election would be subject to the general tax treatment of PFICs discussed above. In order to comply with the requirements of a QEF Election, a U.S. Holder must receive a PFIC Annual Information Statement from us. We intend to use commercially reasonable efforts to provide the information necessary for U.S. Holders to make or maintain a QEF Election, including information necessary to determine the appropriate income inclusion amounts for purposes of the QEF Election. However, there is no assurance that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided. Furthermore, there can be no assurance that we will at all times be in a position to provide such information with respect to any particular U.S. Holder.

If a U.S. Holder makes a QEF Election with respect to a PFIC, it will be taxed currently on its pro rata share of the PFIC’s ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year that the entity is a PFIC, even if no distributions were received. Any distributions we make out of our earnings and profits that were previously included in such a U.S. Holder’s income under the QEF Election would not be taxable to such U.S. Holder. Such U.S. Holder’s tax basis in its securities would be increased by an amount equal to any income included under the QEF Election and decreased by any amount distributed on the securities that is not included in its income. In addition, a U.S. Holder will recognize capital gain or loss on the disposition of its securities in an amount equal to the difference between the amount realized and its adjusted tax basis in the securities, each as determined in U.S. dollars. Once made, a QEF Election remains in effect unless invalidated or terminated by the IRS or revoked by the shareholder. A QEF Election can be revoked only with the consent of the IRS. A U.S. Holder will not be currently taxed on the ordinary income and net capital gain of a PFIC with respect to which a QEF Election was made for any taxable year of the non-U.S. corporation that such corporation does not satisfy the Income Test or Asset Test. Each U.S. Holder should consult its tax advisor regarding the availability of, and procedure for making, any deemed gain, deemed dividend or QEF Election.

Alternatively, U.S. Holders can avoid the interest charge on excess distributions or gain relating to the securities by making a mark-to-market election with respect to the securities, provided that the securities constitute “marketable stock.” “Marketable stock” is, generally, stock that is “regularly traded” on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the securities are considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting

this requirement will be disregarded. Our securities are listed on the NYSE, which is a qualified exchange for these purposes. Consequently, if our ordinary shares remain listed on the NYSE and are regularly traded, and you are a U.S. Holder of securities, we expect the mark-to-market election would be available to you if we are classified as a PFIC. Each U.S. Holder should consult its tax advisor as to whether a mark-to-market election is available or advisable with respect to the securities.

A U.S. Holder that makes a mark-to-market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the securities at the close of the taxable year over the U.S. Holder's adjusted tax basis in the securities. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the securities over the fair market value of the securities at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains for prior years. Gains from an actual sale or other disposition of the securities will be treated as ordinary income, and any losses incurred on a sale or other disposition of the shares will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS, unless the securities cease to be marketable.

However, a mark-to-market election generally cannot be made for equity interests in any lower-tier PFICs that we own, unless shares of such lower-tier PFIC are themselves "marketable." As a result, even if a U.S. Holder validly makes a mark-to-market election with respect to our securities, the U.S. Holder may continue to be subject to the PFIC rules (described above) with respect to its indirect interest in any of our investments that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

Unless otherwise provided by the IRS, each U.S. shareholder of a PFIC is required to file an annual report containing such information as the IRS may require. A U.S. Holder's failure to file the annual report will cause the statute of limitations for such U.S. Holder's U.S. federal income tax return to remain open with regard to the items required to be included in such report until three years after the U.S. Holder files the annual report, and, unless such failure is due to reasonable cause and not willful neglect, the statute of limitations for the U.S. Holder's entire U.S. federal income tax return will remain open during such period. U.S. Holders should consult their tax advisors regarding the requirements of filing such information returns under these rules.

WE STRONGLY URGE YOU TO CONSULT YOUR TAX ADVISOR REGARDING THE IMPACT OF OUR PFIC STATUS ON YOUR INVESTMENT IN THE SECURITIES AS WELL AS THE APPLICATION OF THE PFIC RULES TO YOUR INVESTMENT IN THE SECURITIES.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the U.S. or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding on a duly executed IRS Form W-9 or otherwise establishes an exemption.

The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and, under regulations, certain entities) may be required to report information relating to the securities, subject to certain exceptions (including an exception for securities held in accounts maintained by certain U.S. financial institutions), by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. Such U.S. Holders who fail to timely furnish the required information may be subject to a penalty. Additionally, if a U.S. Holder does not file the required information, the statute of limitations with respect to tax returns of the U.S. Holder to which the information relates may not close until three years after such information is filed. U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of the securities.

U.S. Treasury Regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the applicable U.S. Treasury Regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of foreign currency, to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. U.S. Holders should consult their tax advisors to determine the tax return obligations, if any, with respect to our securities, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

You may also view our filings made with the SEC on our website at www.mynd.ai. Upon receiving a request from any shareholder or bondholder who wishes to receive a hard copy of the Company's complete audited financial statements, the Company will furnish such audited financial statements free of charge. Such request may either be directed to Mynd.ai, Inc., 701 5th Avenue, Suite 5000, Seattle, WA 98104, Attn: General Counsel or to investorrelations@mynd.ai. Information contained in our website is not a part of, nor incorporated by reference into, this Annual Report or our other filings with the SEC, and should not be relied upon.

I. Subsidiary Information.

Not applicable.

J. Annual report to security holders.

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Management has identified our negative exposure due to changes in interest rates, foreign currency exchange rates, and inflation as areas of potential risk, which we have evaluated further below.

Interest Rate Risk

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We manage our interest rate risk exposure, predominantly by maintaining a balance of fixed and variable rate debt, while also maintaining cash balances that generate interest income.

More specifically, the convertible note issued at the end of 2023 has a fixed interest rate for its full 5-year term. Our revolving line of credit with Bank of America has a variable interest rate which, depending on the type of borrowing on the line we elect, is based on either the Federal Funds Rate or the Secured Overnight Financing Rate (“SOFR”). However, we also maintain cash deposit balances with Bank of America which are indexed to similar interest rates. Therefore, a change in the variable interest rate on the line of credit would be offset at least partially by an increase on the interest rate on our cash holdings. These offsetting interest rate changes mitigate the risk of variable interest rate changes on our operating results and financial conditions.

For the year ended December 31, 2024, a 10% change in the interest rate on our revolving line of credit would increase or decrease our interest expense on our line of credit by \$0.2 million. However, as discussed above, this impact would be at least partially offset by interest income earned on our cash holdings (the extent of which is dependent on the balance of cash held).

Foreign Currency Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Most of our revenue is denominated in U.S. Dollars. However, as we have operations in foreign countries, primarily in the U.K. and Europe, a stronger U.S. Dollar could make our products and services more expensive in foreign countries and therefore reduce demand. A weaker U.S. Dollar could have the opposite effect. Such exposure to currency fluctuations is difficult to measure or predict because our sales are also influenced by many other factors.

For the year ended December 31, 2024, sales denominated in foreign currencies were approximately 33% of total revenue. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. These foreign currencies primarily consist of the Pound sterling, Euro, and Chinese Yuan. For the twelve months ended December 31, 2024, a hypothetical 10% change in these foreign currencies would have increased or decreased our revenue by approximately \$8.8 million. Actual gains and losses in the future may differ materially from the hypothetical gains and losses discussed above based on changes in the timing and amount of foreign currency exchange rate movements.

The majority of our costs incurred are denominated in US dollars. This includes payments to all of our key inventory suppliers, as well as people-related costs associated with having our executive officers and the majority of our most senior employees based in the US. Accordingly, our costs are less susceptible to foreign exchange rate risks than our revenue.

Effects of Inflation

Given that we operate in a number of countries across the world, some or all of our operations could at times be adversely affected by inflation both in the markets in which we directly operate, and more broadly as a result of macro-economic changes in inflation. While the quantitative impact of potential future inflation is very difficult to measure, we do not believe the Company is more susceptible to the negative impacts of inflation than other similar market participants. Accordingly, we have not historically viewed the effects of inflation as a material risk to the business, although there can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

Tariffs

We are actively monitoring recent trade policy and tariff announcements directing the United States to impose new/additional tariffs on imports from Canada, Mexico, and China. We are currently evaluating the potential impact of the recently announced tariffs on our business and financial condition and actions we may take to mitigate the impact. In addition, we are monitoring the potential impact, if any, of actions taken by these countries in response to the announced tariffs. There can be no assurance that the future imposition of any tariffs, changes thereto or potential actions taken by countries in response to the tariffs will not have a material adverse effect upon our results of operations, financial condition, or liquidity in any period, or that any actions we take to mitigate the impact of the tariffs will be effective.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

Citibank, N.A. is our depositary. The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

An ADS holder will be required to pay the following fees under the terms of the deposit agreement:

Services	Fees
Issuance of ADSs upon deposit of shares (excluding issuances as a result of distributions of shares)	• Up to US\$0.05 per ADS issued
Cancellation of ADSs	• Up to US\$0.05 per ADS cancelled
Distribution of cash dividends or other cash distributions (e.g., sale of rights and other entitlements)	• Up to US\$0.05 per ADS held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	• Up to US\$0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., spin-off shares)	• Up to US\$0.05 per ADS held on the applicable record date

Fees and Other Payments Made by the Depositary to Us

The depositary may reimburse us for expenses we incur that are related to the establishment and maintenance of the ADR program, by making available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary may agree from time to time. For the year ended December 31, 2024, we did not receive reimbursement from the depositary.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

A. Defaults

None.

B. Arrears and Delinquencies

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On September 11, 2023, we held an Extraordinary General Meeting where our shareholders approved through a special resolution, the sixth amended and restated memorandum and article of association of the Company (“A&R MAA”). The A&R MAA, which became effective upon the Merger, provided that the authorized share capital of the Company be varied as follows: (a) the authorized share capital of the Company shall be varied to \$1,000,000 divided into 1,000,000,000 shares comprising of (i) 990,000,000 ordinary shares of a par value of \$0.001 each and (ii) 10,000,000 shares of a par value of \$0.001 each of such class or classes (however designated) as the board of directors may determine in accordance with the A&R MAA, and (b) all Class A ordinary shares of the Company prior to the adoption of the A&R MAA, par value \$0.001 per share and all Class B ordinary shares of the Company prior to the adoption of the A&R MAA, par value \$0.001 per share in the authorized share capital of the Company (including all issued and outstanding Class A Ordinary Shares and Class B Ordinary Shares, and all authorized but unissued Class A Ordinary Shares and Class B Ordinary Shares) shall be re-designated as Ordinary Shares. For a full description of our Ordinary Shares, please see Exhibit 2.6 filed hereto.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of December 31, 2024. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. There is no assurance that our disclosure controls and procedures will operate effectively under all circumstances. Because of material weaknesses in our internal control over financial reporting as described below, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2024, our disclosure controls and procedures were not effective.

Our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the consolidated financial statements in this Annual Report on Form 20-F fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Previously Disclosed Material Weaknesses

In connection with the audit of the consolidated financial statements as of and for the year ended December 31, 2023, management identified material weaknesses in our internal control over financial reporting, which remain unremediated as of December 31, 2024. The material weaknesses identified are noted below

- We did not design or maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient number of resources with an appropriate level of

accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the limited personnel resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions.

- We did not adequately design and maintain an effective risk assessment process at a sufficient precision level to identify new and evolving risks of material misstatement in our financial statements. Specifically, changes to existing controls or the implementation of new controls have not been sufficient to respond to changes to the risks of material misstatement to financial reporting.
- We did not design and implement control activities that address relevant risks, retain sufficient evidence of the performance of control activities, or design control activities at the level of precision required to identify potential material errors, across all significant accounts.

These material weaknesses contributed to the following additional material weaknesses:

- We did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures.
- We did not design and maintain effective controls related to the period-end reporting process, including controls over the business performance reviews, account reconciliations, journal entries, and maintaining appropriate segregation of duties.
- We did not adequately design and maintain effective controls over the identification of and accounting for certain non-routine, complex, unusual events or transactions.
- We did not design and maintain effective information technology, or IT, general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain: (1) program change management controls to ensure that program and data changes are identified, tested, authorized, and implemented appropriately; (2) user access controls to ensure appropriate segregation of duties that adequately restrict user and privileged access to appropriate personnel; (3) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored; and (4) program development controls to ensure that new software development is tested, authorized and implemented appropriately.

These material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

As discussed below, we continue to take steps to remediate these material weaknesses in internal control over financial reporting; however, we are not yet able to determine whether the steps we are taking will fully remediate these material weaknesses.

Remediation

We continue to design and implement our remediation plan to remediate these material weaknesses. Those remediation measures are ongoing and include the following:

- We have hired accounting personnel with the requisite skills and expertise to bolster our technical reporting and transactional accounting. We are designing and implementing controls to formalize roles and review responsibilities to align with our team's skills and experience and implement formal controls over segregation of duties.
- We are designing and implementing procedures and controls to identify and evaluate changes in our business and technology and their impact on our controls.

- We are designing and implementing procedures and controls to identify and account for non-routine, complex and unusual events or transactions and other technical accounting and financial reporting matters including controls over the preparation and review of accounting memoranda addressing these matters.
- We are enhancing formal processes, policies, procedures and controls supporting our financial close process.
- We are designing and implementing IT governance processes; logical access processes; enhancing role-based access and logging capabilities; IT policies and procedures over change management, computer operations and program development.
- We are designing and implementing accounting policies and procedures to achieve complete, accurate and timely financial accounting, reporting and disclosures.
- We are designing and implementing an effective risk assessment process at a sufficient precision level to identify new and evolving risks of material misstatement in our financial statements.

We cannot assure you that the measures we have taken to date and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. As management continues to evaluate and work to improve our internal control over financial reporting, we may determine it necessary to take additional measures or modify the remediation plan described above. Even after we effect our remediation plan, the material weaknesses cannot be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

B. Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Based on its assessment, our management, including our CEO and CFO, has concluded that our internal control over financial reporting was not effective as of December 31, 2024 due to material weaknesses in our internal control over financial reporting, as discussed above in "*Item 15A Disclosure Controls and Procedures*."

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

C. Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. As a non-accelerated filer, as defined under Rule 12b-2 of the Exchange Act, we are not subject to the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act (and the SEC rules and regulations thereunder).

D. Changes in Internal Control Over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal controls over financial reporting, as described in "Item 15A Disclosure Controls and Procedures." Except as otherwise described herein, there was no change in our internal control over financial reporting that occurred during the period covered by this Annual Report on Form 20-F that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE AND FINANCIAL EXPERT

Our board of directors has determined that Ms. Denise Merle, an independent director as defined in Rule 10A-3 of the Securities Exchange Act of 1934 and a member of our audit committee, qualifies as an "audit committee financial expert" as defined in Item 16A of Form 20-F.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct that applies to all of our directors, executive officers and employees. The code of business conduct is available on our official website under the corporate governance section at www.mynd.ai. The information on our website is not intended to form a part of or be incorporated by reference into this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by our independent registered public accounting firm, Deloitte & Touche LLP its associated entities, for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

	For the Year Ended December 31,	
	2024	2023
	(in thousands of US\$)	
Audit fees ⁽¹⁾	\$ 2,005	\$ 1,917
Audit-related fees ⁽²⁾	—	—
Tax fees ⁽³⁾	—	—
All other fees ⁽⁴⁾	20	—
	<u>\$ 2,025</u>	<u>\$ 1,917</u>

(1) "Audit fees" means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual consolidated financial statements and the review of documents filed with the SEC.

(2) "Audit-related fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors that are reasonably related to the performance of the audit or review of our financial statements and not reported under "Audit fees".

(3) "Tax fees" means the aggregate fees billed in each of the fiscal years listed for tax compliance, tax advice, and tax planning.

(4) All "other fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain financial due diligence services and other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte & Touche LLP, our independent registered public accounting firm, including audit services and tax services as described above.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period				
	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
December 2024	151,923 ADS	\$2.19 per ADS	151,923 ADS \$	9,667,506
Total	151,923 ADS	\$2.19 per ADS	151,923 ADS \$	9,667,506

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not Applicable

ITEM 16G. CORPORATE GOVERNANCE

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions of the securities rules and regulations that are applicable to U.S. domestic issuers. Moreover, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. In addition, as a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the New York Stock Exchange corporate governance standards. While we voluntarily follow most NYSE corporate governance standards, we do not intend to follow the NYSE rules below:

The NYSE Listed Company Manual requires an annual meeting of shareholders to be held no later than one year after the end of the fiscal year. In this regard, we have elected to adopt the practices of our home country, the Cayman Islands, which practices do not require an annual meeting of shareholders to be held annually. Accordingly, we presently do not intend to hold an annual meeting of shareholders in 2025. We may, however, hold annual meetings of shareholders in the future.

In addition, the NYSE Listed Company Manual requires shareholder approval for certain matters, such as requiring that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans, which is not required under the Cayman Islands law. We intend to comply with the requirements of Cayman Islands law only in determining whether shareholder approval is required.

The NYSE Listed Company Manual also requires that with respect to the Nominating Committee, such committee be comprised solely of independent directors or by a majority of the independent directors. With respect to this requirement, we have elected to adopt the practices of our home country, the Cayman Islands, which does not require our Nominating Committee to be comprised solely of or by a majority of independent directors. Notwithstanding the foregoing, under the charter which has been adopted for our Nominating and Corporate Governance Committee, they will make recommendations to our board of directors of the nominees for director and our board, comprised of a majority of independent directors, will evaluate such nominees for proposal to our shareholders for appointment.

See “Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies” and “—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance standards; these practices may afford less protection to shareholders than they would enjoy if we comply fully with the NYSE corporate governance standards.”

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy that contains procedures governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees. Such policy is filed hereto as Exhibit 11.1 to this Annual Report.

ITEM 16K. CYBERSECURITY

Risk management and strategy.

We recognize the critical importance of developing, implementing, and maintaining appropriate cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data. Accordingly, we engage in continuous and ongoing efforts to safeguard our information systems and protect the confidentiality, integrity and availability of our data.

Managing Material Risks and Integrating Cybersecurity Risk with Overall Risk Management

We maintain cybersecurity policies and procedures that are designed to identify, protect from, detect, respond to, and recover from cybersecurity threats and risks, and protect the confidentiality, integrity, and availability of our information systems, including the personal information residing on such systems. We take a risk-based approach to cybersecurity, which begins with the identification and evaluation of cybersecurity risks or threats that could affect our operations, our legal or regulatory compliance obligations, our reputation or our finances. Cybersecurity risks are identified, and risk mitigation strategies are developed and implemented, based on the specific nature of the identified cybersecurity risks and our determination as to the potential threat of the identified risks. These strategies include, among others, software updates and changes, bug fixes, the application of our cybersecurity policies and procedures, implementation of administrative, technical, and physical data security controls, and employee training, education, and awareness initiatives.

Our cybersecurity policies and procedures have been implemented to mitigate cybersecurity risk and our efforts to mitigate cybersecurity risks are a component of our broader risk management efforts.

Engagement of Third-Parties For Cybersecurity Risk Management Support

From time to time, we engage cybersecurity consultants, auditors, and other third parties to assess and enhance our cybersecurity practices. These third parties conduct assessments, penetration testing, and vulnerability assessments to help us identify weaknesses and, in some cases, to recommend improvements. Additionally, we use certain third-party tools and technologies as part of our efforts to enhance cybersecurity functions including vulnerability scanning tools, key management services, data encryption and continuous monitoring, detection, and response capabilities.

Oversight of Third-Party Service Providers

Given the importance of cybersecurity, we evaluate third-party service providers that either provide or support our information systems from a cybersecurity risk perspective. We endeavor to assess service-provider risks based upon the services each such third-party service provider may provide and the potential threat impact of each such service provider's services. Our risk evaluations are used to inform our third-party service provider cybersecurity risk assessments and our assessments may include review of appropriate reports or certifications relating to the service provider's security controls and practices or review of the service provider's physical and technical security measures, practices and procedures.

Risks from Cybersecurity Threats

To date, we have not identified any cybersecurity threats that have materially affected, or are reasonably anticipated to have a material effect on, our operations or financial condition.

