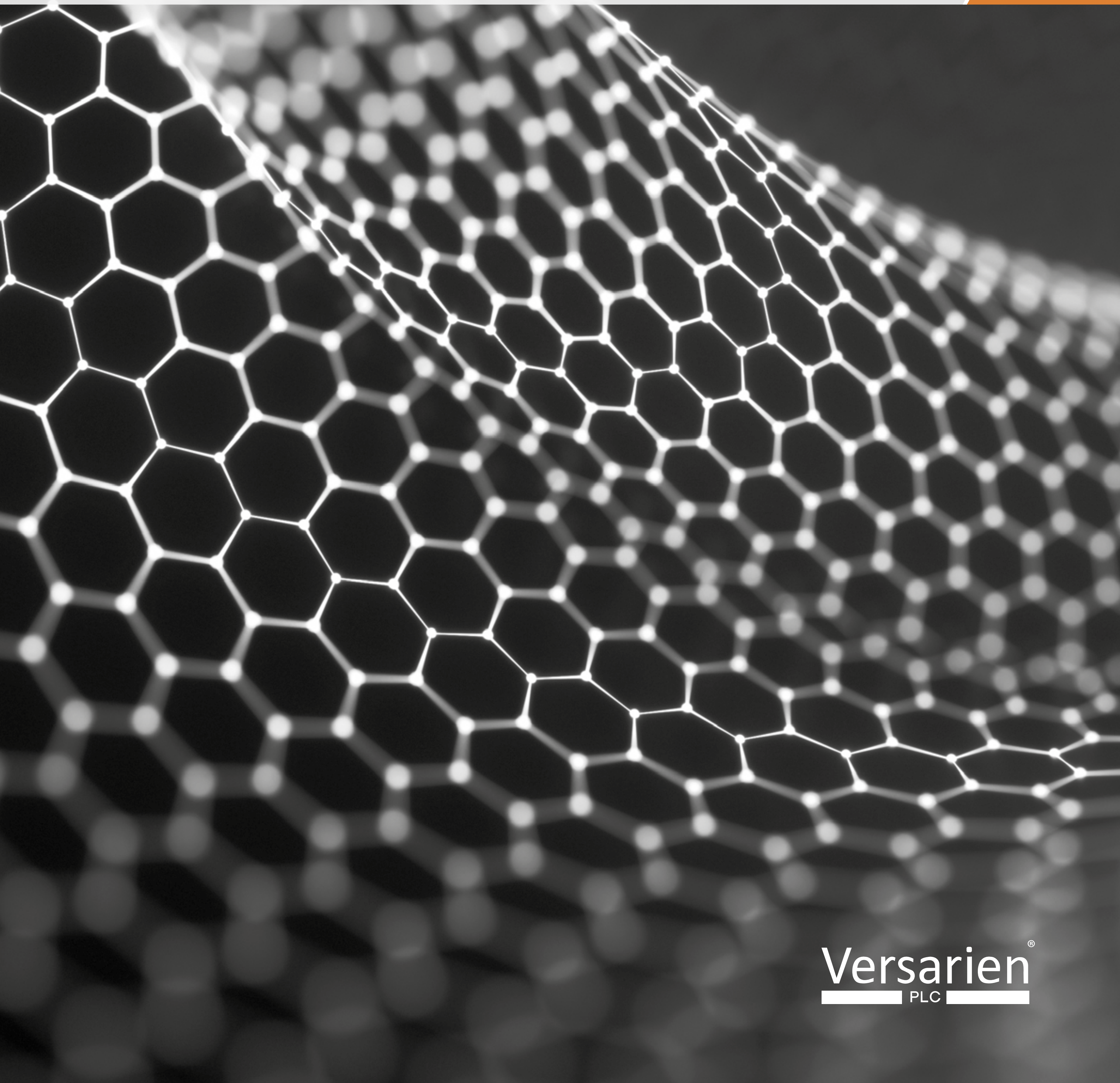
ANNUAL REPORT 2023



Versarien® PLC

Versarien plc (AIM: VRS) is an IP-led **advanced engineering** materials group that utilises proprietary technology to create innovative engineering solutions.

Versarien holds more than 120 patents covering areas including the manufacture and use of graphene and related materials (GRMs) in diverse applications. We develop and manufacture advanced materials and products globally through a number of subsidiaries and have the widest portfolio of high-quality verified products.

PRINCIPAL UNITED KINGDOM SUBSIDIARIES

Versarien® GRAPHENE

2-DTECH

CAMBRIDGE GRAPHENE

PRINCIPAL GLOBAL SUBSIDIARIES

Gnanomat

Versarien® 버자리언 코리아

Versarien Korea

The Graphene Council administers the Verified Graphene Producer® and the Verified Functionalized Graphene™ programs, the only credentials that include independent 3rd party in-person inspections of graphene production facilities, verification of production methods, volumes and quality control processes.

The Verified Graphene Producer® and Verified Functionalized Graphene™ programs also include independent expert testing of graphene materials by internationally recognised and qualified labs, such as the National Physical Laboratory (NPL) in the UK, according to the Graphene Classification Framework.

Versarien uses proprietary materials technology to create innovative engineering solutions that are capable of having game-changing impact in a broad variety of industry sectors.

Versarien was the first company in the world to pass the rigorous Verified Graphene Producer® program in 2019, and has been re-certified in 2022.

VERIFIED GRAPHENE® PRODUCER

THE GRAPHENE COUNCIL

WANT TO KNOW MORE? GET IN TOUCH TODAY

Visit our website at: **www.versarien.com**

Email us at: **info@versarien.com**

Write to us at: **Units 1A-D**
Longhope Business Park
Monmouth Road
Longhope
Gloucestershire
GL17 0QZ
United Kingdom

Call us on: **+44 (0) 1594 887204**

OUR PERIOD IN BRIEF

CONTINUING OPERATIONS KEY FINANCIAL HIGHLIGHTS

(The current and comparative figures are for an 12 month and 18 month period respectively)

Group revenue (continuing operations)*

£5.4m

(2022: £11.1m)

Graphene revenues

£0.2m

(2022: £2.1m)

Adjusted LBITDA**

£3.0m

(2022: £2.4m)

Reported loss before tax

£14.3m

(2022: £8.3m)

Reported loss for the period

£14.2m

(2022: £8.4m)

Cash

£0.6m

(2022: £1.4m)

Gross raised via equity placings during the period

£3.35m

(2022: £1.93m from strategic investment)

Gross raised via equity placings post period end

£1.47m

* Excludes discontinued revenues of £nil million (2022: £0.53 million)

** Non GAAP measure described in full in the report on page 12

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Developing **advanced materials** and enabling **engineering exploitation**

PARTNERSHIPS/COMMERCIALISATION HIGHLIGHTS

Construction

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

Leisure

- Umbro have launched Spring/Summer and Autumn/Winter 2023 Pro Training Elite collections integrated with Graphene-Wear™.
- Signed a sales agreement with GoToGym covering Colombia, Brazil and United States of America. GoToGym Brazil have launched active-wear incorporating Versarien's Graphene-Wear™ technology.
- Continuing to supply graphene enhanced elastomers to US-based Flux Footwear LLC, an adaptive footwear company, with royalties in place for the use of Versarien's Graphene-WearTM trademark.

Technology Licencing

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

COMMERCIAL R&D AND GRANT FUNDING HIGHLIGHTS

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

OPERATIONAL/MANUFACTURING HIGHLIGHTS

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

POST PERIOD HIGHLIGHTS

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

OUR PRODUCT PORTFOLIO

Product Line / Brand	Description
	NANOMATERIALS
CVD Graphene	Chemical vapour deposition (CVD) is the process to manufacture truly single-layer graphene (SLG). Versarien subsidiary Versarien Korea Ltd. (South Korea), manufactures SLG using a rapid thermal CVD process (RT-CVD) in a clean room environment. Graphene synthesis and lamination, transfer and stacking are performed in Class 1000 (ISO 6) laboratories, whilst wet chemical etching and all graphene characterisation takes place in Class 10000 (ISO 7) laboratories. Potential applications of CVD graphene include sensors, membranes, transparent conductive electrodes, resistive heaters and use in high-frequency electronic, (opto)electronic and semi-conductor applications.
Nanene™	Nanene™ is a high quality few-layer graphene powder, independently tested and passing the Graphene Council's Verified Graphene Producer® program. Nanene™ is a commercially available product that enables true leverage of graphene's unique properties. Nanene™ applications include use as an additive for thermoset, thermoplastic and rubber based composite materials, electrodes in lithium-ion batteries and fuel cells, solar PV cells, electrically conductive inks, thermal interface materials, concrete, metal-matrix composites, paints and coatings (corrosion protection, anti-fouling, UV resistant, barrier films, etc.).
Graphene Oxide (GO)	With a higher level of oxygen content ratio, our GO products are suitable for different applications where high aspect ratio and processability are key.
Hexotene™	Hexotene™ is our family of high quality hexagonal boron nitride (hBN) nanosheet powders. Hexotene™ is particularly useful for products where electrical conductivity is not desired, but many other features such as thermal conductivity and mechanical strength can be harnessed.
Hybrid Nanomaterials	Versarien subsidiary Gnanomat develops novel hybrid nanomaterials combining graphene with metal (oxide) nanoparticles, for use in energy storage devices and beyond
Graphinks™	Graphinks™ are graphene and related material (GRM) inks and dispersions that bring multi-functionality (high electrical and thermal conductivity, fire retardation, UV protection, etc.), produced via a high pressure homogenisation process that offers high yield and uniform size distribution.
	INTERMEDIATES
Polygrene™ – Thermoplastics	Versarien has developed an innovative graphene enhanced polymer range, Polygrene™ with a recent launch of a portfolio of thermoplastic compounds and masterbatches
	PRODUCTS
Cementene™	Cementene™ is our family of graphene-based aqueous admixtures that promises to significantly enhance the properties of concrete and reduce its carbon cost. The benefits of Cementene™ include: increased compressive strengths, reduced CO2 and cost (less material, less/no reinforcement), reduced material (thinner slab, less cover, reduced reinforcement), increased durability (low permeability/porosity leading to longer predicted life), additional early strength, highly workable concrete
Graphene-Wear™	Graphene-Wear™ comprises textile coatings and finishes that offer enhanced thermal and moisture management as well as optimised graphene enhanced footwear rubbers. Our customers are able to purchase mass-production-ready graphene ink formulations and infused rubber compounds that can be used within their upcoming ranges.
3D Concrete Printed (3DCP) Products	Versarien is pioneering innovative 3DCP construction methods. Utilising our own robot printer we offer 3D printing of structures for infrastructure projects, seating areas, landscaping elements, flood defences, garden offices, humanitarian shelters and even bigger structures using our modular build program.

To find out more visit versarienproducts.co.uk
Technical datasheets can be downloaded from: versarienproducts.co.uk/downloads-centre

WHITE PAPERS

Visit versarien.com/media-centre

CHAIR'S STATEMENT

Diane Savory OBE
Non-executive Chair

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

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

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

We have closed down operations in the US and China, reduced employee numbers in the remaining operations and cut costs where possible and this is reflected in the reduced operating losses in the second half of the year.

Nonetheless we have had no alternative but to continue to raise equity funds from the stock market.

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

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

Diane Savory OBE
Non-executive Chair

27 March 2024

Dr Stephen Hodge
Chief Executive Officer

The last 12 months have continued to be turbulent with difficult but necessary cost-cutting measures being implemented. Following this restructuring we have maintained a highly skilled and loyal workforce with increased efficiency.

Whilst the Company still faces a number of macro-economic challenges we are confident that there are strong commercial and R&D pipelines, including technology licensing opportunities that give us confidence that we can improve the Company's position and deliver a bright future.

We have a clear strategy to:

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

TECHNOLOGY BUSINESSES

UK operations

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

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

Construction

This year we have worked with several partners to continue to prove the effectiveness of graphene as a powder and as an admixture (Cementene™). In May 2023 we announced a key demonstration for the use of Cementene™ in precast concretes following trials with Banagher Precast Concrete Limited (Ireland) that showed we could maintain compression strength whilst removing ~20% of the cement in their standard mix.

In line with our global ambitions, the Cementene™ trademark is now granted in USA and South Korea, in addition to the UK and EU registrations already in place.

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

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

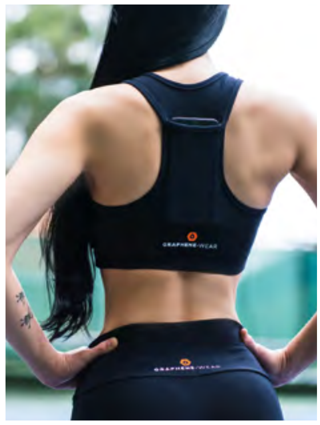
Post period end, in October 2023, Versarien won a public tender contract with the Office for Product Safety and Standards (OPSS), part of the UK government's Department for Business and Trade (DBT) to compile a comprehensive report involving stakeholder reviews to support the UK's regulation of 3DCP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

Textiles and footwear

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

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

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



Grant Funding

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

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

OVERSEAS OPERATIONS

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

Spain

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

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

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

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

South Korea

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

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

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

TECHNOLOGY LICENCING

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

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

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

GrapheneLab
CVD GRAPHENE EXPERT GROUP

montana
Montana Quimica Ltda.

