RNS Number : 6078I
Versarien PLC
28 March 2024

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Versarien Plc

("Versarien", the "Company" or the "Group")

Audited Results for year ended 30 September 2023

Versarien Plc (AIM: VRS), the advanced engineering materials group, announces its audited results for the 12 months ended 30 September 2023. The comparative figures are for the 18 month period ended 30 September 2022.

The Annual Report including the Notice of Annual General Meeting ("AGM") is now available on the Company's website at www.versarien.com and will be posted to shareholders on 30 March 2024. The AGM is being held on 30 April 2024 at 10.30 am in the offices of FieldFisher LLP at Riverbank House, 2 Swan Lane, London, EC4R 3TT.

Financial Highlights

- Group revenues from continuing operations of £5.45 million (2022: £11.11 million)*
- Graphene revenues of £0.24 million (2022: £2.15 million)
- Adjusted LBITDA** for continuing operations of £3.01 million (2022: £2.40 million)
- H2 LBITDA** losses halved to £1.00 million from £2.01 million in H1
- Asset impairments of £8.58 million treated as an exceptional cost (2022: £1.33 million)
- Reported loss before tax from continuing operations of £14.27 million (2022: £8.32 million)
- Reported loss for the period of £14.18 million (2022: £8.41 million)
- Cash of £0.60 million at 30 September 2023 (30 September 2022: £1.35 million)
- £3.35 million gross raised via equity placings during the period
- £1.47 million gross raised via equity placings post period end

** Excludes discontinued revenues of £nil million (2022: £0.5 million)*

*** Adjusted LBITDA (Loss Before Interest, Tax, Depreciation and Amortisation and excludes Exceptional items, Share-based payment charges and losses)*

Partnerships/Commercial Highlights

Construction

- Key demonstration for the use of Cementene™ in precast concretes following trials with Banagher Precast Concrete Limited (Ireland)
- Delivered the first 3D concrete printed headwall to Costain and National Highways as part of the A30 Chiverton to Carland Cross upgrade in Cornwall
- Continued to be active as part of advisory board of National Highways' Roads Research Alliance (RRA) alongside more than 20 construction companies through involvement in the Digital Roads of the Future Partnership

Leisure

- Umbro have launched Spring/Summer and Autumn/Winter 2023 Pro Training Elite collections integrated with Graphene-Wear™
- Signed a sales agreement with GoToGym covering Colombia, Brazil and United States of America. GoToGym Brazil have launched active-wear incorporating Versarien's Graphene-

Wear™ technology

- Continuing to supply graphene enhanced elastomers to US-based Flux Footwear LLC, an adaptive footwear company, with royalties in place for the use of Versarien's Graphene-Wear™ trademark

Technology Licencing

- Versarien continues to licence 14 patents to GrapheneLab (Korea) for the manufacture of chemical vapour deposition (CVD) graphene

Commercial R&D and Grant Funding Highlights

- Commercial R&D contracts were signed with CBMM (Brazil), IRPC Public Company (Thailand) and a UK aviation company
- Successful on-time delivery of Graphene Flagship Spearhead project led by Airbus Helicopters (GICE project)
- Gnanomat was awarded a grant from ICEX Trade and Investment for €415,000 to enable the company to commercialise and launch a new line of conductive inks
- Commenced a 4-year long iCARE (Integrated Assessment and Advanced Characterisation of Neuro-Nanotoxicity) project (Horizon Europe), studying graphene in different use cases including graphene enhanced concretes and elastomers

Operational/Manufacturing Highlights

- As part of cost cutting exercises, the R&D team has been slimmed down significantly during 2023, to concentrate on its strategic objectives
- The Company has now ceased USA and China sales operations in order to focus on its European operations whilst maintaining its partnerships in South Korea

Post Period Highlights

- Completed an agreement with MCK Tech (Korea) for the exclusive licence of five CVD patents.
- Completed a know-how and manufacturing licence agreement with Montana Quimica LTDA, a Brazilian multinational focussed on the production of paints and wood finishing products
- Versarien Plc sold its South Korean plant and equipment to MCK Tech (Korea) for £604,000

Dr Steve Hodge, CEO of Versarien, commented:

"The period was a challenging one for Versarien, but I believe the restructuring and other actions we have undertaken have resulted in a more efficient business, which maintains the skilled people and technology to enable commercial success. It is encouraging to report that our pipeline of potential income opportunities is growing , albeit development opportunities are still the largest part, but we are beginning to see signs of more commercial interest, including licensing. This, together with our reduced cost base, gives us an increasing level of confidence as we seek to ensure a bright future for Versarien."