Governance

Board Oversight

The Board is responsible for overseeing management's assessments of major risks and for reviewing the strategies, practices and procedures to mitigate such risks. The Board's oversight of major risks, including cybersecurity risks, occurs at both the full Board level and at the Board committee level through the Audit Committee.

The Board. At regularly scheduled Board meetings, the Chief Executive Officer, Chief Financial Officer, the Executive Vice President and General Counsel, members of senior management, and other personnel and advisors, as requested by the Board, may report on the Company's financial, operating, and commercial strategies, as well as major potential risks including but not limited to cybersecurity risks. Based on these reports, the Board may request follow-up information, data or presentations to address any specific concerns and recommendations. Additionally, the Audit Committee has opportunities to report regularly to the entire Board, and to review with the Board, any major issues that arise at the Audit Committee level, which may include issues relating to cybersecurity risks.

The Audit Committee. The Audit Committee will review with management the Company's risk management practices including but not limited to our cybersecurity strategies, policies, procedures and practices. The Chief Executive Officer, Chief Financial Officer, Executive Vice President and General Counsel, members of senior management, and other personnel and advisors, as requested by the Audit Committee, may provide periodic reports to the Audit Committee with regards to the Company's risk management practices, personal data privacy practices and cybersecurity practices and procedures.

Management's Role Managing Risk From Cybersecurity Threats

Our management team plays a critical role in our risk management activities including our cybersecurity risk management activities. Multiple employees perform duties relating to personal data privacy, data security or cybersecurity. Multiple employees are actively involved in assessing and managing personal data privacy and cybersecurity risks. These employees have the necessary education and certifications, relevant previous work experience, and training, including ongoing training on current and emerging cybersecurity risks, to perform their assigned duties in these areas. Collectively, these employees work with our management team to implement cybersecurity policies, programs, procedures, and strategies to mitigate such risks.

Our management team engages in a range of cybersecurity risk mitigation activities including, for example, the adoption and implementation of policies and procedures to identify threats, deployment of security architectures, and planning for any data security incident response. Our management team has instructed other team members to conduct vulnerability scans and penetration testing to identify, classify, prioritize, remediate, and mitigate vulnerabilities. In addition, our management team meets with team members regularly to, among other things, endeavor to identify cybersecurity threats and to provide guidance as to strategy.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

AUDITED CONSOLIDATED FINANCIAL INFORMATION OF Mynd.ai

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Mynd.ai, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mynd.ai, Inc. and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Evaluation of Goodwill and Indefinite Lived Intangible Assets — Refer to Note 2 & Note 9

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the estimated fair value of the reporting unit to its carrying value. The Company's evaluation of the indefinite-lived intangible asset (tradename) for impairment involves the comparison of the estimated fair value of the indefinite-lived intangible asset to its carrying amount. The Company determines the estimated fair value of its reporting unit using the income and market approaches. The determination of the estimated fair value using the income approach requires management to make significant estimates and assumptions related to forecasts of revenues, operating margins, growth rates, and discount rates. The determination of the estimated fair value using the market approach requires management to make significant assumptions related to revenue, revenue market multiples, and selection of comparable companies. In

estimating the fair value of the tradename, the Company uses a relief from royalty income-based method, which requires management to estimate forecasts of revenue, royalty rates, and discount rates. The goodwill balance was \$44.1 million and the indefinite-lived intangible asset was \$36 million, as of December 31, 2024. The estimated fair value of the reporting unit and the indefinite-lived intangible asset exceeded their carrying values as of the measurement date and, therefore, no impairment was recognized.

We identified management's estimation of the fair value of the reporting unit and indefinite-lived intangible asset as a critical audit matter because of the significant estimates and assumptions management makes to estimate their respective fair values and the sensitivity of the estimates to the determination of their respective fair values. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to forecasts of revenues, operating margins, growth rates, discount rate, revenue market multiples, selection of guideline public companies, weighting of approaches, and royalty rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of revenues, operating margins, growth rates, discount rate, revenue market multiples, selection of guideline public companies, weighting of approaches, and royalty rate, included the following, among others:

- We evaluated the reasonableness of management's projections by comparing the projections to:
 - historical results
 - budget approved by management and the Company's board of directors
 - information included in industry reports and certain of its peer companies
 - Internal communications to management and the board of directors
- We evaluated the reasonableness of management's selection of comparable companies with similar operations and economic characteristics.
- We evaluated the competency and objectivity of management's expert engaged by the Company to assist in the income based, market based and relief from royalty valuation models.
- With the assistance of our fair value specialists, we evaluated the reasonableness of management's valuation methodology and significant assumptions by:
 - Evaluating the reasonableness of the discount rate, royalty rate, control premium, and revenue market multiples by comparing the underlying source information to publicly available market data and verifying the accuracy of the calculations.
 - Evaluating the weighting of the income and market approaches.
 - Evaluating the appropriateness of the valuation methods used by management and testing their mathematical accuracy.

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington

March 25, 2025

We have served as the Company's auditor since 2022.

Mynd.ai, Inc.
CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	As of December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,317	\$ 87,804
Accounts receivable, net of allowance for credit losses of \$211 and \$2,599, respectively	30,506	63,736
Inventories	28,638	53,944
Prepaid expenses and other current assets	11,601	14,408
Due from related parties	1,561	1,683
Current assets of discontinued operations	—	5,590
Total current assets	147,623	227,165
Non-current assets:		
Goodwill	44,130	44,928
Property, plant, and equipment, net	14,595	7,037
Intangible assets, net	39,521	43,700
Right-of-use assets	3,448	2,413
Deferred tax assets, net	34	58,035
Other non-current assets	3,268	1,810
Non-current assets of discontinued operations	—	21,949
Total non-current assets	104,996	179,872
Total assets	\$ 252,619	\$ 407,037
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 40,485	\$ 59,138
Accrued expenses and other current liabilities	45,959	49,134
Loans payable, current	10,931	31,942
Contract liabilities	11,281	14,004
Accrued warranties	15,749	17,871
Lease liabilities, current	1,047	1,618
Due to related parties	4,621	5,061
Current liabilities of discontinued operations	—	7,404
Total current liabilities	130,073	186,172
Non-current liabilities:		
Loans payable, non-current	58,077	64,859
Loans payable, related parties, non-current	5,006	4,670
Contract liabilities, non-current	18,581	21,762
Lease liabilities, non-current	2,761	1,030
Deferred tax liabilities	9,756	—
Non-current liabilities of discontinued operations	—	7,950
Total non-current liabilities	94,181	100,271
Total liabilities	224,254	286,443
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Ordinary shares par value of \$0.001; 990,000,000 shares authorized. 456,477,820 shares issued and 454,958,590 shares outstanding as of December 31, 2024. 456,477,820 shares issued and outstanding as of December 31, 2023.		
10,000,000 shares, \$0.001 par value, without designation; none authorized, issued and outstanding as of December 31, 2024 and 2023.	456	456
Treasury shares, at cost, 1,519,230 and none shares, respectively	(342)	—
Additional paid-in capital	479,480	473,590
Accumulated other comprehensive income	3,344	3,513
Accumulated deficit	(454,573)	(358,854)
Total Mynd.ai, Inc. shareholders' equity	28,365	118,705
Non-controlling interest	—	1,889
Total shareholders' equity	28,365	120,594
Total liabilities and shareholders' equity	\$ 252,619	\$ 407,037

See accompanying notes to the consolidated financial statements.

Mynd.ai, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 267,381	\$ 411,757	\$ 584,684
Cost of revenue	201,140	311,272	443,598
Gross profit	66,241	100,485	141,086
Operating expenses, net:			
General and administrative	33,427	30,964	34,608
Research and development	25,253	34,604	41,459
Sales and marketing	42,115	51,477	60,848
Transaction-related costs	—	19,288	502
Restructuring	3,484	10,195	238
Total operating expenses	104,279	146,528	137,655
Operating (loss) income	(38,038)	(46,043)	3,431
Other income (expense):			
Interest expense	(10,371)	(4,658)	(1,833)
Interest income	2,659	223	6
Gain on embedded derivative	11,389	432	—
Gain on forgiveness of debt	—	—	4,923
Other (expense) income	(1,384)	1,598	591
Total other income (expense)	2,293	(2,405)	3,687
Net (loss) income from continuing operations, before income taxes	(35,745)	(48,448)	7,118
Income tax (expense) benefit	(68,732)	9,658	25,982
Net (loss) income from continuing operations	(104,477)	(38,790)	33,100
Income (loss) from discontinued operations, net of tax	8,725	(605)	(12,637)
Net (loss) income	(95,752)	(39,395)	20,463
Net (loss) income from continuing operations attributable to non-controlling interests	—	—	—
Net (loss) income from discontinued operations attributable to non-controlling interests	(33)	33	—
Net (loss) income attributable to non-controlling interests	(33)	33	—
Net (loss) income from continuing operations attributable to ordinary shareholders	(104,477)	(38,790)	33,100
Net income (loss) from discontinued operations attributable to ordinary shareholders	8,758	(638)	(12,637)
Net (loss) income attributable to ordinary shareholders	\$ (95,719)	\$ (39,428)	\$ 20,463
Net (loss) income per ordinary share			
From continuing operations: Basic and Diluted	\$ (0.23)	\$ (0.09)	\$ 0.08
From discontinued operations: Basic and Diluted	\$ 0.02	\$ (0.00)	\$ (0.03)
Total basic and diluted	\$ (0.21)	\$ (0.09)	\$ 0.05
Weighted average shares outstanding used in calculating net (loss) income per share: Basic and diluted	456,471,923	427,986,755	426,422,220

See accompanying notes to the consolidated financial statements.

Mynd.ai, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
Net (loss) income	\$ (95,752)	\$ (39,395)	\$ 20,463
Other comprehensive (loss) income, net of tax of nil:			
Change in foreign currency translation reserve	497	(1,033)	(3,367)
Release of foreign currency translation reserve to net loss as a result of disposition	(566)	—	—
Total comprehensive (loss) income	(95,821)	(40,428)	17,096
Less: comprehensive income attributable to non-controlling interest	67	33	—
Comprehensive (loss) income attributable to Mynd.ai Inc.	\$ (95,888)	\$ (40,461)	\$ 17,096

See accompanying notes to the consolidated financial statements.

Mynd.ai, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except for share and per share data)

	Common Stock		Treasury stock		APIC	AOCI	Accumulated Deficit	Total Mynd.ai Shareholders'	Non-controlling Interest	Total Shareholders'
	Shares	Amount	Shares	Amount				Equity		Equity
Balance, January 1, 2022	426,422,220	\$ 426	—	\$ —	\$ 447,509	\$ 7,913	\$ (339,889)	\$ 115,959	\$ —	\$ 115,959
Net Income	—	—	—	—	—	—	20,463	20,463	—	20,463
Foreign currency translation	—	—	—	—	—	(3,367)	—	(3,367)	—	(3,367)
Contributions from Controlling Shareholder	—	—	—	—	556	—	—	556	—	556
Balance, December 31, 2022	426,422,220	426,000	—	—	448,065	4,546	(319,426)	133,611	—	133,611
Net (loss) Income	—	—	—	—	—	—	(39,428)	(39,428)	33	(39,395)
Foreign currency translation	—	—	—	—	—	(1,033)	—	(1,033)	—	(1,033)
Contributions from Controlling Shareholder	—	—	—	—	2,707	—	—	2,707	—	2,707
Acquisition of business	30,055,600	30	—	—	22,818	—	—	22,848	1,856	24,704
Balance, December 31, 2023	456,477,820	456,000	—	—	473,590	3,513	(358,854)	118,705	1,889	120,594
Net (loss)	—	—	—	—	—	—	(95,719)	(95,719)	(33)	(95,752)
Foreign currency translation	—	—	—	—	—	397	—	397	100	497
Disposition of subsidiary	—	—	—	—	—	(566)	—	(566)	(1,956)	(2,522)
Share based compensation	—	—	—	—	3,698	—	—	3,698	—	3,698
Share repurchase	—	—	(1,519,230)	(342)	—	—	—	(342)	—	(342)
Forgiveness of related party payables	—	—	—	—	2,412	—	—	2,412	—	2,412
Other equity adjustments	—	—	—	—	(220)	—	—	(220)	—	(220)
Balance, December 31, 2024	456,477,820	\$ 456	(1,519,230)	\$ (342)	\$ 479,480	\$ 3,344	\$ (454,573)	\$ 28,365	\$ —	\$ 28,365

See accompanying notes to the consolidated financial statements.

Mynd.ai, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	\$ (95,752)	\$ (39,395)	\$ 20,463
(Income) loss from discontinued operations, net of tax	(8,725)	605	12,637
Net (loss) income from continuing operations	(104,477)	(38,790)	33,100
Adjustments to reconcile net (loss) income from continuing operations to net cash (used in) provided by operating activities:			
Depreciation and amortization	5,698	4,973	4,520
Deferred taxes	67,669	(10,828)	(25,982)
Non-cash lease expense	1,737	1,958	1,818
Non-cash interest expenses	4,844	325	—
Gain on forgiveness of debt	—	—	(4,923)
Share-based compensation	3,698	—	—
Amortization of RDEC credit	(1,182)	(839)	(460)
Accrued tax credit RDEC	—	(1,732)	—
Change in fair value of derivative liability	(11,389)	(432)	—
Increase in inventory provision	—	4,630	3,951
Write-off of prepaid subscriptions	—	5,668	—
Other	90	71	30
Change in operating assets and liabilities:			
Accounts receivable	33,365	(679)	25,346
Inventories	25,251	54,734	(20,003)
Prepaid expenses and other assets	1,270	(5,482)	701
Prepaid subscriptions	—	1,632	(7,300)
Due from related parties	533	482	(4,376)
Accounts payable	(17,675)	(23,651)	(1,820)
Accrued expenses and other liabilities	(2,439)	(1,329)	(10,225)
Accrued warranties	(2,037)	3,883	3,266
Due to related parties	1,491	1,083	3,469
Contract liabilities	(5,743)	6,966	7,779
Lease obligations - operating leases	(1,579)	(1,903)	(2,084)
Net cash (used in) provided by operating activities - continuing operations	(875)	740	6,807
Net cash provided by (used in) operating activities - discontinued operations	1,661	(3,098)	(12,079)
Net cash provided by (used in) provided by operating activities	786	(2,358)	(5,272)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	(1,283)	(389)	(829)
Internal-use software development costs	(8,465)	(4,434)	(1,028)
Repayment (issuance) of loan receivable, related party	—	8,019	(7,919)
Proceeds from disposition of GEH Singapore	20,000	—	—
Acquisition of businesses, net of cash	—	10,375	(6,000)
Net cash provided by (used in) investing activities - continuing operations	10,252	13,571	(15,776)
Net cash used in investing activities - discontinued operations	(5,942)	5,763	—
Net cash provided by (used in) investing activities	4,310	19,334	(15,776)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of Revolver	(38,000)	(80,300)	(49,305)
Debt issuance costs paid	(90)	—	—
Proceeds from Revolver	17,000	62,000	63,000
Proceeds from convertible note	—	64,884	—
Contingent consideration payments	(1,007)	(2,174)	—
Repayment of Paycheck Protection Program Loan	(192)	(192)	(5)
Repayment of NetDragon group loans	—	—	(3,210)
Proceeds from NetDragon group loans	—	219	869
Share repurchase	(342)	—	—
Net cash (used in) provided by financing activities - continuing operations	(22,631)	44,437	11,349
Net cash provided by financing activities - discontinued operations	—	—	—
Net cash (used in) provided by financing activities	(22,631)	44,437	11,349
Net change in cash	(17,535)	61,413	(9,699)
Cash and cash equivalents, beginning of year	91,784	29,312	40,508
Exchange rate effects	1,068	1,059	(1,497)
Cash and cash equivalents, end of year	\$ 75,317	\$ 91,784	\$ 29,312
Supplemental disclosure of non-cash investing and financing activities transactions:			
Continuing operations:			
Convertible notes issued in exchange for accrued PIK interest	\$ 3,309	\$ —	\$ —
Decrease in goodwill due to measurement period adjustments relating to business acquisition, net	\$ 1,228	\$ —	\$ —
Lease assets acquired in exchange for lease liabilities	\$ 2,838	\$ —	\$ —
Forgiveness of related party payables	\$ 2,412	\$ —	\$ —
Accrued purchase price related to acquisition of businesses	\$ —	\$ —	\$ 1,200

Accrued purchase price related to acquisition of businesses	\$	—	\$	—	\$	1,000
Accrued value of earnout related to acquisition of businesses	\$	—	\$	—	\$	377
Noncash consideration transferred for acquisition of businesses	\$	—	\$	22,848	\$	—
Discontinued operations:						
Lease assets acquired in exchange for lease liabilities	\$	5,044	\$	—	\$	—
Supplemental disclosure of cash transactions:						
Cash paid for interest	\$	5,387	\$	5,223	\$	—
Cash received for tax refunds, net	\$	1,397	\$	914	\$	969

Cash flows are presented on a consolidated basis and cash and cash equivalents presented in current assets of discontinued operations in the consolidated balance sheets as of December 31, 2023 were \$3,980.

See accompanying notes to the consolidated financial statements.

Mynd.ai, Inc.
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Note 1. Organization

Mynd.ai, Inc. ("the Company"), a Cayman Islands company, provides global, end-to-end, learning solutions and collaboration tools to help teachers, schools, students, and professionals realize their greatest potential. The Company's global headquarters is in Seattle, Washington, U.S., and it conducts its business through its various subsidiaries throughout the world, with operations principally focused in the U.S., Europe, and the U.K.

Note 2. Summary of Significant Accounting Policies***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and follow the requirements of the Securities and Exchange Commission (the "SEC") for annual reporting for a foreign private issuer.

On December 13, 2023, NetDragon Websoft Holdings Limited ("NetDragon") and Gravitas Education Holdings, Inc. ("GEHI") completed a series of transactions (the "Merger") that resulted in (i) GEHI divesting its business in China, (ii) NetDragon transferring its education businesses outside of China to eLMTree Inc. ("eLMTree"), (iii) eLMTree becoming a wholly owned subsidiary of GEHI, and (iv) GEHI changing its name to "Mynd.ai, Inc." The Merger was accounted for as a business combination in accordance with ASC 805, *Business Combinations*. While GEHI was the legal acquirer of eLMTree, the transaction has been accounted for as a reverse acquisition, and consequently, eLMTree was identified as the acquirer for accounting purposes. The financial statements of the Company prior to closing of the Merger reflect the consolidated and combined financial statements of eLMTree (see Note 3 Acquisitions and Disposition). These consolidated and combined financial statements were derived from the separate records maintained by NetDragon, who continues to be a controlling shareholder of the Company (the "Controlling Shareholder"). The financial statements for periods prior to the Merger include estimated expense allocations for certain corporate functions historically provided by NetDragon. These allocations may not be reflective of the actual expenses that would have been incurred had the Company operated as a separate entity apart from NetDragon.

As a result of the reverse acquisition, all shares and per share amounts for all periods presented in the accompanying financial statements and notes thereto have been adjusted retroactively. The Company calculated basic loss per share for each comparative period prior to the acquisition date by dividing net loss of the accounting acquirer attributable to ordinary shareholders by the accounting acquirer's historical weighted-average number of ordinary shares outstanding. The Company calculated the weighted-average number of ordinary shares outstanding (the denominator of the EPS calculation), including the equity interests issued by the legal acquirer to effect the reverse acquisition, as the number of ordinary shares outstanding from the beginning of that period to the acquisition date computed on the basis of the weighted-average number of ordinary shares of the accounting acquirer outstanding during the period multiplied by an exchange ratio derived from the shares exchanged at the Merger date.

Subsequent to the Merger date and prior to the disposition of GEH as described below, the Company was comprised of the consolidated operations of eLMTree Inc. and subsidiaries and Global Eduhub Holdings Limited and subsidiaries ("GEH Singapore"). The eLMTree segment consisted of a number of legal entities, including Promethean World Limited and its consolidated subsidiaries ("Promethean") and Edmodo, LLC ("Edmodo"). The GEH Singapore segment represented Singapore-based kindergarten and student care services that have historically been reported as part of GEHI prior to the Merger.