MCK TECH
Materials Reinvented

MATURE BUSINESSES

We continue to market both Total Carbide Limited and AAC Cyroma Limited as they are not core to our graphene activities.

I am grateful to all staff at both businesses for their continued support whilst this process is underway.

CURRENT TRADING AND OUTLOOK

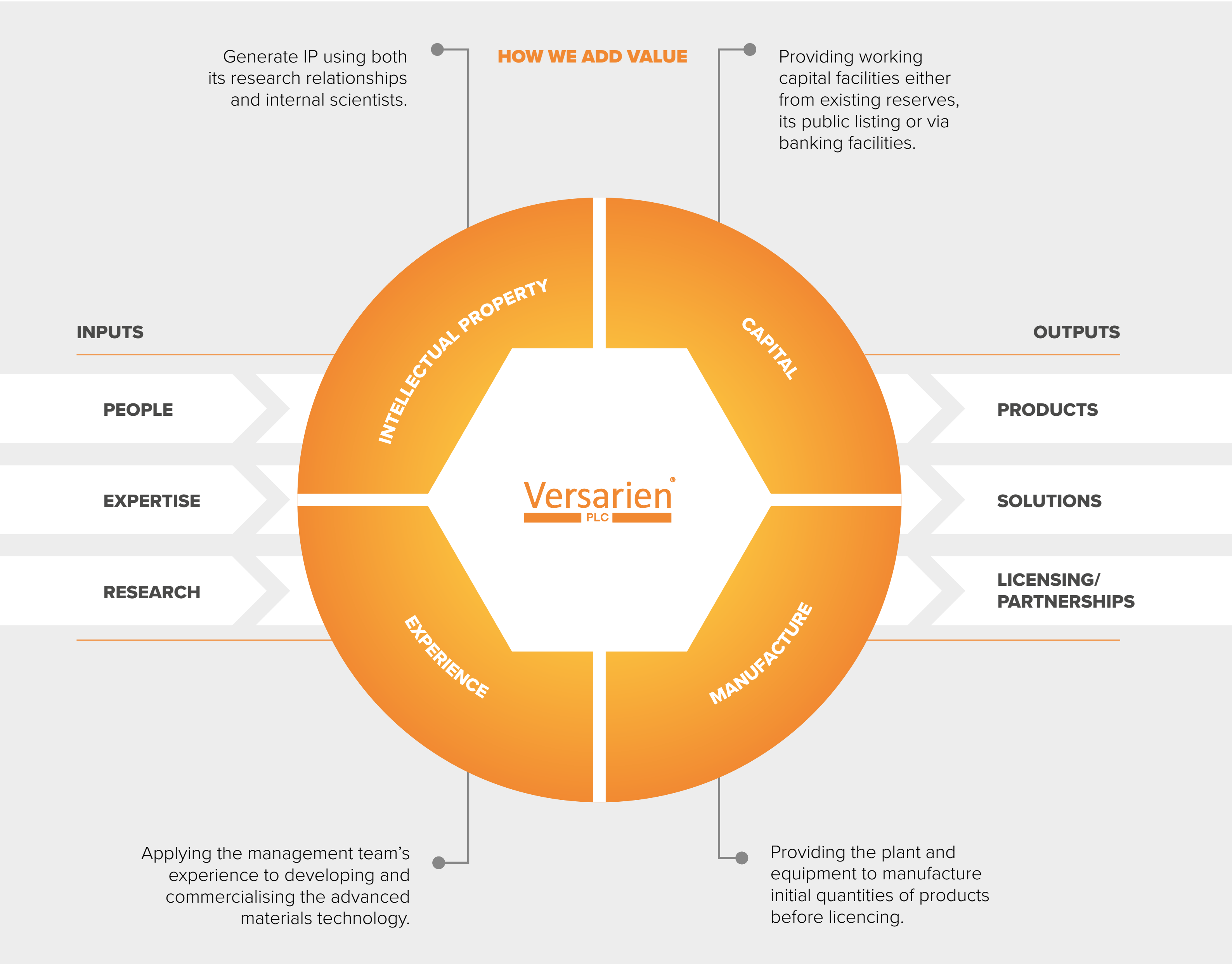
Our pipeline of opportunities continues to strengthen which gives us increased confidence as we seek to achieve profitability from our reduced cost base. We are seeing more opportunities for our Cementene™ product in particular from which we hope to secure ongoing revenue. We look forward to reporting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

Dr Stephen Hodge
Chief Executive Officer

27 March 2024

A structure to **deliver**

Versarien plc seeks to capitalise on innovative IP, transforming it into commercially viable products that can tackle the technological challenges faced by modern manufacturers.



Strategic objectives and KPIs

Commercialisation of our graphene technology remains the objective of the Board, particularly as we focus on the construction and leisure sectors.

	Period progress	Future strategy
Sign application development agreements with customers	A number of agreements were signed as described in the operational highlights	This continues to be a focus for the business
Commence initial supply of graphene enhanced products	Supply is concentrated on the development of the construction and textile markets	This continues to be a focus for the business
Licence Versarien's technology in return for royalty streams	We have signed royalty based agreements with a number of parties.	This continues to be a focus for the business

As a Group we concentrate on the following financial metrics:

Continuing Operations	12 months to 30 September 2023 £'000	18 months to 30 September 2022 £'000
Group revenue	5,448	11,106
Gross margin percentage	21%	30%
Loss before interest, tax, depreciation, amortisation, exceptional costs, share based charges and other gains/losses	(3,011)	(2,403)
Cash used by Technology businesses	(4,297)	(7,148)
Cash used by Mature businesses	(428)	(215)
Cash raised by parent (before loans to/from subsidiaries)	3,970	6,355
(Decrease)/increase in cash and cash equivalents	(755)	(1,008)

Christopher Leigh
Chief Financial Officer

These results are for a period of 12 months with the comparatives reflecting an 18 month period.

The aluminium business based at Cheltenham closed last year and consequently these results are split between continuing and discontinued operations and the segmental analysis between the technology and mature businesses.

Group results

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

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

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

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

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

These activities were financed by net funds received from the Lanstead sharing agreements £nil (2022: £3.54 million), the issue of shares £3.13 million (£1.92 million) less net loans repaid of £0.1m, (2022: £2.78 million net loans received) totalling £3.03m.

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

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

	12 months to September 23			18 months to September 22		
	Continuing operations £'000	**Discontinued operations £'000**	**TOTAL £'000**	**Continuing operations £'000**	**Discontinued operations £'000**	**TOTAL £'000**
(Loss)/profit from operations	(13,716)	0	(13,716)	(7,693)	(130)	(7,823)
Depreciation and amortisation	1,410	0	1,410	2,126	41	2,167
Share based payments	530	0	530	1,510	0	1,510
Exceptional items	8,765	0	8,765	463	64	527
Other losses	0	0	0	1,191		1,191
Adjusted LBITDA	(3,011)	0	(3,011)	(2,403)	(25)	(2,428)

Technology Businesses

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

Mature Businesses

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

Going Concern

The financial statements have been prepared on a going concern basis, and are subject to the matters described in the Accounting Policies note on page 41.

Christopher Leigh
Chief Financial Officer

27 March 2024

Managing risks **effectively**

The following risks are those that the Group considers could have the most serious adverse effect on its performance and reputation.

	Risk	Mitigation	Change
1	**TECHNOLOGICAL RISKS** Versarien plc operates in an industry where competitive advantage is heavily dependent on technology. It is possible that technological development may reduce the importance of the Group's function(s) in the market or render the patents and licences on which it relies redundant. The Group's existing products may become obsolete or may be superseded by new technologies or changes in customer or end-user requirements.	Versarien plc continually monitors the market in which it operates and has the technical resources to invest in new technology as appropriate.	No change
2	**COMPETITION RISKS** New competitive products, designs or solutions may enter the market with different benefits or using different technologies, making them equally or more attractive than the Group's current range of products. Competitors may also be able to devote greater resources to the promotion and sale of their products, designs or solutions than the Group, which would give them a competitive advantage.	The Group continues to employ technical resources with the aim of improving its products. If the Group is unable to compete successfully with existing or new competitors, it may have to reduce prices on products, which would lead to reduced margins.	No change
3	**INTELLECTUAL PROPERTY PROTECTION RISKS** Failure to protect the Group's IP may result in another party copying or otherwise obtaining and using its proprietary content and technology without authorisation. There may not be adequate protection for IP in every country in which the enlarged Group's products are or will be made available and policing unauthorised use of proprietary information is difficult and expensive.	The Group monitors products brought to market as far as reasonably possible and will take cost-effective legal action to protect its intellectual property.	No change
4	**DEVELOPMENT RISK** The rate at which the development of the Group's technology is adopted by potential customers is dependent upon the rate at which those customers wish to progress.	The Group mitigates this risk as far as possible by ensuring that it responds rapidly to technical changes that may be required.	No change
5	**ATTRACTION AND RETENTION OF KEY EMPLOYEES RISKS** The Group depends upon the continued service and performance of the Executive Officers and key employees and, whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of the services of any of the Executive Officers or other key employees could damage the Group's business. Equally, the ability to attract new employees and senior employees with the appropriate expertise and skills cannot be guaranteed.	Risk is partially mitigated by providing opportunities for career advancement.	Increase

KEY:

Decrease No change Increase

	Risk	Mitigation	Change
6	**FUTURE FUNDING RISKS** The Group will need to raise extra capital in the future to bridge to profitability. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Group or to the Group's shareholders.	In the current environment it is not possible to mitigate the risk other than by approaching past participants in fund raises and by seeking strategic investment or longer term investment from tax efficient funds.	▲
7	**GENERAL ECONOMIC CONDITIONS RISKS** Market conditions, particularly those affecting technology companies, may affect the ultimate value of the Group's share price regardless of operating performance. Market perception of technology companies may change, which could impact on the value of investors' holdings and impact on the ability of the Group to raise further funds by an issue of further shares. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Group's cost of raising and maintaining debt financing.	Risk is mitigated by seeking to expand the products and technologies for sale within the Group and by seeking to sell the Group's products to wider geographical areas both directly and through distribution.	▲
8	**COMMODITY PRICES RISKS** A significant amount of Versarien's purchases are metallurgical powders. Consequently, exposure to movements in underlying commodity prices affects margins.	Where possible we purchase from more than one source and manage our stock levels accordingly.	—
9	**BREXIT** Versarien has relationships with the EU and the impact from Brexit could negatively affect trade regulations, people, contracts, IP and European Grants.	So far as is possible, the company mitigates this risk by having a European subsidiary	—

Section 172 statement

Section 172(1)(a) to (f) of the Companies Act 2006 requires Directors to act in good faith, in a way that will promote the success of the Company for the benefit of its members as a whole, as well as having the regard to the specific matters below, some of which are also described on pages 20 to 23 of the best practice governance report.

A. THE LIKELY CONSEQUENCES OF ANY DECISION IN THE LONG TERM

Versarien plc's continued strategy is to seek to capitalise on innovative IP, transforming it into commercially viable products that can tackle the technological challenges faced by modern manufacturers. The day-to-day management of our subsidiary businesses is undertaken by the senior team within the businesses.

B. THE INTERESTS OF THE COMPANY'S EMPLOYEES

Our directly employed workforce is experienced in the individual markets in which it operates. The Board believes that its employees are key stakeholders within the Group and as such welcomes any feedback, particularly through feedback via the head of each business unit.

C. THE NEED TO FOSTER THE COMPANY'S BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

Operating with fairness and integrity we work with our supply chain to develop a working relationship which benefits all parties. The Board recognises that the success of the Company is reliant upon all stakeholders in its business. Group companies are ISO 9001 accredited which involves processes to monitor and record feedback from suppliers and customers.

D. THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND ENVIRONMENT

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM), the release of news via LSE channels and podcasts.

Consequently, all members become privy to any price sensitive information at the same time and are treated equally in all respects.

E. THE DESIRABILITY OF THE COMPANY MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Board aims to lead by example and do what is in the best interests of the Company, its stakeholders and shareholders. The Directors strive to act in a manner which is professional and ethical and have published ethical policies for all employees to observe and comply with.

F. THE NEED TO ACT FAIRLY AS BETWEEN MEMBERS OF THE COMPANY

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the General Meetings, release of news via LSE channels and by podcasts. Consequently, all members become privy to any price sensitive information at the same time and are treated equally in all respects. The company has three non-executive directors including the Chair and two executive directors to ensure fair corporate governance.

EQUAL OPPORTUNITIES

We offer equal opportunities regardless of gender, gender identity or reassignment, disability, religion or sexual orientation.