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended.

For further information please contact:

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Notes to Editors:

The strategy of Versarien plc (AIM:VRS) is to be a development led advanced materials company focussed on specific sectors that will lead to a light manufacturing and licensing model. For further information please see: http://www.versarien.com

NON-EXECUTIVE CHAIR'S STATEMENT

The events of the last 12 months have, to say the least, been extremely challenging for all Versarien stakeholders as we streamlined the business in order to navigate the current market traction difficulties and implement a strategy that will provide a pathway to financial viability.

Just prior to the AGM last year we employed the expertise of turnaround specialist David Stone and he has continued to work with us since then. Whilst shareholders will rightly question whether any turnaround has been achieved, the Board is confident that the Company's IP and technology is commercially attractive. This is reflected in the increasing number of opportunities the Company is seeing and the goal of profitability is looking ever more achievable.

Our current projections are suggesting that this will be in the second half of next year. In the meantime, we will still need funds to bridge us to the point that we are cash generative and we have been doing all we can to market the two mature businesses whilst completing the sale of our South Korean based plant and equipment.

We have closed down operations in the US and China, reduced employee numbers in the remaining operations and cut costs where possible and this is reflected in the reduced operating losses in the second half of the year. Nonetheless we have had no alternative but to continue to raise equity funds from the stock market.

Notwithstanding these challenges, I wish to reassure shareholders that we continue to do all we can to progress the Company and are encouraged by the opportunities our newly appointed CEO has provided through determination and hard work. These are described in the CEO report.

I would like to thank all our staff for their continued endeavours and very much look forward to reporting further progress.

Diane Savory OBE
Non-executive Chair

CHIEF EXECUTIVE OFFICER'S REVIEW

The last 12 months have continued to be turbulent with difficult but necessary cost-cutting measures being implemented. Following this restructuring we have maintained a highly skilled and loyal workforce with increased efficiency. Whilst the Company still faces a number of macro-economic challenges, we are confident that there are strong commercial and R&D pipelines, including technology licensing opportunities that give us confidence that we can improve the Company's position and deliver a bright future.

We have a clear strategy to:

- focus on commercial opportunities in the areas of construction and leisure
- licence Versarien's technology, brands and manufacturing know-how and become a manufacturing-light operation
- divest non-core activities to reduce the requirement for funding from external sources
- maintain and strengthen the Group's scientific teams supported by grant funding applications

TECHNOLOGY BUSINESSES

UK operations

Following the G-SCALE project, we switched focus to readying our manufacturing and quality control processes for commercialisation. The last 12 months have continued to be turbulent with difficult but necessary cost-cutting measures being implemented. Following this restructuring we have maintained a highly skilled and loyal workforce with increased efficiency.

We have moved 2DT to a Tier 2 membership at the Graphene Engineering Innovation Centre (GEIC). This has meant downsizing laboratory space and relocating some equipment to Longhope. This has enabled our production staff to upskill; we have set up coating stations for both Graphene-Wear™ formulation screen printing for customer trials and set up graphene heater mat production with associated heater mat assembly and electrothermal testing and imaging.

Construction

This year we have worked with several partners to continue to prove the effectiveness of graphene as a powder and as an admixture (Cementene™). In May 2023 we announced a key demonstration for the use of Cementene™ in precast concretes following trials with Banagher Precast Concrete Limited (Ireland) that showed we could maintain compression strength whilst removing ~20% of the cement in their standard mix. In line with our global ambitions, the Cementene™ trademark is now granted in USA and South Korea, in addition to the UK and EU registrations already in place.

Versarien has supervised researchers as part of the Digital Roads of the Future project led by National Highways and Costain, housed at the University of Cambridge and is proud to be part of the Advisory Board of the Roads Research Alliance alongside the 20+ other founder members.

In 2023, we continued to deliver on a number of 3DCP projects. We delivered the first 3D concrete printed headwall to Costain and National Highways as part of the A30 Chiverton to Carland Cross upgrade in Cornwall. We are incredibly proud to have built and delivered this first-of-a kind UK highways structure that has certainly showcased our 3D print team's capabilities while building project partners' confidence in adopting innovative methods of construction.