Mynd.ai, Inc.
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Discontinued Operations

When the Company has abandoned, or classified as held for sale, a business component that represents a strategic shift with a major effect on the Company's operations and financial results, it classifies that business component as a discontinued operation and retrospectively presents discontinued operations for the comparable periods. The post-tax income, or loss, of discontinued operations are shown as a single line on the face of the consolidated statements of operations. The disposition of the discontinued operation would also result in a gain or loss upon final disposition.

On October 2, 2024, the Company completed the sale (the "Disposition") of all of the Company's holdings of capital stock in GEH Singapore (constituting 85% of the total equity ownership of GEH Singapore prior to the Disposition) for cash consideration of \$20,000, pursuant to the terms of a written agreement dated October 1, 2024 between the Company and an entity controlled by the former minority owner of GEH Singapore prior to the Disposition. This sale represented a strategic shift with a major effect on the Company's operations and financial results, and as a result, the GEH Singapore segment has been presented as discontinued operations and excluded from both continuing operations and segment results for all periods presented. The results of GEH Singapore, including the gain on disposition, are instead presented as discontinued operations in the consolidated statements of operations for the years ended December 31, 2023 and 2024. Further, the assets and liabilities of GEH Singapore have been reclassified as current and non-current assets and liabilities of discontinued operations in the consolidated balance sheets as of December 31, 2023. The cash flows from the GEH Singapore segment are presented as cash flows from discontinued operations within the consolidated statements of cash flows. The Company has not historically allocated any general corporate overhead to GEH Singapore. See Note 3 Acquisitions and Disposition and Note 20 Discontinued Operations for further discussion.

On September 22, 2022, eLMTree abandoned the operations of the North America geographic region of the Edmodo business. In applying FASB ASC 205-20 *Presentation of Financial Statements – Discontinued Operations* and ASC 360 *Property, Plant, and Equipment*, the Company determined the abandonment qualified for discontinued operations presentation and as such, the consolidated financial statement have been retroactively adjusted, where applicable, to give effect to the discontinued operations for all periods presented. See Note 20 Discontinued Operations for details of operations and financial position that have been included in discontinued operations. In 2024, the Company closed the remaining operations of Edmodo. This closure did not qualify for discontinued operations presentation, as it did not represent a strategic shift with a major effect on the Company's operations and financial results. Accordingly, the results of the remaining operations of Edmodo have been included in continuing operations for all the periods presented.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and its partially owned subsidiaries and non-controlling interests. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements, in conformity with U.S. GAAP, requires the Company to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Important estimates and assumptions relate to revenue recognition, impairment of obsolete and slow-moving inventories, valuation of assets acquired and liabilities assumed in business combinations, evaluation of finite-lived tangible and intangible assets, goodwill and indefinite-lived intangible assets for impairment, valuation of embedded derivatives, provision for warranty costs and valuation allowance for deferred tax assets. These estimates and judgments are subject to change based on experience and new information which could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Mynd.ai, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Reclassifications

The Company has made reclassifications to certain previously reported financial information to conform to the current period presentation, including further disaggregation to the contract liabilities footnote, and reclassifying interest income as a separate line on the consolidated statements of operations. The Company has reflected these changes in all historical periods presented. Additionally, the Company has reclassified the operations, financial position and cash flows of the GEH Singapore segment as discontinued operations in the financial statements as of and for the year ended December 31, 2023. The Company's balance sheet does not include any assets and liabilities of the GEH Singapore segment as of December 31, 2024.

Revision for Correction of Immaterial Error

In connection with the preparation of its financial statements for the year ended December 31, 2024, the Company determined that it had understated certain liabilities and cost of revenue related to its core hardware products during the periods of 2019 through 2024. Correcting this error would have the effect of increasing accrued expenses and other current liabilities, as well as inventories and cost of revenue, based on the amount of hardware inventory sold each year, for all affected years.

Based on the guidance in Accounting Standards Codification (ASC) Topic 250, *Accounting Changes and Error Corrections*, ASC Topic 250-S99-1, *Assessing Materiality*, and ASC Topic 250-S99-2, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, the Company evaluated the additional liability to be recorded and determined that the related impact was immaterial to the previously issued financial statements. However, correcting for the liability in the current period would have a material impact on the current period financial statements. Therefore, the Company, in consultation with the Audit Committee of the Company's Board of Directors, concluded that the affected periods should be revised to present the identified adjustments. The Company has not filed, and does not intend to file, an amendment to the previously filed Annual Report on Form 20-F for the year ended December 31, 2023, but instead is revising its previously reported financial statements in this Annual Report on Form 20-F. As result of revising its previously issued financial statements, the Company determined it erroneously awarded \$194 of incentive-based compensation to certain of its current and former executive officers. Subsequent to December 31, 2024, the Company recouped substantially all of this erroneously awarded compensation by cancelling RSUs previously awarded to these executive officers under the Mynd.ai Equity Incentive Plan.

Mynd.ai. Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The Company corrected the relevant prior periods of the consolidated financial statements and related footnotes for this immaterial error for comparative purposes and will also correct previously reported financial information for the immaterial error in future filings, as applicable. A summary of the corrections, including the income tax effects relating to all corrections, are as follows:

Consolidated balance sheets ²

	December 31, 2023		
	As previously reported	Adjustment	As revised
Inventories ¹	\$ 52,951	\$ 993	\$ 53,944
Total current assets	\$ 226,172	\$ 993	\$ 227,165
Deferred tax assets, net ¹	\$ 56,381	\$ 1,654	\$ 58,035
Total non-current assets	\$ 178,218	\$ 1,654	\$ 179,872
Total assets	\$ 404,390	\$ 2,647	\$ 407,037
Accrued expenses and other current liabilities ¹	\$ (41,522)	\$ (7,612)	\$ (49,134)
Total current liabilities ¹	\$ (178,560)	\$ (7,612)	\$ (186,172)
Total liabilities ¹	\$ (278,832)	\$ (7,612)	\$ (286,443)
Accumulated deficit ¹	\$ (353,890)	\$ (4,965)	\$ (358,854)
Shareholders' equity ¹	\$ 125,558	\$ (4,965)	\$ 120,594

Consolidated statements of operations ²

	As previously reported	Adjustment	As revised
Year ended December 31, 2022			
Cost of revenue	\$ 440,769	\$ 2,829	\$ 443,598
Gross profit	\$ 143,915	\$ (2,829)	\$ 141,086
Operating income (loss)	\$ 6,260	\$ (2,829)	\$ 3,431
Net income from continuing operations, before income taxes	\$ 9,947	\$ (2,829)	\$ 7,118
Income tax benefit	\$ 25,275	\$ 707	\$ 25,982
Net income from continuing operations	\$ 35,222	\$ (2,122)	\$ 33,100
Year ended December 31, 2023			
Cost of revenue ¹	\$ 309,186	\$ 2,086	\$ 311,272
Gross profit ¹	\$ 102,571	\$ (2,086)	\$ 100,485
Operating (loss) income ¹	\$ (43,957)	\$ (2,086)	\$ (46,043)
Net loss from continuing operations, before income taxes ¹	\$ (46,362)	\$ (2,086)	\$ (48,448)
Income tax benefit ¹	\$ 9,137	\$ 521	\$ 9,658
Net (loss) income ¹	\$ (37,225)	\$ (1,565)	\$ (38,790)

Mynd.ai, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

Consolidated statements of cash flows ²

	As previously reported		Adjustment		As revised
Year ended December 31, 2022					
Net income	\$	22,585	\$	(2,122)	\$ 20,463
Deferred taxes	\$	(25,275)	\$	(707)	\$ (25,982)
Change in operating assets and liabilities:					
Inventories	\$	(20,237)	\$	234	\$ (20,003)
Accrued expenses and other current liabilities	\$	(12,820)	\$	2,595	\$ (10,225)
Year ended December 31, 2023					
Net loss	\$	(37,831)	\$	(1,565)	\$ (39,395)
Deferred taxes	\$	(10,307)	\$	(521)	\$ (10,828)
Change in operating assets and liabilities:					
Inventories ¹	\$	54,619	\$	115	\$ 54,734
Accrued expenses and other current liabilities ¹	\$	(3,300)	\$	1,971	\$ (1,329)

Consolidated statements of changes in shareholders' equity ²

	As previously reported		Adjustment		As revised
Accumulated deficit, January 1, 2022	\$	(338,611)	\$	(1,278)	\$ (339,889)
Total Shareholders' equity, January 1, 2022	\$	117,237	\$	(1,278)	\$ 115,959
Net income	\$	22,585	\$	(2,122)	\$ 20,463
Accumulated deficit, December 31, 2022	\$	(316,026)	\$	(3,400)	\$ (319,426)
Total Mynd.ai Shareholders' Equity, December 31, 2022	\$	137,011	\$	(3,400)	\$ 133,611
Total Shareholders' equity, December 31, 2022	\$	137,011	\$	(3,400)	\$ 133,611
Year ended December 31, 2023					
Net loss	\$	(37,831)	\$	(1,565)	\$ (39,395)
Accumulated deficit, December 31, 2023	\$	(353,890)	\$	(4,965)	\$ (358,854)
Total Mynd.ai Shareholders' Equity, December 31, 2023	\$	123,669	\$	(4,965)	\$ 118,705
Total Shareholders' equity, December 31, 2023	\$	125,558	\$	(4,965)	\$ 120,594

¹ All numbers presented relate to continuing operations and may not agree to previously issued financial statements as a result of the conclusion to present the results of operations for GEH Singapore as discontinued operations in this annual report on Form 20-F (see Note 20 - Discontinued Operations).

² Rounding may impact summation of amounts.

Mynd.ai. Inc.
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Liquidity and Capital Resources

As of December 31, 2024, the Company had \$75,317 in cash and cash equivalents and net working capital of \$17,550. The Company had net cash outflows from continuing operations in 2024 of \$875 and net cash inflows of \$786 after considering discontinued operations. The Company has in place a revolver with Bank of America. This revolver has a committed line limit of \$50,000 through its maturity in January 2028. As of December 31, 2024, the Company had unused borrowing capacity on the revolver of \$8,608 based on the borrowing base calculation. Given these facts and circumstances, the Company has determined that it is reasonably expected to have adequate financial resources to continue as a going concern for at least the twelve-month period following issuance of these financial statements.

Non-controlling Interests

Non-controlling interests ("NCI") on the consolidated balance sheets include third-party investments in entities that the Company consolidates, but does not wholly own. NCI are classified as part of equity, and the amount of net income (loss), other comprehensive income (loss), and any other equity transactions are allocated to NCI in accordance with their applicable ownership percentages. NCI recognized as a result of a business combination are measured initially at fair value, which represents the NCI's proportionate share of the acquired identifiable net assets. The NCI was disposed of as part of the sale of GEH Singapore in Q4 2024.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand with financial institutions. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2024, and 2023, respectively, the Company had no cash equivalents.

Concentration of Credit Risk

Credit risk represents the risk that the Company would incur a loss if counterparties failed to perform pursuant to the terms of their agreements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash balances with financial institutions in federally insured accounts and for certain institutions has cash balances in excess of the insurance limits. These deposits and funds may be redeemed upon demand and the Company does not anticipate any losses on such balances. The Company has not experienced any losses to date and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivables are recorded at the invoiced amount and do not bear interest.

The allowance for credit losses is the Company's best estimate of the credit losses in existing accounts receivable. The Company monitors the financial performance, historical and expected collection patterns, and creditworthiness of its customers so that it can properly assess and respond to changes in their credit profile. The Company also monitors domestic and international economic conditions for the potential future effect on its customers. Past due balances are reviewed individually for collectability. Account balances are charged against the allowance for credit losses when the Company determines it is probable the receivable will not be recovered. All allowance for credit losses are charged to general and administrative expenses on the Company's consolidated statements of operations.

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The allowance for credit losses as of December 31, 2024, and 2023 was as follows:

	December 31,		
	2024	2023	2022
Balance at beginning of period	\$ 2,599	\$ 2,970	\$ 2,970
Adjustments and provision for estimated credit losses	—	(371)	—
Write-offs and collections of accounts receivable	(2,379)	—	—
Foreign currency adjustments	(9)	—	—
Balance at end of period	<u>\$ 211</u>	<u>\$ 2,599</u>	<u>\$ 2,970</u>

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). The Company measures the cost of inventories based on the first-in, first-out method. Inventory costs include expenditures incurred in acquiring the inventories, production or conversion costs, as well as other costs incurred in bringing them to their existing location and condition. Inventory is comprised of raw materials and finished products intended for sale. The Company periodically makes judgments and estimates regarding the future utility and carrying value of inventory. The carrying value of inventory is periodically reviewed and impairments, if any, are recognized when the expected net realizable value is less than carrying value.

Property, Plant and Equipment, Net

Property, plant and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense when incurred. Additions and improvements that extend the economic useful life of the asset are capitalized and depreciated over the remaining useful lives of the assets. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is reflected in current earnings. Depreciation is recognized using the straight-line method in amounts considered to be sufficient to allocate the cost of the assets to operations over the estimated useful lives or lease terms, as follows:

Asset Category	Estimated Useful Life
Buildings	25 years
Plant and Machinery	3-10 years
Computer and office equipment	3-5 years
Furniture and Fixtures	5 years
Capitalized software	3-5 years
Leasehold improvements	**

** Leasehold improvements are depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the term of the underlying lease.

Internal-Use Software

The Company capitalizes qualifying employee costs and third-party vendor fees for the development of software that will only be used internally. Capitalization begins once the project reaches the application development stage. Costs incurred during the preliminary project stage, as well as training costs and data conversion costs, are expensed as incurred. Amortization is generally recorded on a straight-line basis over the estimated useful lives ranging from three to five years. Capitalized internal-use software is included within property, plant, and equipment on the consolidated balance sheets.

Mynd.ai. Inc.
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Intangible Assets

Intangible assets, which consist of customer relationships, patents, and technology, are stated at cost less accumulated amortization.

For finite-lived intangible assets, amortization is generally recorded on a straight-line basis over estimated useful lives ranging from two to ten years. The Company periodically reviews the estimated useful lives of intangible assets and adjusts them when events indicate that a shorter life is appropriate.

Indefinite-lived intangible assets are not subject to amortization. Each reporting period, the Company evaluates whether events and circumstances continue to support an indefinite useful life. If an indefinite-lived intangible asset is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life.

Goodwill

Goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, is carried at cost, less any impairment. Goodwill is not amortized; rather, it is subject to a periodic assessment for impairment by applying a fair value-based test.

Impairment of Long-lived Assets

Long-lived assets, other than goodwill and indefinite-lived intangibles, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets.

Factors that the Company considers in deciding when to perform an impairment review include significant changes in the Company's forecasted projections for the asset or asset group for reasons including, but not limited to, significant underperformance of a product in relation to expectations, significant changes, or planned changes in the Company's use of the assets, significant negative industry or economic trends, and new or competing products that enter the marketplace. The recoverability test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset group. If impairment is indicated, the asset is written down by the amount by which the carrying amount of the asset exceeds the related fair value of the asset, with the related impairment charge recognized within the statements of operations.

Indefinite-lived intangible assets are tested for impairment annually and more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. The Company has the option to assess the qualitative factors in determining whether it is more likely than not the fair value of the indefinite lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative indefinite-lived asset impairment test. If the Company determines that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, then a quantitative indefinite-lived asset impairment test is performed. Impairment tests are performed, at a minimum, on December 31st each year.

The Company uses an income approach (generally the relief from royalty method) to determine the estimated fair value of its indefinite-lived intangible assets in concluding whether the fair value of these assets exceeded their carrying amounts. If the fair value exceeds the carrying amount, then no impairment is recognized. If the carrying amount exceeds the fair value calculated, then an impairment charge is recognized for the difference. The impairment review requires the Company to make judgments in determining various assumptions with respect to revenues, growth rates, royalty rates, and discount rates. The judgments made in determining the estimated fair value of an indefinite-lived intangible asset can materially impact the Company's financial condition and results of operations.

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Goodwill is evaluated for impairment on an annual basis at a level of reporting referred to as the reporting unit, and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. The Company has the option to assess the qualitative factors in determining whether it is more likely than not the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative goodwill impairment test is performed. Impairment tests are performed, at a minimum, on December 31st each year.

The Company may use the income approach (utilizing future estimated discounted cash flows) or the market approach (utilizing revenue multiples of guideline public companies with similar operations and economic characteristics) to determine the estimated fair value of reporting units in determining whether the fair value of its reporting units exceeded their carrying amounts. If the fair value exceeds the carrying amount, then no impairment is recognized. If the carrying amount exceeds the fair value calculated, then an impairment charge is recognized for the difference. The impairment review requires the Company to make judgments in determining various assumptions with respect to revenues, operating margins, growth rates, discount rates, and market multiples of comparable companies. The judgments made in determining the estimated fair value of a reporting unit can materially impact the Company's financial condition and results of operations.

The observed downward trend, relative to recent prior years, in education technology customer demand throughout all of the key markets in which the Company operates, among other conditions, led the Company to conclude that there were indications that its definite-lived long-lived assets and goodwill might not be recoverable and its indefinite-lived intangible asset might be impaired as of December 31, 2024. Accordingly, the Company performed the following analyses.

- (i) A recoverability test to compare the sum of the undiscounted cash flows expected to be generated from the use of the definite-lived long-lived asset group to its carrying amount. Based on this analysis, the Company concluded that the sum of undiscounted cash flows exceeded the carrying amount of the asset group, and thus the long-lived assets were concluded to be recoverable as of December 31, 2024.
- (ii) A quantitative impairment analysis to estimate the fair value of its reporting unit, using both the income and market approach. The results of this analysis determined that the estimated fair value of the reporting unit is in excess of its carrying amount and therefore goodwill was not impaired as of December 31, 2024.
- (iii) A quantitative impairment analysis to estimate the fair value of its indefinite-lived intangible asset using the relief of royalty method. Based on the results of this analysis, the Company concluded that the estimated fair value of the indefinite-lived intangible asset continued to be in excess of its carrying amount and that the indefinite-lived intangible asset was not impaired of December 31, 2024.

During the years ended December 31, 2023 and 2022, the Company did not identify any events or changes in circumstances that would indicate that the carrying amount of its definite-lived long-lived assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets.

The Company performed a qualitative assessment and determined it was not more likely than not that the fair values of the Company's reporting units and indefinite-lived intangible assets were less than their carrying amounts for the years ended December 31, 2023, and 2022.

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Fair Value Measurements

The Company applies ASC 820, *Fair Value Measurement* ("ASC 820"), which establishes a framework for measuring fair value and clarifies the definition of fair value within that framework. ASC 820 defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company's principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances. The valuation hierarchy is composed of three levels as described below:

Level 1 - Assets and liabilities with unadjusted, quoted prices listed on active market exchanges. Inputs to the fair value measurement are observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs to the fair value measurement are determined using prices for recently traded assets and liabilities with similar underlying terms, as well as direct or indirect observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Inputs to the fair value measurement are unobservable inputs, such as estimates, assumptions, and valuation techniques when little or no market data exists for the assets or liabilities.

In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available, the Company may engage third-party qualified valuation specialists to perform the valuation. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of the Company's financial assets and liabilities, such as cash and cash equivalents, accounts receivable, due from related parties, current related party loans payable, and current assets and liabilities of discontinued operations approximate their fair values because of their short-term nature. The derivative liability associated with the Company's convertible note is remeasured at fair value at each reporting date and is classified as Level 3 in the fair value hierarchy (see Note 14 - Debt). During the years ended December 31, 2023 and 2022, the Company utilized Level 3 inputs to determine the fair value of net assets acquired in business combinations (see Note 3 - Acquisitions and Disposition).

Certain non-financial assets, such as goodwill, intangible assets, right-of-use assets, and property and equipment, are measured at fair value on a non-recurring basis and are adjusted to fair value only if an impairment charge is recognized. Such fair value measures are considered to be within the Level 3 valuation hierarchy due to the subjective nature of the unobservable inputs used. The Company has not recorded any impairment charges to non-financial assets during any of the periods presented.