The key Board decisions made in the period are set out below:

Significant events/ decisions	Key s172 matter(s) affected	Actions and impact
Funding	Shareholders, employees	• Before raising equity the Company exhausted avenues for significant grant funding and debt finance. • The Company continues to raise money on the equity markets at discounted prices.
Strategic direction	Shareholders, employees	• The reduced funding has resulted in the Board deciding to focus on those projects which are at the most advanced technology readiness level and which provide the best opportunity for commercialisation.
Restructuring	Employees	• Decisions were made be the executive team in consultation with the Board after carefully considering employee impact. • Impacted personnel were placed at risk with a process of consultation undertaken before a final redundancy decision was taken.

Dr Stephen Hodge
Chief Executive Officer

27 March 2024

INTRODUCTION TO CORPORATE GOVERNANCE

Diane Savory OBE
Non-executive Chair

COMPLIANCE APPROACH
The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code.

BOARD EFFECTIVENESS
The Board meets regularly to determine the policy and business strategy of the Group.

The Chief Executive Officer leads the development of business strategies within the Group's operations.

The Audit Committee meets, together with the wider Board, to consider the scope of the annual audit and the interim financial statements and to assess the effectiveness of the Group's system of internal controls. It reviews the results of the external audit, its cost effectiveness and the objectives of the auditors.

Given the size of the Group, the Audit Committee considers an internal audit function is not currently justified. The Audit Committee is chaired by Susan Bowen.

The Non-executive Directors are the members of the Remuneration Committee. It meets to determine Company policy on senior Executive remuneration, to make detailed recommendations to the Board regarding the remuneration packages of the Executive Directors.

The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding his own package.

The remuneration and terms and conditions of the appointment of Non-executive Directors are determined by the Board. The Remuneration Committee is chaired by Sir Iain Gray CBE.

The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the Board.

The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable but not absolute assurance with regard to the safeguarding of the Group's assets against misstatement.

The key elements of the system of internal control are:

- clear definition of delegated authorities;
- preparation of budgets and forecasts for Board approval;
- close involvement of senior management in the day-to-day business of the Group; and
- regular reporting of business performance to the Board and the review of results against budget.

THE BOARD
The Board comprises Diane Savory OBE, Dr Stephen Hodge, Christopher Leigh, Sir Iain Gray CBE and Susan Bowen. The Board considers that there is an appropriate balance between the Executives and Non-executives and that no individual or small group will dominate the Board's decision making. The Board's members have a wide range of expertise and experience and it is felt that concerns may be addressed to the Non-executive Directors. The Board has delegated certain authorities to Committees, each with formal terms of reference. The whole Board acts as a Nomination Committee.

Diane Savory OBE
Non-executive Chair

27 March 2024

Experience and **drive**

Our leadership team is accomplished and experienced to lead the development of business strategies within the Group's operations.

DR STEPHEN HODGE

Chief Executive Officer

Stephen joined the board as Chief Technology Officer in 2021, prior to being appointed CEO in July 2023. Prior to this, he was Head of Research and a Principal Engineer at Cambridge Graphene, a subsidiary of Versarien. He has also held post-doctoral research associate positions at the University of Cambridge and at Imperial College London, where he also completed a PhD in Nanomaterial Chemistry.

CHRISTOPHER LEIGH

Chief Financial Officer

Christopher is a chartered accountant with a significant track record in the manufacturing and engineering sector. He was appointed Versarien's CFO in July 2013. His expertise covers corporate finance, mergers and acquisitions, post-acquisition integration, organisational restructuring and change management. He has previously held board-level positions in a variety of companies.

DIANE SAVORY OBE

Non-executive Chair

Diane previously served as Chair at GFirst LEP (Gloucestershire) and worked at Superdry Plc for a total of 22 years, including as a main board director, during which time it grew from an SME to a London Stock Exchange Main Market listed company.

SUSAN BOWEN

Non-executive Director

Susan has been appointed CEO of the Digital Catapult having previously been president and CEO of Aptum Group, a Canadian headquartered company providing managed IT services. Prior to joining Aptum Group, she spent 17 years at Hewlett Packard.

SIR IAIN GRAY CBE

Non-executive Director

Initially with British Aerospace before becoming managing director of Airbus UK. After 27 years in the sector, Iain was appointed chief executive of Innovate UK in 2007. He is a professor and director of aerospace at Cranfield University. He is a fellow of the Royal Academy of Engineering, fellow of the Royal Aeronautical Society and fellow of the Royal Society of Edinburgh and the Royal Academy of Engineers.

Best practice governance

We follow the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. This report sets out our current compliance and explains the reasons for any Code departures.

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES LONG-TERM VALUE FOR SHAREHOLDERS

Versarien plc seeks to capitalise on innovative IP, transforming it into commercially viable products that can tackle the technological challenges faced by modern manufacturers. Its main technology products are graphene powders, graphene inks and other 2-D materials.

We do this through:

- providing working capital facilities either from existing reserves or our public listing or via banking facilities;
- applying the management team's experience to developing and commercialising the advanced materials technology; and
- providing the plant and equipment to get into production via our existing production facilities.

Our focus is on commercialising graphene opportunities in the construction and textile sectors.

We continue to sign application development agreements with customers and to build new relationships with global companies to incorporate graphene into their applications with a view to licensing our technology and brands.

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company is committed to open communication with its shareholders to ensure that its strategy, business model and performance are clearly understood.

We do this via our Financial PR advisors and by reporting news via LSE channels.

The General Meetings ("GM") are the main forum for dialogue between shareholders and the Board.

Notices of Meetings are sent to shareholders at least 14 days before the meeting. For each GM resolution, the proxy results are announced at the meeting. The results of the GM are subsequently published on the Company's corporate website/ released via the Regulatory News Service.

The Board as a whole is kept informed of the views and concerns of shareholders by the CEO.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

Apart from our shareholders, our suppliers, customers and employees are considered to be our most important stakeholder groups. Group companies are ISO 9001 accredited which involves processes to monitor and record feedback from suppliers and customers.

The Group has in place an ethical policy which is applied at each Group company.

ATTENDANCE AT MEETINGS DURING THE PERIOD

	Board	Audit Committee*	Remuneration Committee
Diane Savory	30/34	1/1	1/1
Dr Stephen Hodge	34/34	1/1	1/1
Christopher Leigh	34/34	1/1	1/1
Susan Bowen	25/34	1/1	1/1
Iain Gray	29/34	1/1	1/1
Neill Ricketts (resigned 14 July 2023)	24/29	1/1	1/1

* Audit Committee matters may also be discussed as part of the regular board meetings.

PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable but not absolute assurance with regard to the safeguarding of the Group's assets against misstatement.

The key elements of the system of internal control are:

- clear definition of delegated authorities;
- preparation of annual budgets for Board approval;
- close involvement of senior management in the day-to- day business of the Group; and
- regular reporting of business performance to the Board and the review of results against budget.

All material contracts are required to be reviewed and signed by an Executive Director of the Company and reviewed by our legal advisers as appropriate.

Each individual company within the Versarien Group maintains its own risk register as part of its ISO 9001 certification to address key risks that may have an immediate impact.

Our ethical policy deals with compliance with laws and regulations, fair dealing and business intelligence, improper payments, business entertaining and duty to report violations.

PRINCIPLE 5: MAINTAINING THE BOARD AS A WELL- FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Board comprises the Non-executive Chair, the Chief Executive Officer, the Chief Financial Officer/Company Secretary and two Non- executive Directors. The Board considers that the Non- executive Directors bring an independent judgement to bear.

The Board believes there is a suitable balance between independence on the one hand and knowledge of the Company on the other. The Board continues its practice of ensuring matters reserved for the Board are fully discussed and debated.

All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Group holds regular Board meetings and each Director is asked to disclose any conflicts of interest.

PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience and time to perform its duties. Board members are able to attend such courses or training, as they feel appropriate, to keep up to date. Directors receive regular and timely information on the Group's operational and financial performance with information being circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget.

All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary.

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Chair, together with the non-executive directors are responsible for performing informal continuous assessment.

PRINCIPLE 8: PROMOTE A CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board aims to lead by example and do what is in the best interests of the Company, its stakeholders and shareholders. The Executive Directors strive to act in a manner which is professional and ethical and has published its ethical policies for all employees to observe and comply with.

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION MAKING BY THE BOARD

Board programme

The Board meets regularly during the year in accordance with its scheduled meeting calendar.

The Board sets direction for the Company through a formal schedule of matters reserved for its decision and annually sets a schedule of dates for Board meetings.

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed prior to meetings taking place.

Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors.

Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

Roles of the Board, Non-executive Chair and Chief Executive Officer

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy, approval of major investments (whether capex or opex), approval of the annual and interim results; annual budgets, dividend policy and Board structure.

It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets.

The Non-executive Chair, together with the Non-executive Directors, are responsible for ensuring the maintenance of good corporate governance and challenging and discussing the strategic direction of the Company.

PRINCIPLE 9: CONTINUED

The Chief Executive Officer is responsible for the strategic direction of the Company and delivering against that strategy.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.

Executive Team

The Executive Team consists of Dr Stephen Hodge and Christopher Leigh. It is responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the plc Board on issues, progress and recommendations for change with the Board as a whole being the final arbiter.

Board Committees

The Board is supported by the Audit and Remuneration Committees. Each Committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the Committee to discharge its duties. Board nominations are dealt with by the Board as a whole.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Company communicates with shareholders through the financial statements, full-year and half-year announcements, General Meetings (GM's) and the release of news via LSE channels.

AUDIT COMMITTEE REPORT

SUSAN BOWEN
Chair of the Audit Committee

MEMBERSHIP

The Board has established an Audit Committee with the appropriate Terms of Reference, which is comprised of Susan Bowen (Chair), Sir Iain Gray and Diane Savory. The Committee reports to the Board in respect of its responsibilities.

RESPONSIBILITIES

The Committee meets, in conjunction with the Board, to discuss its ongoing responsibilities, including such matters as the existing risk management and internal control systems in place, its financial reporting obligations and external audit findings.

An outline of the key responsibilities undertaken by the Committee in the year are set out below:

- consider the appointment of the external auditors;
- discuss with the external auditors the nature and scope of the audit;
- review the half-year and annual financial statements;
- discuss matters arising from the external auditors' report to the Committee; and
- review the Company's statement on internal control.

INTERNAL CONTROLS

The Committee continues to monitor and review the Company's risks, financial reporting and internal control procedures through its monthly Board meetings as a standard agenda item for discussion. It has been concluded that a separate internal audit function is not justified at this time because of the size and scope of the Company's business activities. However, as the Company grows the need for this function will be regularly assessed.

EXTERNAL AUDIT

The Board understands the importance of engaging with the external auditors and in order to support this relationship the external auditors are invited to attend at least one meeting of the Audit Committee each year. The Committee maintains the responsibility of making recommendations to the Board in respect of the appointment, re-appointment and removal of the external auditors. In the re-appointment of the auditors the Committee carefully considers their performance in discharging the audit, the terms of engagement and their independence as well as the commercial cost.

Susan Bowen
Chair of the Audit Committee

27 March 2024

REMUNERATION COMMITTEE REPORT

IAIN GRAY
Chair of the Remuneration Committee

MEMBERSHIP

The Board has established a Remuneration Committee with the appropriate Terms of Reference, which is comprised of Sir Iain Gray (Chair), Susan Bowen and Diane Savory. The Committee reports to the Board in respect of its responsibilities.

RESPONSIBILITIES

The Committee meets to:

- determine the remuneration and rewards for Executive Directors;
- maintain surveillance over all executive benefits including pensions;
- analyse information from external surveys; and
- ensure that remuneration policies for senior personnel facilitate employment and motivation.

Iain Gray
Chair of the Remuneration Committee

27 March 2024

DIRECTORS' REMUNERATION REPORT

The Directors present the Directors' Remuneration Report for the year ended 30 September 2023. This report has not been prepared in accordance with the Directors' Report Regulations because, as an AIM listed company, Versarien Plc does not fall within the scope of the regulations.

DIRECTORS' REMUNERATION

The Remuneration Committee comprises the Non-executive Chair, Diane Savory, and the two Non-executive Directors, Iain Gray CBE, who chairs the Committee, and Susan Bowen. The Remuneration Committee decides the remuneration policy that applies to Executive Directors.

SALARIES AND BENEFITS

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.

CONTRACTS OF SERVICE

The Executive Directors Dr Stephen Hodge and Christopher Leigh each have a service agreement containing one year's notice. The Non-executive Directors, Diane Savory OBE, Iain Gray CBE and Susan Bowen, have a service agreement with a three-month notice period.

DIRECTORS' INTERESTS – INTERESTS IN SHARE OPTIONS

Details of options held by Directors who were in office at 30 September 2023 are set out below.

Details of the Company's option schemes are set out in note 24 to the financial statements.

The market price of the Company's shares at 30 September 2023 was 1.19 pence. The range of market prices during the period was 1.03 pence to 20.93 pence.

