Registered in England and Wales number 10114644

Verditek PLC

Annual Report and audited Financial Statements

Year Ended 31 December 2022

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CHAIRMAN'S STATEMENT

The year to 31 December 2022 was one of commercial challenge for Verditek. Although there has been a modest growth in sales and a focus on building repeat customer relationships, the conversion of pipeline projects was lower than anticipated, as customer capital projects were either postponed or cancelled due to the ongoing impact of the global pandemic. Production was correspondingly scaled back at the start of the year in order to focus on fulfilling orders.

Operationally there was a focus on developing the lightweight semi-flexible solar panel product, improving the quality of manufacturing processes, and strengthening the skills of the production team through recruitment and training.

An exciting area of focus with a great deal of potential are collaborations with partners to incorporate Verditek panels into their products. We have worked closely with strategic partners to develop solar roofing solutions. We were delighted to have delivered our first integrated solar roof-panel system through our partnership with Swedish company Lindab AB, and also an integrated solar roof tile product in partnership with Belgian company Metrotile. These solutions can be used on a wide variety of buildings, and significantly expands the potential reach of Verditek's product offering.

2022 was a frustrating year for Verditek. Ongoing uncertainty from the pandemic and rising fuel costs have resulted in delays of capital projects and increasing price pressure. In response, Verditek has streamlined its operational production and focussed efforts on product quality and strategic solution partnerships. The near-term outlook for clean technology in general and Verditek in particular is very positive. The Group has seen a growing number of enquiries and pilot projects towards the end of the year and in early 2023, which point to promising signs of commercial growth for 2023.

The Rt Hon. Lord David Willetts FRS
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Overview

The year to December 2022 has been a year of transition for Verditek, cementing new relationships with major European distributors of integrated solar roof product. The Group has focussed on commercializing its flexible, lightweight solar panels, but conversion of the sales pipeline, although now firmly establishing a solid base, is only just beginning to show signs of scaling up.

Our work with established partners to develop competitive, applied and integrated, solar PV products for a wide range of mainstream commercial and residential roofing solutions has greatly expanded our market opportunities and we are confident that this enhanced offering leaves Verditek well placed for commercial growth in 2023.

Strategy

The Group's historic strategy has been to identify early-stage business opportunities in the clean technology sector, invest in them and see them through to commercial success. Whilst this remains the Group's long-term objective, the focus during 2022 was on refining the Group's solar offering and working to build and convert the sales pipeline.

The Group solar strategy is to manufacture high quality panels with a focus on B2B sales through engaging distributors and sales representatives in different regions. The Group also aims to partner with solutions providers, who develop and bring to market innovative solutions with integrated solar panels.

In light of the climate emergency, the world needs to evolve from its dependency on hydrocarbon-based energy sources to cleaner, more environmentally friendly energy, this has been further accelerated with the ongoing war which has escalated energy prices across the board. We believe the Verditek Solar product is extremely well positioned to become a market leader in the ultra-lightweight, flexible solar market. The Company's product has numerous potential applications that are not available to the traditional, heavy and fragile solar panel technology. We believe major new market opportunities for our lightweight product will open up in areas such as military, transportation, cellular telecoms masts, new build homes (as part of an integrated roof tile system), and warehousing (where roofing structures are less rigid). Here the advantages of a highly durable, efficient ultra-lightweight solar solution can now be embraced.

We believe the trend in the world moving from burning hydrocarbons as a primary energy source towards utilising solar solutions will accelerate.

Operations

After the year end, in May 2023, the Group's manufacturing operations have been relocated from Lainate to Tolmezzo in Udine, Italy. This move was to lower the cost base and take advantage of more flexible working arrangements. From Tolmezzo a core staff together with a further flexible contract labour team manufacture Verditek's flexible lightweight solar panels using the latest components sourced from around the world.

Sales and Marketing

The Group has various routes to market, including commission only sales agents, employed sales consultants, distributors and solutions partners.

Verditek continue to supply panels for various marine applications including conventional yachts, electric powered yachts, and canal boats.

The Group has highly promising partnerships with roofing providers. Verditek Solar has signed a long term supply agreement with Lindab AB, a Scandinavian supplier roof systems, and they have placed multiple orders for installations in a number of countries.

Verditek Solar is also collaborating with Metrotile, who are incorporating the Verditek solar panel into their roof tile products. Both these opportunities enhance the potential for commercial growth in the lucrative roofing sector. Verditek continue to work with two other large roofing companies elsewhere in the world as we develop a similar offering for their respective markets.

As a result of these collaborations, the value of order intake in the first half of 2023 is approx. £395,000 versus £232,000 in the first half of 2022. The majority of the order intake will be recognized as revenue in the second half of 2023.

Other Opportunities

We are in discussions to license our manufacturing technology to a larger scale, automated plant and we have received expressions of interest from others to build similar plants elsewhere in the world.

We have an exciting relationship in place with Paragraf, a Cambridge (UK) based technology company which has developed world-leading graphene technology. Together we have completed three Joint Development Projects ("JDP"), and are scoping the fourth.

The intent is that this work will continue as we continue to make good progress.

I would like to take this opportunity to thank my fellow Board members, staff, valued shareholders and advisers for their support. We look forward to delivering on the vision of building a cash-generative and profitable clean technology company together.

R J Richards

Rob Richards,
Chief Executive Officer
28 June 2023

STRATEGIC REPORT

Verditek is a cleantech company with its principal interest being the manufacture and commercialistion of leading-edge solar technologies. Verditek Solar Italy (100% owned subsidiary) operates from a modern factory in Italy.

Verditek's light weight solar modules offer several innovations including: interconnectivity of individual PV cells, increased flexibility, and are particularly light weight compared to conventional PV modules.

The market for Verditek's solar products covers both on grid and off grid installations and has applications from single panel use such as in Tuk Tuks in Thailand to large projects which deliver power where conventional fossil fuel power production is both expensive and logistically difficult to manage. For such large rural projects, Verditek has developed its PowerMat concept where circa 250kw of panels are connected by one of two systems and are stored when not in use in a shipping container for easy transportation and re-use in different locations.

Verditek has recently partnered with specialist roofing solution providers to bring to market integrated solar products, which broaden the reach of Verditek's solar offering.

Verditek has entered into a series of joint development programmes with Paragraf, a pioneer in graphene technology, in order to develop potentially transformative PV cell technology.

During the year, the Group sold its stake in ICSI to an external buyer, see Notes 11 and 12 to the financial statements.

For a full review of the business during the year, please refer to the Chief Executive's Review on pages 2 and 3. For an analysis of financial performance indicators, please refer to the Financial Review on page 6.

Principal risks and uncertainties facing the business

A full review of principal risks and uncertainties facing the business is given on pages 7 to 9.

S172 Statement

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

- the likely consequences of any decisions in the long term (see Corporate Governance Report, pages 12 to 17);
- the interests of the company's employees (see Corporate Social Responsibility report on page 21)
- the need to foster the company's business relationships with suppliers/customers and others (see Corporate Governance Report, pages 12 to 17);
- the impact of the company's operations on the community and environment (see Corporate Social Responsibility report on page 21);
- the company's reputation for high standards of business conduct (see Corporate Governance Report, pages 12 to 17); and
- the need to act fairly between members of the company (see Corporate Governance Report, pages 12 to 17).

On behalf of the Board

R J Richards

Rob Richards
Chief Executive Officer
28 June 2023

FINANCIAL REVIEW

Income statement

During the year 2022 the Group's loss after taxation was £1,872,711 (2021: £974,079). The administration expenses incurred for the year ended 31 December 2022 were £1,661,935 (2021: £1,501,942).

Loss per share

The basic and diluted loss per share was 0.5p (2021: 0.3p).

Financial Position

At 31 December 2022, the Group's net assets were £1,644,296 (2021: net assets of £1,870,713). This comprised total assets of £2,274,279 and total liabilities of £629,983. The total assets included property, plant and equipment of £195,470 (2021: £300,082).

Cashflow

The Group's cash balance at the period end was £842,632 (2021: £237,613). During the period the net cash outflow from operating activities was £1,079,319 (2021: 1,656,332) with financing activities generating net proceeds of £1,394,143 (2021: £204,264).

Dividends

No dividend is recommended (2021: £nil) due to the development stage of the Group.

Capital management

The Board's objective is to maintain a financial position that is both efficient and delivers long term shareholder value. The Group had cash balances of £842,632 as at 31 December 2022 (2021: £237,613). The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Key Performance Indicators

As the Group's revenues are still at an early stage, the main measures of performance are the level of expenditure compared to budget and forecast expectations. Going forward the Board will look to develop KPIs to monitor and report performance.

Events after the reporting period

Events after the reporting period are described in Note 26 to the financial statements. Following receipt of the proceeds of the bond issue and repayment of the Crowd for Angels bonds, the Group had cash of approximately £290,000 at the end of May 2023.

John McCall
Interim Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is committed to protecting and enhancing our reputation and assets, while safeguarding the interests of our shareholders. It has overall responsibility for the Group's system of risk management and internal control.

The Board assesses the Company's principal risks and monitors the risk management process regularly. The Board considers risks to the business at its monthly meetings and reviews the principal risks to the business and the risk register quarterly. Over the course of the year, the Board has also considered specific risks of managing cash-flow and working capital, scaling up manufacturing and managing the associated operational risks and liquidity.

Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in delivering our objectives. Our principal risks are shown in the table below.

Risk Framework

Managing risk is an inherent part of any vital commercial enterprise. The Company has prepared a risk review using an established framework that assists the recognition and mitigation of risk. Ranking risk and opportunity is critical to any successful business and assists the executive in managing priorities to extract the maximum value from our investments, while maintaining vigilance on those aspects which most influence an outcome.

Over the course of the year we have continued to focus on the risk framework developed in our first year of operation to maintain and enhance a fit for purpose governance model and to ensure compliance. Financial control continues to figure prominently in this overall framework.