Post period end, in October 2023, Versarien won a public tender contract with the Office for Product Safety and Standards (OPSS), part of the UK government's Department for Business and Trade (DBT) to compile a comprehensive report involving stakeholder reviews to support the UK's regulation of 3DCP within the existing Construction Products Regulation (CPR). We have appointed a Head of 3D Construction Printing to continue to be at the forefront of cutting-edge 3D Construction Printing developments. We welcome the first international standard (ISO/ASTM 52939 Additive manufacturing for construction - Qualification principles - Structural and infrastructure elements), published in December 2023 that will enable us to implement more robust practices when designing, manufacturing and delivering 3DCP products.

Textiles and footwear

Versarien continues to progress its relationships with a number of clothing brands. During 2023, Umbro launched Spring/ Summer and Autumn/Winter 2023 Pro Training Elite collections integrated with Graphene-Wear™. Post period, in January 2024, we signed a sales agreement with GoToGym covering Colombia, Brazil and United States of America. GoToGym Brazil has launched active-wear incorporating Versarien's Graphene-Wear™ technology.

In footwear, we continue to supply graphene enhanced elastomers to US-based Flux Footwear LLC, an adaptive footwear company, with royalties in place for the use of Versarien's Graphene-Wear™ trademark.

Following successful product launches we continue to take enquiries from global sportswear brands for Graphene-Wear™ enhanced products.

Grant Funding

In January 2023 we commenced a 4-year long iCARE (Integrated Assessment and Advanced Characterisation of Neuro-Nanotoxicity) project (Horizon Europe) studying graphene in different use cases including graphene enhanced concretes and elastomers. The outputs of this project will be critical in supporting the use of graphene in a wide array of applications and give confidence to supply chain partners and consumers.

In September 2023 we successfully completed the Graphene Flagship SpearHead project GICE led by Airbus. Principal aircraft de-icing/anti-icing components utilising Versarien graphene heater mats were showcased to the EC reviewers in Gothenburg in December 2023. These included NACA airfoils, air-inlet scoop and helicopter rotor blade demonstrators. We continue to seek grant funding to continue these developments and in areas that align with our commercial focus areas.

OVERSEAS OPERATIONS

As part of cost cutting exercises the Company has now ceased USA and China sales operations, in order to focus on our Spanish and South Korean operations. We will continue to operate from Spain and South Korea, but with a reduced cost base.

Spain

Gnanomat has continued to test its products in a wide range of markets, particularly in energy storage with supercapacitors (pseudocapacitors), fuel cells and zinc/air batteries as well as allied applications such as sensing and low observability in military applications.

Due to challenging market conditions, a decision was made to impair the carrying value of goodwill and cost of investment in Gnanomat.

The Company is continuing to work on the INNPRESSME grant project aiming to create an Open Innovation Test Bed in the area of nanotechnology and advanced materials. The funds have been used to optimise the pilot plant and gain access to business opportunities.

Gnanomat has won two significant commercial R&D contracts with CBMM (Brazil) and IRPC Public Company (Thailand) and continues to apply for grants to support its progress to commercial revenues.

South Korea

During the period, we saw CVD graphene being used by customers for sensor development, electrothermal heaters and optoelectronic devices.

Post period end, in March 2024 the CVD plant and equipment was sold to MCK Tech Co. (Korea) for £604,000 with an exclusive licence agreement for the use of five patents.

Our objective is to continue to develop a number of CVD graphene-based products with Korean academic and commercial partners through commercially funded and Korean national projects.

TECHNOLOGY LICENCING

Finding strategic partners who can support our commercial progress will be essential as we transition to a manufacturing-light operation in the UK, in line with the Company's strategy to monetise intellectual property through licensing.

In addition to 14 patents we already licence to GrapheneLab Co Ltd, post period end, in March 2024, we granted an exclusive licence to MCK Tech, for an initial period of five years, to use 5 CVD graphene production patents. MCK Tech is a well-respected company that has developed graphene-based sensors for healthcare. We look forward to maintaining access to CVD graphene materials and supporting MCK Tech through collaborative efforts.

We have also entered into a manufacturing licence agreement and a know-how licence and technical assistance agreement with Montana Química LTDA, a Brazilian headquartered multinational business focused on the production and sale of paints, wood preservatives and other wood finishing products including stains and varnishes. We are very pleased to be partnering with Montana Química, a leading business in its markets in South America, and look forward to

Montana Quimica, a leading business in its markets in South America, and look forward to collaborating closely with them as they bring products enhanced by Versarien's technology to the market.