DIRECTORS' INTERESTS – INTERESTS IN SHARES

Directors in office at 30 September 2023 had interests in the Ordinary shares of 1 pence each in the Company as displayed in the table below.

	2023 Number	2022 Number
Dr Stephen Hodge	**1,046,774**	46,774
Christopher Leigh	**1,315,000**	315,000
Diane Savory	**81,000**	81,000

Iain Gray
Non-executive Director

27 March 2024

DIRECTORS' REMUNERATION

	Salary		Benefits		Total	
	12 months to 30 September 2023 £'000	18 months to 30 September 2022 £'000	**12 months to 30 September 2023 £'000**	18 months to 30 September 2022 £'000	**12 months to 30 September 2023 £'000**	18 months to 30 September 2022 £'000
Executive						
Stephen Hodge (appointed 7 January 2021)	**120**	173	**10**	17	**130**	190
Christopher Leigh	**184**	277	**12**	21	**196**	298
Neill Ricketts (resigned 14 July 2023)	**139**	316	**5**	8	**144**	324
	443	766	**27**	46	**470**	812
Non-executive						
Iain Gray CBE	**13**	45	—	—	**13**	45
Susan Bowen	**13**	45	—	—	**13**	45
James Stewart (resigned 31 December 2021)	**—**	30	—	—	**—**	30
Diane Savory (appointed 1 January 2022)	**21**	38	—	—	**21**	38
	47	158	—	—	**47**	158

DIRECTORS' INTERESTS IN SHARE OPTIONS

Director	Date of grant	Number	Exercise price	Expiry date
Christopher Leigh	2 October 2014	1,050,761	29.00p	2 October 2024
	2 October 2017	2,626,614	15.00p	2 October 2027
	30 August 2018	2,669,616	152.00p	30 August 2028
Stephen Hodge	26 April 2017	75,000	21.25p	26 April 2027
	7 December 2018	453,720	117.00p	7 December 2028

Included within the share based payment charge of £530,000 in the Group Statement of Changes in Equity (2022: £1,510,000) is £222,000 (2022: £653,000) in respect of Neill Ricketts, £222,000 (2022: £653,000) in respect of Christopher Leigh and £38,000 (2022: £40,000) in respect of Stephen Hodge.

The Directors present their Annual Report on the affairs of the Group and the Company, together with the audited consolidated financial statements and the Independent Auditors' Report, for the period ended 30 September 2023.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Directors are required to present an extended business review reporting on the development and performance of the Group and the Company during the period and their positions at the end of the period. This requirement is met by the Strategic Report on pages 1 to 16.

RESEARCH AND DEVELOPMENT

Investing in research and development programmes delivers product innovation and manufacturing improvements within Versarien plc. Expenditure on research and development in the period amounted to £0.83 million (2022: £3.3 million), of which £nil has been capitalised (2022: £2.6 million) as the Group focuses on commercialisation of its product portfolio.

DIRECTORS

The Directors of the Company who were in office during the period and up to the date of signing the financial statements are listed on pages 18 to 19. The Directors' Remuneration Report on page 25 gives details of salaries, benefits and interests in shares and share options.

DIRECTORS' INDEMNITIES

The Company has granted indemnities to each of its Directors in respect of losses arising out of or in connection with the execution of their powers, duties and responsibilities as Directors to the extent permitted by the Companies Act 2006 and the Company's Articles of Association. Such qualifying third party indemnity provision has been in force throughout the period and remains in force at the date of approving the Directors' Report. In addition, Directors and officers of the Company and its subsidiaries are covered by directors' and officers' liability insurance.

EMPLOYEES

The Group keeps its staff informed of matters affecting them through a series of informal meetings at which employees are encouraged to ask questions on any aspects of the business and at which they are updated on financial and economic factors that may affect Company performance.

RISK FACTORS

Information on the Group's principal risks and how they are mitigated is given in the Strategic Report.

TREASURY ACTIVITIES AND FINANCIAL INSTRUMENTS

It is the Group's policy not to speculate in derivative financial instruments. The Company is not exposed to significant foreign exchange risks. Further details on financial risk factors are included in note 1.

POLITICAL DONATIONS

No political contributions were made during the period (2022: £nil).

GOING CONCERN

These financial statements have been prepared on a going concern basis making the assumptions described in the Accounting Policies note on page 41. The note includes reference to material uncertainties in respect of going concern.

SIGNIFICANT SHAREHOLDINGS

In addition to the Directors' holdings disclosed in the Directors' Remuneration Report on page 25, holders of more than 3% of the issued 496,169,507 Ordinary shares of the Company at 31 December 2023 are listed below.

	Ordinary shares of 1p each	Percentage of issue share capital
Hargreaves Lansdown Stockbrokers	119,103,408	24.00%
Interactive Investor Services Limited	72,580,596	14.63%
Halifax Share Dealing Limited	48,751,821	9.83%
Barclays Stockbrokers Limited	26,916,953	5.42%
AJ Bell Securities Limited	25,464,093	5.13%
Brian Barso	15,400,355	3.10%

INDEPENDENT AUDITORS

A resolution to re-appoint BDO LLP as independent auditors will be proposed at the Annual General Meeting.

By order of the Board

Christopher Leigh
Company Secretary

27 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS

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 financial statements for each financial year. Under that law the directors are required to prepare the group and company financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' CONFIRMATIONS
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

By order of the Board

Christopher Leigh
Company Secretary

27 March 2024

Opinion on the financial statements

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 30 September 2023 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 UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Versarien Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2023 which comprise the Group statement of comprehensive income, the Group statement of financial position, the Company statement of financial position, the Group statement of changes in equity, the Company statement of changes in equity, the Group and Company statement of cash flows 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 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to the going concern section of the accounting policies of the financial statements which indicates that the group remains reliant upon the capital markets and/or asset sales to continue as a going concern up until such time as it generates sufficient revenues to cover its costs, and that additional funding will need to be raised within 12 months from the date of approval of the financial statements. The group and parent company expect to be able to secure this additional funding to enable the group and parent company to realise their assets and discharge their liabilities in the normal course of business. As stated in the going concern section of the accounting policies, these events and conditions, along with other matters set out in the going concern section of the accounting policies, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and our risk assessment, we considered going concern to be a key audit matter.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate in the circumstances;
- Challenge of the Directors' going concern assessment, including the reasonableness of assumptions and downside stress case sensitivities applied, using our underlying knowledge of the business;
- Testing of the mathematical accuracy, and consideration of the reasonableness, of the assumptions made and available headroom throughout the forecast period extending from the date of approval of the financial statements;
- Consideration of the key sensitivities applied in the cash flow model pertaining to revenue, grant income and cost base, the continued use of the finance facilities and management of the Group's and Company's cost base;
- Analysing post year end trading results compared to forecast and current year to evaluate the accuracy and achievability of forecasts; and
- Assessing the completeness and accuracy of disclosures in relation to going concern and whether significant judgements have been appropriately disclosed.

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

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

INDEPENDENT AUDITORS' REPORT CONTINUED
TO THE MEMBERS OF VERSARIEN PLC

Overview

Coverage	93% (2022: 78%) of Group profit before tax 99% (2022: 97%) of Group revenue 97% (2022: 98%) of Group total assets		
Key audit matters		*2023*	*2022*
	Going concern (group and parent)	✓	✓
	Goodwill impairment assessment (group)	✓	✓
	Development costs intangible valuation and impairment assessment (group)	✓	✓
	Recoverability of investment in subsidiary undertakings (parent)	✓	✓
Materiality	*Group financial statements as a whole* £155,000 (2022: £330,000) based on 1.5% (2022: 1.5%) of total assets		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined that the group had 5 significant components, being AAC Cyroma Limited, Total Carbide Limited, 2-DTech Limited, Versarien Graphene Limited and the Versarien Plc parent company. A full scope audit was undertaken on each of the significant components, as well as Cambridge Graphene Limited. All work was performed by the Group engagement team.

We determined that the remaining components of the group were non-significant components and the Group engagement team performed analytical procedures in order to obtain sufficient appropriate audit evidence to support our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that 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.

Key audit matter	How the scope of our audit addressed the key audit matter
Goodwill impairment review (group) *(see accounting policies, critical estimates and judgements in note 2 and note 12 Intangible assets)*	
In accordance with the requirements of IAS 36 *Impairment of assets*, management has performed impairment reviews in relation to goodwill held in the Group's cash generating units (CGUs). The impairment reviews include significant estimates and judgements in respect of future growth rates and cash flows and the discount rate employed and is therefore deemed to be a key audit matter	We obtained the Group's five year cash flow forecasts to 30 September 2028 supporting its impairment review and evaluated the appropriateness of key assumptions. We assessed the methodology used by management and challenged and evaluated key inputs including: › We verified the mathematical accuracy of the net discounted cash flow impairment model's underlying calculations which had been split into two CGU's (mature businesses and graphene businesses) and agreed the cash flow forecasts to the plan approved by the Board; › We evaluated the appropriateness of forecast cash flows by understanding management's process for forecasting, examining the support for forecast cash flows and assessing subsidiary specific cash flow assumptions, such as testing the exclusion of cash flows to improve or enhance the subsidiary's performance; › We compared the projected growth rates used to historical information. Growth rates of 2% perpetuity were used in the DCF model, post the period 30 September 2028; › We evaluated the appropriateness of discount rates used, which included comparing the rate used to a range provided by our valuation experts and applied sensitivities to the discount rates to ensure sufficient headroom; › We performed a range of sensitivity analyses to assess the impact of reasonably possible changes in key assumptions, including the quantum and timing of future revenues received to those used by management; and › We considered the market capitalisation of the group at the current date and its split across the CGU's, based on estimated valuations of the mature and graphene businesses. We have also compared comparable companies, given the early-stage nature of the group's graphene businesses. **Key observations:** Based on our audit work performed, we consider the estimates and judgements made by management in the goodwill impairment assessment and evidence from market capitalisation to be reasonable.

INDEPENDENT AUDITORS' REPORT CONTINUED
TO THE MEMBERS OF VERSARIEN PLC

Key audit matter	How the scope of our audit addressed the key audit matter
Development costs intangible valuation and impairment assessment (group) *(see accounting policies, critical estimates and judgements in note 2 and note 12 Intangible assets)*	
Under IAS 38 *Intangible assets*, to capitalise development costs management is required to make certain judgements, including the stage of development, the technical feasibility of completing the product development and the commercial viability of the products being developed. In order to determine whether any impairment to the carrying value has arisen, an assessment is required of the future cash flows generated by the assets and over what period of time the assets will generate returns. Because of the estimates and judgements required to be made by management in valuing development costs we considered this to be a key audit matter.	We challenged management's determination that it was appropriate to not capitalise further development costs in the current year by reference to the status of the projects, as supported by the GSCALE project submissions made to Innovate UK. This included making enquiries of the technical director to gain an understanding of the development process and status of each project. We obtained supporting documentation such as collaboration agreements and expressions of interest from potential customers in order to verify management's assumptions in respect of commercial viability of active projects. We reviewed Board shareholder presentations outlining development projects of key strategic focus and we assessed individually each of the major projects for indicators of impairment, such as ongoing progress of commercialisation to check it met the conditions of IAS 38. **Key observations:** Based on our audit work performed, we consider the estimates and judgements made by management in valuing the brand and development intangibles were reasonable and projects had been impaired appropriately.
Recoverability of investment in subsidiary undertakings (parent company) *(see accounting policies, critical estimates and judgements in note 2 and note 15 Investment in subsidiaries*	
In accordance with the requirements of IAS 36 *Impairment of assets*, management has performed impairment reviews in relation to cost of investment of each subsidiary. The impairment reviews include significant estimates and judgements in respect of future growth rates and cash flows and the discount rate employed and this is therefore deemed to be a key audit matter.	We obtained the Group's discounted cash flow forecasts, similar to those used for the goodwill impairment model, supporting its impairment assessment and evaluated the appropriateness of key assumptions. We assessed the methodology used by management and challenged and evaluated key inputs including: › We verified the mathematical accuracy of the model's underlying calculations and agreeing the cash flow forecasts to the plan approved by the Board; › We evaluated the appropriateness of forecast cash flows by understanding management's process for forecasting, examining the support for forecast cash flows and assessing subsidiary specific cash flow assumptions, such as testing the exclusion of cash flows to improve or enhance the subsidiary's performance; › We compared the projected growth rates used to historical performance to consider the historical accuracy of management's projections; › We evaluated the appropriateness of discount rates used, which included comparing the rate used to a range provided by our valuation experts; › We performed a range of sensitivity analyses to assess the impact of reasonably possible changes in key assumptions, including the quantum and timing of future revenues received to those used by management; and › We considered the market capitalisation of the group and other comparable companies and whether this gave rise to any indicators of impairment, given the early-stage nature of the group's graphene businesses. **Key observations:** Based on our audit work performed, we consider the estimates and judgements made by management in considering the recoverability of the parent company investment in subsidiary undertakings to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Materiality	155,000	330,000	93,000	300,000
Basis for determining materiality	1.5% of total assets	1.5% of total assets	1.5% of total assets	91% of group materiality
Rationale for the benchmark applied	Total assets was considered to be the most appropriate benchmark as the Group's core activity of commercialising Graphene technology remains in early-stage status and the value of the business is therefore considered to be principally reflected in the value of its goodwill, development projects and other intangible assets.		Total assets was considered to be the most appropriate benchmark as the parent company does not trade in its own right.	The materiality of the Parent company was capped at a percentage of Group materiality to respond to aggregation risk.
Performance materiality	£100,750	£214,500	£60,450	£195,000
Basis for determining performance materiality	65% of materiality	65% of materiality	65% of materiality	65% of materiality
Rationale for the percentage applied for performance materiality	A lower threshold has been retained in recognition of this being the second year we have audited the group.	A lower threshold has been applied in recognition of this being the first year we have audited the group.	A lower threshold has been retained in recognition of this being the second year we have audited the group.	A lower threshold has been applied in recognition of this being the first year we have audited the Parent company.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 7% and 37% (2022: 15% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £37,000 to £58,000 (2022: £50,000 to £300,000). In the audit of each component, we further applied performance materiality levels of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £4,650 (2022: £10,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT CONTINUED
TO THE MEMBERS OF VERSARIEN PLC

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. 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.
Matters on which we are required to report by exception	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 Directors
As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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.