Risk Review

The key risks identified per business are as follows:

DETAIL OF RISK	MITIGATION and MANAGEMENT	ASSESSMENT
Failure to secure cashflow and remain a going concern, also growth ambitions might outpace cash reserves.	The Board reviews medium to long term cashflow forecasts (including sales forecast), and aims to ensure sufficient funding is in place to meet requirements.	High risk (elevated from prior year)
Operational failings in manufacturing process.	Technical and operational support for the factory manager has been put in place with an operational/quality control structure and process and a programme of regular audits of the process.	High risk (elevated from prior year)

DETAIL OF RISK	MITIGATION and MANAGEMENT	ASSESSMENT
Products are designed for a specific segment of the market and accessing that segment needs to be done through distribution partners who typically have greater negotiating power. Poorly constructed sales contracts expose the company to punitive commercial conditions. Partnering relationships expose the Company to unlimited liabilities.	Build network of distribution partners and ensure review, challenge and understanding of standard terms and conditions of the partnerships especially payment terms and enforceability. The Company has secured Peachey & Co. LLP as their single corporate counsel and have developed a suite of proforma contracts to ensure commercial negotiations begin soundly.	High risk (elevated from prior year)
Products are not competitive on cost as the Company cannot scale up manufacturing with the existing manufacturing facilities.	Manufacturing has been moved to a larger automated modern factory unit which will allow increased productivity, improved quality and reduce costs per unit. The Group is considering collaborations to scale up manufacturing or direct investments in new manufacturing sites.	High risk (unchanged from prior year)
Factory output levels reduce, poor quality, other operational issues.	The Group has systems in place for testing of each panel, and daily production levels are monitored and reported on regularly by local management. The Group has approved a move to a new larger factory unit with the aim of allowing increased productivity, improved quality and reduce costs per unit.	Medium risk (unchanged from prior year)
HSE violations in Group operating companies.	The Group is directly responsible for installing and auditing an HSE culture. Documented operating procedures are in place at the manufacturing facility, which have been reviewed by an external body.	Medium risk (unchanged from prior year)
Non-compliance with the UK's anti-bribery and corruption legislation given the Company's potential operations in high-risk countries.	The Company has an Ethics policy which is referenced in third party contracts and there is annual mandatory training for directors, employees and contractors.	Medium risk (unchanged from prior year)
The solar marketplace continues to have increased efficiency (power output) and increased competition.	Verditek continues to monitor the efficiency of cells used in production of its solar panels, and seeks to remain at the forefront of technical advancements at all times.	Medium risk (unchanged from prior year)

DETAIL OF RISK	MITIGATION and MANAGEMENT	ASSESSMENT
Failure to meet AIM corporate governance requirements.	The executive benchmarked its corporate governance, policies and procedures against published QCA guidelines to ensure compliance. The Company has regular discussions with its nominated advisor and external counsel.	Low risk (unchanged from prior year)
Adverse global trading conditions due to the COVID-19 pandemic, with companies and countries reducing their spend on capital projects.	Contingency plans to control costs, through flex of production staff and supply chain streamlining.	Low risk (descend from prior year)

GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors of Verditek plc ("Verditek" or the "Company") as at the date of signing the report and accounts comprised:

Rob Richards (Chief Executive Officer)

Rob is the Chief Executive Officer of Verditek plc. Rob is a chartered electrical engineer with over 20 years' experience in the Oil and Gas and Energy Industry. Rob joined Verditek plc, having held senior management positions in Ecolog International, FZE, Penspen Ltd, Thailand, KNM Process Systems Sdn Bhd in Malaysia, Siemens Oil and Gas, Singapore and Alstom Power.

The Rt Hon. Lord David Willetts FRS (Non-Executive Chairman)

The Rt Hon. Lord David Willetts FRS is the Chairman of Verditek plc. He is also the President of the Resolution Foundation. He served as the Member of Parliament for Havant (1992-2015), as Minister for Universities and Science (2010-2014) and previously worked at HM Treasury and the No. 10 Policy Unit.

Lord Willetts is a visiting Professor at King's College London, a Board member of UK Innovation and Research (UKRI) and of the Biotech Growth Trust. He is an Honorary Fellow of Nuffield College Oxford.

George Katzaros (Non-Executive Director)

George is the founder of Verditek plc, identifying the three core technologies and leading the company to IPO on AIM. George has over 30 years' experience in advisory and asset management as well as investment banking and venture capital particularly for cleantech companies.

Gavin Mayhew (Non-Executive Director)

Gavin was formerly the CEO of Energy Savers FZE, a UAE consultancy providing energy saving solutions to commercial and industrial clients. Before that Gavin was president of Zubair Terminal Company in Iraq, which was set up to finance, develop and operate a new commercial port in Iraq and a 38 year port concession was signed with the Iraqi government in 2018. He has over 20 years of business management experience in Latin America, Europe and the Middle East. Gavin has an MBA from INSEAD and undergraduate degree from Brown University in the USA.

The Board and responsibilities

The Board hold monthly meetings to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. There is an Audit Committee and a Remuneration Committee in place with formally delegated duties and responsibilities and with specific terms of reference. From time-to-time separate committees may be set up by the Board to consider specific issues when the need arises. Due to the size of the Group, the Directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than a committee but will regularly reconsider whether a nominations committee is required.

Details of board meetings held, and attendance of Board directors is shown below:

Board Members	Eligible to attend	Attended
Executive Directors		
Rob Richards	14	14
Non-Executive Directors		
The Rt Hon. Lord David Willetts FRS	14	14
George Francis Katzaros	14	12
Gavin Mayhew	14	13

The Audit Committee
The Audit Committee comprises The Rt Hon. Lord David Willetts FRS as chairman and Gavin Mayhew.

The Audit Committee determines the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Group's auditors.

The Audit Committee Report is presented on page 18.

The Remuneration Committee
The Remuneration Committee comprises George Katzaros as chairman and Gavin Mayhew.

The Remuneration Committee reviews the scale and structure of the executive Directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive Directors are set by the entire Board.

The Directors' Remuneration Report is presented on pages 19 – 20.

Investor relations

The General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website.

On behalf of the Board

R J Richards

Rob Richards
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

The Directors recognise that good corporate governance is a key foundation for the long-term success of the Group. As the Company is listed on the AIM market of the London Stock Exchange it is subject to the continuing requirements of the AIM Rules. The Board has therefore adopted the principles set out in the Corporate Governance Code for small and midsized companies published by the Quoted Companies Alliance ("QCA Code").

The principles are listed below with an explanation of how the Company applies each principle, and what we do and why.

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
1. **Establish a strategy and business model which promote long-term value for shareholders**	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Company's strategy is explained fully within the Chief Executive's Report section of our Report and Accounts for the year ended 31 December 2022. Our strategy is focused on reviewing manufacturing capabilities to optimise the cost of production and ensure a competitively priced product, and developing a "go to market strategy" by advancing partnerships with solutions providers to incorporate our panels and deliver readily saleable solutions. The key challenges to the business and how these are mitigated are detailed on pages 7 to 9 of our Report and Accounts for the year ended 31 December 2022.
2. **Seek to understand and meet shareholder needs and expectations**	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.	Whilst the company is early stage, the Board is committed to returning value to our shareholders through execution of our strategy.
	The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	Verditek plc encourages two-way communication with its investors and responds quickly to all queries received. The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM. The people responsible for shareholder liaison are: The Chief Executive Officer The Chief Financial Officer Nomad (W.H. Ireland Limited) The Chief Executive Officer is responsible for shareholder liaison and he can be

QCA Code Principle	Application (as set out by QCA)	What we do and why
		contacted using the "contact" link on the Company website. The Board noted that a resolution at the Annual General Meeting held in 2022 to re-appoint one the Directors was passed with the necessary majority but received less than 80% of votes in favour. The Board have engaged with its shareholders to understand the reasons behind the voting result.
3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.	The executive maintains communications with trade and interest groups working in the markets where its products are sold and applied.
	Where matters that relate to the company's impact on society, the communities within which it operates, or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.	The Company is committed to developing green technology, and this forms the backbone to decision making.
	Feedback is an essential part of all control mechanisms, and is welcomed from all stakeholder groups.	The Company's website maintains a channel to receive feedback from all stakeholders.
4. **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.	Risk Management on pages 7 to 9 of our Report and Accounts for the year ended 31 December 2022 details the risks to the business and how these are mitigated.
	Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The Board considers risks to the business at its monthly meetings and reviews the principal risks to the business and the risk register quarterly.
5. **Maintain the Board as a well-functioning, balanced team led by the chair**	The Board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate	The Company is controlled by the Board of Directors. The Rt Hon. Lord David Willetts FRS, the Non-executive Chairman, is responsible for the running of the Board and Rob Richards, the Chief Executive, has executive responsibility for running the

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
	responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.	Group's business and implementing Group strategy.
	The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.	All Directors receive regular and timely information on the Group's operation and financial performance. Relevant information is circulated to the Directors in advance of meetings. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Company's expense.
	The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement.	The Board comprises one Executive Director and three Non-Executive Directors. The Board considers that all the Non-Executive Directors bring an independent judgement to bear.
	The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.	The Executive Director is full time and the Non-Executive Directors provide such time as is required to fully and diligently perform their duties.
	Directors must commit the time necessary to fulfil their roles.	The Board holds Board meetings at least once a month. Details of the attendance record of each Director at Board meetings is included in the Governance report of the Annual Report.
6. **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.	The Directors have attended professional NED instruction and have proven track-records of serving on boards previously.
	The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.	The Board will work to increase the diversity of the Directors.
	As companies evolve, the mix of skills and experience required on the board will change, and board	Further information about the Board's skillset, including each Director's experience and CV, is set out on the Company website and additional information is shown on page 10 of the

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
	composition will need to evolve to reflect this change.	Annual Report for the year ending 31 December 2022.
7. **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.	The Company was admitted to trading on AIM in August 2017. Since that time there has been a greater than 50% turnover in Board membership. It was proposed that a board performance evaluation be carried out in 2022 to look critically at what we do and to identify areas of improvement but this was not possible given other Board priorities and it will take place in the second half of 2023. An appraisal is scheduled to be carried out each year with the Executive Director.
	The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.	The Company is early stage and as such the Board has been focussed on ensuring that sufficient capital is in place to execute its strategy: first sales; investing in longer term development opportunities and developing the organisation. It is against the performance of this strategy that the Board is currently assessed.
	It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.	No formal succession plans are currently in place, but the Board will continue to review this position.
8. **Promote a corporate culture that is based on ethical values and behaviours**	The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team.	The Corporate and Social Responsibility section on page 21 of our Report & Accounts for the year ended 31 December 2022 details the ethical values of the Company.
	Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The	The Company's policies and procedures on Data Protection; Disciplinary, Dismissal and Grievance; Ethics; Share Dealing; Social Media; and Speak-Up are reviewed and updated as required and amended policies were approved by the Board during the year.

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
	performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.	These policies and procedures are made available to staff and consultants and anti-bribery and anti-corruption training and data protection training is mandatory. Staff and consultants are encouraged to ask questions and seek clarifications from senior members of the team on these policies and procedures.
9. **Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**	The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its: • size and complexity; and • capacity, appetite and tolerance for risk.	The Corporate Governance Report on pages 12 to 17 of our Report & Accounts for the year ended 31 December 2022 details the Company's governance structures and why they are appropriate and suitable for the Company.
	The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	The Board has a formal schedule of matters reserved to it and is supported by the Audit and Remuneration Committees. Due to the size of the Company, the Directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than a committee but will regularly reconsider whether a nominations committee is required. The Audit Committee and a Remuneration Committee have formally delegated duties and responsibilities and with specific terms of reference and these are available on request.
10. **Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**	A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.	The Company encourages two-way communication with its investors and responds quickly to all queries received. The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.
	Appropriate communication and reporting structure should exist between the Board and all constituent parts of its shareholder base. This will assist: • the communication of shareholders' views to the board; and • the shareholders' understanding of the unique	The Chairman and the Chief Executive Officer are responsible for ensuring appropriate communication and reporting to shareholders. A range of corporate information (including all Company announcements, historical annual reports and other governance related material since the company was admitted to AIM in August 2017) is also available to shareholders,

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
	circumstances and constraints faced by the company.	investors and the public on the Company's website.
	It should be clear where these communication practices are described (annual report or website).	The Company will disclose outcomes of all votes at shareholder meetings in a clear and transparent manner by either publishing a market announcement or by reporting it on the Company website. When a considerable proportion of votes (20%) have been cast against a resolution at any meeting of shareholders, the Company will include an explanation of what actions it intends to take to understand the reasons behind that vote result and, where appropriate, any different action it has taken, or will take, as a result of the vote.