MATURE BUSINESSES

We continue to market both Total Carbide Limited and AAC Cyroma Limited as they are not core to our graphene activities. I am grateful to all staff at both businesses for their continued support whilst this process is underway.

CURRENT TRADING AND OUTLOOK

Our pipeline of opportunities continues to strengthen which gives us increased confidence as we seek to achieve profitability from our reduced cost base. We are seeing more opportunities for our Cementene™ product in particular from which we hope to secure ongoing revenue. We look forward to reporting further progress in due course.

Dr Stephen Hodge
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

These results are for a period of 12 months with the comparatives reflecting an 18-month period. The aluminium business based at Cheltenham closed last year and consequently these results are split between continuing and
discontinued operations and the segmental analysis between the technology and mature businesses.

Group results

Revenues from continuing operations were £5.45 million (2022: £11.11 million). Revenue from graphene was £0.24 million (2022: £2.15 million). The loss from operations was £13.72 million (2022: £7.69 million). The comparative figure included a £1.19 million charge in respect of the valuation of the Lanstead Sharing Agreements.

The adjusted LBITDA for continuing operations was £3.01 million for 12 months compared to £2.40 million for the prior 18 months and is shown in the table below. Adjusted LBITDA (which is not a GAAP measure and is not intended as a substitute for GAAP measures and may not be the same as that used by other companies) is a measure used by management to reflect the core operating performance of the underlying businesses rather than the effects of non-core financial and non-cash expenses. The adjustments to the loss from operations as disclosed in the Group Statement of Comprehensive Income relate to depreciation and amortisation, share based payment charges, exceptional items and losses related to the fair value of the Lanstead sharing agreements.

	12 months ended 30 September 2023			18 months ended 30 September 2022		
	Continuing Operations £'000	**Discontinued Operations £'000**	**Total £'000**	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
(Loss)/profit from operations	**(13,716)**	**-**	**(13,716)**	(7,693)	(130)	(7,823)
Depreciation and amortisation	**1,410**	**-**	**1,410**	2,126	41	2,167
Share based payments	**530**	**-**	**530**	1,510	-	1,510
Exceptional items	**8,765**	**-**	**8,765**	463	64	527
Other losses	**-**	**-**	**-**	1,191	-	1,191
Adjusted LBITDA	**(3,011)**	**-**	**(3,011)**	(2,403)	(25)	(2,428)

Exceptional items of £8.77 million in the year (£2022: £0.46 million) relate to an impairment review of goodwill, capitalised development costs and tangible assets as a result of the delay in market traction, the Company's market capitalisation and also to align with the turnaround strategy.

The reported loss before tax for continuing operations was £14.27 million (2022: £8.32 million). Group net assets at 30 September 2023 were £1.08 million (30 September 2022: £11.6 million) with cash at the period end of £0.6 million (30 September 2022: £1.4 million).

Net cash used in operating activities was £2.74 million (2022: £3.68 million) with trade and other payables reducing by £0.82 million (2022: £1.98 million). Investment in development costs and equipment was £0.34 million (2022: £4.66 million) and net principal lease payments were £0.81 million (2022: £0.93 million) giving total cash outflows of £3.89 million (2022: £9.27 million).

These activities were financed by net funds received from the Lanstead sharing agreements £nil (2022: £3.53 million), the issue of shares £3.13 million (£1.92 million) less net loans repaid of £0.1m, (2022: £2.78 million net loans received) totaling £3.03m.

The deficit of £ 0.86 million (2022: £1.04 million) resulted in a modest increase on drawings on the invoice finance facilities of £0.10 million (2022: £0.03 million increase) thus reducing cash at the period-end by £0.76 million (2022: £1.01 million decrease).

Repayment of our GSCALE loan of £5 million is due to commence in 2025.

Technology Businesses

The technology businesses have seen an decrease in revenue from £2.15 million to £0.24 million driven mainly by the recognised revenues from the DSTL contract in the prior period. Operating costs for the 12 months, excluding exceptional items, were £2.83 million compared to £4.50 million for the prior 18 month period. All development costs not related to construction, textiles and polygrene thermoplastics have been fully impaired along with £0.86 million of production plant to align with our light manufacturing strategy.