Extent to which the audit was capable of detecting irregularities, including fraud
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:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Companies Act 2006, the applicable accounting framework, UK tax legislation, the principles of the Quoted Companies Alliance Corporate Governance Code and the AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK employment law and applicable health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal and professional fees expenditure accounts to understand the nature of expenditure incurred.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be a fraud risk in relation to revenue recognition, particularly in the in the period before year end, the costs capitalised as development costs and the risk of management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Review of the revenue nominal accounts for any unusual transactions;
- Testing of a sample of transactions in September 2023 to check that revenue had been recorded in the correct period; and
- Verification, on a sample basis, of costs capitalised as development intangibles to check that the relevant recognition criteria had been met and costs were not being capitalised to manipulate earnings.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report
This report is made solely to the 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.

Greg Watts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

Date: 27 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	**12 months to 30 September 2023 £'000**	18 months to 30 September 2022 £'000
Continuing operations			
Revenue	3	**5,448**	11,106
Cost of sales		**(4,286)**	(7,739)
Gross profit		**1,162**	3,367
Other operating income	4	**138**	257
Other losses	14	**—**	(1,191)
Operating expenses (including exceptional items)	5	**(15,016)**	(10,126)
Loss from operations before exceptional items		**(4,951)**	(7,230)
Exceptional items	6	**(8,765)**	(463)
Loss from operations		**(13,716)**	(7,693)
Finance costs	7	**(565)**	(644)
Finance income	7	**16**	14
Loss before income tax		**(14,265)**	(8,323)
Income tax	9	**86**	59
Loss from continuing operations		**(14,179)**	(8,264)
(Loss)/Profit from discontinued operations	10	**—**	(141)
Loss for the period		**(14,179)**	(8,405)
Loss attributable to:			
– Owners of the parent company		**(13,525)**	(8,069)
– Non-controlling interest		**(654)**	(336)
		(14,179)	(8,405)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted loss per share	11	**(5.49)p**	(4.16)p

There is no other comprehensive income for the period.

The accompanying notes are part of the financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023

	Note	30 September 2023 £'000	30 September 2022 £'000
Assets			
Non-current assets			
Intangible assets	12	**2,763**	10,636
Property, plant and equipment	13	**3,443**	5,861
Deferred taxation	9	**—**	25
Trade and other receivables	14	**36**	38
		6,242	16,560
Current assets			
Inventory	16	**1,528**	2,131
Trade and other receivables	17	**1,409**	2,155
Assets held for sale	18	**604**	—
Cash and cash equivalents		**596**	1,351
		4,137	5,637
Total assets		**10,379**	22,197
Equity			
Called up share capital	23	**3,308**	1,941
Share premium account	23	**36,724**	34,961
Merger reserve		**1,256**	1,256
Share-based payment reserve		**5,289**	4,759
Accumulated losses		**(43,382)**	(29,694)
Equity attributable to owners of the parent company		**3,195**	13,223
Non-controlling interest	15	**(2,115)**	(1,624)
Total equity		**1,080**	11,599
Liabilities			
Non-current liabilities			
Trade and other payables	21	**501**	600
Deferred tax liabilities		**6**	67
Innovate Loan	22	**5,000**	5,000
Long-term borrowings	22	**995**	1,595
		6,502	7,262
Current liabilities			
Trade and other payables	19	**1,479**	1,957
Provisions	20	**—**	—
Invoice discounting advances	22	**762**	660
Current portion of long-term borrowings	22	**556**	719
		2,797	3,336
Total liabilities		**9,299**	10,598
Total equity and liabilities		**10,379**	22,197

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

The financial statements on pages 35 to 64 were approved by the Board of Directors on 27 March 2024 and signed on its behalf by:

Dr Stephen Hodge
Chief Executive Officer

Christopher Leigh
Chief Financial Officer

Registered number 8418328

COMPANY STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023

	Note	**30 September 2023 £'000**	30 September 2022 £'000
Assets			
Non-current assets			
Investment in subsidiaries	15	**—**	3,982
Intangible assets	12	**364**	3,288
Property, plant and equipment	13	**27**	944
Trade and other receivables	14	**4,905**	6,702
		5,296	14,916
Current assets			
Trade and other receivables	17	**33**	69
Assets held for sale	18	**604**	—
Cash and cash equivalents		**274**	839
		911	908
Total assets		**6,207**	15,824
Equity			
Called up share capital	23	**3,308**	1,941
Share premium account	23	**36,724**	34,961
Merger relief reserve		**1,203**	1,203
Other reserve		**(431)**	(431)
Share-based payment reserve		**5,289**	4,759
Accumulated losses		**(46,443)**	(32,462)
Total equity		**(350)**	9,971
Liabilities			
Non-current liabilities			
Trade and other payables	21	**438**	253
Long-term borrowings	22	**20**	46
Innovate Loan	22	**5,000**	5,000
		5,458	5,299
Current liabilities			
Trade and other payables	19	**1,080**	543
Provisions	20	**—**	—
Current portion of long-term borrowings	22	**19**	11
		1,099	554
Total liabilities		**6,557**	5,853
Total equity and liabilities		**6,207**	15,824

The accompanying notes are an integral part of these financial statements. The Company has elected to take the exemption under Section 408 of the Companies Act to not present the Company Income Statement. The loss of the Company for the period was £13,981,000 (2022: £15,977,000).

The financial statements on pages 35 to 64 were approved by the Board of Directors on 27 March 2024 and signed on its behalf by:

Dr Stephen Hodge
Chief Executive Officer

Christopher Leigh
Chief Financial Officer

Registered number 8418328

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Share-based payment reserve £'000	Accumulated losses £'000	Non-controlling interest £'000	Total equity £'000
At 31 March 2021	1,899	33,003	1,256	3,249	(21,625)	(1,288)	16,494
Issue of shares (note 23)	42	1,958	—	—	—	—	2,000
Loss for the period	—	—	—	—	(8,069)	(336)	(8,405)
Share-based payments (note 24)	—	—	—	1,510	—	—	1,510
At 30 September 2022	1,941	34,961	1,256	4,759	(29,694)	(1,624)	11,599
Re-allocation of minority interest	—	—	—	—	(163)	163	—
Issue of shares (note 23)	1,367	1,763	—	—	—	—	3,130
Loss for the period	—	—	—	—	(13,525)	(654)	(14,179)
Share-based payments (note 24)	—	—	—	530	—	—	530
At 30 September 2023	**3,308**	**36,724**	**1,256**	**5,289**	**(43,382)**	**(2,115)**	**1,080**

Included within the merger reserve is £53,000 in respect of the merger with Versarien Technologies Limited (now Versarien Graphene Limited), £964,000 in respect of the acquisition of Total Carbide Limited and £239,000 in respect of the acquisition of AAC Cyroma Limited.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Other reserve £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total equity £'000
At 31 March 2021	1,899	33,003	1,203	(431)	3,249	(16,485)	22,438
Loss for the period and total comprehensive expense	—	—	—	—	—	(15,977)	(15,977)
Issue of shares (note 23)	42	1,958	—	—	—	—	2,000
Share-based payments (note 24)	—	—	—	—	1,510	—	1,510
At 30 September 2022	1,941	34,961	1,203	(431)	4,759	(32,462)	9,971
Issue of shares (note 23)	1,367	1,763	—	—	—	—	3,130
Loss for the period	—	—	—	—		(13,981)	(13,981)
Share-based payments (note 24)	—	—	—	—	530	—	530
At 30 September 2023	**3,308**	**36,724**	**1,203**	**(431)**	**5,289**	**(46,443)**	**(350)**

Other reserve represents the difference between the nominal value of shares on the acquisition of Versarien Graphene Limited (previously Versarien Technologies Limited) and the carrying amount of Versarien plc's share of the net assets of Versarien Graphene Limited at that date.

STATEMENT OF GROUP AND COMPANY CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	**30 September Group 2023 £'000**	30 September Group 2022 £'000	**30 September Company 2023 £'000**	30 September Company 2022 £'000
Cash flows from operating activities					
Cash used in operations	27	**(2,377)**	(3,280)	**(1,012)**	(1,165)
Interest paid		**(364)**	(402)	**(153)**	(197)
Net cash used in operating activities		**(2,741)**	(3,682)	**(1,165)**	(1,362)
Cash flows from investing activities					
Loans to subsidiaries		**—**	—	**(3,325)**	(7,262)
Dividends received from subsidiary		**—**	—	**899**	—
Purchase of intangible assets		**(149)**	(2,751)	**(86)**	(213)
Purchase of property, plant and equipment		**(187)**	(1,910)	**—**	(246)
Net cash used in investing activities		**(336)**	(4,661)	**(2,512)**	(7,721)
Cash flows from financing activities					
Share issue (net of funds deferred per sharing agreement – see note 14)		**3,351**	1,926	**3,351**	1,926
Share issue costs		**(221)**	(10)	**(221)**	(10)
Funds received from Innovate UK		**—**	2,740	**—**	2,740
Funds received from sharing agreements		**—**	3,537		3,537
Payments of CBILS		**(99)**	41	**—**	—
Principal payment of leases under IFRS 16		**(811)**	(928)	**—**	—
Invoice discounting loan (repayments)/proceeds		**102**	29	**(18)**	(16)
Net cash generated from financing activities		**2,322**	7,335	**3,112**	8,177
(Decrease)/increase in cash and cash equivalents		**(755)**	(1,008)	**(565)**	(906)
Cash and cash equivalents at beginning of period		**1,351**	2,359	**839**	1,745
Cash and cash equivalents at end of period		**596**	1,351	**274**	839

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

ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2023

GENERAL INFORMATION
Versarien plc is a public limited company by shares and is incorporated and domiciled in the United Kingdom. The Company is registered in England and the address of its registered office is Units 1A-D, Longhope Business Park, Monmouth Road, Longhope, Gloucestershire GL17 0QZ. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 16.

These financial statements are presented in Sterling, the currency of the primary economic environment in which the Group operates, and all values are rounded to the nearest thousand (£'000) except where otherwise stated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

BASIS OF ACCOUNTING
The consolidated financial statements consolidate the results of the Company and its subsidiaries (together referred to as the "Group"). The Group and Company financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, unless otherwise stated.

Both the Group and Company financial statements are prepared in Pounds Sterling, rounded to the nearest thousand, unless otherwise indicated.

The preparation of financial statements in accordance with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 2.

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

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

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

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

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

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

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

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

New standards, amendments and interpretations
There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group or Company.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries drawn up to 30 September 2023.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of Subsidiaries have been changed where necessary to ensure consistency with the politics adopted by the Group.

SEGMENTAL REPORTING

The Directors regard the Group's reportable segments of the business to be the development and supply of graphene materials ("Technology Business"), the manufacture of tungsten carbide hard wear products and plastic products ("Mature Business") and holding company activities ("Central Activities"). The business has no significant geographical aspect. Costs are allocated to the appropriate segment as they arise with central overheads apportioned on the basis of estimated time spent by central staff on subsidiary affairs. This segmentation is consistent with internal reports to the chief operating decision maker for use in assessing business performance and allocating Group resources. The chief operating decision maker is the Chief Executive Officer of the Group and the activity of each segment is explained in the Strategic Report.

BORROWINGS

Borrowings, including invoice discounting facilities, are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Group Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions, relating to employer national insurance contributions on certain share options, are measured at the present value of the expenditures expected to be required to settle the obligation discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to passage of time is recognised as interest expense.