AUDIT COMMITTEE REPORT

The Audit Committee helps the Board discharge its responsibilities regarding financial reporting, external and internal audits and controls as well as reviewing the Group's annual and half-year financial statements, other financial information and internal Group reporting.

This includes:

- considering whether the Company has followed appropriate accounting standards and, where necessary, made appropriate estimates and judgments taking into account the views of the external auditors;

- reviewing the clarity of disclosures in the financial statements and considering whether the disclosures made are set properly in context;

- where the audit committee is not satisfied with any aspect of the proposed financial reporting of the Company, reporting its view to the Board of Directors;

- reviewing material information presented with the financial statements and corporate governance statements relating to the audit and to risk management; and

- reviewing the adequacy and effectiveness of the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the Board itself, review the Company's internal control and risk management systems and, except where dealt with by the Board or risk management committee, review and approve the statements included in the annual report in relation to internal control and the management of risk.

The Audit Committee assists by reviewing and monitoring the extent of non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the Annual Report and financial statements and the half-yearly reports remains with the Board.

For the year under review, there were no non-audit services rendered to the Group and the Company. The audit committee considered the nature and scope of engagement and remuneration paid were such that the independence and objectivity of the auditors were not impaired. Fees paid for audit services are provided in Note 6.

Significant reporting issues considered during the year included the following:

Going concern

The Committee considered the Going Concern basis on which the accounts have been prepared and can refer shareholders to the Group's accounting policy set out in Note 2.4. The directors are satisfied that the going concern basis is appropriate for the preparation of the financial statements.

The Rt Hon. Lord David Willetts FRS

Chairman – Audit committee

DIRECTORS' REMUNERATION REPORT

This report sets out the remuneration policy operated by the Company in respect of the Executive and Non-Executive Directors. The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. No Director is involved in discussions relating to their own remuneration.

Remuneration policy

The objective of the proposed remuneration policy is to attract, retain and motivate high calibre executives to deliver outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of base salary, performance bonuses and other benefits as determined by the Board. The Company currently has one Executive Director, the Chief Executive Officer, who has a service agreement that can be terminated at any time by either party giving to the other three months' written notice. Compensation for loss of office is restricted to base salary and benefits only.

The remuneration package for an Executive Director is detailed below:

- **Base Salary:**
  Annual review of the base salary of the Executive Director considering the Executive Director's role, responsibilities and contribution to the Group performance.

- **Performance Bonus:**
  Bonus arrangements are discretionary and are payable depending on the performance of the Executive Director in meeting his key performance indicators and in the wider context with the performance of the Group.

- **Benefits:**
  Benefits include payments for provident funds that are mandatory and statutory pension payments as required by the laws of the resident countries of the Executive Director, health insurance and other benefits.

- **Longer term incentives:**
  In order to incentivise the Directors and employees, and align their interests with shareholders, the Company has granted share options in previous years though no further share options were granted in the current year. The share options will vest at various future dates as described in the Note 23 to the financial statements. In addition to service conditions, the vesting of the share options granted to the Executive Director and the Chairman are subject to an earnings before interest, tax, depreciation and amortisation (EBITDA) performance condition.

Non-Executive Directors are remunerated solely in the form of Directors' fees and share options determined by the Board and are not entitled to pensions, annual bonuses or employee benefits.

DIRECTORS' REMUNERATION REPORT (Continued)

Re-election of Directors

One-third of continuing Directors stand for re-election on an annual basis and all Directors are aware of the need to maintain their independence and to demonstrate their continued commitment to the role. Succession planning is limited due to the current size of the Board.

The remuneration of the Directors in Verditek plc who held office during the years to 31 December 2022 and 2021 were as follows:

The emoluments of the Directors were as follows (Audited):					
	Year ended 31 December 2022				Year ended 31 December 2021
	Salary & Directors' fees	Pension Contributions	Share-based payment	Total	Total
	£	£	£	£	£
Executive directors					
Robert Richards	152,037	-	84,678	236,715	185,081
Non-executive directors					
The Rt Hon. Lord David Willetts FRS	50,000	-	23,330	73,330	60,984
George Katzaros	25,000	-	-	25,000	25,000
Gavin Mayhew	30,000	-	-	30,000	30,000
Total	**257,037**	**-**	**108,008**	**365,045**	**301,065**

There are 4,500,000 share options held by The Rt Hon. Lord David Willetts FRS and 14,000,000 share options held by Robert Richards: details are shown in Note 23. No options were exercised in the year.

George Katzaros

Chairman – Remuneration committee

CORPORATE AND SOCIAL RESPONSIBILITY

The Company understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of our corporate social goals our aim is to make a lasting positive contribution to all our stakeholders.

In view of the limited number of stakeholders, the Company has not adopted a specific policy on Corporate Social Responsibility. However, it does seek to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations. The Company has adopted an Ethics Policy which covers anti-bribery and anti-corruption, environmental sustainability, social responsibility, health and safety and tax evasion.

Environment

Verditek Plc is sensitive to the environment in which it operates and has established well defined operating guidelines with some of the manufacturing partners where it seeks their compliance with ISO14001 (a recognized standard for Environmental Management Systems) when relevant, to ensure certain environmental standards are complied with.

Human Rights

Verditek plc is committed to socially and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Employees

Our employees are key to achieving the business objectives of the Company. The Board's priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. The Company embraces employee participation in issue raising and resolution through regular meetings with managers and values contributions from all levels regardless of their position in the business.

Shareholders

The Board of Directors actively encourage communication and they seek to protect the interest of shareholders at all times. The Company updates shareholders regularly through regulatory news, financial reports and research notes. The Company also engages directly with investors at our Annual General Meeting or investor events.

Health and Safety

Company activities are carried out in accordance with its health and safety policy which adheres to all applicable laws and are audited both internally and by an external organisation.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for Verditek plc ("Verditek" or the "Company") for the year ended 31 December 2022.

The preparation of financial statements is in compliance with UK adopted International Accounting Standards and the Companies Act 2006. The Group financial statements comprise of the financial information of the parent Company and its subsidiaries (together the "Group"). The parent Company's financial statements present information about the Company as a separate entity and not about its Group.

Principal activities

Verditek plc is a holding company based in UK. The principal activity of the Group is to develop and commercialise clean technologies.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the business's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the year (2021: £nil).

Directors and directors' interests

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

The Rt Hon. Lord David Willetts FRS
George Francis Katzaros
Gavin Mayhew
Robert Richards

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

DIRECTORS' REPORT (Continued)

Directors' interests

The Directors held the following beneficial interests in the shares of Verditek plc at 31st December 2022:

	Note	Ordinary shares of £0.0004 each	Issued share capital %
George Katzaros	1.1	26,166,675	5.90%
Gavin Mayhew	1.2	47,157,381	10.63%
Robert Richards		2,437,833	0.55%

Notes

1.1 Shares held by George Katzaros	
- direct	9,000,000
- through Blueview Business Ltd	10,550,000
- through MF Ltd	5,900,000
- Subtotal	25,450,000
- Family member	716,675
	26,166,675
1.2 Shares held by Gavin Mayhew	
- through Vidacos Nominees Limited	46,457,381
- through Platform Securities Nominees Limited	700,000
	47,157,381

During the year, as part of the share issue mentioned in Note 22 to the financial statements, Gavin Mayhew subscribed for 20,000,000 shares at 1.5p per share.

There has been no change between the end of the reporting period and the reporting date.

Directors' indemnities

The Company has taken out Directors' and Officers' indemnity insurance for the benefit of its Directors.

Post Balance Sheet Events

There are no material post balance sheet events to disclose, other than those disclosed in Note 26 of the accounts.

Research and Development Activities

Verditek continues to invest in research and development activities such as the joint development project with Paragraf Limited to research the application of graphene onto solar devices. Research and development aims to develop and enhance the existing product portfolio and new products that will complement and expand the product offering. Additional research and development has been undertaken on further generations of the semi-flexible, lightweight solar panels.

Financial Risk management

Details of financial risk management are provided in Note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the year.

DIRECTORS' REPORT (Continued)

Going Concern

As described in note 2.4, the Directors have considered base case and worst-case scenarios, the Group has secured additional funding by the issue of £500,000 Secured Convertible Loan Notes as announced on 3 May 2023. The Board has used the proceeds of the bond issue principally to repay the Crowd for Angels Bonds which were due for repayment on 18 May (of £221,605) and 3 August 2023 (of £103,253) and to provide additional working capital for the business. As such, the Directors believe that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. There is a risk that the Group may need to raise additional funding in the next 18 months to fund ongoing operations, and therefore acknowledge that there is material uncertainty around going concern in this respect. On balance, they continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholdings:
The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31 December 2022:

Shareholder	No. of Shares	%
Hargreaves Lansdown (Nominees) Limited	112,356,046	25.33%
Vidacos Nominees Limited	63,066,239	14.22%
Pershing Nominees Limited	49,679,387	11.20%
Interactive Investor Services Nominees Limited	22,502,014	5.07%
The Bank Of New York (Nominees) Limited	21,020,495	4.74%
HSDL Nominees Limited	20,220,028	4.56%
JIM Nominees Limited	19,096,257	4.31%
Platform Securities Nominees Limited	14,656,941	3.30%

Statement of Disclosure to the Auditors
The Directors of the Company at the date of approval of this report confirm that:

- As far as each director is aware, there is no relevant audit information of which the Company's and the Group's auditor is unaware; and
- each Director has taken all reasonable steps that they ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Company's and the Group's auditor is aware of that information.

Auditors appointment

Crowe U.K. LLP has indicated its willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

RJRichards

Rob Richards
Chief Executive Officer

28 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with UK adopted International Accounting Standards (UK IAS) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework).