Mature Businesses

The mature business segment has seen decreased revenues of 13% on a pro rata basis, and returned a loss from operations of £0.18 million for 12 months compared to the previous 18 months profit of £0.03 million. As referred to in the Chief Executive Officer's report, we continue to market these for sale.

Going Concern

The financial statements have been prepared on a going concern basis and are subject to the matters described in note 1.

Chris Leigh
Chief Financial Officer

Group statement of comprehensive income

For the year ended 30 September 2023

	Note	**12 months to 30 September 2023 £'000**	18 months to 30 September 2022 £'000
Continuing operations			
Revenue	2	**5,448**	11,106
Cost of sales		**(4,286)**	(7,739)

Gross profit		**1,162**	3,367
Other operating income		**138**	257
Other losses *		**-**	(1,191)
Operating expenses (including exceptional items)		**(15,016)**	(10,126)
Loss from operations before exceptional items		**(4,951)**	(7,230)
Exceptional items	3	**(8,765)**	(463)
Loss from operations		**13,716**	(7,693)
Finance costs		**(565)**	(644)
Finance income		**16**	14
Loss before income tax		**(14,265)**	(8,323)
Income tax	4	**86**	59
Loss from continuing operations		**(14,179)**	(8,264)
(Loss)/Profit from discontinued operations		**-**	(141)
Loss for the period		**(14,179)**	(8,405)
Loss attributable to:			
Owners of the parent company		**(13,525)**	(8,069)
Non-controlling interest		**(654)**	(336)
		(14,179)	(8,405)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted loss per share	5	**(5.49)p**	(4.16)p
There is no other comprehensive income for the period			

* The other losses in the comparative period relate to the fair value assessment of the Lanstead sharing agreements.

Group statement of financial position

As at 30 September 2023

	Note	**30 September 2023 £'000**	30 September 2022 £'000
Assets			
Non-current assets			
Intangible assets	6	**2,763**	10,636
Property, plant and equipment	7	**3,443**	5,861
Deferred taxation		**-**	25
Trade and other receivables		**36**	38
		6,242	16,560
Current assets			
Inventory		**1,528**	2,131
Trade and other receivables		**1,409**	2,155
Assets held for sale		**604**	-
Cash and cash equivalents		**596**	1,351
		4,137	5,637
Total assets		**10,379**	22,197
Equity			
Called up share capital	8	**3,308**	1,941
Share premium account	8	**36,724**	34,961
Merger reserve		**1,256**	1,256
Share-based payment reserve		**5,289**	4,759
Accumulated losses		**(43,382)**	(29,694)
Equity attributable to owners of the parent company		**3,195**	13,223
Non-controlling interest		**(2,115)**	(1,624)
Total equity		**1,080**	11,599
Liabilities			
Non-current liabilities			
Trade and other payables		**501**	600
Deferred tax liabilities		**6**	67
Innovate Loan		**5,000**	5,000
Long-term borrowings		**995**	1,595
		[illegible]	[illegible]

	6,502	7,262
Current liabilities		
Trade and other payables	**1,479**	1,957
Invoice discounting advances	**762**	660
Current portion of long-term borrowings	**556**	719
	2,797	3,336
Total liabilities	**9,299**	10,598
Total equity and liabilities	**10,379**	22,197

Group statement of changes in equity

For year ended 30 September 2023

	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Accumulated losses	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2021	1,899	33,003	1,256	3,249	(21,625)	(1,228)	16,494
Issue of shares	42	1,958	-	-	-	-	2,000
Loss for the period	-	-	-	-	(8,069)	(336)	(8,405)
Share-based payments	-	-	-	1,510	-	-	1,510
At 30 September 2022	1,941	34,961	1,256	4,759	(29,694)	(1,624)	11,599
Re-allocation of minority interest	-	-	-	-	(163)	163	-
Issue of shares	1,367	1,763	-	-	-	-	3,130
Loss for the period	-	-	-	-	(13,525)	(654)	(14,179)
Share-based payments	-	-	-	530	-	-	530
At 30 September 2023	**3,308**	**36,724**	**1,256**	**5,289**	**(43,382)**	**(2,115)**	**1,080**