INTANGIBLE ASSETS

Goodwill

Goodwill arising on consolidation represents the excess of the consideration payable over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment annually. For the purposes of assessing impairment, assets are grouped into cash-generating units (CGUs) being the lowest levels for which there are separately identifiable cash flows. Any impairment is recognised immediately in the Group Statement of Comprehensive Income and is not subsequently reversed. When the Group disposes of an interest in a subsidiary, the value of goodwill is reduced by the proportion that relates to the interest being disposed of.

Acquired intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or arise from other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The intangible assets acquired and referred to in note 12 represent the estimated present value of the acquired company's customer relationships in respect of the acquisition of the share capital of Total Carbide Limited, the acquisition of the business of Custom Systems Limited, the acquisition of AAC Cyroma Limited and the acquisition of intellectual property from Hanwha Aerospace Company Limited. Amortisation of intangible assets is charged on a straight line basis over five years for development and licence costs and twelve and a half years for intellectual property costs.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

RESEARCH AND DEVELOPMENT
In accordance with IAS 38, it is the Group's policy to recognise an intangible asset for development including attributable overheads of its product once the criteria have been met. Otherwise all costs in the research phase will be recognised in the Group Statement of Comprehensive Income for the period in which they are incurred. Costs that are directly attributable to the development phase of a product are recognised as intangible assets, provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Capitalised development costs are written off over a period of four years from the point at which commercial production commences.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at cost less depreciation and any provision for impairment.

DEPRECIATION
Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life. The rates of depreciation are as follows:

- Leasehold improvements – over the term of the lease
- Plant and equipment – 5, 15 or 20 years
- Fixtures and fittings – 3 to 5 years
- Right of use asset – over the term of the lease

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES
At each balance sheet date, the Group reviews the carrying amounts of its property and equipment and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. See note 13 for the impairment in the period relating to PPE.

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Impairment losses relating to goodwill are not reversed.

FINANCIAL INSTRUMENTS

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

Financial assets

Financial assets are classified into 'financial assets at FVTPL' and 'financial assets at amortised cost'. The classification is determined at the time of initial recognition and depends on the Group's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest.

Financial assets at FVTPL

A financial asset including the Lanstead Sharing Agreement referred to in note 14, is classified in this category if it does not meet the criteria for recognition as a financial asset at amortised cost. Derivatives are classified in this category unless they are designated as in hedging relationships. These contracts are marked to market by re-measuring them to fair value at the end of each reporting period. The resulting gain or loss is recognised in the Income Statement.

Financial assets at amortised cost

Assets at amortised cost are non-derivative financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. The Group's financial assets at amortised cost comprise 'trade and other receivables excluding prepayments' and 'cash and cash equivalents'.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets at amortised cost or at FVTPL. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For trade receivables and contract assets, the Group recognises expected credit losses that will result from all possible default events over the expected life of a financial instrument's 'lifetime ECL'. For all other financial instruments, the Group recognises lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that is expected to result from default events on the financial instrument that are possible within 12 months after the reporting date. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers an actual or expected significant deterioration in the financial instrument's external credit rating where available: significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread or the credit default swap prices for the debtor, indications that any debtor is experiencing significant financial difficulty, default or delinquency in payments, an increase in the probability that any debtor will enter bankruptcy, or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'liabilities at amortised cost'. Financial liabilities are recognised initially on the date at which the Group becomes party to the contractual provisions of the instrument.

Financial liabilities at amortised cost

The classification of financial liabilities at amortised cost is determined at the time of initial recognition. Financial liabilities at amortised cost, including borrowings, trade and other payables, excluding deferred income and lease liabilities (after the adoption of IFRS 16 on 1 April 2019), and are measured using the effective interest method, which calculates the amortised cost of a financial liability and allocates interest expense over its term. The effective interest rate discounts estimated cash payments (including all issuance discounts and transactions costs) through the expected life of the financial liability, to the net carrying amount on initial recognition. Borrowings, including extensions to existing agreements, are recognised initially at fair value, net of discounts and transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the net proceeds and the redemption value is recognised in the Income Statement over the term of the borrowings using the effective interest method. Interest arising on financial instruments is recognised on an accruals basis. In assessing whether a debt alteration is to be treated as a modification or an extinguishment and new arrangement, an evaluation is made of the qualitative factors such as the underlying parties to the transaction and quantitative factors such as the impact on the net present value of remaining cash flows. A gain or loss is recognised immediately in the income statement at the date of the modification of a financial liability.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

INVENTORIES
Inventory is valued at the lower of cost and net realisable value. Cost comprises all direct expenditure and production overheads based on a normal level of activity. Provision is made for obsolete, slow-moving and defective inventory. Cost is calculated on a first-in, first-out basis and net realisable value represents the estimated sales value less costs to completion.

TRADE AND OTHER RECEIVABLES
Trade and other receivables include assets held under amortised cost and financial assets held at fair value through profit and loss (FVTPL). Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Group recognises expected credit losses that will result from all possible default events over the expected life of a financial instruments for all trade and other receivables.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. Cash at bank earns interest at floating rates based on daily bank deposit rates.

TRADE PAYABLES
Trade payables are not interest bearing and are stated at their amortised cost.

EQUITY INSTRUMENTS
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

CURRENT AND DEFERRED TAX
The tax expense for the period comprises current and deferred tax. Tax is recognised in the Group Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred tax is charged or credited to the Group Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

SHARE-BASED PAYMENTS
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest.

Employer's National Insurance in the United Kingdom and equivalent taxes in other jurisdictions are payable on the exercise of certain share options. In accordance with IFRS 2, this is treated as a cash-settled transaction. A provision is made, calculated using the fair value of the Company's shares at the balance sheet date and pro-rated over the vesting period of the options.

Fair value is measured using either the Black-Scholes or Monte Carlo pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION

Revenue from the Technology Businesses comprise income arising from development contracts together with sales of products including graphene and graphene powders and inks. Revenue from the Mature Businesses comprise income arising from sale of products.

The revenue recognised in any reporting period is based on the contracted delivery of performance obligations and an assessment of when control is transferred to the customer. To be recognised as a contract, there must be appropriate approval from both parties and clear identification of each party's rights under the agreement. The payment terms should be evident, with collection of consideration probable.

The Group's customer arrangements take a variety of forms, with typical contractual frameworks comprising master terms and purchase orders.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities and is shown net of value-added tax, returns, rebates and discounts.

Revenue is recognised when the performance obligation in the contract has been performed and control has been passed (so 'point in time' recognition). The customer gains the right of control at the time the product has been delivered.

GRANT INCOME RECOGNITION

Grant income is recognised in the Group Statement of Comprehensive Income on a receivable basis. A grant, contribution or donated asset may be received subject to a condition that it be returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Statement of Comprehensive Income. Capital grants are recognised over the useful life of the funded asset.

Grant income is deferred until revenue is generated as a direct result of the research and development costs that have been capitalised. The deferred grant income is subsequently recognised as income in the Statement of Comprehensive Income over five years.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

LEASES

As a lessee, the Group assesses if a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Lease liabilities are classified as part of borrowings. The associated right-of-use asset is capitalised equal to the lease liability and disclosed together with property, plant and equipment.

The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. Right of-use assets are also subject to testing for impairment if there is an indicator for impairment.

EXCEPTIONAL ITEMS

Exceptional items are defined as items of income and expenditure which, in the opinion of the Directors, are unusual in nature or of such significance that they do not reflect the underlying performance of the Group on an ongoing basis and, in order to give a full understanding of the Group's underlying financial performance, they require separate disclosure on the face of the Group Statement of Comprehensive Income in accordance with IAS 1 "Presentation of Financial Statements".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's business activities are set out on the inside front cover. These activities expose the Group to a number of financial risks. The following describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them.

(a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may issue new shares.

The Group monitors capital on the basis of its net cash position. Net cash is calculated as cash and cash equivalents less total borrowings.

The Group's net cash at the balance sheet date was:

	30 September 2023 £'000	30 September 2022 £'000
Total borrowings	**7,313**	(7,974)
Cash and cash equivalents	**596**	1,351
Group net debt	**7,909**	(6,623)

There were no changes in the Group's approach to capital management during the period.

(b) Foreign currency risk

Foreign currency risk arises where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies. The Group is exposed to the changes in foreign currency exchange rates between a number of different currencies but the Group's primary exposures relate to the Euro.

The Group's policy is not to hedge its exposure using financial instruments, but to mitigate exposure by natural hedges as far as possible. If the currencies to which the Group is exposed had strengthened by 10%, the reported loss after taxation would not have been materially different to that reported.

(c) Interest rate risk

The Group currently uses invoice discounting advances to fund working capital requirements and hire purchase to fund plant and machinery additions and holds surplus funds on deposit. Interest rate risks are not hedged. If the interest rates to which the Group is exposed had increased by 1%, the reported loss after taxation would not have been materially different to that reported.

(d) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other current assets. The amounts recognised in the balance sheet are net of provision for doubtful debts. Trade receivables are subject to credit limits. Credit risk associated with cash balances is managed by transacting with financial institutions of high quality.

The maximum exposure to credit risk for trade receivables and other current assets is represented by their carrying amount.

(e) Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure there are sufficient resources for working capital requirements and to meet the Group's financial commitments.

At 30 September 2023 and 30 September 2022, all amounts shown in the Group Statement of Financial Position under current assets and current liabilities mature for payment within one year.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Sources of estimation uncertainty

The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually made and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The Directors believe the following to be the key areas of estimation:

(i) Goodwill impairment

The recoverable amount of goodwill is determined based on value-in-use calculations of the cash-generating units to which it relates. Further detail on key assumptions, including growth rates, discount rates and the time period of these value-in-use calculations, is given in note 12.

(ii) Useful economic lives of intangible and tangible assets

In relation to the Group's finite life, intangible assets and property, plant and equipment, useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets.

(iii) Investment in subsidiaries and expected credit losses

The recoverable amount of investment in subsidiaries is determined based on value-in-use calculations of the cash-generating units to which it relates. Further detail on key assumptions, including growth rates, discount rates and the time period of these value-in-use calculations, is given in note 15.

An assessment is made of expected credit losses arising amounts due from Group undertakings. This is determined based upon estimates of future cahsflows generated by subsidiaries and is benchmarked against the Group's market capitalisation as at the reporting date.

(iv) Development costs

Development costs are capitalised on the balance sheet following an assessment of the criteria in IAS 38. They are assessed on an ongoing basis to determine whether circumstances may change and could lead to potential impairment of the carrying value of these assets.

3. SEGMENTAL INFORMATION – BUSINESS AND GEOGRAPHICAL SEGMENTS

At 30 September 2022, the Group is organised into two business segments. Central costs are reported separately.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

3. SEGMENTAL INFORMATION – BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

The segment analysis for the year ended 30 September 2023 is as follows:

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

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

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

Included within Technology Business Revenue is £Nil (2022: £1.63 million) related to the DSTL contract.

3. SEGMENTAL INFORMATION – BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

Geographical information

The Group's continuing operations revenue from external customers and information about its segment assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	30 September 2023 £'000	30 September 2022 £'000	**30 September 2023 £'000**	30 September 2022 £'000
United Kingdom	**4,486**	9,466	**6,116**	16,342
Rest of Europe	**338**	909	**78**	49
North America	**—**	16	**—**	—
Other	**624**	715	**48**	169
	5,448	11,106	**6,242**	16,560

4. OTHER OPERATING INCOME

	30 September 2023 £'000	30 September 2022 £'000
Grant income	**131**	243
Other income	**7**	14
	138	257

5. EXPENSES BY NATURE

Expenses included in operating expenses are analysed below:

	30 September 2023 £'000	30 September 2022 £'000
Operating expenses		
Employee costs (salaries, National Insurance and pension)	**3,574**	6,203
Share-based payments	**530**	1,510
Research and development	**827**	734
Depreciation and impairment	**1,969**	1,677
Loss on disposal of tangible assets	**183**	292
Loss on foreign currency translation	**10**	(56)
Amortisation and impairment	**8,022**	1,821
Non-audit services		
– Tax compliance fees	**28**	28
– R&D fees	**41**	–
Audit services:		
– Fees payable to the Company auditors for the audit of the parent company and consolidated financial statements	**40**	32
– The audit of the Company's subsidiaries pursuant to legislation	**110**	88

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. EXCEPTIONAL ITEMS

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

As a result of the delay in market traction, together with the Company's reduced market capitalisation, a charge of £3.1 million has been recognised as goodwill impairment and a further charge of £4.6 million as impairment for development costs and patent and trademarks. In addition tangible assets have been impaired by £0.9 million.

Restructuring costs of £0.5 million have been treated as exceptional costs arising from the implementation of the turnaround strategy.