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

In preparing each of the Group and Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK IAS or UK Accounting Standards have been followed, subject to any material departures disclosed and explained;
- Prepare the Strategic Report and Directors' report which comply with the requirements of the Companies Act 2006; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with UK IAS and Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC

Opinion

We have audited the financial statements of Verditek plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards (UK IAS). The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 2.4 in the financial statements, which indicates that the Group and the Parent Company may need to seek additional funding to support working capital requirements over the next 12 months period. The financial statements have been prepared on the going concern basis, which rely on the additional funding and the generation of the increased revenues. These conditions, along with the other matters explained in note 2.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Parent Company's ability to continue as a going concern. The financial statements do not include the adjustments that would results if the Group and the Parent Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

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

We have obtained and reviewed the Board's going concern assessment with the supporting working capital forecasts for a period at least 12 months from the date of the approval of the financial statements. Our audit procedures were as follows:

- We obtained an understanding of the key controls over the working capital forecast and assessed the appropriateness of the approach and assumptions used by management when performing their going concern assessment;
- We assessed and tested the integrity of the working capital forecast, reviewed and challenged the management over the underlying data, particularly the future revenue growth and the gross profit margin assumption, used by management in working capital forecast;
- Discussed the going concern assumption with management over the prospect of future fundraising and evaluated their assessment of the Group and the Parent Company's liquidity requirements; and
- Assessed the reasonableness of management's budget/forecasts, including comparison to actual results achieved in the year and the evaluation of downside sensitivities.

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

Our audit approach

Overview of the scope of our audit

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and subsidiary companies' transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks. We used a local sub-contractor, a member firm of Crowe Global international network, to attend the year end physical inventory count at the Italian warehouse and to undertake substantive work under our direction and supervision. All Group companies were within the scope of our testing.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £75,000 based on approximately 5% of Group's normalised loss for the year (2021: £100,000), which is the most appropriate measure for a trading group. Materiality for the parent Company's financial statements as a whole was set at £30,000 (2021: £30,000).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined Group's performance materiality to be £52,500 (2021: £70,000) and the parent Company's performance materiality to be £21,000 (2021: £21,000).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £2,250. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Key audit matters

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

In addition to the material uncertainty in relation to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Carrying value of inventory (note 16) The carrying value of the inventory at 31 December 2022 was £0.53 million (2021: £0.66 million). We considered this to be a key audit matter due to its size, the assumptions used in the valuation and the judgments involved in estimating the net realis able value of old and slow-moving inventory.	We performed a number of audit procedures over inventory existence and valuation as follow: • We reviewed and evaluated the design and implementation of the key controls pertaining to the existence and valuation of the inventories; • We attended the year end physical inventory counts process at Italy warehouse and reconciled the underlying records with the accounting records of the Group; and • We considered and challenged the basis and methodology for inventory provisions with a particular focus on the areas for which no provision has been made. • Tested on a sample basis the accuracy of costs for inventory by verifying the actual production costs, and testing the net realizable value by comparing to the most recent selling price.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

Key audit matter	***How the scope of our audit addressed the key audit matter***
Carrying value of other receivables (note 12) The carrying value of other receivables at 31 December 2022 was £0.56 million, set out in note 12 of the consolidated financial statements, (2021: Investment of £0.99 million (note 11)). We considered this to be a key audit matter due to the significant judgment required to estimate the valuation of the financial asset. There is a risk that the applicable of inappropriate assumptions could result in a material misstatement of the fair value.	Our audit procedures included: • We reviewed and agreed the material amounts used in the calculation to sale and purchase agreement; • We tested the key input data and assumption used in the valuation model and challenged management over the difference in the calculation; and • We assessed the adequacy of the related disclosures in note 11 and 12 of the consolidated financial statements, and considered them to be reasonable.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK and Italy jurisdictions in which the Group operates.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

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

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

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

Use of our report

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

John Glasby (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

28 June 2023

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	4	417,457	107,632
Direct costs		(670,547)	(609,213)
Administrative expenses		(1,661,935)	(1,501,942)
Operating loss	6	**(1,915,025)**	**(2,003,523)**
Other income	5	91,933	966,354
Finance income		2,084	335
Finance costs	8	(73,604)	(60,553)
Loss before tax		**(1,894,612)**	**(1,097,387)**
Income Tax	9	21,901	123,308
Loss for the period		**(1,872,711)**	**(974,079)**
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Translation of foreign operations		41,417	(36,036)
Total comprehensive loss for the period		**(1,831,294)**	**(1,010,115)**
Loss for the period attributable to:			
Owners of the parent Company		(1,872,711)	(988,479)
Non-controlling interest	14	-	14,400
		(1,872,711)	**(974,079)**
Total comprehensive loss for the period attributable to:			
Owners of the parent Company		(1,831,294)	(1,024,515)
Non-controlling interest		-	14,400
		(1,831,294)	**(1,010,115)**
Loss per ordinary share - basic and diluted (p)	10	(0.5)	(0.3)

The accompanying notes are an integral part of these financial statements.

All amounts are derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2022 £	At 31 December 2021 £
Assets			
Non-current assets			
Investments	11	-	990,000
Other receivables	12	556,783	-
Property, plant and equipment	13	195,470	300,082
Right of use asset	15	48,902	142,391
Total non-current assets		**801,155**	**1,432,473**
Current assets			
Inventories	16	534,959	657,151
Trade and other receivables	17	95,533	392,193
Cash and cash equivalents	18	842,632	237,613
Total current assets		**1,473,124**	**1,286,957**
TOTAL ASSETS		**2,274,279**	**2,719,430**
Equity and liability			
Non-current liabilities			
Loans and borrowings	20	-	277,080
Lease liabilities	21	-	90,687
Total non-current liabilities		**-**	**367,767**
Current liabilities			
Trade and other payables	19	289,995	411,213
Loans and borrowings	20	310,306	-
Lease liabilities	21	29,682	69,737
Total current liabilities		**629,983**	**480,950**
TOTAL LIABILITIES		**629,983**	**848,717**
Equity			
Share capital	22	177,417	136,883
Share premium	22	12,205,726	10,761,055
Share-based payment reserve	23	332,806	213,134
Accumulated losses		(10,971,011)	(9,098,300)
Foreign exchange reserve		6,245	(35,172)
Equity attributable to equity holders of the parent		**1,751,183**	**1,977,600**
Non-controlling interests	24	(106,887)	(106,887)
Total shareholder's equity		**1,644,296**	**1,870,713**
TOTAL EQUITY AND LIABILITIES		**2,274,279**	**2,719,430**

These financial statements were approved and authorised for issue by the Board of directors on 28 June 2023 and were signed on its behalf by:

Rob Richards R J Richards
Chief Executive Officer
Company Registration Number: 10114644
The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share capital	Share Premium	Share-based payment reserve	Accumulated losses	Foreign Exchange reserve	Non-Controlling interests	Total
	£	£		£	£	£	£
Balance as at 1-Jan-21	**136,470**	**10,733,073**	**99,184**	**(8,109,821)**	**864**	**(121,287)**	**2,738,483**
Loss for the year	-	-	-	(988,479)	-	14,400	(974,079)
Translation of foreign subsidiary	-	-	-	-	(36,036)	-	(36,036)
Total comprehensive loss	**-**	**-**	**-**	**(988,479)**	**(36,036)**	**14,400**	**(1,010,115)**
Issue of shares net of expenses	413	27,982	-	-	-	-	28,395
Issue of warrants – corporate bond	-	-	65,903	-	-	-	65,903
Share-based payment	-	-	48,047	-	-	-	48,047
Balance as at 31-Dec-21	**136,883**	**10,761,055**	**213,134**	**(9,098,300)**	**(35,172)**	**(106,887)**	**1,870,713**
Loss for the year	**-**	**-**	**-**	**(1,872,711)**	**-**	**-**	**(1,872,711)**
Translation of foreign subsidiary	**-**	**-**	**-**	**-**	**41,417**	**-**	**41,417**
Total comprehensive loss	**-**	**-**	**-**	**(1,872,711)**	**41,417**	**-**	**(1,831,294)**
Issue of shares net of expenses	**40,534**	**1,444,671**	**-**	**-**	**-**	**-**	**1,485,205**
Share-based payment	**-**	**-**	**119,672**	**-**	**-**	**-**	**119,672**
Balance as at 31-Dec-22	**177,417**	**12,205,726**	**332,806**	**(10,971,011)**	**6,245**	**(106,887)**	**1,644,296**

The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows from operating activities		
Loss before tax from continuing operations	(1,894,612)	(1,097,387)
Adjustments for:		
Finance costs	73,604	60,553
Finance income	(2,084)	(335)
ICSI revaluation	125,486	(966,354)
Depreciation and amortisation	195,555	306,915
Loss on disposal of assets	501	1,582
Share-based payment	119,672	48,047
Remeasurement of assets	(78,323)	-
	(1,460,201)	**(1,646,979)**
Working capital adjustments		
(Increase) / Decrease in inventory	122,192	(21,109)
(Increase) / Decrease in trade and other receivables	211,395	158,455
Increase / (Decrease) in trade and other payables	(97,847)	(146,699)
Cash used in operations	**(1,224,461)**	**(1,656,332)**
Taxation	145,142	-
Net cash outflow from operating activities	**(1,079,319)**	**(1,656,332)**
Investing activities		
Sale consideration received (ICSI)	307,731	-
Sale of property, plant and equipment	-	2,048
Purchase of property, plant and equipment	(19,540)	(7,001)
Net cash outflow from investing activities	**288,191**	**(4,954)**
Financing activities		
Proceeds from issue of ordinary share capital (net of expenses)	1,485,205	28,395
Proceeds from corporate green bonds issued [(Refer note 20)]	-	353,253
Loan interest paid	(22,210)	(27,372)
Interest received	2,084	334
Repayments of loans [(Refer note 20)]	-	(98,395)
Payments of lease liabilities	(70,936)	(51,950)
Net cash inflows from financing activities	**1,394,143**	**204,264**
Net increase/(decrease) in cash and cash equivalents	**603,015**	**(1,457,022)**
Cash and cash equivalents at the beginning of the year	237,613	1,711,761
Exchange gains/(losses) on cash and cash equivalents	2,004	(17,126)
Cash and cash equivalents at the end of the year	**842,632**	**237,613**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Verditek plc ("Verditek", "Company") is a public limited company incorporated, registered and domiciled in England and Wales (registration number 10114644), whose shares are quoted on the AIM on the London Stock Exchange. Its registered office is located at First Floor, Holborn Gate, 330 Holborn, London WC1V 7QT.

Verditek is the holding company of a group of companies engaged in the clean technology sector.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at and for the year to 31 December 2022. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The comparative financial information is for the year ended 31 December 2021.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards (UK IAS) and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for certain assets which are stated at their fair value.

The consolidated financial statements are presented in GBP, which is also the Company's functional currency.

2.2. Basis of consolidation

The financial information consolidates the financial statements of Verditek plc, and the entities controlled by the Company.

2.2.1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over whose financial and operating policies the Group has the power to govern, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. Changes in accounting policies and disclosures:

2.3.1. New standards, interpretations and amendments adopted in these financial statements:

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current or future periods.