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Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting. The purchase consideration is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair value of these assets acquired and liabilities assumed is recorded as goodwill. Management is required to make significant estimates and assumptions in determining fair values, especially with respect to acquired intangible assets, which include but are not limited to the selection of valuation methodologies, expected future revenue and net cash flows, expected customer attrition rates, future changes in technology, and discount rates. These estimates are inherently uncertain and, therefore, actual results may differ from the estimates made. As a result, during the measurement period of up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill as information on the facts and circumstances that existed as of the acquisition date becomes available. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statements of operations.

Transaction-related expenses are recognized separately from business combinations and are expensed as incurred. The acquisition method also requires that acquisition-related transaction and post-acquisition restructuring costs be charged to expense as committed and requires the Company to recognize and measure certain assets and liabilities including those arising from contingencies and contingent consideration in a business combination. These costs include one-time people-related costs and amounts paid to vendors and consultants assisting with the acquisition.

During the years ended December 31, 2024, 2023 and 2022, the Company expensed transaction-related and abandoned deal costs of nil, \$19,288 and \$502, respectively, in the consolidated statements of operations.

Convertible debt

The Company reviews the terms of convertible debt issued to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as other income (expense) in the consolidated statements of operations. When the convertible debt instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds received are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the host instruments themselves, usually resulting in those instruments being recorded at a discount from their face value. The discount from the face value of the convertible debt, together with the stated interest on the instrument, is amortized over the life of the instrument through periodic charges to interest expense.

Share-based Compensation

The Company accounts for share-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*, which requires that the grant-date fair value of such awards is recognized ratably over the related vesting period. The restricted stock units have a grant date fair value equal to the fair market value of the underlying stock on the grant date less present value of expected dividends. The Company accounts for forfeitures as they occur.

Treasury stock

The Company accounts for treasury stock under the cost method.

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Revenue Recognition

The Company recognizes revenue pursuant to ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), which prescribes that an entity should recognize revenue that depicts the transfer of products or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those products or services. The guidance also requires disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts.

Under ASC 606, the Company recognizes revenue following a five-step model which prescribes the Company: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company does not have any significant financing components in their customer contracts.

Performance obligations are satisfied both at a point in time and over time. All revenues are recognized based on the satisfaction of the performance obligation to date.

The Company generates revenue from the sale of the following goods and services. Revenue amounts presented exclude value-added tax and other sales taxes.

Hardware and Accessories

The Company generates most of its revenue from the sales of hardware and accessory products to a global network of distributors and resellers, who are considered the customers for these products. Revenue is recognized at a point in time when the customer obtains control of the distinct good. The specific timing of the change in control varies by customer (based on contractual agreements between the Company and the customer) and can occur either when the goods are shipped by the Company via a third-party carrier, or when the goods are made available for pick-up by the customer. Customers do not have a contractual right of return of goods, aside from standard provisions regarding defective products.

The Company historically provided a Promethean Global Software License for its preloaded proprietary embedded software with the sale of most of its hardware products. The Company considers this hardware and software to be highly interdependent and highly interrelated. As a result, the Company considers the hardware and proprietary software to represent a combined performance obligation and recognizes revenue when control of the combined performance obligation has passed to the customer.

The Company provides term-limited Promethean ActivSuite software-as-a-service ("SaaS") subscriptions with the sale of its ActivPanel 10 hardware product. The Company views these term-limited subscriptions as a separate performance obligation and, as a result, recognizes revenue based on the estimated stand-alone selling price of the service over the term of the subscription.

Future Unspecified Software Upgrade Rights

As part of the sale of certain of its hardware products, the Company provided the right for the customer to receive, on a when-and-if-available basis, future unspecified software upgrades relating to the software bundled with each such hardware device. The customer for future unspecified software upgrade rights was the end user. Because the Company lacks observable prices for the undelivered performance obligations, the allocation of revenue was based on the Company's estimated stand-alone selling prices using the cost-plus margin approach. Allocated revenue for the future unspecified software upgrade rights are recorded in the consolidated balance sheet as contract liabilities and are recognized in the consolidated statements of operations on a straight-line basis over the period that the software upgrades are provided.

As December 31, 2024, all such revenue had been fully recognized, and no amounts remained recorded as contract liabilities on the consolidated balance sheet.

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Freight Revenue

The Company may arrange for shipment of its core products by third-party logistics providers to certain customers, based on delivery location and timing requirements determined by these customers. The Company considers freight to be a separate performance obligation, as the shipping is capable of being distinct within the context of contract and provides a separate benefit to the customer above and beyond the Company's other products. This performance obligation is considered to be satisfied at a point in time, which typically occurs when the third-party logistics providers take possession of the products, as control of the goods has passed to the customer at this point in time. The Company considers itself to be the principal in freight revenue transactions.

Warranty Revenue

The Company provides a standard warranty on all of its hardware products. Depending on the jurisdiction in which the product is sold, this standard warranty is either for three years or five years. This warranty is not sold separately and does not provide any additional services beyond assuring the product complies with the agreed upon specifications and is free of defects. As such, the Company considers the standard warranty to represent an assurance type warranty which does not constitute a separate performance obligation.

In those jurisdictions where a three-year warranty is considered standard, the Company also separately sells enhanced five-year and seven-year warranties, which are considered to represent a separate performance obligation that is satisfied over the time period from the end of the term of the standard warranty to the end of the term of the enhanced warranty. In those jurisdictions where a five-year warranty is considered standard, the Company also separately sells enhanced seven-year warranties, which are considered to represent a separate performance obligation that is satisfied over the time period from the end of the term of the standard warranty to the end of the term of the enhanced warranty. The customer for enhanced warranties is the end user.

Payments received in advance of providing these enhanced warranty services are recorded in the consolidated balance sheet as contract liabilities and are recognized in the consolidated statements of operations on a straight-line basis over the period that the enhanced warranty services are provided.

Software-as-a-Service (SaaS)

The Company offers a number of services, generally in the form of a subscription for a set time period, through the use of internally developed software and certain third-party arrangements. The Company considers SaaS offerings to be a separate performance obligation, as the service provided is capable of being distinct within the context of contract and provides a separate benefit to the customer above and beyond the Company's other products. The customer for SaaS offerings is the end user. Payments received in advance of providing the SaaS offering are recorded in the consolidated balance sheet as contract liabilities and are recognized in the consolidated statements of operations on a straight-line basis over the period that SaaS offering are provided.

Training Revenue

The Company offers training services for the use of its hardware, which is considered to represent a separate performance obligation, as the services are capable of being distinct within the context of the contract and provide a separate benefit to the customer above and beyond the Company's other products. The revenue associated with this performance obligation is recognized as the training service is delivered, which generally occurs within one year of the original date of sale. The customer for training services is the end user. Payments received in advance of providing these training services are recorded in the consolidated balance sheet as contract liabilities and are recognized in the consolidated statements of operations as delivered.

Practical Expedients

The Company applies the following practical expedients allowable under ASC 606:

1. Sales Taxes and Similar Taxes Collected from Customers:

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The Company excludes from the transaction price value-added tax and other sales taxes.

2. Contract Costs:

The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Significant Judgments

Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. To be distinct, the customer must be able to benefit from the service on its own or with readily available resources, and the promise to transfer the good or service must be separately identifiable from other goods and services in the contract.

When the Company enters into contracts whereby the Company will transfer cash or a credit note to a customer when a rebate has been achieved, the Company estimates the amount of consideration to which it will be entitled using the expected value method. The Company also enters into contracts with certain of its distributor and reseller partners where the sales price of the products or services transferred is not fixed at the time revenue is initially recognized, but is rather subsequently determined by the price at which the distributor or reseller sells the products or services to the end consumer. These estimates are made using the expected value method based on historical rebate experience and expected future sales trends on a customer-by-customer basis. These estimates are measured at each reporting date and are generally resolved within 90 days of recognizing the initial revenue. Because these contracts contain elements of variable consideration, the Company only includes this variable consideration in its transaction price when there is a basis to reasonably estimate the amount of consideration to which the Company expects to ultimately be entitled, and it is probable there will not subsequently be a significant reversal of revenue previously recognized.

Provision for Warranty Costs

The Company provides customers of its hardware products with warranties to assure the product complies with agreed upon specifications and is free of defects. The Company records a liability based on its best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors used in estimating the warranty liability include a history of units sold and units under warranty that have failed, average cost incurred to repair/replace units under warranty, and a profile of the distribution of warranty expenditures over the warranty period. Actual claims incurred could differ from estimates, requiring adjustments to the liabilities.

Cost of Revenue

Cost of revenue consists primarily of inventory costs, cost of delivering training services, depreciation of property, plant and equipment, freight, warehousing, and warranty costs associated with the Company's hardware products, as well as third-party hosting and processing fees associated with the Company's online sales platforms. In addition, logistic and operations employee costs, as well as an allocation of related depreciation and office space cost, are also included in cost of revenue. Finally, amortization of intangible assets directly associated with the Company's products and services is also included in cost of revenue.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and employee benefits for its employees not related to logistics and operations, research and development, and selling and marketing activities, as well as costs incurred for office space (excluding amounts allocated to cost of revenue), professional service fees, insurance costs, legal expenses, and other general overhead.

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Research and Development Expenses

Research and development expenses consist primarily of salaries, employee benefits, and other compensation for employees engaged in research and development.

Sales and Marketing Expenses

Selling and marketing expenses consist primarily of salaries, employee benefits, and other compensation for employees engaged in sales and marketing activities, as well as the costs of media advertising, promotions, trade shows, and seminars.

Advertising Expense

Advertising costs are expensed as incurred. Advertising costs of \$3,711, \$7,208, and \$11,343 for the years ended December 31, 2024, 2023, and 2022, respectively, were included in sales and marketing expenses on the consolidated statements of operations. Advertising costs of \$448, \$12, and nil for the years ended December 31, 2024, 2023, and 2022, respectively, were included in income (loss) from discontinued operations in the consolidated statements of operations.

Other Income (Expense)

Other income (expense) consists primarily of interest expense, interest income, gain on embedded derivative, gain from the forgiveness of debt, and other income (expense), which includes foreign currency transaction adjustments.

Restructuring and Other Expense

Costs to exit or restructure certain activities of existing operations or operations of a recently acquired company are accounted for as termination and exit costs pursuant to ASC 420, *Exit or Disposal Cost Obligations*. A liability for costs associated with an exit or disposal activity is recognized and measured at its fair value in the consolidated statements of operations in the period in which the liability is incurred.

	December 31,		
	2024	2023	2022
Severance costs	\$ 3,484	\$ 4,527	\$ 238
Write-off of prepaid subscriptions ¹	—	5,668	—
	<u>\$ 3,484</u>	<u>\$ 10,195</u>	<u>\$ 238</u>

¹ Represents the write-off of prepaid subscriptions pursuant to a distribution and master services agreement, as these prepaid subscriptions were deemed not recoverable through future sales activity.

As December 31, 2024, the Company had \$547 in accrued severance costs. There were no accrued severance costs as of December 31, 2023 or 2022.

Right-of-use Assets and Lease Liabilities

The Company has entered into lease agreements for certain facilities, vehicles and equipment, which provide the right to use the underlying asset and require lease payments over the term of the lease. At inception, the Company determines if an arrangement is a lease and then classifies leases as operating or finance at commencement. The Company does not have any financing leases. Operating leases are presented as right-of-use (“ROU”) assets, and the corresponding lease liabilities are included in operating lease liabilities, current and operating lease liabilities, non-current on the Company’s consolidated balance sheets. ROU assets represent the Company’s right to use an underlying asset, and lease liabilities represent the Company’s obligation for lease payments in exchange for the ability to use the asset for the duration of the lease term.

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The Company has lease agreements which contain both lease and non-lease components, which the Company accounts for separately. Non-lease components include items such as common area maintenance, operating expenses, utilities, or other costs that are subject to fluctuation from period to period. The Company does not recognize short term leases that have a term of twelve months or less as ROU assets or lease liabilities.

ROU assets and lease liabilities are recognized at commencement date and determined using the present value of the future minimum lease payments over the lease term. The Company uses an incremental borrowing rate based on estimated rate of interest for collateralized borrowing since the Company's leases do not include an implicit interest rate. The estimated incremental borrowing rate considers market data, the economic environment of the jurisdiction where the lease is located, and the lease term at commencement date. The lease term may include options to extend when it is reasonably certain that the Company will exercise that option. The Company recognizes operating lease expense on a straight-line basis over the lease term.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits, by applying enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when the Company determines it is more likely than not that some portion or all deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws and regulations applicable to the Company as enacted by the relevant tax authorities.

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authorities. An uncertain income tax position will not be recognized if it has less than 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes.

The Company does not provide for income taxes on its undistributed earnings of its foreign subsidiaries since such earnings are considered to be indefinitely reinvested or may be remitted tax-free. It is not practicable to estimate the amount of deferred tax liability related to these investments. Carryforward attributes that were generated in tax years prior to those that remain open for examination may still be adjusted by relevant tax authorities upon examination if they either have been, or will be, used in a future period.

Functional Currency

The Company considers the U.S. dollar to be its functional currency as it is the currency of the primary economic environment in which the Company operates.

The local currency is the functional currency for all foreign entities, other than a small number of intermediate holding companies which have USD as the functional currency. Assets and liabilities of these foreign operations are translated into U.S. Dollars at the exchange rate in effect at the end of each period. Statement of operations activity is translated at the average exchange rate prevailing during the period. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of other comprehensive income (loss).

Segment Reporting

The Company determines its reportable segments in accordance with ASC 280, *Segment Reporting*. The Company determines its reportable segments by first identifying its operating segments. An operating segment is a component of the Company that 1) engages in business activities from which it may recognize revenue and incur expenses, 2) its operating results are regularly reviewed by the chief operating decision maker ("CODM") in making decisions about resources to be allocated to the segment and assessing its performance, and 3) its discrete financial information is available. The Company's CODM has been identified as its Chief Executive Officer.

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Income or Loss Per Share

Basic income or loss per share is computed by dividing net income from continuing operations available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share gives effect to all dilutive potential of shares of common stock outstanding during the period using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of restricted stock units), and convertible debt, using the if-converted method. Earnings per share excludes all potential dilutive shares of common stock if their effect is anti-dilutive. An anti-dilutive impact is an increase in earnings per share or a reduction in net loss per share resulting from the conversion or exercise of certain securities. The Company uses loss from continuing operations as the “control number” or benchmark to determine whether potential common shares are dilutive or anti-dilutive.

Recent Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update (ASU) 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contracts that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued because of reference rate reform. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. Beginning in October 2024, the Company commenced accruing interest on outstanding borrowings on its Revolver using the SOFR (“Standard Overnight Financing Rate”) reference rate, which did not have a material impact on the consolidated financial statements.

In November 2023, ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, was issued which requires disclosure of incremental segment information on an interim and annual basis that are regularly provided to the chief operating decision maker (the “CODM”) and included within each reported measure of segment profit or loss. The Company has adopted this ASU as of December 31, 2024. Accordingly, appropriate disclosures have been made in these consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances the transparency and decision usefulness of income tax disclosures. The amendments address more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The ASU also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in this ASU are effective for public business entities for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is still evaluating the effect of the adoption of this guidance.

In 2021, the Organization of Economic Cooperation and Development (“OECD”) introduced its Pillar II Framework Model Rules (“Pillar 2”), which are designed to impose a 15% global minimum tax on the earnings of in-scope multinational corporations on a country-by-country basis. Certain aspects of Pillar 2 took effect on January 1, 2024 while other aspects go into effect on January 1, 2025. As the Company does not expect to meet the consolidated revenue threshold of €750 million in the current year or in the next twelve months, the adoption of this standard will not have a material impact on its consolidated financial statements.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses* (“ASU 2024-03”). ASU 2024-03 will require more detailed information about the types of expenses in commonly presented income statement captions such as “Cost of revenue” and “Selling, general and administrative expenses”. In January 2025, the FASB issued Accounting Standards Update No. 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Subtopic 220-40) to clarify the effective date of ASU 2024-03. The new guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027 with early adoption permitted. The Company is currently evaluating the impact that this change will have on the Company's consolidated financial statements and disclosures.

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Note 3. Acquisitions and DispositionAcquisitionsExplain Everything, Inc.

On November 17, 2022, pursuant to an Asset Purchase Agreement entered into on that date, the Company acquired substantially all the assets and assumed certain liabilities (the "Acquisition") of Explain Everything, Inc., Explain Everything Sales, Inc., EE Discover, Inc., and Explain Everything SP. ZO.O (collectively, "Explain Everything" or the "Seller") in exchange for total consideration of \$8,065, consisting of: (i) \$6,000 in cash paid at the closing of the Acquisition, (ii) an Earn-Out Payment valued at \$377, (iii) Deferred Payments valued at \$1,939, and (iv) reduced for working capital adjustments totaling approximately \$251. Explain Everything is a leading whiteboard platform designed to help teachers and students create and complete engaging lessons and assignments, video capture, and collaborate. During the year ended December 31, 2023, the Company paid \$400 in full satisfaction of the Earn-Out Payment and \$1,000 of the Deferred Payments, as well as a payment of \$716 for final working capital adjustments. During the year ended December 31, 2024, the Company paid the final installment of Deferred Payments of \$1,150.

The Acquisition was accounted for as a business combination in accordance with ASC 805. The Company determined the fair values of the assets acquired and liabilities assumed in the Acquisition. The fair values of the assets acquired and liabilities assumed, as well as the pro-forma results of operations for this acquisition, have not been presented because they are not material to the consolidated financial statements.

Gravitas Education Holdings, Inc. ("GEHI")

As discussed above, on December 13, 2023, NetDragon and GEHI completed the Merger that resulted in (i) GEHI divesting its business in China, (ii) NetDragon transferring its education businesses outside of China to eLMTree, (iii) eLMTree becoming a wholly owned subsidiary of GEHI, and (iv) GEHI changing its name to "Mynd.ai, Inc." The Merger was accounted for as a business combination in accordance with ASC 805. While GEHI is the legal acquirer of eLMTree, the transaction was treated as a reverse acquisition, and consequently, eLMTree was identified as the acquirer for accounting purposes. The purchase consideration was measured at the fair value of GEHI shares issued and outstanding at the close of the merger. The difference between the fair value of the GEHI shares issued less the fair value of GEHI's identifiable assets acquired (net of liabilities assumed) and non-controlling interest, is accounted for as goodwill. The identifiable net assets acquired of GEHI were valued at their respective fair values at the acquisition date.

For accounting purposes, the Merger resulted in eLMTree acquiring an 85% equity interest in GEH Singapore, a company incorporated in Singapore that, through various of its subsidiaries, provides early childhood education services, meeting the needs of children from infancy to six years old through structured courses at kindergarten and student care centers, as well as through franchise relationships with third-party kindergarten services. The Merger was intended to provide the eLMTree segment with a pathway to greater autonomy and future financing opportunities as a public company, while providing the GEH Singapore segment with significant new sources of funding to potentially refurbish its existing facilities and expand its footprint in both Singapore and to other countries in the region. The result of this acquisition has been included in the Company's consolidated financial statements as of and from the date of acquisition. The associated goodwill has been assigned equally to the Company's GEH Singapore and eLMTree reporting units, as both reporting units benefited from the business combination.

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The Company finalized its purchase price allocation in the second half of 2024. The fair values of the identifiable assets acquired and liabilities assumed as of acquisition date were as follows:

	As per the 2023 Form 20-F	Measurement period adjustments	As adjusted
Cash and cash equivalents	\$ 16,138	\$ —	\$ 16,138
Accounts receivable, net	1,464	—	1,464
Prepaid expenses and other current assets	902	1,228	2,130
Current tax assets	282	—	282
Amounts due from related parties	46	—	46
Inventories	141	—	141
Operating lease right-of-use assets	5,398	(538)	4,860
Property and equipment, net	4,773	—	4,773
Other non-current assets	2,226	—	2,226
Intangible assets	7,750	—	7,750
Total Assets	39,120	690	39,810
Accrued expenses and other current liabilities	(5,496)	(108)	(5,604)
Operating lease liabilities - current	(2,903)	—	(2,903)
Operating lease liabilities - non-current	(2,603)	646	(1,957)
Contract liabilities - current	(1,730)	—	(1,730)
Income tax payable	(382)	—	(382)
Other non-current liabilities	(3,977)	—	(3,977)
Deferred tax liability	(1,317)	—	(1,317)
Total Liabilities	(18,408)	538	(17,870)
Total identifiable net assets at fair value	20,712	1,228	21,940
Goodwill	3,991	(1,228)	2,763
Non-controlling interest	(1,855)	—	(1,855)
Purchase consideration transferred	\$ 22,848	\$ —	\$ 22,848

The purchase price allocations reflect various fair value estimates and analyses relating to the determination of fair value of certain tangible and intangible assets acquired, non-controlling interest, and residual goodwill. The Company determined the estimated fair value of the identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data, and management's estimates, with the assistance of an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value. The goodwill arising from the transaction consists of expected synergies from combining operations of the two companies. None of the goodwill is deductible for tax purposes.