7. FINANCE COSTS AND INCOME

Finance costs	30 September 2023 £'000	30 September 2022 £'000
Lease interest charges	**105**	147
Bank interest and charges	**460**	497
Licence interest charges	**—**	—
Finance income		
Bank deposit income & Foreign exchange gains	**16**	14
Net finance charge	**549**	630

8. DIRECTORS AND EMPLOYEES

The average monthly number of employees, including Executive Directors, employed by the Group during the period was:

	Group 30 September 2023 Number	Company 30 September 2023 Number	Group 30 September 2022 Number	Company 30 September 2022 Number
Manufacturing	**40**	**—**	33	—
Sales, technical and administration	**30**	**5**	60	9
	70	**5**	93	9

The aggregate remuneration was as follows:

	Group 30 September 2023 £'000	Company 30 September 2023 £'000	Group 30 September 2022 £'000	Company 30 September 2022 £'000
Wages and salaries	**3,115**	**755**	5,378	1,243
Social security costs	**386**	**93**	709	159
Other pension costs	**73**	**7**	116	11
Share-based payment charge – equity settled	**530**	**530**	1,510	1,510
	4,104	**1,385**	7,713	2,923

Remuneration is stated net of £nil furlough receipts (2022: £33,000).

8. DIRECTORS AND EMPLOYEES CONTINUED

Key management are considered to be the Executive Directors and their remuneration is included in the Directors' Remuneration Report on page 25. The total remuneration of Directors was £517,000 (2022: £970,000) and the highest paid Director earned £196,000 (2022: £324,000) including pension contributions of £2,000 (2022: £2,000). Included within the share based payment charge is £482,000 in respect of the directors including £222,000 in respect of the highest paid director.

9. INCOME TAX

	30 September 2023 £'000	30 September 2022 £'000
UK corporation tax on loss for the period	**—**	—
Research and development tax credits	**86**	59
Tax on loss on ordinary activities	**86**	59

The tax assessed for the period is higher (2022: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	30 September 2023 £'000	30 September 2022 £'000
Loss before tax	**(14,265)**	(8,464)
Loss before tax at the effective rate of corporation tax in the UK of 19% (2021: 19%)	**(2,710)**	(1,608)
Effects of:		
Expenses not deductible for tax purposes	**1,108**	288
Capital allowances in excess of depreciation and other timing differences	**(92)**	195
Unrelieved losses arising in the period	**1,608**	1,066
Tax credit for the period	**(86)**	(59)

In the financial period under review, the Group incurred a trading loss. The trading loss to be carried forward against future trading profits for corporation tax purposes is £33,345,000 (2022: £25,515,000). These losses will reduce the tax charge of future years until they are utilised provided future taxable profits are made. No deferred tax asset has been recognised, as there is currently insufficient certainty as to the precise timing of when the asset would be recovered. The unrecognised asset amounts to £7,617,000 (2022: £5,465,000), being £8,359,000 (2022: £6,385,000) of trading losses net against a capital allowances liability of £742,000 (2022: £920,000), leaving the remaining asset as unrecognised.

Deferred tax

In accordance with IAS 12, a deferred tax asset of £nil (2022: £25,000) has been recognised in relation to the fair valuation of net assets acquired on the acquisition of Total Carbide Limited and a deferred tax liability of £62,000 (2021: £62,000) in relation to the fair valuation of net assets acquired on the acquisition of AAC Cyroma Limited, with £5,000 (2021: £5,000) relating to Gnanomat S.L.

10. DISCONTINUED OPERATIONS

In the prior year, the Group has exited the non-core aluminium business of Versarien Technologies Limited based in Cheltenham and the company has been re-named Versarien Graphene Limited. It will be used as the entity for UK graphene production and sales whilst 2-DTech Limited and Cambridge Graphene Limited will continue as the UK research and development arms of the graphene business. Financial information relating to the discontinued operation is set out below.

	Note	30 September 2023 £'000	30 September 2022 £'000
Revenue	3	**—**	534
Cost of sales		**—**	(427)
Gross profit		**—**	107
Other operating income	4	**—**	1
Operating expenses (including exceptional items)	5	**—**	(238)
(Loss)/Profit from operations before exceptional items		**—**	(66)
Exceptional items	6	**—**	(64)
(Loss)/Profit from operations		**—**	(130)
Finance charge	7	**—**	(11)
Loss before income tax		**—**	(141)
Income tax	9	**—**	—
(Loss)/profit from discontinued operations		**—**	(141)

Net assets, excluding intra-group indebtedness, at 30 September 2023 was £nil (2022: £nil).

11. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic loss per share for the year ended 30 September 2023 and the period ended 30 September 2022 is based on the losses attributable to the shareholders of the Versarien plc Group divided by the weighted average number of shares in issue during the period. The calculation of diluted loss per share is based on the basic loss per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. However, in accordance with IAS 33 "Earnings per Share", potential Ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share. As at 30 September 2023, there were 12,914,730 (2022: 15,205,850) potential Ordinary shares, which have been disregarded in the calculation of diluted loss per share as they were considered non-dilutive at that date.

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

12. INTANGIBLE ASSETS

Group	Goodwill £'000	Development Costs £'000	Patents, trademarks and other Intangibles £'000	Total £'000
Cost				
At 1 April 2021	4,431	2,965	4,500	11,896
Additions	—	2,584	167	2,751
At 30 September 2022	4,431	5,549	4,667	14,647
Additions	—	—	149	149
At 30 September 2023	**4,431**	**5,549**	**4,816**	**14,796**
Accumulated amortisation and impairment				
At 1 April 2021	876	491	823	2,190
Amortisation charge	—	1	489	490
Impairment	423	908	—	1,331
At 30 September 2022	1,299	1,400	1,312	4,011
Amortisation charge	—	1	301	302
Impairment	3,132	1,864	2,724	7,720
At 30 September 2023	**4,431**	**3,265**	**4,337**	**12,033**
Carrying value				
At 30 September 2023	**—**	**2,284**	**479**	**2,763**
At 30 September 2022	3,132	4,149	3,355	10,636

The amortisation charge is included within operating expenses in the Statement of Comprehensive Income (note 5).

Goodwill is deemed to have an indefinite useful life. It is carried at cost and reviewed annually for impairment. Intangibles assets are amortised over their useful economic life, of up to 12.5 years.

With our strategic focus now concentrated on construction and textiles we have reviewed the development costs previously capitalised on a number of different projects and decided that we should only carry forward those related to construction and textiles projects. Consequently, we have impaired assets by £7.72 million which has been treated as an exceptional charge.

12. INTANGIBLE ASSETS CONTINUED

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration for an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition and is reviewed annually for impairment. Goodwill acquired in a business combination is allocated, at acquisition, to the "cash-generating units" of the business segments detailed in note 3 "Segmental information" as follows:

	Cost £'000	Impairment £'000	Net book value £'000
Mature business	—	—	—
Technology business	3,132	3,132	—
	3,132	3,132	—

Impairment

At the period end, the carrying value of goodwill was reviewed for impairment in accordance with IAS 36 Impairment of Assets.

For the purposes of this impairment review goodwill is allocated by Technology Businesses. The recoverable amounts of the CGU's are determined from value in use calculations, the key assumptions of which are discount rate, forecast revenue and growth rates.

For the value in use basis the Group prepares cash flow forecasts based on financial projections covering a five-year period which takes account of both past performance and expectations for future developments. Graphene revenues are anticipated to grow significantly over the plan period by an assumed average of 125% per annum as the core projects gains traction with prospective customers. Cash flows after the plan period are forecast to grow by 2% in perpetuity. Assumptions around future cashflows have been benchmarked against the Group's market capitalisation.

The Key assumptions to which the value in use calculation is most sensitive are those regarding the discount rate, forecast revenue and growth rates. The pre-tax rate used to discount forecast cash flow is 11.5% (2022: 11.5%). These forecasts are supported by the market capitalisation of the group as at 30 September 2023 of £3.94 million, which exceeds the net assets of the group of £1.27 million as at the same date.

Company	Patents and Trademarks £'000
Cost	
At 1 April 2021	3,620
Additions	158
At 30 September 2022	3,778
Additions	86
At 30 September 2023	**3,864**
Accumulated amortisation and impairment	
At 1 April 2021	70
Amortisation charge	420
Impairment	—
At 30 September 2022	490
Amortisation charge	280
Impairment	2,730
At 30 September 2023	**3,500**
Carrying value	
At 30 September 2023	**364**
At 30 September 2022	3,288

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. PROPERTY, PLANT AND EQUIPMENT

Group	ROU asset £'000	Plant and equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 April 2021	6,537	6,288	518	13,343
Additions	1,801	1,776	134	3,711
Disposals	(1,742)	(30)	(84)	(1,856)
At 30 September 2022	6,596	8,034	568	15,198
Additions	149	184	4	337
Disposals	(883)	(192)	(35)	(1,110)
Transfer of assets held for sale	—	(1,083)	—	(1,083)
At 30 September 2023	**5,862**	**6,943**	**537**	**13,342**
Accumulated depreciation				
At 1 April 2021	4,199	4,890	135	9,224
Charge for the period	1,113	455	109	1,677
Disposals	(1,505)	(27)	(32)	(1,564)
At 30 September 2022	3,807	5,318	212	9,337
Charge for the year	642	392	74	1,108
Disposals	(702)	(191)	(35)	(928)
Transfer of assets held for sale	—	(479)	—	(479)
Impairment	—	861	—	861
At 30 September 2023	**3,747**	**5,901**	**251**	**9,899**
Net book value				
At 30 September 2023	**2,115**	**1,042**	**286**	**3,443**
At 30 September 2022	2,789	2,716	356	5,861

ROU assets

	Group 30 September 2023 £'000			Group 30 September 2022 £'000		
	Plant and equipment	**Buildings**	**Total**	Plant and equipment	Buildings	Total
Cost	**4,263**	**1,599**	**5,862**	4,391	2,205	6,596
Accumulated depreciation	**(3,299)**	**(448)**	**(3,747)**	(3,147)	(660)	(3,807)
Net book value	**964**	**1,151**	**2,115**	1,244	1,545	2,789

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Company	Plant and equipment £'000
Cost	
At 1 April 2021	983
Additions	245
At 1 October 2022	1,228
Transfer of assets held for sale	(1,083)
At 30 September 2023	**145**
Accumulated depreciation	
At 1 April 2021	138
Charge for the year	146
At 1 October 2022	284
Charge for the period	123
Impairment	190
Transfer of assets held for sale	(479)
At 30 September 2023	**118**
Net book value	
At 30 September 2023	**27**
At 30 September 2022	944

14. NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Value of asset	**—**	4,728	**—**	4,728
Due from Group undertakings (net of provisions)	**—**	—	**4,905**	6,702
Additional sharing agreement	**—**	—	**—**	—
Funds received during the period	**—**	(3,537)	**—**	(3,537)
(Losses) recognised through income statement	**—**	(1,191)	**—**	(1,191)
Leasehold deposits	**36**	38	**—**	—
	36	38	**4,905**	6,702

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Due within one year	**—**	—	**—**	—
Due after one year	**36**	38	**4,905**	6,702
At 30 September 2023	**36**	38	**4,905**	6,702

As part of the placement completed in March 2020, the Company issued 15,000,000 new Ordinary shares to Lanstead Capital Investors LP ("Lanstead") at a price of 40 pence per share for an aggregate subscription price of £6 million before expenses. The subscription proceeds were pledged under a Sharing Agreement under which Lanstead made, subject to the terms and conditions of that Sharing Agreement, monthly settlements to the Company subject to adjustment upwards or downwards depending on the Company's share price performance over a period of 24 months. In December 2020, the Company additionally issued 8,750,000 new Ordinary shares to Lanstead at a price of 40 pence per share for an aggregate subscription price of £3.5 million before expenses. The subscription proceeds were pledged under a Sharing Agreement under which Lanstead made, subject to the terms and conditions of that Sharing Agreement, monthly settlements to the Company subject to adjustment upwards or downwards depending on the Company's share price performance over a period of 18 months.

At the end of the prior accounting period all instalments due from the sharing agreement had been received and any change in the fair value of the financial asset reflected in the income statement.

The expected credit loss provision against amounts due from group undertakings within the parent company has been determined based upon the expected future cash flows as derived from the value in use underpinned by the five year forecast model referred to in note 12.

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15. INVESTMENT IN SUBSIDIARIES

	Company 30 September 2023 £'000	Company 30 September 2022 £'000
Net book value		
At the start of the period	**3,982**	7,034
Investment in period	**—**	55
Impairment	**(3,982)**	(3,107)
At the period end	**—**	3,982

For the value-in-use basis the Company prepares cash flow forecasts based on financial projections approved by management covering a five-year period which takes account of both past performance and expectations for future developments. Cash flows beyond the plan period are extrapolated using estimated long-term growth rates which do not exceed the long-term average growth rate for the market. Cash flows are discounted using a pre-tax discount rate derived from the risk-free rate for government bonds, adjusted for a risk premium to reflect the increased risk in investing in equities.

The key assumptions to which the value-in-use calculation is most sensitive are those regarding the discount rates, forecast revenue and growth rates. The pre-tax discount rate used to discount forecast cash flows was 11.5% (2021: pre-tax 11.5%).

The investment in subsidiaries at the period end relate to the core graphene technology which are supported by the value in use projections, the market capitalisation of the company and by comparator market capitalisation in the graphene sector.