2.3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 31 December 2022 financial statements:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

Effective from 1 January 2023:
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)

Effective from 1 January 2024:
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

The Group will continue to assess any impact on the Group from the adoption of these amendments. It is not anticipated that any of these will have a material impact on the Group’s financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Going concern

The financial statements have been prepared under the going concern basis as the Directors are satisfied that sufficient funds are or will become available to the Group to meet its on-going working capital requirements for at least the next 12 months. The Group's assessment takes account of current cash resources, expected costs and expected revenues. The Group has a pipeline of commercial opportunities and promising partnerships, and is focussed on converting these into sales in the next year. On 3 May 2023 the Company announced a raise of an additional £175,000 (before expenses) by way of the issue of £500,000 7% Secured Convertible Loan Notes. The Company used the proceeds principally to repay the existing Crowd for Angels bonds of approx. £325,000 and to provide working capital.

In the event that trading does not grow as envisaged, sufficient cost reductions are not made, or if there are unforeseen costs, then it is possible that the Company may need to seek additional funding in the next 12 months. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

As there can be no guarantee that any required future funding can be raised in the necessary timeframe, a material uncertainty exists that may cast significant doubt on the Company's future ability to continue as a going concern.

The Directors are aware of the risks and uncertainties facing the business and the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Foreign currency

The Group's consolidated financial statements are presented in Sterling. The functional currencies of the Group's subsidiaries include the Euro and the US dollar. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at weighted average exchange rates for the period. The exchange differences arising on translation for consolidation are recognized in Other Comprehensive Income.

2.6. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main directors and two non-executive directors.

The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group's financial information.

2.7. Share-based payments

The Group has issued share options to one Non-Executive Director, in return for which the Group receives services from the Non-Executive Director. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The Group valued the options at the grant date using the Black Scholes valuation model to establish the relevant fair values.

The total amount to be expensed is determined by reference to the fair value of the options granted but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

2.8. Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, evenly over their expected useful lives, when the asset is available for use, and calculated at the following rates:

Leasehold improvements	- straight line over 5 years
Plant and machinery	- straight line over 7-10 years
Computer equipment	- straight line over 3 years

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired, and its value reduced by recognising an impairment provision.

2.9. Leased asset

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, which comprises of the building, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets, which are expensed to the profit & loss over the expense term.

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, plus any initial direct costs incurred, plus any costs associated with restoring the asset to its original condition, less any lease incentive received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The lease liability is measured at amortised cost using the effective interest method. The liability recognised at inception of the lease comprises the present value of future payments payable under the lease contract, discounted at the rate implicit in the lease. If there is no discount rate implicit in the lease, then the incremental rate of borrowing is used. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount has been reduced to zero.

2.10. Financial Instruments

The Group classifies a financial instrument, or its component parts, as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.10.1. Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), and investments in particular at fair value through profit or loss (“FVTPL”),

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them, with the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified, or impaired.

The Group’s financial assets at amortised cost includes trade receivables and loans to related parties, are included under other current financial assets. In the periods presented the Group does not have any financial assets categorised as FVOCI.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.10.2. Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans after initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.
Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled, or expires.

2.10.3. Impairment

The Group assesses all other current receivables on a forward-looking basis, with expected credit losses (ECL) associated with debt instruments measured at amortised cost. These are deemed short term (i.e., less than 12 months) and apply the Group policy for credit rating and risk management policies in place.

The impairment stages are defined as:
Stage 1 – When a receivable is recognised, ECLs resulting from default events that are possible within the next 12 months are expensed to the statement of comprehensive income (12-month ECL) and a loss allowance is established. On subsequent reporting dates, the 12-month ECL also applies to existing receivables with no significant increase in credit risk since their initial recognition. In determining whether a significant increase in credit risk has occurred since initial recognition, the Company assesses the change, if any, in the risk of default over the expected life of the receivable (that is, the change in the probability of default, as opposed to the amount of ECLs).

Stage 2 – If the receivables credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised.

Stage 3 – If the receivables credit risk increases to the point where it is considered credit-impaired, lifetime ECLs are recognised, as in Stage 2.

The impairment methodology applied for the Group is stage 1, which requires 12-month expected credit losses to be recognised until a change in credit risk occurs, in which case stage 2 would apply.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.11. Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12. Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

2.13. Fair Value measurement

Where financial and non-financial assets and liabilities are measured at fair value, the Group use appropriate valuation techniques for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (eg; as prices) or indirectly (eg; derived from prices);
- Level 3: input for the assets or liability that are based on observable market data (unobservable input).

The Group recognise transfer between level of fair value hierarchy at the end of the reporting period during which the changes have occurred.

The carrying amount of cash and cash equivalents, receivables, trade payable, accruals and other current liabilities in the Group consolidated statement of financial position approximates their fair value because of short maturities of these instruments.

2.14. Revenue recognition
Revenue is generated from the manufacture and supply of lightweight solar panels. The Group recognises revenue when (or as) a performance obligation in the customer contract is satisfied. Performance obligations relevant to the customer contract are to manufacture goods in accordance with the specification in the customer order form and any other regulatory or statutory requirements. The performance obligations are satisfied at the point in time when the goods are deemed to be delivered. Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

Customers are billed in advance of the delivery of goods, with 30 days terms. Upon receipt of an advanced payment a contract liability is recognized. The contract liability is released at the point in time goods are delivered.

Under the Group's standard terms and conditions there is a product warranty for ongoing acceptable function of the goods for a period of 10 years, effective from the point of installation, or 3 months after delivery, whichever is earlier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

This warranty is not sold as a separate component. This length of warranty is standard in the industry. This is not a separate service and is deemed an "assurance" type warranty under IFRS 15 guidance; and is therefore accounted for separately under IAS 37 instead.

2.15. Research and Development costs

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Amortisation on development costs commences once the asset under development is available for use or sale. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

2.16. Grant income

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Grants are recognised in the statement of comprehensive income as other income.

2.17. Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

2.17.1. Estimates

Share-based payments

Share options are recognised as an expense based on their fair value at date of grant. The fair value of the options is estimated through the use of a valuation model – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life - and is expensed over the vesting period. Some of the inputs used to calculate the fair value are not market observable and are based on estimates derived from available data, such as employee exercise behaviour and employee turnover [note 23].

Other receivables

Other receivables comprise estimated earn out payments receivable from the sale of the investment in ICSI - note 11. The estimated earn out payments are structured over several product development milestones to be achieved through to 2025. The estimated earn out payments to be received as at year end are based on this information and includes management assessment around the achievability of each individual milestone.
This risk weighted compensation has then been discounted at an estimated cost of equity, being 14.2%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.17.2. Judgements

Corporate bond

During the prior period the Company issued corporate bonds through funding platform Crowd For Angels, with a term of 2 years, as set out in note 20. In tandem with the bond issue, the Company also issued share warrants to Crowd For Angels, with a term of 3 years. According to the warrant instrument, the share warrants can only be subscribed for in cash, which means they cannot be exercised in return for a redemption of the bond principal. As such, management considers that the corporate bonds are not convertible by way of share warrant exercise as there is a contractual obligation to pay cash, and also no contractual obligation to repay any such funds received in redemption of the outstanding bonds. Therefore, the fair value of the warrants is viewed as a cost of bond issue and is deducted from the bond liability balance, rather than as an equity instrument. The warrants were fair valued using the Black Scholes model, [see note 23] for details.

Other receivables

As noted in 2.16.1 above, management has assessed the probabilities of the timing and amount of the estimated earn out payments due.

3. Financial Risk Management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

3.1. Principal financial instruments and their categories

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

Categories of financial assets	**31 December 2022**	**31 December 2021**
	£	**£**
Other receivables (ICSI)	556,783	-
Cash and cash equivalents	842,632	237,613
Trade receivables – net of provision	50,911	17,053
Total current financial assets at amortised cost	**1,450,326**	**254,666**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Categories of financial liabilities	**31 December 2022**	**31 December 2021**
	£	**£**
Trade payables	62,976	232,011
Wages payable	29,586	19,535
Pension payable	175	508
Accruals	139,851	77,150
Amount due to related parties	-	70,000
Trade and other payables	232,588	399,205
Current loans and borrowings	310,306	-
Non-current loans and borrowings	-	277,080
Loans and borrowings	310,306	277,080
Current lease liabilities	29,682	69,737
Non-current lease liabilities	-	90,687
Lease liabilities	29,682	160,424
Total financial liabilities at amortised cost	**572,577**	**836,709**

3.2. General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the CFO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

3.2.1. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings. The analysis of trade receivables and expected credit loss allocation is detailed in [note 17].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3.2.2. Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances.

The liquidity risk of each group entity is managed centrally by the group treasury function. Each operation has a facility with group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of group entities need to be increased, approval must be sought from the group finance director. Where the amount of the facility is above a certain level, agreement of the Board is needed. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows, including contractual interest) of financial liabilities:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2022	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years
Trade payables	62,976	-	-	-
Wages payable	29,586	-	-	-
Pension payable	175	-	-	-
Accruals	139,851	-	-	-
Lease liability	19,369	11,037	-	-
Current loan – interest bearing	310,306	-	-	-
Undiscounted financial liabilities at amortised cost	**562,263**	**11,037**	**-**	**-**

31 December 2021	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years
Trade payables	232,011	-	-	-
Wages payable	19,535	-	-	-
Pension payable	508	-	-	-
Accruals	77,150	-	-	-
Amount due to related parties	70,000	-	-	-
Lease liability	35,096	52,921	106,675	-
Non-current loan – interest bearing	5,557	16,672	325,370	-
Undiscounted financial liabilities at amortised cost	**439,857**	**69,737**	**448,045**	**-**

3.2.3. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with floating interest rates.

The Group’s exposure to interest rate risk is limited, as all its loans and borrowings are fixed rate loan. At the reporting date there were corporate bonds of £324,858 which had a fixed interest rate of 7% (2021: corporate bonds of £324,858 which had a fixed interest rate of 7%.

3.2.4. Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group’s policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In the current year the Group is predominantly exposed to currency risk on purchases made in EUR and USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table details the Group's exposure at the end of the year to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of the entity within the Group into the Group's presentation currency are excluded:

As of 31 December 2022 the Group's exposure to changes in foreign exchange rate was as follows:

Forex sensitivity calculation	Effect on net assets				Effect on loss before tax			
	USD	GBP	EUR	CAD	USD	GBP	EUR	CAD
	£	£	£	£	£	£	£	£
1%	23	-	39	5,568	(23)	-	(39)	(5,568)
-1%	(23)	-	(39)	(5,568)	23	-	39	5,568

As of 31 December 2021, the Group's exposure to changes in foreign exchange rate was as follows:

Forex sensitivity calculation	Effect on net assets				Effect on loss before tax			
	USD	GBP	EUR	CAD	USD	GBP	EUR	CAD
	£	£	£	£	£	£	£	£
1%	79	(1)	(53)	-	(79)	1	53	-
-1%	(79)	1	53	-	79	(1)	(53)	-

4. Revenue and segmental information

Revenues	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Sale of Goods	417,457	107,632
Total	**417,457**	**107,632**

The Group had 2 customers that exceeded 10% of revenue in 2022 (2021: 2 customers), one customer 18.71%% and one 18.41%%.