Statement of Group cash flows

For the year ended 30 September 2023

	12 months to 30 September 2023 £'000	18 months to 30 September 2022 £'000
Cash flows from operating activities		
Cash used in operations	(2,377)	(3,280)
Interest paid	(364)	(402)
Net cash used in operating activities	(2,741)	(3,682)
Cash flows from investing activities		
Purchase of intangible assets	(149)	(2,751)
Purchase of property, plant and equipment	(187)	(1,910)
Net cash used in investing activities	(336)	(4,661)
Cash flows from financing activities		
Share issue (net of funds deferred per sharing agreement)	3,351	1,926
Share issue costs	(221)	(10)
Funds received from Innovate UK	-	2,740
Funds received from sharing agreements	-	3,537
Paymentof CBILS	(99)	41
Principal payment of leases under IFRS 16	(811)	(928)
Invoice discounting loan (repayments)/proceeds	102	29
Net cash generated from financing activities	2,322	7,335
(Decrease)/increase in cash and cash equivalents	(755)	(1,008)
Cash and cash equivalents at beginning of period	1,351	2,359
Cash and cash equivalents at end of period	596	1,351

Note to the statement of Group cash flows

For the year ended 30 September 2023

	12 months to 30 September 2023	18 months to 30 September 2022

	£'000	£'000
Loss before tax (including discontinued operations)	(14,265)	(8,464)
Adjustments for:		
Share-based payments	530	1,510
Depreciation	1,108	1,677
Amortisation	302	490
Disposal of tangible assets	181	292
Impairment of tangible assets	861	-
Impairment of intangible assets	7,720	1,331
Finance cost/(income)	549	630
Loss/(gain) on FV movement of sharing agreement	-	1,191
R&D tax credit repayment	86	59
*Decrease/(increase) in trade and other receivables and investments	771	301
(Increase)/decrease in inventories	603	(317)
(Decrease)/increase in trade and other payables	(823)	(1,980)
Cash flows from operating activities	**(2,377)**	(3,280)

Notes to the final results

For the 12 months ended 30 September 2023

1. Basis of preparation

The Group consolidated financial statements have been prepared in accordance with UK-adopted, International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Group's financial statements have been prepared on a going concern basis under the historical cost convention

However, whilst the Company continues to develop and seek to commercialise its graphene technology it remains reliant upon the capital markets and/or asset sales to continue as a going concern up until such time as it generates sufficient revenues to cover its costs. It has therefore taken the following steps in the last twelve months:

- It has reduced its cost base by closing down operations in the US and China.
- It has reduced its employee base from 93 employees to 64 employees.
- It is seeking to sell its mature businesses which employ 42 staff which would leave 22 staff in its core technology business.

The Directors have prepared detailed projections of expected future cash flows for a period of twelve months from the date of issue of these results and have made the following assumptions in support of adopting the going concern basis in preparation of these financial statements:

- Versarien's shareholders will continue to give authority to the Directors to issue sufficient shares without pre-emption rights to enable the Company to raise cash on the capital markets. With the Company's low market capitalisation this is likely to require a staged approach until such time as the value of the Company increases. Consequently, there is no certainty as to timing or quantum, but the Company has a history of raising capital on a regular basis. The Company is expected to meet the criteria for EIS/VCT investment which potentially widens the capital pool it may access.
- The Company will be able to sell its mature businesses having already sold its Korean plant with receipts due on a staged basis.

Following the recent issue of 492 million shares at 0.125p per share, the Company has a bank balance of £0.8 million and headroom on its invoice discounting facilities of £0.1 million totalling £0.9 million. This together with the expected receipts of £0.5 million from the sale of the South Korean plant and equipment are expected to provide working capital until the fourth quarter of the calendar year. In making their going concern assessment, and the Directors have forecast that sufficient additional funding will be raised to enable the group and parent company to meet liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The notice of Annual General Meeting contains resolutions which are anticipated to be sufficient for further working capital needs and which will be used if the Company is unable to realise cash from the sale of its mature businesses.

After due consideration, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis subject to raising the required funds either through asset sales and/or raising sufficient equity.

However, as there is no certainty as to the completion of the matters noted above, this represents a material uncertainty that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The auditors' report on the Annual Report and Financial Statements for the period ended 30 September 2023 was unqualified, did not contain a statement under s498(2) or s498(3) of the Companies Act 2006 but drew attention to material uncertainty with regard to going concern as follows:

We draw attention to the going concern section of the accounting policies of the financial statements which indicates that the group remains reliant upon the capital markets and/or asset sales to continue as a going concern up until such time as it generates sufficient revenues to cover its costs, and that additional funding will need to be raised within 12 months from the date of approval of the financial statements. The group and parent company expect to be able to secure this additional funding to enable the group and parent company to realise their assets and discharge their liabilities in the normal course of business.