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Intangible assets acquired comprise of the following:

	Purchase price allocation	Useful lives (in years)
Student base (Childcare)	\$ 4,000	4
Franchise relationships	1,700	10
Brands	1,600	10
Content	450	5
Total intangible assets acquired	<u>\$ 7,750</u>	

Disposition

As previously described in Note 2, on October 2, 2024, the Company completed the disposition of GEH Singapore. At closing, the Company received \$20,000 in gross cash proceeds. The following table details the net assets that were transferred as a part of this disposition.

Cash and cash equivalents	\$ 5,546
Accounts receivable, net	515
Prepaid expenses and other current assets	741
Amounts due from related parties	747
Inventories	158
Operating lease right-of-use assets	7,050
Property and equipment, net	4,751
Other non-current assets	2,215
Intangible assets	7,002
Goodwill	1,447
Total Assets	<u>30,172</u>
Due to related parties	(3)
Accounts payable	(328)
Accrued expenses and other current liabilities	(3,611)
Operating lease liabilities - current	(3,607)
Operating lease liabilities - non-current	(3,480)
Contract liabilities - current	(645)
Other non-current liabilities	(3,960)
Deferred tax liability	(1,271)
Total Liabilities	<u>(16,905)</u>
Net assets sold	<u>\$ 13,267</u>

The Company recognized a gain of \$9,255 on the disposition, which was included in Income (loss) from discontinued operations, net of tax in the consolidated statements of operations.

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The following table summarizes the computation of the gain realized from the disposition:

Cash received	\$	20,000
Net assets sold		(13,267)
Non-controlling interest		1,956
Other comprehensive income reclassified to current year operations		566
Gain on disposition	\$	9,255

Note 4. Revenue Recognition

Revenue

Sales of hardware and accessories as well as revenue from coordination of freight for our customers is recognized at a point in time. Services include enhanced warranty and training revenue and are recognized over time. Revenue from software-as-a-service (SaaS) and revenue from future software upgrade rights are also recognized over time.

The following table presents the Company's revenue disaggregated based on the revenue source and the timing of revenue recognition:

	December 31,		
	2024	2023	2022
Revenue from hardware, proprietary embedded firmware and accessories	\$ 245,585	\$ 394,667	\$ 573,409
Revenue from services	7,391	8,991	7,305
Revenue from SaaS	4,768	5,379	3,816
Revenue from software upgrade rights	9,637	2,720	154
Total revenue	\$ 267,381	\$ 411,757	\$ 584,684

Revenue disaggregation

The following table presents the Company's revenue disaggregated based on geographic location of customers:

	December 31,		
	2024	2023	2022
United States	\$ 179,810	\$ 292,584	\$ 417,476
Rest of World	87,571	119,173	167,208
Total revenue	\$ 267,381	\$ 411,757	\$ 584,684

Included in the rest of world, below are those countries where the revenue during the years presented exceeded 10% or more of the total revenue in the Company's consolidated statements of operations:

	December 31,		
	2024	2023	2022
Germany	\$ 35,137	\$ 46,152	\$ —

Mynd.ai. Inc.
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Contract liabilities

	December 31,	
	2024	2023
Deferred revenue: enhanced warranties	\$ 21,090	\$ 21,058
Deferred revenue: SaaS	6,078	5,794
Deferred revenue: future upgrade rights	—	5,483
Deferred revenue: other services	2,694	3,431
Total contract liabilities	\$ 29,862	\$ 35,766

The contract liabilities listed above represent deferred revenue associated with sales of enhanced warranties, sales of SaaS, and other services such as training revenue and future unspecified software upgrade rights. The deferred revenue amounts included as contract liabilities represent the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of each balance sheet date. These performance obligations are expected to be satisfied as follows:

	Enhanced warranties	SaaS services	Other services
2025	\$ 5,027	\$ 3,561	\$ 2,694
2026	5,872	1,250	—
2027	4,828	730	—
2028	3,391	376	—
2029	1,444	116	—
Thereafter	528	45	—
Total contract liabilities	\$ 21,090	\$ 6,078	\$ 2,694

During the years ended December 31, 2024, 2023, and 2022, the Company recognized \$14,004, \$10,148, and \$6,127, respectively, in revenue that was included in contract liabilities as of January 1, 2024, 2023 and 2022, respectively.

The Company did not have any contract assets as of or for the years ended December 31, 2024 and 2023.

Note 5. Segment and Entity-wide Disclosures

Segment reporting

Subsequent to the Merger, and until the date of disposition of the Company's holdings in GEH Singapore, the Company determined that it had two operating segments and that these two operating segments each represented a reportable segment. This determination was based on how the Company's CODM, which the Company concluded was its Chief Executive Officer, assessed the performance of the business, as well as the availability of discrete financial information.

- The eLMTree segment produced interactive displays and related accessories and teaching software primarily used in the education market in the U.S., the U.K., and Europe, as well as parts of Asia and Africa. The financial information reviewed by the CODM combined the results of the US and rest of world operations.
- The GEH Singapore segment operated exclusively in Singapore and provided private kindergarten services and student care center services through its direct operations, and also generated revenue from franchising to third-parties. The results of GEH Singapore were presented separately in the financial information reviewed by the CODM.

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Subsequent to the disposition of GEH, the Company and the Company's CODM, which remains its Chief Executive Officer, review the Company's operations and manage its business as a single operating segment and reporting segment. The financial information provided to the CODM is presented in the same level of detail as the consolidated balance sheet and consolidated statement of operations included within this Form 20-F.

Subsequent to the Merger, and until the date of disposition of the Company's holdings in GEH Singapore, the CODM utilized revenue and operating income to assess the performance of the Company's segments. Subsequent to the disposition of GEH Singapore, the CODM uses net income to assess performance and make decisions regarding resource allocation for the Company.

Entity-wide disclosures

The table below reflects the Company's geographic distribution of property, plant, and equipment, net and ROU assets, net as of the following balance sheet dates:

	December 31,	
	2024	2023 ¹
United Kingdom	\$ 13,652	\$ 6,496
United states	3,113	1,495
Rest of World	1,278	1,458
	<u>\$ 18,043</u>	<u>\$ 9,450</u>

⁽¹⁾ Rounding may impact summation of amounts.

Note 6. Inventories

Inventories consist of the following:

	December 31,	
	2024	2023
Raw materials	\$ —	\$ 814
Finished goods	28,638	53,130
Inventories	<u>\$ 28,638</u>	<u>\$ 53,944</u>

Note 7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	December 31,	
	2024	2023
Current tax assets	\$ 4,583	\$ 4,661
Prepaid Expenses	3,395	5,696
Others	3,623	4,051
Prepaid expenses and other current assets, net	<u>\$ 11,601</u>	<u>14,408</u>

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Note 8. Property, Plant, and Equipment, net

Property, plant and equipment, net consist of the following:

	December 31,	
	2024	2023
Buildings	\$ 338	\$ 1,691
Plant and machinery	2,213	2,246
Leasehold improvements	285	132
Computer and office equipment	16,896	15,532
Furniture and fixtures	1,696	1,805
Internal use software	11,311	1,719
Construction and software development in progress	2,853	3,866
	35,592	26,991
Less: Accumulated depreciation	(20,997)	(19,954)
Property, plant and equipment, net	\$ 14,595	\$ 7,037

During the years ended December 31, 2024, 2023, and 2022, the Company recorded depreciation expense in the Company's consolidated statements of operations as follows -

	December 31,		
	2024	2023	2022
Depreciation expense included in:			
Cost of revenue	\$ 943	\$ 160	\$ 188
General and administrative	153	147	701
Research and development	198	199	—
Sales and marketing	238	244	—
Depreciation expense included within continuing operations	\$ 1,532	\$ 750	\$ 889

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Note 9. Goodwill and Intangible Assets
Goodwill and Indefinite-Lived Intangible Assets

The following table presents the changes in the gross carrying amount of goodwill and other indefinite lived intangible assets for the periods presented:

	Total		Presented in non-current assets of discontinued operations		Net	
	Goodwill	Tradenames	Goodwill	Tradenames	Goodwill	Tradenames
Balance, January 1, 2022 ¹	\$ 34,255	\$ 35,997	\$ —	\$ —	\$ 34,255	\$ 35,997
Foreign currency adjustments	501	—	—	—	501	—
Acquisitions ²	7,292	—	—	—	7,292	—
Balance, December 31, 2022	42,048	35,997	—	—	42,048	35,997
Foreign currency adjustments	885	—	—	—	885	—
Acquisitions ³	3,991	—	1,996	—	1,995	—
Balance, December 31, 2023	46,924	35,997	1,996	—	44,928	35,997
Measurement period adjustments	(1,228)	—	(614)	—	(614)	—
Foreign currency adjustments	(119)	—	65	—	(184)	—
Disposition of GEH Singapore	(1,447)	—	(1,447)	—	—	—
Balance, December 31, 2024	\$ 44,130	\$ 35,997	\$ —	\$ —	\$ 44,130	\$ 35,997

1. Relates to goodwill and tradenames recognized by NetDragon in connection with its 2015 acquisition of Promethean World Limited.
2. Relates to goodwill recognized as a result of the 2022 acquisition of Explain Everything as discussed in Note 3 - Acquisitions and Disposition.
3. Relates to goodwill recognized as a result of the 2023 acquisition of GEH Singapore as discussed in Note 3 - Acquisitions and Disposition. In 2024, the Company completed the purchase price allocation and assigned goodwill equally to both the eLMTree and GEH Singapore reporting units.

Finite-Lived Intangible Assets

The components of finite-lived intangible assets are as follows:

	December 31, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (Years)
Customer relationships	\$ 10,514	\$ (10,514)	\$ —	0.00
Patent and developed technology	37,312	(33,980)	3,332	0.84
Tradenames	570	(394)	176	0.92
Non-compete agreements	54	(38)	16	0.92
Total finite-lived intangible assets	\$ 48,450	\$ (44,926)	\$ 3,524	0.84

	December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (Years)
Customer relationships	\$ 10,514	\$ (10,514)	\$ —	0.00
Patent and developed technology	37,323	(30,023)	7,300	1.90
Tradenames	576	(207)	369	2.00
Non-compete agreements	54	(20)	34	2.00
Finite-lived intangible assets	\$ 48,467	\$ (40,764)	\$ 7,703	1.91

No impairments of intangible assets or goodwill were identified during fiscal years 2024, 2023 and 2022. The Company estimates that it has no significant residual value related to any of the intangible assets.

During the years ended December 31, 2024, 2023 and 2022, intangible assets amortization expense of \$4,166, \$4,223 and \$3,631, respectively, related to continuing operations was included in cost of revenue on the Company's consolidated statements of operations.

The following table outlines the estimated future amortization expense related to intangible assets held as of December 31, 2024:

Year Ending December 31,		
2025	\$	3,524
Total	\$	3,524

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Note 10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31,	
	2024	2023
Accrued payroll	\$ 12,243	\$ 16,413
Deferred R&D credits	7,224	5,053
Rebates and customer advances	628	490
Interest payable	678	4,006
Accrued duty, freight and related expenses	16,459	11,616
Royalties	1,594	2,470
Value added tax payables	196	1,363
Other accrued expenses and liabilities	6,937	7,723
Accrued expenses, net	<u>\$ 45,959</u>	<u>\$ 49,134</u>

Deferred R&D credits represent future offsets to research and development expense in the Consolidated Statements of Operations. These credits were generated through the Company's participation in the U.K. Research and Development Expenditure Credit (RDEC) program.

As of December 31, 2024, accrued payroll includes \$5,919 and other accrued expenses and liabilities include \$1,433 of one-time retention payment to certain officers, directors and employees of the Company. These amounts were paid in cash in January 2025. There was no comparable balance as of December 31, 2023.

As of December 31, 2024, accrued duty, freight and related expenses included \$4,168 in purchase commitments to certain of our inventory suppliers. The expectation is that the full amount will be settled in 2025. There was no comparable balance as of December 31, 2023.

Note 11. Net (Loss) Income Per Share

The following table sets forth the computation of basic and diluted (loss) income per share of the Company's common stock, net of non-controlling interest:

	Year ended December 31,		
	2024	2023	2022
Numerator:			
Net (loss) income attributable to ordinary shareholders from continuing operations	\$ (104,477)	\$ (38,790)	\$ 33,100
Net income (loss) attributable to ordinary shareholders from discontinued operations	8,758	(638)	(12,637)
Net (loss) income attributable to ordinary shareholders	<u>\$ (95,719)</u>	<u>\$ (39,428)</u>	<u>\$ 20,463</u>
Denominator:			
Weighted average shares outstanding used in calculating net (loss) income per share	<u>456,471,923</u>	<u>427,986,755</u>	<u>426,422,220</u>
Basic and diluted loss (income) per share:			
Net (loss) income per share from continuing operations	\$ (0.23)	\$ (0.09)	\$ 0.08
Net income (loss) per share from discontinued operations	\$ 0.02	\$ (0.00)	\$ (0.03)
Net (loss) income per share	<u>\$ (0.21)</u>	<u>\$ (0.09)</u>	<u>\$ 0.05</u>

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Basic and diluted loss (income) per share are computed using the weighted average number of ordinary shares outstanding during the period.

The following is a summary of outstanding potential ordinary shares that have been excluded from the computation of diluted net loss per share attributable to ordinary shareholders because their inclusion would have been anti-dilutive:

	Year ended December 31,		
	2024	2023	2022
Convertible debt	33,773,015	32,220,497	—
Restricted stock units	1,742,676	—	—

Note 12. Relation with Controlling Shareholder and Related Entities

Historically, eLMTree has been managed and operated in the normal course of business consistent with other affiliates of the Controlling Shareholder. In preparing the 2022 consolidated financial statements, certain shared costs have been allocated to the eLMTree segment and reflected as expenses in the consolidated statements of operations. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the historical Controlling Shareholder expenses attributable to the eLMTree segment for purposes of the stand-alone financial statements. However, the expenses reflected in the consolidated financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented if eLMTree historically operated as a separate, stand-alone entity.

Allocated Direct Costs

Operating expense as presented in the consolidated statements of operations for the year ended December 31, 2022 includes \$1,090 of expenses for employee compensation that were directly attributable to the Company's business. The Controlling Shareholder has allocated such expenses by identifying the individual employee whose work directly related to the Company.

Note 13. Related Party Transactions

As of December 31, 2024 and 2023, the Company has receivables of \$1,561 and \$1,683, respectively, and payables of \$4,621 and \$5,061, respectively, with related parties with common ownership. Receivables relate to reimbursements owed by related parties for costs incurred, including employee-related costs, or services provided by the Company on behalf of related parties. Payables relate to engineering, hosting, and employee services provided by related parties on behalf of the Company, as well as certain costs incurred by related parties on behalf of the Company in connection with the Merger. These payables exclude the Loans payable, related parties, non-current discussed below, as well as the Convertible Note discussed in Note 14 - Debt. During the year ended December 31, 2024, the Company recognized \$462 in revenue from related parties. No revenue from related parties was recognized in the years ended December 31, 2023 and 2022. During the years ended December 31, 2024, 2023 and 2022, the Company received services from related parties which resulted in net costs totaling \$2,103, \$8,745, and \$5,005, respectively.

On July 15, 2022, the Company entered into a related party loan agreement with Best Assistant Education Online Limited (the "Borrower"), a subsidiary of the Controlling Shareholder. The loan agreement allowed the Borrower to receive a non-interest bearing loan from the Company up to a maximum of \$10,000. The loan is due on the earlier of (i) June 30, 2023 or (ii) a change in control of the Borrower. The outstanding balance owed to the Company as of December 31, 2022 was \$7,919, which was fully repaid during the year ended December 31, 2023.

In November 2019, eLMTree issued a non-interest-bearing promissory note of \$45,800 due to Best Assistant. The promissory note was payable upon demand. This promissory note was fully repaid on November 18, 2022.

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The Controlling Shareholder, through its various operating and financing subsidiaries, has historically provided funding to eLMTree on an interest-free basis with no set repayment date. As of December 31, 2024 and 2023, the Company had \$5,006 and \$4,670, respectively, in funding from the Controlling Shareholder which was recorded as Loans payable, related parties, non-current on the consolidated balance sheets.

As of December 31, 2024, certain historical net payable balances of \$2,412 owed by Edmodo to the Controlling Shareholder were forgiven, as a result of the formal dissolution of Edmodo LLC. The resulting benefit from the forgiveness of these payables has been presented as an increase to additional paid-in capital in the consolidated statements of changes in shareholders' equity.

As of December 31, 2023, the non-controlling interest of \$1,889 in the Company was held by an employee of GEH Singapore. This non-controlling interest was disposed of as part of the disposition of GEH Singapore.

Concurrent with the closing of the GEH Acquisition described in detail in Note 3 - Acquisitions and Disposition, the Company issued a senior secured convertible note to an entity which is considered a related party as of December 31, 2024 and 2023. See further discussion of this note in Note 14 - Debt.

Note 14. Debt

Debt outstanding consists of the following:

	December 31,	
	2024	2023
Revolver	\$ 11,000	\$ 32,000
Paycheck Protection Program Loan	82	194
Less revolver issuance costs	(151)	(252)
Loans payable, current	10,931	31,942
Convertible Note (a)	55,239	50,585
Embedded derivative (b)	2,919	14,308
Less issuance costs on convertible debt	(81)	(116)
Paycheck Protection Program Loan	—	82
Loans payable, non-current	58,077	64,859
Loans payable, related parties, non-current	5,006	4,670
	<u>\$ 74,014</u>	<u>\$ 101,471</u>

(a) The Convertible Note balance comprises of the following:

	December 31,	
	2024	2023
Initial measurement which represents the gross proceeds received less fair value of the embedded derivative	\$ 50,260	\$ 50,260
PIK notes issued	3,309	—
Accrued PIK interest	159	169
Accretion of discount on issuance	1,511	156
	<u>\$ 55,239</u>	<u>\$ 50,585</u>

(b) Represents the embedded derivative included within the Convertible Note that is bifurcated and stated at fair value as at December 31, 2024 and 2023.

The following table summarizes the debt maturities for the Convertible Note, the Revolver and the Paycheck Protection Program Loan:

2025	\$ 82
2026	—
2027	—
2028 ^{(1) (2)}	79,468
	<u>\$ 79,550</u>

⁽¹⁾ The Company classifies the Revolver as a current liability on its consolidated balance sheets due to its intent and practice of using the Revolver for short-term financing needs. However, in the table above, the Revolver has been reflected at its maturity date in 2028.

⁽²⁾ Debt maturing in 2028 also includes the Convertible Note with a maturity value of \$65,000, \$3,309 of additional PIK notes issued in 2024, and accrued PIK interest at December 31, 2024 of \$159.

Convertible Note

Concurrent with the closing of the GEH Acquisition described in detail in Note 3 - Acquisitions and Disposition, the Company issued a senior secured convertible note, in the principal amount of \$65,000 (the "Convertible Note"). The Convertible Note bears (i) cash interest at the rate of 5.00% per annum and (ii) paid-in-kind interest ("PIK") at the rate of 5.00% per annum, payable by issuing additional notes (the "Convertible Note" or "Notes" while referring to the Convertible Note plus the Notes issued in connection with the PIK interest). Both the cash interest and PIK interest are payable semiannually on June 15 and December 13 of each year. The Company prepaid the cash interest due in 2024 at the time of issuance of the Convertible Note in 2023, so the first semiannual payment of cash interest will be on June 15, 2025. PIK interest is payable by issuing

additional notes in an amount equal to the applicable amount of PIK interest for the interest period. During 2024, the Company issued two additional Notes in the aggregate amount of \$3,309 representing PIK interest. The Company capitalized \$116 of debt issuance costs related the Convertible Note.