Segment information

The chief operating decision maker has been identified as the management team including the executive and non-executive directors. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level.

The chief operating decision maker has determined that in the year ended 31 December 2022 Verditek had one operating segment, the development and commercialisation of clean technologies, although it is likely that in future periods the Group's segmental reporting will be expanded as different technologies are developed and commercialised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Geographical Segments

Apart from holding company activities in the UK the Group had operations in Italy in the period.

An analysis of revenue, operating loss and total assets less current liabilities by geographical market is given below:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue		
UK	18,661	-
Rest of Europe	398,796	107,632
Total revenue	**417,457**	**107,632**
Operating loss		
UK	(1,095,726)	(643,547)
Rest of Europe	(819,299)	(1,359,976)
Total operating loss	**(1,915,025)**	**(2,003,523)**
Non-current assets		
UK	571,010	990,599
Rest of Europe	230,145	441,875
Total non-current assets	**801,155**	**1,432,474**

5. Other income

Fair value changes through P&L – ICSI	(125,486)	966,354
Grant income	217,419	-
Total other income	**91,933**	**966,354**

Refer to investment [note 11 & 12] for further information on the ICSI revaluation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Operating loss

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Operating loss is stated after charging:		
Auditors' remuneration:		
Audit fees – audit of the company and its subsidiaries pursuant to legislation	48,584	32,500
Non-audit fees – other assurance services	800	-
Direct costs – inventory cost of goods expense	253,102	80,176
Direct costs – inventory write-down	167,417	125,770
Direct costs – inventory theft	-	346,841
Direct costs – other	246,213	56,785
Depreciation of PPE	134,692	256,897
Depreciation of ROU asset	60,863	50,018
Remeasurement of ROU asset	(25,537)	-
Disposal of PPE	-	1,582
Provision against non-trading assets	-	43,551
Director's fee and staff costs (note 7)	407,901	500,810
Advertising, marketing and development	249,575	184,013
Bad debt	70,202	-
Research costs	142,555	(81,847)
Other costs	558,630	511,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2022 Number	**Year ended 31 December 2021 Number**
Directors	4	2
Production	6	7
Administrative	1	2
Total	11	11

The cost of staff and directors during the period was made up as follows:

	Year ended 31 December 2022 £	**Year ended 31 December 2021 £**
Salaries	299,108	362,535
Directors' fees	257,037	247,374
Share-based payments	119,672	48,047
Social security costs	41,079	21,340
Pension costs	1,932	23,741
	718,828	**703,037**
Costs capitalised as part of inventories	(-)	(20,073)
Total staff cost in the statement of comprehensive income	**718,828**	**682,964**
Consisting of:		
Employee costs included in direct costs	**179,531**	**183,727**
Employee costs included in admin expenses	**539,297**	**499,237**

Key management personnel include both board and non-board members. Key management personnel compensation is as follows:

Key management personnel compensation	**Year ended 31 December 2022 £**	**Year ended 31 December 2021 £**
Salaries	102,500	137,500
Fees	288,323	289,617
Share-based payments	119,672	46,928
Social security costs	6,964	9,746
Pension costs	-	1,876
	517,459	**485,667**

Please refer to the Directors' Remuneration report on pages 19-20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Finance costs

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Finance expenses		
Interest on loans (note 20)	23,056	12,623
Amortisation of bond issue costs (note 20)	34,446	18,125
Lease interest	16,102	29,805
Total finance expense	**73,604**	**60,553**

Details of the interest rate on the loans are shown in [note 20].

9. Income tax

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
UK Corporation tax		
Tax credit/ (expense)– current year	-	-
Tax credit/ (expense)– prior year	21,901	123,308
Total current tax	21,901	123,308
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax credit/(expense)	**21,901**	**123,308**

Factors affecting the tax expense
The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss on ordinary activities before income tax	(1,894,611)	(1,097,387)
Standard rate of corporation tax	19.00%	19.00%
Loss before tax multiplied by the standard rate of corporation tax	(359,976)	(208,504)
Effects of:		
Research and Development tax credit	21,901	123,308
Losses utilised against chargeable gains	-	(183,607)
Non-deductible expenses	20,183	26,163
Difference in overseas tax rates	(6,768)	(69,432)
Capital allowances	(3,642)	-
Deferred tax not recognised	350,203	435,380
Withholding tax	-	-
Tax credit	21,901	123,308

The Group has not recognized deferred tax assets arising from the accumulated tax losses due to uncertainty of their future recovery. The deferred tax asset not recognized is £1,515,764 at 31 December 2022 (2021: £1,471,603).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Loss per share

	Year ended 31 December 2022	**Year ended 31 December 2021**
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(1,872,711)	(974,079)
Weighted average number of shares used in basic and diluted EPS	393,565,703	341,351,150
Loss per share:		
Basic and diluted	(0.5p)	(0.3p)

Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Group by the weighted average number of ordinary shares in issue during the period. There were no potentially dilutive ordinary shares in either period, therefore was no difference between the basic and diluted loss per share.

11. Investments

	Financial assets at fair value through profit or loss	**Total**
	£	**£**
Cost		
At 1 January 2021	**23,405**	**23,405**
Exchange Difference		
Revalue investment	966,595	966,595
At 31 December 2021	**990,000**	**990,000**
Disposal	**(990,000)**	**(990,000)**
At 31 December 2022	**-**	**-**

The Company held at 31 December 2021 a stake in Industrial Climate Solutions (ICSI), an unlisted company registered in Canada. This has been sold during 2022 for a total consideration comprise cash on completion of £307,731 and earn out payments payable over 3 years (see note 12). At 31 December 2021, the financial asset was measured at the fair value less costs of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Other receivables

	2022	**2021**
	£	**£**
Estimated earn-out from ICSI sale	**682,269**	-
Fair Value adjustment	**(125,486)**	-
Other receivables	**556,783**	**-**

The estimated earn out payments are structured over several product development milestones to be achieved through to 2025. The estimated earn out payments to be received as at year end are based on this information and includes management assessment around the achievability of each individual milestone. This risk weighted compensation has then been discounted at an estimated cost of equity, being 14.2%

Sensitivity analysis:
The group's exposure to changes in key assumptions affecting the carrying value are as follows:

	£
1% change in expected cash flows amount and timing	5,568
1% change in discount rate	9,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Property, plant and equipment

	Plant & Machinery	**Computer equipment**	**Leasehold Improvements**	**Total**
	£	**£**		**£**
Cost				
At 1 January 2021	**648,050**	**3,972**	**76,427**	**728,449**
Additions	3,483	-	3,518	7,001
Disposals	(7,138)	-	-	(7,138)
Exchange adjustments	(42,462)	-	(5,022)	(47,484)
At 31 December 2021	**601,933**	**3,972**	**74,923**	**680,828**
Additions	14,312	2,708	2,520	19,540
Disposals	-	(949)	-	(949)
Exchange adjustments	32,155	-	4,015	36,170
At 31 December 2022	**648,400**	**5,731**	**81,458**	**735,589**
Depreciation				
At 1 January 2021	**125,783**	**2,754**	**13,300**	**141,837**
Charge for the year	250,779	619	6,057	257,455
Disposals	(3,508)	-	-	(3,508)
Exchange adjustments	(14,020)	-	(1,018)	(15,038)
At 31 December 2021	**359,034**	**3,373**	**18,339**	**380,746**
Charge for the year	104,737	358	29,597	134,692
Disposals	-	(448)	-	(448)
Exchange adjustments	23,037	-	2,092	25,129
At 31 December 2022	**486,808**	**3,283**	**50,028**	**540,119**
Net book value				
At 31 December 2021	242,900	599	56,583	300,082
At 31 December 2022	**161,592**	**2,448**	**31,430**	**195,470**

At the reporting date a review of useful lives of depreciable assets was conducted. Several individual plant & machinery assets were identified that had no remaining useful life. This resulted in an acceleration of depreciation for those assets, with an additional charge of £37,948.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Subsidiary undertakings

As at 31 December 2022 the subsidiaries of Verditek plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Parent	Proportion of ownership interest at 31 December 2022	Nature of business
Greenflex Energy Limited	UK	Verditek plc	100%	Dormant
Greenflex RSM S.r.l [1]	San Marino	Greenflex Energy Limited	100%	Dormant
Verditek Solar S.r.l	Italy	Verditek plc	100%	Solar technology services
BBR Filtration USA, LLC	USA	BBR Filtration Limited	50.49%	Dormant
Verditek USA, Limited	USA	Verditek plc	100%	Dormant
Verditek Solar Solutions Limited	UK	Verditek plc	100%	Dormant

[1] - Greenflex RSM S.r.l ceased to trade in July 2018, and an application to liquidate the company was made in February 2019;

Name	Registered address
Greenflex Energy Limited	First Floor, Holborn Gate, 330 Holborn, London, WC1V 7QT
Greenflex RSM S.r.l	Via L. Cibrario, 25, 47893 Cailungo, San Marino
Verditek Solar S.r.l [2]	Via Pogliano, 26, 20020 Lainate, Italy
BBR Filtration USA, LLC (99%)	C/o 2605, Ponce De Leon, Boulevard, Coral Gables, Florida 33134
Verditek USA, Limited	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
Verditek Solar Solutions Limited	First Floor, Holborn Gate, 330 Holborn, London, WC1V 7QT

[2] – Verditek Solar S.r.l relocated as of 29th May 2023 to Via dell Industria, 41C 33028 Tolmezzo.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Right of use asset

	Building
	£
Cost	
At 1 January 2021	**345,173**
Additions	1,126
Remeasurement	-
Exchange	(22,224)
At 31 December 2021	**324,075**
Additions	-
Remeasurement of asset	(262,655)
Exchange	7,500
At 31 December 2022	**68,920**
Depreciation	
At 1 January 2021	**138,528**
Charge for the year	49,460
Unwind of discount of lease deposit (other receivables)	3,945
Exchange	(10,248)
At 31 December 2021	**181,685**
Charge for the year	60,863
Unwind of discount of lease deposit (other receivables)	7,306
Remeasurement of asset	(233,356)
Exchange	3,520
At 31 December 2022	**20,018**
Net book value	
At 31 December 2021	142,391
At 31 December 2022	**48,902**

The right-of-use asset is the present value of a lease asset on a factory in Lainate, Italy signed in 2018 for 6 years. The lease term was due to expire in 2024, with an option to renew for another 6 years. The rental amount is reviewed on an annual basis, with increase in rental value linked to 75% of the consumer price index for white- and blue-collar worker households established by ISTAT (a national central statistics institute). In 2022 notice was given to terminate early this has resulted in changes to the carrying value for future payments with impact taken to P&L but no penalty is required to be paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Inventories

	2022 £	2021 £
Finished goods	345,032	509,849
Raw materials	189,927	147,302
Total Inventories	**534,959**	**657,151**

During the period £253,102 inventories relating to revenue were recognized as a cost in the P&L (2021: £80,176). There was also a provision against inventories to write-down defective and slow-moving stock, £167,417 (2021: £125,770). The defective panels were identified as part of an operational review during the year. During 2021 there was also a theft of inventory, which resulted in an expense of £346,841.