As stated in the going concern section of the accounting policies, these events and conditions, along with other matters set out in the going concern section of the accounting policies, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and our risk assessment, we considered going concern to be a key audit matter. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate in the circumstances;

- Challenge of the Directors' going concern assessment, including the reasonableness of assumptions and downside stress case sensitivities applied, using our underlying knowledge of the business;

- Testing of the mathematical accuracy, and consideration of the reasonableness, of the assumptions made and available headroom throughout the forecast period extending from the date of approval of the financial statements;

- Consideration of the key sensitivities applied in the cash flow model pertaining to revenue, grant income and cost base, the continued use of the finance facilities and management of the Group's and Company's cost base;

- Analysing post year end trading results compared to forecast and current year to evaluate the accuracy and achievability of forecasts; and

- Assessing the completeness and accuracy of disclosures in relation to going concern and whether significant judgements have been appropriately disclosed.

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

The consolidated financial statements are presented in sterling amounts. Amounts are rounded to the nearest thousands, unless otherwise stated.

The financial information contained in this announcement does not constitute the Group's statutory accounts for the period ended 30 September 2023 but is derived from those accounts which have been audited and which will be filed with the Registrar of Companies in due course.

2. Segmental information

At 30 September 2023, the Group is organised into two business segments. Central costs are reported separately. Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focussed on the two principal business segments of Technology and Mature Businesses, and, accordingly, the Group's reportable segments under IFRS 8 are based on these activities.

Segment profit/(loss) represents the profit/(loss) earned by each segment, including a share of central administration costs, which are allocated on the basis of time spent by central staff on subsidiary affairs. This is the measure reported to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

The non-core aluminium operations of Versarien Technologies Limited were closed in the prior period and are presented below as discontinued operations.

	Central	Technology Businesses	Mature Businesses	Intra-group adjustments	Total continuing Operations	Discontinued Operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	-	239	5,209	-	5,448	-	5,448
Gross profit	-	(560)	1,722	-	1,162	-	1,162
Other operating income	-	133	5	-	138	-	138
Other losses	-	-	-	-	-	-	-
Operating expenses	(15,141)	(5,136)	(1,903)	7,164	(15,016)	-	(15,016)
(Loss)/Profit from operations	(15,141)	(5,563)	(176)	7,164	(13,716)	-	(13,716)
Finance charge	256	(690)	(115)	-	(549)	-	(549)
Loss before tax	(14,885)	(6,253)	(291)	7,164	(14,265)	-	(14,265)
Total assets	6,207	5,766	5,392	(6,986)	10,379	-	10,379
Total liabilities	(6,557)	(25,617)	(2,554)	25,429	(9,299)	-	(9,299)
Net assets/(liabilities)	(350)	(19,851)	2,838	18,443	1,080	-	1,080
Capital expenditure	87	391	9	-	487	-	487
Depreciation/amortisation and impairment	6,448	3,053	489	-	9,990	-	9,990

The segment analysis for the 18 months ended 30 September 2022 is as follows:

	Central	Technology Businesses	Mature Businesses	Intra-group adjustments	Total Continuing operations	Discontinued Operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	-	2,146	8,960	-	11,106	534	11,640
Gross profit	(29)	1,008	2,388	-	3,367	107	3,474
Other operating income	-	251	6	-	257	1	258
Other losses	(1,191)	-	-	-	(1,191)	-	(1,191)
Operating expenses	(14,916)	(4,740)	(2,365)	11,895	(10,126)	(238)	(10,364)
(Loss)/Profit from operations	(16,136)	(3,481)	29	11,895	(7,693)	(130)	(7,823)
Finance charge	159	(76)	(104)	(609)	(630)	(11)	(641)
Loss before tax	(15,977)	(3,557)	(75)	11,286	(8,323)	(141)	(8,464)
Total assets	15,824	9,232	7,319	(10,178)	22,197	-	22,197
Total liabilities	(5,853)	(22,292)	(2,997)	20,544	(10,598)	-	(10,598)
Net assets/(liabilities)	9,971	(13,060)	4,322	10,366	11,599	-	11,599
Capital expenditure	403	5,005	1,054	-	6,462	-	6,462
Depreciation/amortisation and impairment	566	1,480	993	459	3,498	-	3,498