The Notes are senior secured obligations of the Issuer and mature on December 13, 2028, unless earlier redeemed, repurchased or converted. The initial conversion rate per \$1 principal amount of the Notes is equal to the product of (i) \$1 divided by (ii) 115% of the “GEHI Per Share Value” as defined under the Convertible Note agreement (the “Initial Conversion Price”), or \$2.023. The conversion rate was subject to one-time adjustment in accordance with the terms of the Convertible Note. This adjustment changed the conversion rate to \$1.214 per share effective December 13, 2024. The Notes are convertible at the option of the Holder at any time until the outstanding principal amount (including any accrued and unpaid interest) has been paid in full. Subject to the terms of Notes, the Holder may elect to receive the Company’s American Depositary Shares (the “ADS”) in lieu of the Company’s ordinary shares, par value \$0.001 per share, (the “Ordinary Shares”), upon conversion of the Notes.

Certain features of the Convertible Note, including the conversion option, redemption at the holder’s election upon occurrence of Fundamental Change events as specified in the Notes, and acceleration of amounts due under the Convertible Note upon an event of default require, bifurcation and separate accounting as a single embedded derivative (the “Embedded Derivative”) from the Convertible Note pursuant to ASC 815. The Embedded Derivative is measured at fair value utilizing Level 3 inputs under the fair value measurement hierarchy on the date of issuance and at the end of each reporting period. As of December 31, 2024 and 2023, the Embedded Derivative is included in non-current loans payable in the consolidated balance sheets. The discount on the Note of \$14,740 resulting from the initial fair value of the embedded derivative is amortized to interest expense using the effective interest method and changes in the fair value of the embedded derivative are recorded as other (income) expense in the consolidated statements of operations.

The Convertible Note contains certain representations, warranties, events of default, and negative covenants that limit, without the consent of the holder(s) of the Convertible Note, the Company’s ability, among other things, to incur additional indebtedness, sell or acquire assets, undertake capital expenditures, and enter into certain transactions with third parties. As of December 31, 2024 and 2023, the Company believes it was in material compliance with all such covenants.

During the years ended December 31, 2024 and 2023, the Company recognized a gain on remeasurement of the Embedded Derivative of \$11,389 and \$432 in the consolidated statements of operations.

The fair value of the Convertible Note and Embedded Derivative was calculated using a with and without method on the date of issuance (December 13, 2023) and at the end of each reporting period (December 31, 2024 and 2023) using a Monte Carlo simulation model with the following assumptions:

	December 31, 2024		December 31, 2023		December 13, 2023	Relationship of significant unobservable input to fair value
Fair value of the Convertible Note including the Embedded Derivative	\$	51,039	\$	55,473	\$ 55,521	
ADS price	\$	2.00	\$	5.54	\$ 5.78	Increase in share price will increase the value of the derivative
Term (years)		3.95		4.95	5.00	Decrease in term will decrease the value of the derivative
Expected volatility		68.0 %		56.0 %	54.0 %	Increase in expected volatility will increase the value of the derivative
Risk-free rate		4.3 %		3.8 %	4.0 %	Increase in risk-free rate will increase the value of the derivative
Credit risk adjusted rate		20.0 %		20.0 %	20.0 %	Increase in credit risk adjusted rate will increase the value of the derivative

Revolver

In June 2018, the Company entered into a secured revolving line of credit facility for borrowings up to \$35,000 with Bank of America with an original termination date of June 25, 2021, which was extended to January 19, 2028 through subsequent amendments. Subsequent amendments also amended the borrowing capacity up to \$74,000 through March 31, 2024, and \$50,000 thereafter through January 19, 2028. During the years ended December 31, 2024 and 2023, the Company expensed revolver amendment fees and expenses of \$77 and \$138.

In October 2024, in connection with the expected discontinuation of the publication of the Bloomberg Short-Term Bank Yield Index Rate as administered by the Bloomberg Index Service Limited (BSBY), the Company further amended the Revolver by entering into a conforming changes amendment with Bank of America, N.A. that added and amended certain terms related to the replacement of the BSBY as a benchmark rate with the Secured Overnight Financing Rate (SOFR) as administered by the Federal Reserve Bank of New York. In accordance with the expedient in ASU 2020-04, the Company did not apply modification accounting to the contract.

Interest on the Revolver accrues at the choice of rate of (a) the Prime Rate as announced by Bank of America, (b) the Federal Funds Rate plus 0.50%, or (c) Secured Overnight Financing Rate ("SOFR") for a fixed term of 30, 90, or 180 days (at the election of the Company), plus the Applicable Margin. The Applicable Margin varies between 0.90% and 2.30% and depends on the Company's Fixed Charge Coverage Ratio and the type of rate chosen. Interest accrued on draws on the line of credit using the Prime Rate or the Federal Funds Rate plus 0.50% is calculated on a daily basis and is charged to the line of credit daily. Interest accrued on draws on the line using the SOFR rate is calculated on a daily basis, but is only charged to the line of credit at the end of the 30, 90, or 180 day fixed term period elected by the Company.

As of December 31, 2024 and 2023, the outstanding balance on the line of credit was \$11,000 and \$32,000, respectively. Of the total outstanding balance at December 31, 2024, there were three tranches of \$3,000 each that incurred interest at an annual rate of 6.73%, 7.62% and 7.67% and one tranche of \$2,000 that incurred interest at an annual interest rate of 7.17%. There is no requirement to pay down the line of credit balance until the Revolver Termination Date on January 19, 2028.

Borrowings under the Revolver are collateralized by the Company's eligible trade receivables globally and eligible inventories in the United States and the Netherlands. Eligibility is determined by Bank of America and is based on the country of origin for the Company's trade receivables and the type and nature of the Company's inventory in the United States and the Netherlands. As of December 31, 2024 and 2023, the Company had unused borrowing capacity of \$8,608 and \$20,473 respectively, based on the borrowing base calculation as of the respective dates.

The Revolver loan agreement includes a number of affirmative and negative covenants. As of December 31, 2024, the Company was in material compliance with all such covenants.

Paycheck Protection Program

In May 2020, the Company entered into a \$5,396 loan agreement under the Paycheck Protection Program (the "PPP") with a 1% interest rate, which is administered by the U.S. Small Business Administration (the "SBA"). On October 18, 2022, the Company qualified for partial loan forgiveness from the SBA and \$4,923 of the loan was forgiven. During each of the years ended December 31, 2024 and 2023, the Company repaid \$196 of the PPP loan, including interest of \$2 and \$4, respectively. The promissory note and the loans payable, related parties, non-current are discussed in detail above in Note 13 - Related Party Transactions.

Note 15. Commitments and Contingencies

Warranty

Changes in accrued warranty liabilities during the indicated periods are as follows:

	For the Year Ended December 31,		
	2024	2023	2022
Beginning balance	\$ 17,871	\$ 13,550	\$ 11,202
Provision	7,805	9,750	8,923
Utilized	(9,835)	(6,065)	(5,939)
Foreign currency adjustment	(92)	636	(636)
Ending balance	\$ 15,749	\$ 17,871	\$ 13,550

The provision amount in the table above represents adjustments recorded for estimated future costs related to units under warranty as of each balance sheet date, including both accruals for warranties issued during the year and changes in the provision for accruals related to previously issued warranties. Included in the 2024 provision amount is a reduction of \$2,489 as a result of lower estimated future costs due to continued low failure rates on our ActivPanel 9 and our ActivPanel LX models. The provision reflects the most current information available to the Company regarding key inputs into the estimated provision, including product failure rates and costs necessary to provide the warranty services.

In addition to the amount utilized as warranty expense presented in the table above, during the year ended December 31, 2023, the Company also incurred an additional \$5,052 of transportation, warehousing, and repair costs associated with increasing stock of refurbished inventory in response to the timing of warranty claims related to post pandemic sales. There was not a comparable level of activity and related costs incurred during the years ended December 31, 2024 and 2022.

Litigation

The Company may be subject to various legal proceedings and claims of which the outcomes are subject to significant uncertainty. The Company's policy is to assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the liability required, if any, for these contingencies is made after an analysis of each known issue. A liability would be recognized and charged to operating expense when the Company determines that a loss is probable, and the amount can be reasonably estimated. Additionally, the Company will disclose contingencies for which a material loss is reasonably possible, but not probable.

As discussed in Note 2 - Summary of Significant Account Policies, Edmodo has historically been considered a part of the eLMTree segment and included within the segment's financial results. Effective January 1, 2022, our Controlling Shareholder transferred ownership of Edmodo to Promethean, and converted Edmodo to a limited liability company via a common control transaction. The Company subsequently filed to dissolve Edmodo LLC in the State of Delaware, effective June 3, 2024. The Company received formal confirmation of the dissolution in November 2024.

On October 9, 2024, Edmodo LLC received an initial notice of civil monetary penalty ("Initial Notice") in the amount of \$14,625 on the basis of alleged misstatements made by Edmodo during the initial Committee on Foreign Investment in the U.S. ("CFIUS") investigation of the Company's Controlling Shareholder's original acquisition of Edmodo

and on the basis of violations of provisions of the National Security Agreement entered into on May 3, 2021 ("NSA"), which CFIUS alleges represent material violations of the NSA. Following receipt of the Initial Notice, Edmodo (through external counsel) submitted a timely response to the Initial Notice with a Petition for Reconsideration. CFIUS issued a Final Penalty Notice ("Final Notice") on January 14, 2025, for the same amount of civil monetary penalty. Payment of this penalty was due 45 calendar days following the date of the Final Notice. Since Edmodo was dissolved, no payment was made and CFIUS may refer the matter to the Department of Justice (DOJ) for the DOJ to file an action in Federal District Court to collect the penalty plus interest, additional penalties, and handling and processing fees.

If an action is filed by the DOJ, such action will be vigorously defended on the basis that Edmodo LLC was properly dissolved and that there are no likely or reasonable circumstances which warrant the nullification of Edmodo's certificate of cancellation and thus no penalty can be assessed against a dissolved entity. Additionally, if necessary, arguments will be made that Promethean is not a successor entity to Edmodo and that Promethean should not be responsible for payment of the penalty. The Company cannot predict if or when the DOJ may decide to file an action to collect the penalty (there is no statute of limitations) or predict with any degree of certainty the outcome of such an action should the DOJ bring one. At this time, the Company is unable to estimate the likelihood of a negative outcome or the potential loss or range of loss associated with this matter.

In addition to the NSA mentioned above, the Company, along with its Promethean World Limited subsidiary and Promethean Inc. subsidiary, are parties to a second NSA with CFIUS, which generally restricts Promethean from disclosing, transferring, or providing access to Protected Data (as defined in the NSA, including certain U.S.-based personally identifiable information) to our Controlling Shareholder, the Company (with the exception of certain Promethean personnel who are also Company personnel), or persons in China. To date, the Company has self-reported one or more instances that could give rise to violations of the NSA. While CFIUS has not imposed penalties for the reported instances, it has the authority to do so if it deems the instances to represent material violations of the NSA, with potential fines of up to \$250 per material violation or the value of the related transaction (in this case, the Merger), whichever is greater, with the ultimate amount of the penalty imposed being based on the nature of the violations and as determined by CFIUS. Accordingly, the Company has accrued an immaterial amount as of December 31, 2024, which represents the Company's estimate of its potential liability exposure for these violations, based on the information available to the Company at this time.

Other than potentially those matters described above, as of December 31, 2024, and through the issuance of these consolidated financial statements, the Company does not believe the resolution of any legal proceedings or claims of which it is aware or any potential actions will have a material effect on its financial position, results of operations or cash flows.

Note 16. Leases

The Company currently maintains lease arrangements for corporate office space and vehicles. The Company's leases generally have initial terms ranging from one to seven years and may include renewal options and rent escalation clauses. The Company is typically required to make fixed minimum rent payments relating to its right to use an underlying leased asset.

The table below presents certain information related to the Company's lease costs:

	For the Year Ended December 31,		
	2024	2023	2022
Operating lease expense	\$ 1,737	\$ 1,958	\$ 1,818
Short-term lease expense	611	340	110
Lease expense included within continuing operations	\$ 2,348	\$ 2,298	\$ 1,928

The Company has no financing leases. All the right-of-use assets and lease liabilities recorded in the consolidated balance sheets relate to operating leases. The weighted-average remaining lease term for operating leases was 2.76 years and the weighted-average incremental borrowing rate was 7.52%.

As of December 31, 2024, future minimum lease payments required under operating leases are as follows:

For the Year Ended December 31,

2025	\$ 1,196
2026	1,236
2027	839
2028	632
2029	438
Thereafter	111
Total minimum lease payments	4,452
Less: effects of discounting	(644)
Present value of future minimum lease payments	\$ 3,808

Mynd.ai. Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 17. Income Taxes

The provision for income taxes consists of the following:

	For the Year Ended December 31,		
	2024	2023	2022
Current expense:			
United Kingdom	\$ 101	\$ 513	87
United States	85	541	(313)
Foreign	877	116	722
Total current expense	1,063	1,170	496
Deferred benefit:			
United Kingdom	25,436	175	(1,231)
United States	43,017	(10,170)	(24,689)
Foreign	(784)	(833)	(558)
Total deferred expense	67,669	(10,828)	(26,478)
Total provision for income taxes	\$ 68,732	\$ (9,658)	\$ (25,982)

The Company's subsidiaries incorporated in the United Kingdom were subject to the UK corporation tax rate at 25.0% for the year ended December 31, 2024, 23.5% for the year ended December 31, 2023, and 19.0% for the year ended December 31, 2022. The Company's subsidiaries incorporated in other jurisdictions were subject to income tax charges calculated according to the tax laws enacted or substantially enacted in the countries where they operate and generate income.

A reconciliation of the income tax expense calculated using the applicable federal statutory rate to the Company's actual income tax expense is as follows:

	For the Year Ended December 31,		
	2024	2023	2022
Tax expense (benefit) at statutory rate (25% for 2024, 23.5% for 2023, 19% for 2022)	\$ (6,754)	\$ (11,655)	\$ (1,183)
Effect of different tax rates in different jurisdictions	(3,879)	2,329	(62)
Permanent items	127	66	(1,024)
Effect of research and development credits	(1,000)	(900)	(1,831)
Change in valuation allowances	79,035	150	(21,928)
Other	1,203	352	46
	\$ 68,732	\$ (9,658)	\$ (25,982)

Deferred income taxes are recognized for the future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities. Significant components of the Company's net deferred tax assets are as follows:

	For the Year Ended December 31,	
	2024	2023
<i>Deferred tax assets:</i>		
Accrued expense	\$ 7,746	\$ 7,324
Deferred revenue	4,015	4,070
Inventories	196	936
Intangible assets	1,806	1,263
Fixed assets	982	1,226
R&D Costs	8,171	6,480
Losses and credit carryforwards	58,565	49,102
Share-based compensation	431	—
Lease liability	—	214
Other	1,652	1,060
Less: valuation allowance	(80,054)	(1,019)
Total deferred tax asset	\$ 3,510	\$ 70,656
<i>Deferred tax liability:</i>		
Intangible assets	(12,828)	(12,000)
Lease assets	—	(254)
Other	(404)	(367)
Total deferred tax liability	(13,232)	(12,621)
Net deferred tax liabilities	\$ (9,722)	\$ 58,035

As discussed in detail in Note 3. Acquisitions and Disposition, the Company recognized a deferred tax liability of \$1,317 in conjunction with the Merger. This liability has been presented as discontinued operations as of December 31, 2023 in Note 20 - Discontinued Operations.

The Company recorded valuation allowances of \$80,054 and \$1,019 as of December 31, 2024 and 2023, respectively. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As of June 30, 2024, the Company assessed the available positive and negative evidence in evaluating the realizability of its existing deferred tax asset. Two significant pieces of objective negative evidence identified were the cumulative pre-tax losses in the U.S. in recent years, and the decline in sales in the first six months of 2024 due to reduced customer demand. Such objective evidence limits the ability to consider more subjective evidence, such as projections for future improved operating results. On the basis of this evaluation, the Company recorded a full valuation allowance against these U.S. deferred tax assets, due to the uncertainty regarding their realizability. Based on the results of its U.S. operations in the second half of the year, the Company has maintained this full valuation allowance against its U.S. deferred tax assets as of December 31, 2024.

As of December 31, 2024, the Company assessed the available positive and negative evidence in evaluating the realizability of its existing deferred tax asset. Two significant pieces of objective negative evidence identified were the cumulative pre-tax losses in the U.K. in recent years, and the year-over-year decline in sales due to reduced customer demand. Such objective evidence limits the ability to consider more subjective evidence, such as projections for future improved operating results. On the basis of this evaluation, the Company recorded a full valuation allowance against these U.K. deferred tax assets, due to the uncertainty regarding their realizability.

As of December 31, 2024, management determined that there is sufficient positive evidence to conclude that it is more likely than not that certain of its deferred tax assets outside the U.S. and U.K. were realizable. The valuation allowances that are provided on certain of these non-U.S. and non-U.K. deferred tax assets mainly relate to specific tax losses carried forward due to the uncertainty surrounding their realization.

If events occur in the future that improve the certainty of realization for those deferred assets for which a valuation allowance is recorded as of December 31, 2024, an adjustment to the valuation allowances will be made and consequently income tax expenses will be reduced. The valuation allowance has no impact on its tax loss carryforwards position for tax purposes, and if the Company generates taxable income in future periods, the Company will be able to use its tax loss carryforwards to offset taxes due at that time.

As of December 31, 2024, the Company had loss carryforwards in the UK of approximately \$115,683 which do not expire, in the US of approximately \$117,033, of which \$9,397 expire in 2038 if not utilized and \$107,636 which do not expire, in France of approximately \$12 which do not expire, in China of approximately \$696 which expire in 2026 if not utilized, in India of approximately \$3 which expire in 2027 if not utilized, and in Thailand of approximately \$3,950 which expire in 2029 if not utilized. In addition, there is approximately \$2,297 of US state loss carryforwards which will expire on various dates through 2044 if not utilized.

The Company has no uncertain tax positions as of December 31, 2024 and 2023, respectively. The Company's policy is to recognize interest and penalties associated with uncertain tax positions as a component of income tax expense. As of December 31, 2024 and 2023, the Company has no accrued interest or penalties related to uncertain tax positions.

The unrecorded deferred tax liability on the Company's undistributed earnings amounted to approximately \$6,247 and \$41,500 as of December 31, 2024 and 2023, respectively, as such earnings are considered indefinitely reinvested or may be remitted tax-free upon distribution.

Note 18. Employee Benefits Plan

The Company contributes to a number of defined contribution plans which provide benefits based upon the contributions made to the plans. The assets of the plans are held separately from those of the Company in independently administered funds. During the years ended December 31, 2024, 2023 and 2022, the Company's elmTree operating segment incurred contribution costs of \$2,320, 2,301 and 2,107, respectively, to these plans. Contribution costs of \$1,920, \$107 and nil, respectively, have been included in gain from discontinued operations for the years ended December 31, 2024, 2023 and 2022.

Note 19. Significant Concentrations

During the years ended December 31, 2024, 2023 and 2022, one customer represented \$43,163, \$84,262, and \$139,303 (or 16%, 20%, and 24%) of revenue from continuing operations, respectively. During the years ended December 31, 2024 and 2023, another customer represented \$29,839 and \$45,576 (or 11% and 11%) of revenue from continuing operations, respectively. No other customers represented more than 10% of revenue from continuing operations during the years ended December 31, 2024, 2023 and 2022.

During the years ended December 31, 2024 and 2023, two suppliers represented \$116,255 and \$178,385 (or 58% and 57%) of the eLMTree operating segment's cost of revenue from continuing operations, respectively. During the year ended December 31, 2022, three suppliers represented \$302,533 (or 68%) of cost of revenue from continuing operations. No other suppliers represented more than 10% of cost of revenue from continuing operations during the years ended December 31, 2024, 2023 and 2022.