17. Trade and other receivables

	2022 £	2021 £
Trade receivables – gross	123,744	43,466
Less: provision for expected credit losses	(72,833)	(26,413)
Trade receivables - net	50,911	17,053
Advance to suppliers and deposits	19,503	42,882
Amounts due from related parties	100	100
VAT and other taxes receivable	12,483	170,388
Prepayments	12,536	161,770
Total trade and other receivables	**95,533**	**392,193**

The ageing of trade receivables and ECL allocation is as follows:

31 December 2022	**Gross** £	**ECL** £	**Net** £
Not past due and not impaired	829	-	829
Up to 30 days past due	-	-	-
31 to 60 days past due	3,155	-	3,155
61 to 90 days past due	9,829	-	9,829
Over 90 days past due	109,931	(72,833)	37,099
Total	**123,744**	**(72,833)**	**50,911**

31 December 2021	**Gross** £	**ECL** £	**Net** £
Not past due and not impaired	2,673	-	2,673
Up to 30 days past due	-	-	-
31 to 60 days past due	969	-	969
61 to 90 days	1,180	-	1,180
Over 90 days	38,644	(26,413)	12,231
Total	**43,466**	**(26,413)**	**17,053**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	**842,632**	**237,613**

The fair value of the cash & cash equivalents is as disclosed above. For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

19. Trade and other payables

	2022	2021
	£	£
Trade payables	62,976	232,011
Accruals	139,851	77,150
Deferred revenue	43,955	-
Wages payable	29,586	19,535
Pension payable	175	508
Other payable	173	162
Amounts due to related parties	-	70,000
Financial liabilities at amortised costs other than loans and borrowings	276,716	399,366
Social security & other taxes payables	13,279	11,847
Total trade and other payables	**289,995**	**411,213**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Loans and borrowings

	2022	**2021**
	£	**£**
Current		
Convertible bonds issued to related party	25,000	-
Corporate bonds (net of bond issue costs)	285,306	-
Non – current		
Convertible bonds issued to related party	-	25,000
Corporate bonds (net of bond issue costs)	-	252,080
Total current and non – current loans and borrowings	**310,306**	**277,080**

During the prior year, a series of corporate green bonds were issued through crowdfunding platform Crowd For Angels with an interest rate of 7%:

- £225,000 was issued on 28 May 2021 with a term of 2 years, and is secured by way of a floating charge against the assets of the Company;
- £25,000 was issued on 28 May 2021, with the same term, to non-executive director Gavin Mayhew;
- £103,253 was issued on 13 August 2021, with a term of 2 years to external investors through the Crowd For Angels platform and is secured by way of a floating charge against the assets of the Company.

Alongside the corporate bonds, warrants were also issued to Crowd For Angels, including

- 2,250,000 warrants on 28 May 2021, with a term 36 months and exercise price 3.1p
- 1,032,530 warrants on 30 July 2021, with a term 36 months and exercise price 2.75p

The 1,032,530 warrants were exercised in 2021 and the proceeds repaid part of the corporate green bond.

The warrants were fair valued using the Black Scholes model, see note 23 for details. During the year there was a bond amortisation charge of £33,226 (2021: £18,125) recorded within finance costs.

Reconciliation of liabilities to cashflows arising from financing activities

	01-Jan-22	**Cash inflow**	**Cash outflow**	**Non-cash**	**31-Dec-22**
	£	**£**	**£**		**£**
Corporate bonds	252,080	-	-		252,080
Corporate bonds issued to related party	25,000	-	-		25,000
Lease liability	160,424	-	(70,936)	(59,806)	29,682
	437,504	**-**	**(70,936)**	**(59,806)**	**306,762**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Lease liability

	2022	2021
	£	£
Current Lease liability	29,682	69,737
Non-Current Lease liability	-	90,687
Total Current loans and borrowings	29,682	160,424

Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
	£	£	£
Less than one year	30,406	(724)	29,682
Between one and five years	-	-	-
	30,406	**(724)**	**29,682**

The cash outflow on lease liability payments in the year was £70,936 (2021: £51,950). The interest expense on lease liabilities recognised in the year was £16,102 (2021: £29,805).

22. Share capital and reserves

	Number of Shares Par Value £0.0004	Share capital	Share premium
		£	£
At 1 January 2021	**341,172,443**	**136,470**	**10,733,073**
Exercise of shares for cash			
Shares issued October 2021	1,032,530	413	27,982
Exercise of shares – non-cash			
At 31 December 2021	**342,204,973**	**136,883**	**10,761,055**
Exercise of shares for cash			
Shares issued June 2022	101,333,333	40,534	1,463,638
At 31 December 2022	**443,538,306**	**177,417**	**12,224,693**

During 2021 there was an exercise of 1,032,530 share warrants to subscribe for ordinary shares at 2.75p per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Share-based payment reserve

The Company operates an equity-settled share-based remuneration schemes for Senior Executives, under the terms of the Company's EMI and Non-Qualifying Share Option Plan (the "Option Plan"). The options are valid for 10 years from the date of grant. After satisfaction of any performance condition included in the award the options will become exercisable in equal tranches on each anniversary of the Grant Date during the first three years.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Company's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

The Company uses a Black Scholes model to estimate the cost of share options. The following information is relevant in the determination of the fair value of options granted. The assumptions inherent in the use of this model are as follows:

• The option life is the estimated average period over which the options will be exercised.
• For options issued to Rob Richards and David Willetts in 2021, there is a vesting condition linked to performance of the company.
• For other options issued in 2021 and earlier, the vesting conditions are 3 years' continued service with the Group.
• No variables change during the life of the option (e.g. dividend yield remains zero).

During the prior year there were also warrants issued to Crowd For Angels, please see note 20 for details.

The key assumptions used in the fair value calculation for issues is as follows

Issue date	28/05/2021	30/07/2021	17/09/2021	06/04/2020
Stock price at grant date	3.1p	2.75p	3.8p	2.0p
Volatility	107%	99%	100%	73%
Time to maturity (months)	36	36	36	60
Risk free rate	0.08125%	0.07400%	0.07088%	0.6528%

The movement in outstanding share options and warrants are as follows:

	Number of share options	**Number of warrants**	**Weighted average strike price (pence)**	**Weighted average term (years)**
Opening at 1 January 2022	**20,000,000**	**2,250,000**	**3.9**	**8.2**
Issued	-	-	-	-
Exercised	-	-	-	-
At 31 December 2022	**20,000,000**	**2,250,000**	**3.9**	**8.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1,500,000 options were granted under the scheme in April 2018 to Chairman, Lord David Willetts, with an exercise price of 9.0p. During 2020 there were 4,000,000 options issued to CEO, Rob Richards at an exercise price of 3.0p.

During the prior year there were 3,000,000 options issued to Lord David Willetts and 10,000,000 options were issued to Rob Richards at an exercise price of 3.8p.

The share-based payment expense recognized in the income statement during the period was £119,672 (2021: £48,047).

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Issued share capital – Amount subscribed for share capital at nominal value.

Share premium - Amount subscribed for share capital in excess of nominal value. This includes share issue costs, which are deducted from share premium.

Share-based payment reserve - The share-based payment reserve represents equity settled share-based employee remuneration until such share options are exercised.

Foreign exchange reserves - Foreign exchange translation gains and losses on the translation of the financial statements of subsidiary from the functional to the presentation currency, and also foreign exchange on intra-group funding balances.

Retained earnings - All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Non-controlling interests – Represents accumulated profits or losses from subsidiaries where there is less than a 100% holding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Related Party Transactions

The Group has related party transactions with related parties who are not members of the group.

	Transactions during the year		Amounts owed by related parties		Amounts owed to related parties/loans	
	2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£
The Rt Hon. Lord David Willetts FRS[1]	50,000	50,000	-	-	29,167	33,000
George Katzaros[2]	25,000	25,000	-	-	14,583	16,666
Gavin Mayhew[3]	31,774	31,053	-	-	60,327	46,053
Rob Richards[4]	152,037	151,374	-	-	-	-
Fly SolarTech Solutions SRL sales[5]	35,912	4,199	48,936	5,123	-	-
Fly SolarTech Solutions SRL purchases[5]	25,706	1,613	-	-	33,329	1,968

Notes:

[1] The Rt Hon. Lord David Willetts FRS	Lord David Willetts, Chairman of the Company, was entitled to fees and services of £50,000 during the period of which £29,167 remains outstanding at the end of the year. Lord Willets was also issued some share options in 2018 and 2021, with which there was an associated £23,330 charge during the year.
[2]George Katzaros	Mr. George Katzaros, a non-executive director of Verditek plc, was entitled to Directors fees of £25,000 during the year. At the year-end George Katzaros was owed a Directors fee of £14,583.
[3]Gavin Mayhew	Gavin Mayhew, non-executive director of the company, during the year he was entitled to Directors fees of £30,000, at the year-end £32,500 remained unpaid. Gavin Mayhew is also owed £25,000 with an expiry date of 18/05/2023 accruing 7% interest, at the year end the total amount due under the loan was £27,827.
[4]Rob Richards (appointed 1 June 2020)	Robert James Richards, director (appointed June 2020) during the year was entitled to Directors fees of £152,037 at year end these had all been settled. Rob Richards was also issued some share options in 2021 and 2020, with which there was an associated £84,678 charge during the year.
[5] Fly SolarTech Solutions SRL	Fly SolarTech Solutions SRL is a company of which a director of Verditek Solar SRL is also a director and shareholder. Transactions are conducted on an arms length basis and subject to authorisation by Rob Richards, CEO of Verditek plc.

Details of the directors' emoluments, together with the other related information, are set out in the Directors Report of the Remuneration Committee. The Company's executive and non-executive directors are considered to be key management personnel for the purposes of this disclosure.

26. Events subsequent to the reporting date

In May 2023 the company raised £500,000 before expenses by the issue of Secured Convertible Loan Notes. The Notes carry a coupon of 7 per cent. per annum which is payable on the redemption date or earlier if converted. The Notes are redeemable 2 years from the date of issue and are convertible at the option of the noteholder into ordinary shares in the Company at the lower of 1.0625 pence per share (being the average VWAP - volume weighted average price - of the Company's ordinary shares for the 30 days prior to the agreement of the terms of the Notes) or the subscription price per ordinary share of any fundraising over £250,000 in the 6 months from the issue of the Notes. Verditek used the proceeds of the bond issue principally to repay the Crowd for Angels Bonds (approximately £325,000 in aggregate) which were due for repayment on 18th May 2023 (£221,605) and 3rd August 2023 (£103,253) and to provide additional working capital.

27. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2022 £	31 December 2021 £
Non-current assets			
Investments in subsidiaries	3	8,916	4,018,455
Investment	4	-	990,000
Other receivable	5	556,783	-
Property, plant and equipment	6	14,227	599
Total non-current assets		**579,926**	**5,009,054**
Current assets			
Trade and other receivables	7	22,709	330,333
Cash and cash equivalents	8	801,642	200,260
Total current assets		**824,351**	**530,593**
Total assets		**1,404,277**	**5,539,647**
Non-current liabilities			
Loans and borrowings	10	-	277,080
Total Non-current liabilities		**-**	**277,080**
Current liabilities			
Trade and other payables	9	143,039	335,517
Loans and borrowings	10	310,306	-
Total current liabilities		**453,345**	**335,517**
Net assets		**950,932**	**4,927,050**
Share capital	11	177,417	136,883
Share premium		12,205,726	10,761,055
Share-based payment reserve	12	332,806	213,134
Retained losses		(11,765,017)	(6,184,022)
Total equity		**950,932**	**4,927,050**

The Company's loss for the year was £(5,580,995) (2021: profit of £438,954).

These financial statements were approved and authorised for issue by the Board of Directors on 28 June 2023 and were signed on its behalf by:

RJRichards

Rob Richards
Chief Executive Officer
Company Registration Number: 10114644
The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payment reserve	Retained losses	Total
	£	£		£	£
Equity as at 1 January 2021	**136,470**	**10,733,073**	**99,184**	**(6,622,976)**	**4,345,752**
Profit/(loss) for the year	-	-	-	438,954	**438,954**
Total comprehensive loss	**-**	**-**	**-**	**438,954**	**438,954**
Share issue (net of expenses)	413	27,982	-	-	**28,395**
Issue of warrants – corporate bond	-	-	65,903	-	**65,903**
Share-based payments	-	-	48,047	-	**48,047**
Equity as at 31 December 2021	**136,883**	**10,761,055**	**213,134**	**(6,184,022)**	**4,927,050**
Profit/(loss) for the year	**-**	**-**	**-**	(5,580,995)	(5,580,995)
Total comprehensive loss	**-**	**-**	**-**	**(5,580,995)**	**(5,580,995)**
Share issue (net of expenses)	40,534	1,444,671	-	-	**1,485,205**
Share-based payments	-	-	119,672	-	**119,672**
Equity as at 31 December 2022	**177,417**	**12,205,726**	**332,806**	**(11,765,017)**	**950,932**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accounting policies

The accounting policies that are applicable, as set out in note 1 to the consolidated financial statements have been applied together with the following accounting policies that have been consistently applied in the preparation of these Verditek PLC ("the Company") financial statements.

Basis of preparation

The financial statements of Verditek PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own statement of comprehensive income.

The Company has taken advantage of the following disclosure exemptions under FRS 101, on the basis that equivalent disclosures are, where required, are given in the consolidated financial statements of Verditek plc:

a. a Cash Flow Statement and related notes as required by IAS 7 – 'Statement of Cashflows';
b. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
c. the requirements of paragraph 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
d. the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
e. all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
f. the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
g. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Going concern

A going concern review for the Company has been based on current cash resources, expected costs and expected receipts. The Directors have prepared an expected cash flow forecast covering a period of 12-month period to 30 June 2024, which contains both the base case and the worst case models of working capital requirements. More detail on this is set out in Note 2.4 to the Group accounts.

Investments in subsidiaries

The Company's investment in its subsidiaries are carried at cost less provision for any impairment. Investments include shareholder loans. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests, the recoverable amount is based upon future cash flow forecasts and these forecasts would be based upon management judgement. Where the carrying value is more than the recoverable amount, no impairment provision is made.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

Trade and other receivables

The Company assesses on a forward-looking basis the expected credit loss associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Critical accounting estimates and judgments

The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

Impairment of investments in and amount due from subsidiaries

In determining whether there are indicators of impairment of the Company's investments in, and amounts receivable from, its subsidiary undertakings, the directors take into consideration various factors including the economic viability and expected future financial performance of the business of the subsidiary undertakings. Future cashflows from solar operations requires significant management judgement, as the solar production business is still in its early stages.

Classification of investments in and amount due from subsidiaries

Investments in subsidiaries are classified as non-current assets. Funding provided to subsidiaries is long-term in nature and not intended to be repaid on demand, and therefore it is appropriate to present the assets as non-current.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

2. Staff costs

The average number of employees (including directors) during the period was made up as follows:

	2022 Number	2021 Number
Directors	4	4
Administrative	-	-
Total	4	4

The cost of employees (including directors) during the period was made up as follows:

	2022 £	2021 £
Salaries (including directors)	409,890	188,589
Share-based payment	119,672	12,092
Social security costs	9,235	11,977
Pension cost	500	3,250
Total staff costs	**539,297**	**215,908**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

3. Investments in subsidiary undertakings

	Investment in subsidiary	Amount due from subsidiary	Total
	£	£	£
At 1 January 2021	608,916	2,868,906	3,477,822
Additions	-	-	-
Movement for the year	-	1,140,633	1,140,633
At 31 December 2021	**608,916**	**4,009,539**	**4,618,455**
Additions	-	-	-
Movement for the year	-	504,358	**504,358**
At 31 December 2022	**608,916**	**4,513,897**	**5,122,813**
IMPAIRMENT			
At 1 January 2021	**600,000**	**-**	**600,000**
Impairment of investment in subsidiary	-	-	-
At 31 December 2021	**600,000**	**-**	**600,000**
Impairment of investment in subsidiary	-	4,513,897	4,513,897
At 31 December 2022	**600,000**	**4,513,897**	**5,113,897**
Net book value			
At 31 December 2021	8,916	4,009,539	4,018,455
At 31 December 2022	8,916	-	8,916

The details of the subsidiaries of Verditek plc, are set out in the Note 11 to the consolidated financial statements.

The directors consider that the carrying amounts owed by and to group undertakings approximates their fair value. The amounts reported under current assets have no fixed repayment terms and repayment on demand. Full provision has been at made 31 December 2022 against amounts due from Verditek Solar Italy SRL. This company is projected to become cash generative during the course of 2024 but until such time the directors consider it prudent to make full provision.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

4. Other investments

	Financial assets at fair value through profit or loss	Total
		£
Cost		
At 1 January 2021	**23,406**	**23,406**
Exchange difference		
Revalue investment	966,594	**966,594**
At 31 December 2021	**990,000**	**990,000**
Disposal	**(990,000)**	**(990,000)**
At 31 December 2022	**-**	**-**

The Company held a stake at 31 December 2021 in Industrial Climate Solutions (ICSI), an unlisted company registered in Canada. This has been sold during 2022 for a total consideration comprise cash on completion of £307,731 and earn out payments payable over 3 years (see note 5). At 31 December 2021, the financial asset was measured at the fair value less costs of disposal.

5. Other receivables

	2022	2021
	£	£
Earn-out from ICSI investment sale	**682,268**	-
Fair Value adjustment	**(125,486)**	-
Other receivables	**556,783**	**-**

The estimated earn out payments are structured over several product development milestones to be achieved through to 2025. The estimated earn out payments to be received as at year end are based on this information and includes management assessment around the achievability of each individual milestone. This risk weighted compensation has then been discounted at an estimated cost of equity, being 14.2%

Sensitivity analysis:
The group's exposure to changes in key assumptions affecting the carrying value are as follows:

	£
1% change in expected cash flows amount and timing	5,568
1% change in discount rate	9,480

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

6. Property, plant and equipment

	Plant and machinery £	Computer equipment £	Total £
At 1 January 2021	**1,873**	**2,277**	**4,150**
Additions	-	-	-
At 31 December 2021	**1,873**	**2,277**	**4,150**
Additions	12,422	2,708	15,130
Disposal	-	(949)	(949)
At 31 December 2022	**14,295**	**4,036**	**18,331**
DEPRECIATION			
At 1 January 2021	**1,873**	**1,059**	**2,932**
Charge for the year	-	619	**619**
At 31 December 2021	**1,873**	**1,678**	**3,551**
Charge for the year	643	358	1,001
Disposal	-	(448)	(448)
At 31 December 2022	**2,516**	**1,588**	**4,104**
Net book value			
At 31 December 2021	**-**	599	599
At 31 December 2022	**11,779**	**2,448**	**14,227**

7. Trade and other receivables

	31 December 2022 £	31 December 2021 £
Prepayments	10,526	160,245
Corporation tax receivable	-	123,308
VAT receivable	12,183	46,780
Total trade and other receivables	**22,709**	**330,333**

All amounts are due within three months.

8. Cash and cash equivalent

	31 December 2022 £	31 December 2021 £
Cash at bank and in hand	801,642	200,260

9. Trade and other payables

	31 December 2022 £	31 December 2021 £
Trade payables	5,146	212,018
Accruals and deferred income	128,387	47,617
Social security & other taxes payable	9,331	5,374
Pension cost	175	508
Loans from related parties	-	70,000
Total trade and other payables	**143,039**	**335,517**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

10. Loans and borrowings

	31 December 2022	31 December 2021
	£	£
Current		
Convertible loans	310,306	-
Non-Current		
Corporate bonds	-	277,080
Total loans and borrowings	**310,306**	**277,080**

See [note 20] of the consolidated financial statements for details.

11. Share capital
For details of share capital see [note 22] to the consolidated financial statements.

12. Share-based payment reserve
For details of the share-based payments see [note 23] to the consolidated financial statements.

13. Related party transactions
The Group has related party transactions with entities in which directors have significant financial interests. For details of the related party transactions see [note 25] to the consolidated financial statements.

Details of the directors' emoluments, together with the other related information, are set out in the Report of the Directors. There are no other related party transactions.

14. Commitments
The Company has no lease or capital commitments at the end of the reporting period.

15. Contingent liabilities
The Company has no contingent liabilities, other than what has been disclosed already.

16. Ultimate controlling party
The Company does not have an ultimate controlling party.

17. Events after reporting date
For details of events after reporting date see [note 26] of the consolidated financial statements.

OFFICERS AND ADVISERS

Directors:	The Rt Hon. Lord David Willetts FRS George Francis Katzaros Gavin Mayhew Robert Richards
Company secretary and registered office:	CFPro Cosec Limited First Floor, Holborn Gate, 330 Holborn, London WC1V 7QT
Nominated Adviser and Broker:	W H Ireland Limited 24 Martin Lane, London EC4R 0DR
Bankers:	Natwest Bank plc
Auditors:	Crowe U.K. LLP 55 Ludgate Hill London, EC4M 7JW
Solicitors:	Peachey & Co LLP 95 Aldwych London, WC2B 4JF
Registrars:	Neville Registrars Neville House 18 Laurel Lane Halesowen B63 3DA
Company Number:	10114644
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