3. Exceptional items

	12 months to 30 September 2023 £'000	18 months to 30 September 2022 £'000
Continuing Operations		
Goodwill impairment	3,132	423
Development cost impairment	1,864	908
Patent and trademarks impairment	2,724	-
Tangible asset impairment	861	-
Deferred income related to development cost impairment	(238)	(660)
Restructuring costs	483	-
(Credit)/charge relating to expansion in Asia	-	(306)
Acquisition costs	-	82
Other	(61)	16
	8,765	**463**
Discontinued Operations		
Relocation and restructuring costs	-	64

4. Taxation

The tax credit for the period of £86,000 (2022: £59,000) relates to an R&D tax credit. The charge on the results for the period is £nil (2022: £nil). At the year end the Group had £33.3 million (2022: £25.5 million) of trading losses carried forward to set-off against future trading profits.

5. Loss per share

The calculation of the basic loss per share for the year ended 30 September 2023 and period ended 30 September 2022 is based on the losses attributable to the shareholders of Versarien plc divided by the weighted average number of shares in issue during the period. The calculation of diluted loss per share is based on the basic loss per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. However, in accordance with IAS 33 "Earnings per Share", potential Ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share.

As at 30 September 2023, there were 12,914,730 (2022: 15,205,850) potential Ordinary shares, which have been disregarded in the calculation of diluted loss per share as they were considered non-dilutive at that date.

	Attributable to owners of parent company £'000	Weighted average number of shares '000	Basic loss per share pence
12 months ended 30 September 2023	**(13,525)**	**246,401**	**(5.49)**
18 months ended 30 September 2022	(8,069)	194,027	(4.16)

6. Intangible assets

	Goodwill £'000	Development Costs £'000	Patents, trademarks and other Intangibles £'000	Total £'000
Cost				
At 1 April 2021	4,431	2,965	4,500	11,896
Additions	-	2,584	167	2,751
At 30 September 2022	4,431	5,549	4,667	14,647
Additions	-	-	149	149
At 30 September 2023	**4,431**	**5,549**	**4,816**	**14,796**
Accumulated amortisation and impairment				

At 1 April 2021	876	491	823	2,190
Amortisation charge	-	1	489	490
Impairment	423	908	-	1,331
At 30 September 2022	1,299	1,400	1,312	4,011
Amortisation charge	-	1	301	302
Impairment	3,132	1,864	2,724	7,220
At 30 September 2023	**4,431**	**3,265**	**4,337**	**12,033**
Carrying value				
At 30 September 2023	**-**	**2,284**	**479**	**2,763**
At 30 September 2022	3,132	4,149	3,355	10,636

7. Property, plant and equipment

	ROU asset £'000	Plant and equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 April 2021	6,537	6,288	518	13,343
Additions	1,801	1,776	134	3,711
Disposals	(1,742)	(30)	(84)	(1,856)
At 30 September 2022	6,596	8,034	568	15,198
Additions	149	184	4	337
Disposals	(883)	(192)	(35)	(1,110)
Transfer of assets held for sale	-	(1,083)	-	(1,083)
At 30 September 2023	**5,862**	**6,943**	**537**	**13,342**
Accumulated depreciation				
At 1 April 2021	4,199	4,890	135	9,224
Charge for the year	1,113	455	109	1,677
Disposals	(1,505)	(27)	(32)	(1,564)
At 30 September 2022	3,807	5,318	212	9,337
Charge for the period	642	392	74	1,108
Disposals	(702)	(191)	(35)	(928)
Transfer of assets held for sale	-	(479)	-	(479)
Impairment	-	861	-	861
At 30 September 2023	**3,747**	**5,901**	**251**	**9,889**
Net book value				
At 30 September 2023	**2,115**	**1,042**	**286**	**3,443**
At 31 March 2022	2,789	2,716	356	5,861

8. Called up share capital and share premium

	Number of shares '000	Called up share capital £'000	Share premium £'000	Total £'000
At 1 April 2021	189,8710	1,899	33,003	34,902
Issue of shares	4,280	42	1,958	2,000
At 30 September 2022	194,150	1,941	34,961	36,902
Issue of shares	136,629	1,367	1,763	3,129
At 30 September 2023	**330,779**	**3,308**	**36,724**	**40,031**

The called up share capital in the table above represents the total number of authorised, issued and fully paid Ordinary shares with a nominal value of 0.01p per share.

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