As of December 31, 2024 and 2023, one customer represented \$4,915 and \$13,476 (or 16% and 21%) of accounts receivable of continuing operations, respectively. No other customers represented more than 10% of accounts receivable of continuing operations as of December 31, 2024 and 2023.

Mynd.ai. Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 20. Discontinued Operations

In 2022, the Company concluded that its abandonment of the North America geographic region of the Edmodo business qualified for presented as discontinued operations. In 2024, the Company concluded that its sale of its holdings of capital stock of GEH Singapore also qualified for presentation as discontinued operations. In both cases, this conclusion was reached because the disposal represented a strategic shift with a major effect on the Company's operations and financial results. See further discussion at Note 2 - Summary of Significant Accounting Policies.

The following table provides a reconciliation of the Company's net income (loss) from discontinued operations presented in the consolidated statements of operations for the years ended December 31, 2024, 2023, and 2022. There are no interest or other corporate costs allocated to discontinued operations in financial results presented below.

	Year Ended December 31						
	2024			2023			2022
	GEH Singapore	Edmodo	Total	GEH Singapore	Edmodo	Total	Edmodo
Revenue	\$ 29,115	\$ —	\$ 29,115	\$ 1,808	\$ —	\$ 1,808	\$ 560
Cost of revenue	25,045	—	25,045	1,237	(119)	1,118	3,460
Gross profit (loss)	4,070	—	4,070	571	119	690	(2,900)
Operating expenses:							
General and administrative	4,494	64	4,558	355	900	1,255	1,400
Research and development	—	—	—	—	41	41	6,224
Sales and marketing	457	—	457	11	1	12	2,113
Total operating expenses	4,951	64	5,015	366	942	1,308	9,737
Operating profit (loss) from discontinued operations	(881)	(64)	(945)	205	(823)	(618)	(12,637)
Other income (expense):							
Interest expense	(43)	—	(43)	(3)	—	(3)	—
Gain on disposition of GEH Singapore	9,255	—	9,255	—	—	—	—
Other income (expense)	439	—	439	(3)	—	(3)	—
Total other income (expense)	9,651	—	9,651	(6)	—	(6)	—
Income (loss) from discontinued operations, before income taxes	8,770	(64)	8,706	199	(823)	(624)	(12,637)
Income tax benefit	19	—	19	19	—	19	—
Income (loss) from discontinued operations, net of tax	8,789	(64)	8,725	218	(823)	(605)	(12,637)
Net (loss) income attributable to non-controlling interests	(33)	—	(33)	33	—	33	—
Net income (loss) attributable to Mynd	\$ 8,822	\$ (64)	\$ 8,758	\$ 185	\$ (823)	\$ (638)	\$ (12,637)

Mynd.ai. Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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During the year ended December 31, 2024, the Company disposed of its interests in GEH Singapore in its entirety and closed the remaining operations of Edmodo. As a result, the Company does not have any assets or liabilities that qualify for presentation as discontinued operations as of December 31, 2024.

The following table provides a reconciliation of the Company's current and non-current assets and liabilities from discontinued operations presented in the consolidated balance sheet as of December 31, 2023.

Mynd.ai. Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

	December 31, 2023		
	GEH Singapore	Edmodo	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,980	\$ —	\$ 3,980
Accounts receivable	129	—	129
Inventories	147	—	147
Prepaid expenses and other current assets	258	—	258
Due from related parties	1,076	—	1,076
Current assets of discontinued operations	5,590	—	5,590
Non-current assets:			
Goodwill	1,996	—	1,996
Property, plant, and equipment, net	4,841	—	4,841
Intangible assets, net	7,750	—	7,750
Right-of-use assets	5,078	—	5,078
Other non-current assets	2,284	—	2,284
Non-current assets of discontinued operations	21,949	—	21,949
Total assets of discontinued operations	27,539	—	27,539
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	458	—	458
Accrued expenses and other current liabilities	3,864	163	4,027
Contract liabilities	106	—	106
Lease liabilities, current	2,794	—	2,794
Due to related parties	19	—	19
Current liabilities of discontinued operations	7,241	163	7,404
Non-current liabilities:			
Lease liabilities, non-current	2,382	—	2,382
Other non-current liabilities	4,251	—	4,251
Deferred tax liabilities	1,317	—	1,317
Total non-current liabilities	7,950	—	7,950
Total liabilities of discontinued operations	\$ 15,191	\$ 163	\$ 15,354

Mynd.ai. Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

Note 21. Share based compensation

In January 2024, the Company's Board of Directors approved the Mynd.ai Equity Incentive Plan (the "Incentive Plan"). Under the Incentive Plan, awards may be granted to officers, employees and consultants of the Company or any of its affiliates in the form of stock options, restricted shares, restricted stock units ("RSUs"), stock appreciation rights, performance stock, performance stock units, and other awards. The maximum aggregate number of ordinary shares that was initially authorized for issuance under the Incentive Plan is 54,777,338, together with a corresponding number of American Depositary Shares ("ADS"). In April 2024, the Company's Board of Directors awarded RSUs, representing an aggregate of 3,501,350 ADSs, to certain directors, executive officers and employees that vest over specified time periods, subject to the recipient's continued service. In October 2024, RSUs, representing an aggregate of 804,766 ADSs were granted to certain employees that vest over specified time periods, subject to the recipient's continued service.

The following table summarizes RSU activity for the year ended December 31, 2024:

	Number of ADS	Weighted Average Grant Date Fair Value Per ADS
Granted, April 2024	3,501,350	\$ 3.92
Granted, October 2024	804,766	1.39
Vested	—	—
Forfeited	(120,628)	3.92
Outstanding, December 31, 2024	4,185,488	\$ 3.43

Share-based compensation expense is included within the following lines in the statement of operations for the year ended December 31, 2024:

Cost of revenue	\$ 142
General and administrative	3,186
Research and development	337
Sales and marketing	33
Total share-based compensation expense	3,698
Tax benefit	(431)
Share-based compensation expense, net of tax	\$ 3,267

As of December 31, 2024, total unrecognized compensation expense related to unvested awards was \$10,673, which is expected to be recognized over a weighted-average period of 2.2 years.

Note 22. Shareholders' equity

On October 21, 2024, the Company's Board of Directors authorized the repurchase of up to \$10,000 of the Company's American Depositary Shares ("ADSs") and/or ordinary shares, par value \$0.001 per share ("Ordinary Shares"), as market conditions and the Company's liquidity warrant. Repurchases may be made from time to time, subject to applicable securities laws, through open-market purchases, privately negotiated transactions, or by other means (including Rule 10b5-1 and Rule 10b5-18 compliant trading plans). Depending on market conditions and other factors, these repurchases may be commenced or suspended from time to time without prior notice. There are no assurances regarding how many ADS/Ordinary Shares, if any, the Company may repurchase.

Mynd.ai, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data, or otherwise noted)

During the year ended December 31, 2024, the Company repurchased 151,923 ADSs in the open market for a total consideration of \$342 (including transaction costs of \$10) under the above-mentioned share repurchase program. None of these ADSs were cancelled during the year ended December 31, 2024. The Company funded the repurchases under the repurchase program with cash on hand. All shares were purchased publicly through the open market. As of December 31, 2024, \$9,668 remains available for repurchase under the \$10,000 stock repurchase program.

Note 23. Subsequent Events

The Company has evaluated all known events and transactions that occurred after December 31, 2024 through the date of the issuance of these consolidated financial statements, and determined that that no subsequent events have occurred that would require recognition or disclosure in these financial statements, except as disclosed elsewhere in these notes to the consolidated financial statements and the following:

Subsequent to the balance sheet date, the Company repurchased 52,965 ADSs in the open market for a total consideration of \$110 (including transaction costs of \$3) under the above-mentioned share repurchase program. The Company funded the repurchases under the repurchase program with cash on hand. All shares were purchased through the open market.

On February 6, 2025, the Compensation Committee of the Company's Board of Directors awarded RSUs representing an aggregate of 18,440,980 ordinary shares (1,844,098 ADSs) to its directors and certain executive officers that vest over three years, subject to the recipient's continued service. The RSUs were awarded pursuant to the Mynd.ai Equity Incentive Plan. In addition, the Compensation Committee approved the Company entering into agreements with its directors and certain executive officers providing that an aggregate of \$3,070 be paid in cash to such individuals, also vesting over a period of three years, subject to their continued service.

ITEM 19. EXHIBITS

Exhibit Index	Description of Document
1.1	<u>Sixth Amended and Restated Memorandum and Articles of Association of the Registrant</u> (incorporated by reference to Exhibit 1.1 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
2.1	<u>Registrant's Specimen American Depositary Receipt</u> (incorporated herein by reference to the 424(b)(3) filed on December 13, 2023 (File No. 333-220440)).
2.2	<u>Registrant's Specimen Certificate for Ordinary Shares</u> (incorporated by reference to Exhibit 2.2 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
2.3	Form of Deposit Agreement, among the Registrant, the depositary and the holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 4.3 to the Form F-1/A filed on September 13, 2017 (File No. 333-220259)).
2.4	<u>Form of Amendment No. 1 to the Deposit Agreement, among the Registrant, the depositary and holders and beneficial owners of the American Depositary Shares issued thereunder</u> (incorporated by reference to Exhibit (a)(i) of post-effective amendment No. 1 to the registration statement on Form F-6 filed on October 5, 2022 (file No. 333-220440)).
2.5	<u>Description of American Depositary Shares of the Registrant</u> (incorporated herein by reference to Exhibit 2.6 to the Form 20-F filed on April 28, 2023 (File No. 001-38203)).
2.6	<u>Description of Ordinary Shares of the Registrant</u> (incorporated by reference to Exhibit 2.6 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
2.7	<u>Senior Secured Convertible Note Purchase Agreement, dated April 18, 2023, by and among the Company, Best Assistant, and Nurture Education (Cayman) Limited</u> (incorporated by reference to Exhibit 2.7 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
2.8	<u>Convertible Promissory Note, dated December 13, 2023, made in favor of Nurture Education (Cayman) Limited</u> (incorporated by reference to Exhibit 2.8 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
2.9	<u>Form of Share Charge Agreement</u> (included as Exhibit B to the Senior Secured Convertible Note Purchase Agreement filed as Exhibit 2.7 to the Annual Report on Form 20-F filed by the Company on March 27, 2024 and incorporated by reference herein).
4.1	<u>Mynd.ai, Inc. Equity Incentive Plan</u> (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.2	<u>Form of Indemnification Agreement between the Registrant and its directors and officers</u> (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.3	<u>Registration Rights Agreement between the Registrant and NetDragon Websoft Inc., dated December 12, 2023</u> (incorporated by reference to Exhibit 4.3 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.4	<u>Registration Rights Agreement between the Registrant and Nurture Education Cayman Limited, dated December 13, 2023</u> (incorporated by reference to Exhibit 4.4 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.5	Agreement and Plan of Merger, dated as of April 18, 2023, by and among Gravitas Education Holdings, Inc., Bright Sunlight Limited, Best Assistant Education Online Limited, and solely for purposes of certain named sections thereof, NetDragon Websoft Holdings Limited (incorporated herein by reference to Annex A of Exhibit 99.2 to the current report on Form 6-K filed on April 18, 2023 (File No. 001-38203)).
4.6	<u>Omnibus Amendment and Waiver, dated October 18, 2023, by and among Gravitas Education Holdings, Inc., Bright Sunlight Limited, Best Assistant Education Online Limited, NetDragon Websoft Holdings Limited and certain sellers and purchasers named therein</u> (incorporated by reference to Exhibit 4.6 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.7	<u>Second Omnibus Amendment and Waiver, dated December 7, 2023, by and among Gravitas Education Holdings, Inc., Bright Sunlight Limited, Best Assistant Education Online Limited, NetDragon Websoft Holdings Limited and certain sellers and purchasers named therein</u> (incorporated by reference to Exhibit 4.7 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.8	<u>Loan and Security Agreement dated as of June 25, 2018, by and among certain of the Company's subsidiaries, the Lenders named therein and Bank of America, N.A. ("Loan and Security Agreement")</u> (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.9	<u>First Amendment and Limited Consent to Loan and Security Agreement dated as of August 6, 2018</u> (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.10	<u>Second Amendment to Loan and Security Agreement dated as of May 24, 2019</u> (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.11	<u>Third Amendment to Loan and Security Agreement dated as of December 20, 2021</u> (incorporated by reference to Exhibit 4.11 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.12	<u>Fourth Amendment to Loan and Security Agreement dated as of March 30, 2022</u> (incorporated by reference to Exhibit 4.12 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.13	<u>Fifth Amendment to Loan and Security Agreement dated as of January 19, 2023</u> (incorporated by reference to Exhibit 4.13 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.14	<u>Sixth Amendment to Loan and Security Agreement dated as of March 2, 2023</u> (incorporated by reference to Exhibit 4.14 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
4.15	<u>Seventh Amendment to Loan and Security Agreement dated as of October 18, 2023</u> (incorporated by reference to Exhibit 4.15 to the Annual Report on Form 20-F filed by the Company on March 27, 2024).
8.1*	<u>Significant Subsidiaries of the Registrant</u> .
11.1*	<u>Mynd.ai Insider Trading Policy</u> .
12.1*	<u>CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1**	<u>CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2**	<u>CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
15.1*	<u>Consent of Deloitte & Touche LLP Independent Registered Public Accounting Firm</u>
97.1*	<u>Compensation Recovery Policy</u>
101.INS*	Inline XBRL Instance Document

101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document);

*Filed with this Annual Report on Form 20-F.

**Furnished with this Annual Report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Mynd.ai, Inc.

By:	<u>/s/ Vincent Riera</u>
Name:	Vincent Riera
Title:	Chief Executive Officer

Date: March 26, 2025

Exhibit 8.1
List of Principal Subsidiaries

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>
Elmtree Inc.	Cayman Islands
Promethean World Limited	England and Wales
Chalkfree Limited	England and Wales
Promethean (Holdings) Limited	England and Wales
Promethean Inc.	Delaware, USA
Promethean SAS	France
Promethean Technology (Shenzen) Limited	China
Promethean Poland sp. z.o.o.	Poland
Promethean Limited	England and Wales
Promethean GmbH	Germany
Promethean Solutions LLP	India



INSIDER TRADING POLICY

APPROVED: January 27, 2025

1. Purpose

Mynd.ai, Inc. (collectively with its subsidiaries, the “**Company**”) is committed to promoting high standards of honest and ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, the Company has adopted this Insider Trading Policy (this “**Policy**”) with respect to Transactions (as defined below) in the Company’s Securities (as defined below), as well as the Securities of publicly traded companies with which the Company has a business relationship, for the purpose of promoting compliance with applicable laws, rules and regulations by its directors, officers, employees and designated contractors. Refer to Section 12 below for the definitions of capitalized terms used throughout this Policy.

Federal and state securities laws prohibit the purchase or sale of a company’s Securities by anyone who is aware of MNPI. These laws also prohibit anyone who is aware of MNPI from disclosing this information to others who may trade. Companies and their controlling persons (for instance, directors and officers) may also be subject to liability if they fail to take reasonable steps to prevent insider trading by Company personnel.

The adverse consequences for insider trading violations can be staggering and include potential criminal and civil liability and/or disciplinary action. Penalties for insider trading include fines of up to \$5.0 million, jail sentences of up to twenty (20) years and civil penalties of up to three (3) times the profit gained or loss avoided. The Securities and Exchange Commission (“**SEC**”) has imposed large penalties even when an individual did not profit from the trading or disclosure. The SEC, stock exchanges and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading, and there is a very high likelihood that federal or other regulatory authorities will detect and prosecute insider trading violations involving even small dollar amounts.

Individuals who violate this Policy shall be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company’s equity plans or termination of employment for cause. In addition, if the Company becomes aware of a violation of this Policy, the Company may inform the appropriate governmental authorities. In determining consequences resulting from a violation of this Policy, the Compliance Officer will consider a number of factors, including, but not limited to, the individual’s culpability, cooperation with the investigation, the individual’s past violations, if any, consistency with consequences for other violations, if any, the availability of restitution, penalties assessed by regulators, the need for deterrence and extent of the harm to the Company, including the impact on Company culture.

2. Scope

This Policy applies to all directors, officers, employees or designated contractors of the Company or its subsidiaries (each, a “**Covered Person**,” or “**you**”).

This Policy also applies to each Covered Person’s family members who reside with them, anyone else who lives in such Covered Person’s household, and any family members who do not live in the Covered Person’s household but whose Transactions in Securities are directed, influenced or controlled by such Covered Person (such as parents or children who consult with the Covered Person before they trade in Securities) (collectively, “**Covered Family Members**”). In addition, this Policy applies to all corporations, partnerships, limited liability

companies, trusts and other entities whose Transactions in Securities are directed, influenced or controlled by any Covered Person. All such Covered Family Members and entities are considered Covered Persons for purposes of this Policy to the same extent as if they were directors, officers, employees or designated contractors, as applicable, of the Company or its subsidiaries.

The portions of this Policy relating to trading while in possession of MNPI, and the disclosure of that information to others, continue to apply to Transactions in Securities even after termination of employment or association with the Company, if the MNPI was obtained as the result of your role as a Covered Person. In addition, if you are subject to a Blackout Period, you must abide by the applicable trading restrictions until at least the end of each applicable trading restriction.

3. Material Non-Public Information

For purposes of this policy, “**material non-public information**” or “**MNPI**” means any Material information about a company that is non-public.

Information is “**Material**” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, hold or sell Securities. Any information that could reasonably be expected to affect the price of the Security is Material. The information may be positive or negative. Common examples of information that may be Material include:

- information regarding financial results, financial condition and financial forecasts, including estimates of financial results or changes in previously announced estimates of financial results;
- significant proposed mergers, acquisitions, investments or divestitures;
- gain or loss of significant customers or suppliers;
- entry into, renewal, termination or changes to significant contracts;
- layoffs or restructurings;
- cybersecurity incidents and data breaches;
- developments in significant litigation or government investigations;
- public or private debt or equity offerings;
- significant changes in senior management or board of directors;
- new product or service offerings; or
- capital allocation developments, such as share repurchases and dividends.

It is not possible to define all categories of Material information, and you should recognize that the public, the media and the courts may use hindsight in judging what is Material. Further, the Materiality of particular information is subject to reassessment on a regular basis. Therefore, it is important to “play it safe” and assume information is Material if you are in doubt and consult with the Compliance Officer.

Information is “**Non-Public**” until the information is broadly disseminated in a manner sufficient to ensure its availability to the investing public generally, without favoring any special person or group. Information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing) and the investing public has had time to absorb and evaluate it. Ordinarily, information about the Company should not be considered public until at least two full trading days have passed following its formal release to the market.

4. Transacting in Securities While in Possession of MNPI Is Prohibited

- 4.1 You are prohibited from engaging in any Transaction in the Company’s Securities while aware of MNPI about the Company. It makes no difference whether or not you relied upon or used MNPI in deciding to trade—if you are aware of MNPI about the Company, the prohibition applies.
- 4.2 You are also prohibited from engaging in Transactions in Securities of other publicly traded companies with which the Company has a business relationship while aware of MNPI about those companies learned in connection with your role as a Covered Person. Such MNPI may include, but is not limited to, negotiations over mergers, acquisitions, divestitures or renewal or termination of significant contracts or other arrangements.
- 4.3 These prohibitions do **not** apply to:
 - 4.3.1 Transactions made pursuant to a 10b5-1 Plan meeting the requirements of Section 9 below.
 - 4.3.2 The exercise of stock options or option-like awards if the exercise price is paid in cash or through the Company withholding a portion of the shares underlying the options.
 - 4.3.3 The Company’s withholding of Securities underlying equity awards to satisfy tax withholding requirements.
 - 4.3.4 Transfers by will or the laws of descent and distribution or transfers for tax-planning purposes in which your beneficial ownership and pecuniary interest in the transferred Securities does not change.
 - 4.3.5 *Bona fide* gifts of the Company’s Securities, unless you have reason to believe that the recipient intends to Transact in the Company’s Securities while you are aware of MNPI about the Company, or you are subject to a Blackout Period and you have reason to believe the recipient intends to Transact in the Company’s Securities during such Blackout Period.

5. Disclosure of MNPI Is Prohibited; No “Tipping”

You may not disclose MNPI about the Company or any other publicly traded company with which the Company has a business relationship learned in connection with your role as a Covered Person to others, make recommendations or express opinions to others about investments in or the prospects of the Company or those companies while in possession of this information, or otherwise make unauthorized disclosure or use of this information (collectively,

“Tipping”). Tipping can result in legal liability and consequences under this Policy even if you did not benefit from the resulting Transaction.

Any written or verbal statement that would be prohibited under the law or under this Policy is equally prohibited if made on the internet or through social media platforms, regardless of whether Covered Persons use their own name or a pseudonym, including the disclosure of MNPI about the Company or with respect to other publicly traded companies with which the Company has a business relationship that you learn in connection with your role as a Covered Person.

6. Other Prohibited Transactions

You may not:

- 6.1 Engage in short sales of the Company's Securities (sales of Securities that are not then owned), including “sales against the box” (short sales not exceeding the number of shares already owned).
- 6.2 Trade in derivatives of the Company's Securities, such as exchange-traded put or call options and forward transactions.
- 6.3 Purchase any financial instruments (such as prepaid variable forward contracts, equity swaps, collars or exchange funds) or otherwise engage in any transactions that hedge or offset any decrease in the market value of the Company's Securities or limit your ability to profit from an increase in the market value of the Company's Securities.
- 6.4 Hold the Company's Securities in a margin account or pledge the Company's Securities as collateral for a loan.
- 6.5 Except under a 10b5-1 Plan meeting the requirements of Section 9 below, establish standing or limit orders for Transactions in the Company's Securities for more than three (3) business days, and any such Transactions must otherwise comply with the restrictions and procedures of this Policy.

7. Blackout Periods; Preclearance of Transactions; Other Compliance Procedures

Except under a 10b5-1 Plan meeting the requirements of Section 9 below:

- 7.1 No Covered Person may engage in Transactions in the Company's Securities during a Semi-Annual Blackout Period regardless of whether they are actually aware of MNPI during that period.

“Semi-Annual Blackout Periods” are in effect with respect to each semi-annual announcement of financial results, starting on the 30th day before the end of the then current semi-annual fiscal period (provided, if the 30th day of the month is not a business day, then the next business day) and ending when two (2) full trading days have passed following the public announcement of the Company's semi-annual financial results for such period.

The Compliance Officer will notify Covered Persons by email when the Semi-Annual Blackout Period begins and ends. Even if you have not been notified, you must not Transact in the Company's Securities during the Semi-Annual Blackout Period. If you have questions about a Semi-Annual Blackout Period, you should consult the Compliance Officer.

- 7.2 In addition to Semi-Annual Blackout Periods, from time to time the Compliance Officer may decide to impose a "**Special Blackout Period**" for Covered Persons who are aware of particular information that the Compliance Officer considers likely to be MNPI. A Special Blackout Period may be imposed in connection with a potential acquisition, anticipated positive or negative announcements of financial results, cybersecurity incidents, or other potentially Material developments. The Compliance Officer will determine on an ongoing basis who is subject to a Special Blackout Period and notify such individuals. Even if you have not been notified, if you reasonably believe you are or should be subject to a Special Blackout Period, you must adhere to the following prohibition. If you are subject to a Special Blackout Period, you may not engage in Transactions in the Company's Securities until notified by the Compliance Officer that the Special Blackout Period has ended.

Any person made aware of a Special Blackout Period should not disclose the existence of the Special Blackout Period to anyone else. If you have questions about a Special Blackout Period, you should consult the Compliance Officer.

7.3 Preclearance of Transactions and 10b5-1 Plans; Related Procedures

- 7.3.1 Prior to directly or indirectly engaging in, or entering into or modifying a 10b5-1 Plan for engaging in, Transactions in the Company's Securities (collectively, "**Preclearance Events**") each of the Company's directors or "officers" (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "**Exchange Act**")), and each of such persons, Covered Family Members and entities (to the extent they are also considered Covered Persons for purposes of this Policy) (collectively, "**Preclearance Persons**") must submit a request for preclearance to the Compliance Officer. The Preclearance Person will be permitted to proceed only after (i) submitting at least three (3) days prior to any desired Preclearance Event a certification that the Preclearance Person is not in possession of MNPI, in form attached hereto as Exhibit A, and (ii) having the request for preclearance approved by the Compliance Officer in writing or via email.
- 7.3.2 Covered Persons must also comply with SEC Rule 144 and all applicable reporting requirements. As such, in connection with the preclearance process, Preclearance Persons should provide to the Compliance Officer an analysis of how the proposed Preclearance Event complies with SEC Rule 144. 10b5-1 Plans for Preclearance Persons should also include a provision stating that the Preclearance Person will arrange for the electronic filing of any required Form 144 with the SEC via the EDGAR system and authorize the 10b5-1 Plan broker to notify the Company of all Transactions on the Preclearance Persons behalf.
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- 7.3.3 If a Preclearance Event is pre-cleared in accordance with this Policy, a Preclearance Person will then have three (3) business days to effect the Preclearance Event. However, if a Preclearance Person becomes aware of MNPI or becomes subject to a Blackout Period after receiving preclearance, but before the Preclearance Event has been effected, that person must not proceed with such Preclearance Event.
- 7.3.4 The Compliance Officer is under no obligation to approve a request under the pre-clearance procedures provided for under this Policy and may determine to reject any request for any reason, including, but not limited to the proposed Transaction (i) exposing the Company or Covered Person to liability under any other applicable state or federal rule, regulation or law, (ii) potentially creating any appearance of impropriety, or (iii) potentially causing reputational or other harm to the Company, even if the proposed Preclearance Event would not violate the federal securities laws or a specific provision of this Policy. The Compliance Officer or a designee should consult others, as necessary, to gather information relevant to any request under this Section 7, and maintain written records of all such requests, including the certification required by Section 7.3.1, and the bases for approving such requests.
- 7.3.5 Approval of any request under these preclearance procedures does not insulate you from liability under the securities laws. The ultimate responsibility for determining whether an individual is in compliance with the securities law rests with that individual in all cases.

7.4 Other Procedures

- 7.4.1 In communicating MNPI to Covered Persons, all Covered Persons must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information. This includes taking precautions to prevent unauthorized disclosure of MNPI about the Company in accordance with such other policies. Prohibitions and procedures relating to the internal and external dissemination of MNPI are addressed in the Company's Corporate Communications Policy and related employment policies.
- 7.4.2 The Company shall no less than annually provide training programs designed to promote compliance with insider trading laws and this Policy. Participation by Covered Persons (excluding Covered Family Members and entities considered Covered Persons for purposes of this Policy) in such programs is mandatory.
- 7.4.3 As appropriate and directed by the Compliance Officer, Covered Persons will be required to complete and sign or confirm electronically an Insider Trading Policy Acknowledgement substantially in the form attached as Exhibit B. Each such acknowledgement shall form a part of the certifying individual's permanent personnel file.
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8. Exceptions

Transactions prohibited by Sections 4, 6, or 7 hereof may be exempted from the prohibitions set forth in this Policy if, prior to the Transaction, the Compliance Officer determines that the Transaction is not inconsistent with the purposes of this Policy and exceptional circumstances apply and communicate a specific, narrow, limited, exception to you in writing.

The existence of a personal financial emergency does not excuse you from compliance with this Policy and will not be the basis for an exception to this Policy.

9. Planned Trading Programs

9.1 10b5-1 Plans

9.1.1 It is not a violation of this Policy to Transact in the Company's Securities while you are aware of any MNPI or during a Blackout Period if: (i) the Transactions are made pursuant to a written trading plan (a "**10b5-1 Plan**") that complies with the requirements of this Policy and Rule 10b5-1(c) (as such rule and regulations may be amended from time to time by the SEC, including any SEC Staff interpretations relating thereto) ("**Rule 10b5-1**") under the Exchange Act; (ii) the 10b5-1 Plan was not entered into while you were subject to a Blackout Period; (iii) the 10b5-1 Plan contains a representation certifying that, on the date of adoption of the 10b5-1 Plan, you (a) are not aware of MNPI about the Company or its Securities and (b) adopted the 10b5-1 Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5-1 under the Exchange Act; and (iv) if required by Section 9.1.2, the 10b5-1 Plan was pre-cleared in writing in advance by the Compliance Officer; provided, however, that any and all Transactions in the Company's Securities under a 10b5-1 Plan that satisfies the conditions in clauses (i) through (iv) shall not qualify for the foregoing exception if after you have entered into the 10b5-1 Plan you fail to act in good faith with respect to it, including with respect to modifications and terminations.

9.1.2 Preclearance Persons must submit a proposed 10b5-1 Plan and any modification of a 10b5-1 Plan for preclearance in accordance with the provisions of Section 7.3 herein at least five (5) business days before the desired date of entry into or modification of such a plan.

9.2 To help demonstrate that a 10b5-1 Plan fully complies with Rule 10b5-1 and this Policy, the Company has adopted the requirements for such plans set forth on Appendix A to this Policy.

10. Transactions by the Company

The Company will not Transact in its own Securities, except in compliance with applicable securities laws.

11. Inquiries

Any questions about this Policy, its application to a proposed Transaction, or the requirements of applicable laws should be directed to the Compliance Officer at Allyson.Krause@mynd.ai or to legal@mynd.ai.

12. Definitions

As used in this Policy, the following definitions apply:

“**10b5-1 Plan**” has the meaning set forth in Section 9.1.1.

“**Blackout Period**” means a Semi-Annual Blackout Period and/or a Special Blackout Period.

“**Company**” has the meaning set forth in Section 1.

“**Compliance Officer**” for this Policy means the Company’s General Counsel; provided that in the event there is no General Counsel or the General Counsel is unavailable, the Company’s Chief Financial Officer shall be authorized to serve as the Compliance Officer in the interim or to designate another person as the Compliance Officer.

“**Covered Person**” has the meaning set forth in Section 2.

“**Exchange Act**” has the meaning set forth in Section 7.3.1.

“**Material Non-public Information**” or “**MNPI**” has the meaning set forth in Section 3.

“**Material**” has the meaning set forth in Section 3.

“**Non-Public**” has the meaning set forth in Section 3.

“**Policy**” has the meaning set forth in Section 1.

“**Preclearance Event**” has the meaning set forth in Section 7.3.1.

“**Preclearance Person**” has the meaning set forth in Section 7.3.1.

“**Semi-Annual Blackout Period**” has the meaning set forth in Section 7.1.

“**Rule 10b5-1**” has the meaning set forth in Section 9.1.1.

“**SEC**” has the meaning set forth in Section 1.

“**Security**” means common stock, options to purchase common stock, debt securities, preferred stock and derivative securities, such as put and call options, warrants, swaps, caps and collars.

“**Special Blackout Period**” has the meaning set forth in Section 7.2.

“**Tipping**” has the meaning set forth in Section 5.

“Transact” or ***“Transaction”*** means purchases, sales, pledges, hedges, loans or other transactions in publicly traded Securities. For the avoidance of doubt, Transactions include gifts (including without limitation donations), unless exempted as described in Section 4.3 of this Policy, subsequent sales of the Company’s Securities issued pursuant to equity awards, as well as broker-assisted sales for the purpose of generating the cash needed to cover the costs of stock option exercises and/or tax withholding related to the exercise or settlement of equity awards.

Appendix A

MYND.AI, INC.

10B5-1 PLAN GUIDELINES

These 10b5-1 Plan Guidelines provide further requirements for entering into and operating a 10b5-1 Plan under the Company's Insider Trading Policy ("**Policy**"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Policy.

1. Good Faith

You must act in good faith with respect to your 10b5-1 Plan under this Policy. Your failure to act in good faith with respect to a 10b5-1 Plan, including with respect to modifications and terminations, will cause the plan to no longer comply with Rule 10b5-1 and the Policy and potentially cause your prior Transactions in the Company's Securities thereunder to violate the Policy.

2. Trades Outside of a 10b5-1 Plan

Any Transaction outside of a 10b5-1 Plan may mitigate the benefits of the 10b5-1 Plan. Consequently, Covered Persons should generally not Transact in the Company's Securities (except as permitted by Section 4.3 of the Policy) outside of a 10b5-1 Plan while a 10b5-1 Plan is in effect.

3. 10b5-1 Plan Adoption or Termination (including Modification); Good-Faith Considerations

Section 9 of the Policy sets forth the requirements for entering into a 10b5-1 Plan, including preclearance requirements. The same requirements and provisions apply to any modification of a 10b5-1 Plan. Any questions regarding proposed modifications to, or terminations other than pursuant to the existing terms of, a 10b5-1 Plan should be directed to the Compliance Officer.

While Rule 10b5-1 does not expressly forbid the early termination of a 10b5-1 Plan, the SEC has made clear that once a 10b5-1 Plan is terminated, the affirmative defense may not apply to any trades that were made pursuant to that plan if such termination calls into question whether the good-faith requirement was met or whether the plan was part of a plan or scheme to evade Rule 10b-5 under the Exchange Act. The risk associated with terminating a plan increases if the Covered Person promptly engages in market transactions or adopts a new 10b5-1 Plan. Such behavior could arouse suspicion that the Covered Person is modifying trading behavior in order to benefit from MNPI. Accordingly, Covered Persons are encouraged to not terminate 10b5-1 Plans except in unusual circumstances. For similar reasons, Covered Persons are encouraged to avoid frequent modifications of 10b5-1 Plans. Covered Persons are required to provide prompt notice of termination of any 10b5-1 Plan to the Compliance Officer. Furthermore, the Company recommends that Covered Persons refrain from engaging in new Transactions in the Company's Securities or entering into a new 10b5-1 Plan for a reasonable period of time following a termination of a prior 10b5-1 plan other than pursuant to the terms of such plan.

4. Overlapping Plans

Under Rule 10b5-1, Covered Persons may not have more than one (1) 10b5-1 Plan in operation at any given time, subject to certain limited exceptions. Consult with the Compliance Officer to discuss whether any of these exceptions may apply to your situation, particularly if you wish to enter into a new 10b5-1 Plan under which trades will commence shortly after an existing 10b5-1 Plan would terminate in accordance with its terms.

5. Single-Trade Plans

Covered Persons may not enter into a 10b5-1 Plan that is designed to Transact the total amount of the Company's Securities subject to the 10b5-1 Plan as a single transaction (a "**Single-Trade Plan**"), unless (i) the Covered Person has not, during the prior twelve (12)-month period, entered into another 10b5-1 Plan of the same design; and (ii) such other 10b5-1 Plan was eligible to receive the affirmative defense under Rule 10b5-1.

6. Timing of First Trade (Cooling-Off Periods)

For Company directors and officers, 10b5-1 Plans must be subject to a "cooling off" period pursuant to which no trading may commence after the 10b5-1 Plan is adopted until the expiration of the later of (i) ninety (90) days after the adoption of the 10b5-1 Plan, or (ii) two (2) business days following the filing of the Form 6-K or Form 20-F for the fiscal period in which the plan was adopted, not to exceed one hundred and twenty (120) days following adoption of the 10b5-1 Plan.

For other Covered Persons, 10b5-1 Plans must be subject to a "cooling off" period (between the date the 10b5-1 Plan is adopted and when trading under the plan may commence), pursuant to which no trading may commence after the 10b5-1 Plan is adopted until the expiration of 30 days after the adoption of the 10b5-1 Plan.

7. Specific Trading Schedules

- 7.1 The Company encourages trading schedules to provide for a pattern of regular trades occurring over time to minimize any inference that the Covered Person is not acting in good faith.
- 7.2 If the specified number of shares is not sold on a designated date for sale pursuant to a trading schedule, the unsold shares may be added to the order(s) for the following designated date of sale on a trading schedule; provided that the number of shares added to the subsequent date of sale on the trading schedule shall be limited to no more than the number of shares originally intended to be sold on the subsequent date of sale.

For example, if an individual has 5,000 aggregated, unsold shares under a 10b5-1 Plan but the trading schedule provides for only 1,000 shares to be sold per trading interval, the aggregation feature outlined in this section shall allow for trading of up to 2,000 shares in each trading interval thereafter until such time as the 5,000 aggregated, unsold shares under the 10b5-1 Plan have been sold.

8. Plan Suspension & Termination

10b5-1 Plans should include a provision that automatically suspends trading under the plan upon notice of suspension from the Company triggered by certain events. Events contemplated by such notice include underwritten public offerings by the Company and acquisition of the Company.

10b5-1 Plans should also include a provision automatically terminating the plan at some future date. In addition, any 10b5-1 Plan must provide for automatic termination in the event of death, a personal bankruptcy filing, the filing of a divorce petition, employment termination (in which case such automatic termination will occur at the beginning of the next open trading window), the last scheduled sale of shares, the public announcement of a merger, recapitalization, acquisition, tender or exchange offer, or other business combination or reorganization resulting in the exchange or conversion of the shares of the Company into shares of another company, or the conversion of the Company's Securities into rights to receive fixed amounts of cash or into debt securities and/or preferred stock (whether in whole or in part).

9. Plan Brokers

Unless otherwise approved by the Compliance Officer, all 10b5-1 Plans must be implemented through a broker included in a list approved by the Compliance Officer. The Compliance Officer may amend this list from time to time.

An insider must not communicate any MNPI about the Company to the broker or attempt to influence how the broker exercises his or her discretion in any way.

Exhibit A

MYND.AI, INC.

INSIDER TRADING POLICY

Certification of Directors and Officers

Pursuant to the Company's Insider Trading Policy (the "***Policy***") and the requirements of the federal securities laws, I hereby certify that I am not aware of any MNPI concerning the Company. I further understand that I am not authorized to trade in any Company Securities in reliance on this certification until I receive written preclearance from the Compliance Officer, and that, even if I receive preclearance, I will not trade if I have MNPI or am subject to a Blackout Period at the time the trade is to be executed. Capitalized terms not defined herein shall have the meanings ascribed to them in the Policy.

Date:

Signature:

Printed Name:

Exhibit B

MYND.AI, INC.

INSIDER TRADING POLICY

ACKNOWLEDGMENT

I certify that I have read, understand and agree to comply with the Company's Insider Trading Policy. I consent to the public disclosure of required information in the Company's SEC filings regarding its 10b5-1 plans. I further agree that I will be subject to sanctions imposed by the Company, in its discretion, for violation of the Insider Trading Policy, and that the Company may give stop-transfer and other instructions to the Company's transfer agent against the transfer of Company securities as necessary to ensure compliance with the Insider Trading Policy. I acknowledge that one of the sanctions to which I may be subject as a result of violating the Insider Trading Policy is termination of my employment, including termination for cause, or if I am a director, removal from the Company's board of directors.

Date:

Signature:

Printed Name:

Revision History

Version	Effective Date	Approved By	Notes (e.g., description of changes)
1	December 13, 2023	Mynd.ai Board of Directors	
2	January 27, 2025	Mynd Board of Directors	Changed definition of Semi-Annual Blackout Period

Exhibit 12.1

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Vin Riera, certify that:

1. I have reviewed this annual report on Form 20-F of Mynd.ai, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (a) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 26, 2025

By: /s/ Vincent Riera

Name: Vincent Riera

Title: Chief Executive Officer

Exhibit 12.2

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Arthur Giterman, certify that:

1. I have reviewed this annual report on Form 20-F of Mynd.ai, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (a) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 26, 2025

By: /s/ Arthur Giterman

Name: Arthur Giterman

Title: Chief Financial Officer

Exhibit 13.1

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Mynd.ai. Inc. (the “Company”) on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Vin Riera, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 26, 2025

By: /s/ Vincent Riera

Name: Vincent Riera

Title: Chief Executive Officer

Exhibit 13.2

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Mynd.ai. Inc. (the “Company”) on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Arthur Giterman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 26, 2025

By: /s/ Arthur Giterman

Name: Arthur Giterman

Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-278480 on Form S-8 and Registration Statement No. 333-280853 on Form F-3 of our report dated March 25, 2025, relating to the financial statements of Mynd.ai, Inc. appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington

March 25, 2025