The Company has investments in the following principal subsidiary undertakings at 30 September 2023 and 30 September 2022, which have been included in the consolidation.

	Country of incorporation	Class of capital	Ownership Percentage	Non-controlling interest
Technology Business				
Versarien Graphene Limited – manufacture of graphene products	UK	Ordinary	100.0%	—
2-DTech Limited – development and supply of graphene powders	UK	Ordinary	85.0%	15.0%
Cambridge Graphene Limited – development and supply of graphene inks	UK	Ordinary	85.0%	15.0%
Gnanomat S.L. – development and supply of energy storage devices	Spain	Ordinary	62.0%	38.0%
Versarien Graphene Inc – supply of graphene products	USA	Ordinary	100.0%	—
Versarien Graphene (Hong Kong) Limited – intermediate holding company	HK	Ordinary	100.0%	—
Beijing Versarien Technology Limited – supply of graphene products	China	Ordinary	100.0%	—
3D Inspire Limited	UK	Ordinary	100.0%	—
Versarien Korea Limited – manufacturing facility operating CVD assets	Korea	Ordinary	100.0%	—
Mature Business				
Total Carbide Limited – manufacture of tungsten carbide parts	UK	Ordinary	100.0%	—
AAC Cyroma Limited – manufacture of moulded products	UK	Ordinary	100.0%	—

The registered address of all UK subsidiaries is Unit 1a-d, Longhope Business Park, Gloucestershire, GL17 0QZ.

The registered address of Gnanomat S.L. is Parque Cientifico de Madrid, Campus de Cantoblanco, Calle Faraday, 7, 28049 Madrid, Spain.

The registered address of Versarien Graphene Inc is Capitol Services Inc, 1675 South State Street, Suite B, Dover, Kent County, Delaware 1901, USA.

The registered address of Versarien Graphene (Hong King) Limited is 18th Floor, United Centre, 95 Queensway, Hong Kong. The registered address of Beijing Versarien Technology Limited is A201- 9, Block A, No.6, Dongyi Xiang, South Yanshangang Road, Fangshan District, Beijing. The registered address of Versarien Korea Limited is 839-5 Banggyo-dong, Hwasung-si, Gyeonggi-do, Korea.

Non-controlling interest accumulated losses includes 2-DTech Limited £1.3 million (2022: £0.9 million) and Gnanomat SL £0.5 million (2022: £0.7 million). Cambridge Graphene Limited £0.3 million (2022: £0.2 million). Net liabilities at the balance sheet date were £8.8 million (2022: £5.5 million), £1.3 million (2022: £0.9 million) and £1.3 million (2022: £1.9 million) respectively.

16. INVENTORY

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Raw materials	**476**	951	**—**	—
Work in progress	**725**	744	**—**	—
Finished goods	**327**	436	**—**	—
	1,528	2,131	**—**	—

Stock recognised in cost of sales during the period as an expense was £1,574,000 (2022: £3,658,000).

17. TRADE AND OTHER RECEIVABLES

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Trade receivables	**1,037**	1, 329	**—**	—
Due from Group undertakings (net of provisions)	**—**	—	**—**	—
NIC receivable on share-based payments	**—**	—	**—**	—
VAT receivable	**—**	—	**—**	—
Other debtors	**126**	408	**19**	41
Financial assets at FVTPL (note 14)	**—**	—	**—**	—
Prepayments	**246**	418	**14**	28
	1,409	2,155	**33**	69

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Trade receivables not past due	**1,037**	1,329	**—**	—
Trade receivables past due but not impaired	**—**	—	**—**	—
Gross trade receivables at 30 September	**1,037**	1,329	**—**	—
Provision for bad debt at 1 April	**—**	(14)	**—**	—
Debt provisions recognised in the period	**—**	14	**—**	—
Provision for bad debt at 30 September	**—**	—	**—**	—
Net trade receivables at 30 September	**1,037**	1,329	**—**	—

The Directors consider that the carrying amount of trade receivables approximates to their fair value due to the short-term nature of the current receivables. Debts provided for and written off are determined on an individual basis and included in operating expenses in the financial statements. The Group's maximum exposure on credit risk is fair value on trade receivables as presented in the foregoing table.

The gross carrying amounts of trade and other receivables are denominated in the following currencies:

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Sterling	**1,332**	1,968	**33**	69
Euro	**60**	181	**—**	—
Other	**17**	6	**—**	—
	1,409	2,155	**33**	69

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18. ASSETS HELD FOR SALE

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Plant and equipment	**604**	—	**604**	—

Amounts included in assets held for sale relate to assets that are expected to be sold within 12 months.

As announced 11 March 2024 these assets were sold to MCK Tech Co. Ltd for £604,000.

19. TRADE AND OTHER PAYABLES

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Trade payables	**717**	1,107	**120**	170
Taxation and social security	**254**	461	**50**	69
Payables to Group undertakings	**—**	—	**881**	271
Accruals and deferred income	**508**	389	**29**	33
	1,479	1,957	**1,080**	543

The Directors consider that the carrying amount of trade payables approximates to their fair value.

20. CURRENT LIABILITIES – PROVISIONS

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
NIC due on share-based payments	**—**	—	**—**	—

21. NON-CURRENT TRADE AND OTHER PAYABLES

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Deferred grant income	**11**	242	**—**	—
Deferred licence cost	**52**	105	**—**	—
Other	**438**	253	**438**	253
	501	600	**438**	253

22. BORROWINGS

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Invoice discounting facilities	**762**	660	**—**	—
Obligations under hire purchase contracts and similar arrangements	**1,551**	2,314	**39**	57
Innovate UK loan	**5,000**	5,000	**5,000**	5,000
	7,313	7,974	**5,039**	5,057

	Group 30 September 2023 £'000	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Short-term borrowings	**762**	660	**—**	—
Current portion of long-term borrowings	**556**	719	**19**	11
Long-term borrowings	**5,995**	6,595	**5,020**	5,046
	7,313	7,974	**5,039**	5,057

22. BORROWINGS CONTINUED

Analysis of repayments	**Group 30 September 2023 £'000**	Group 30 September 2022 £'000	**Company 30 September 2023 £'000**	Company 30 September 2022 £'000
Invoice discounting facilities – within one year	**762**	660	**—**	—
Finance leases and hire purchase contracts:				
Within one year	**556**	719	**19**	11
In two to five years	**995**	1,595	**20**	46
Innovate UK loan in two to five years	**5,000**	5,000	**5,000**	5,000
	7,313	7,974	**5,039**	5,057

Invoice discounting facilities of £762,000 (2022: £660,000) are secured by debentures and charges over certain Group assets, and attract interest at 2.75% over currency base rate. Finance leases and hire purchase contracts of £485,000 (2022: £754,000) attract interest at 3.5% above the base rate. The loan repayments of the Innovate UK loan of £5,000,000 will commence in 2025 and be paid over a subsequent period of 36 months. The loan attracts an interest rate of 7.4% per annum with half of the interest deferred until the repayment commences in February 2025.

Due to the short-term nature of the invoice discounting facilities and hire purchase agreements, the carrying amounts are assumed to be the same as their fair values.

23. CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

Group and Company

	Number of shares '000	Called up share capital £'000	Share premium £'000	Total £'000
At 31 March 2021	189,870	1,899	33,003	34,902
Issue of shares	4,280	42	1,958	2,000
At 30 September 2022	194,150	1,941	34,961	36,902
Issue of shares	136,629	1,367	1,763	3,129
At 30 September 2023	**330,779**	**3,308**	**36,724**	**40,031**

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

During the period the Company issued to Graphene Labs 4,280,000 new ordinary shares (the "Subscription Shares") at an issue of price of 45 pence per Ordinary Share (the "Issue Price").

24. SHARE OPTIONS

The Company has an option scheme for Executive Directors and employees, the Versarien plc Share Option Plan, created on 12 June 2013. All options are granted at the market value of the shares at the date of grant. The share option scheme runs for a period of ten years. Employees are eligible to participate in the scheme at the invitation of the Board. No payment is required from option holders on the grant of an option. Performance conditions or market conditions are attached to 13,368,000 options (2022: 14,426,000 options).

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	30 September 2023 Weighted average exercise price in pence per share	**Options '000**	30 September 2022 Weighted average exercise price in pence per share	Options '000
At 1 October 2022	**78.86**	**15,206**	80.28	14.677
Granted	**—**	**—**	39.5	529
Exercised	**—**	**—**	—	—
Lapsed	**(0.84)**	**(1,233)**	—	—
At 30 September 2023	**78.02**	**13,973**	78.86	15,206

Of the 13,973,000 outstanding options (2022: 15,206,000), 604,000 had vested at 30 September 2023 (2022: 780,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

24. SHARE OPTIONS CONTINUED
Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Year of grant	Exercise period	Exercise price in pence per share	**30 September 2023 Number '000**	30 September 2022 Number '000
2013	2014—2023	12.25	**199**	199
2014	2015—2027	29.00	**2,124**	2,124
2017	2018—2027	39.00	**—**	176
2017	2018—2027	21.25	**75**	75
2017	2020—2027	15.00	**5,253**	5,253
2018	2021—2028	152.00	**5,339**	5,339
2018	2020—2028	119.50	**—**	209
2018	2020—2028	157.50	**—**	319
2018	2020—2028	117.00	**454**	454
2019	2020—2024	126.50	**529**	529
2021	2021—2031	39.5	**—**	529
			13,973	15,206

The weighted average fair value of options granted to Executive Directors and employees is determined using the Black-Scholes or Monte Carlo valuation model. The significant inputs into the model were the exercise prices shown above, volatility of 41% to 61% depending upon date of grant, dividend yield of 0%, expected option life of three to five years and annual risk-free interest rate of 1.1% to 1.57%. Future volatility has been estimated based on comparable information rather than historical data.

25. OTHER RESERVES
The merger reserve was created on the reconstruction of the Group following the acquisition of Versarien Graphene Limited (previously Versarien Technologies Limited). The share-based payment reserve was created as a result of the issue of share options. The fair value of equity-settled share-based payments is expensed on a straight line basis over the vesting period and the amount expensed in each period is credited to the share-based payment reserve. The movement in reserves for the period ended 30 September 2022 and the year ended 30 September 2023 is set out in the Group Statement of Changes in Equity.

26. LEASING
The Group leases land and buildings on which the factories it operates are located, and assets acquired under hire purchase. Land and buildings lease contracts are typically for standard lease commercial periods.

Leases typically include a monthly payment. The Group has recognised a right-of-use asset and a leasing liability based on these payments.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate the individual lease would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third party financing received by the individual as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received. The Group had a range of borrowing rates from 4% to 6%. The Group believes that any reasonably possible change in the weighted average incremental borrowing rate would not cause the carrying value of lease liabilities or the lease interest payable charged to the Income Statement to be materially different.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are depreciated over the lease term on a straight line basis.

The total cash outflow for leases in 2023 was £713,000 (2022: £928,000).

26. LEASING CONTINUED

The right-of-use asset recognised includes leases and hire purchase agreements. The leasing liabilities are included as follows in the statement of financial position:

Group	30 September 2023 £'000	30 September 2022 £'000
ROU liability under IFRS 16		
Lease liability – current	**350**	454
Lease liability – non-current	**717**	1,106
Borrowings – obligations under hire purchase contracts		
Current portion of long-term borrowings	**126**	164
Long-term borrowings	**232**	361
	1,425	**2,085**

The amounts below represent the minimum future lease payments, including interest:

Group	30 September 2023 £'000	30 September 2022 £'000
Net obligations repayable:		
Within one year	**525**	694
Between one and five years	**992**	1,563
	1,517	2,257

27. CASH USED IN OPERATIONS

	Group		Company	
	30 September 2023 £'000	30 September 2022 £'000	30 September 2023 £'000	30 September 2022 £'000
Loss before tax (including discontinued operations)	**(14,265)**	(8,464)	**(13,981)**	(15,977)
Adjustments for:				
Share-based payments	**530**	1,510	**530**	1,510
Depreciation	**1,108**	1,677	**123**	146
Amortisation	**302**	490	**280**	420
Disposal of tangible assets	**181**	292	**—**	—
Impairment of tangible assets	**861**	—	**191**	—
Impairment of intangible assets	**7,720**	1,331	**2,730**	—
Impairment of investment in subsidiary	**—**	—	**3,982**	3,107
Dividend received from subsidiary	**—**	—	**(899)**	—
Finance cost/(income)	**549**	630	**(262)**	(159)
Loss/(gain) on FV movement of sharing agreement	**—**	1,191	**—**	1,191
R&D tax credit repayment	**86**	59	**—**	—
Decrease/(increase) in trade and other receivables and investments	**771**	301	**6,370**	9,047
(Increase)/decrease in inventories	**603**	(317)	**—**	—
(Decrease)/increase in trade and other payables	**(823)**	(1,980)	**(76)**	(450)
Cash flows from operating activities	**(2,377)**	(3,280)	**(1,012)**	(1,165)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2023

27. CASH USED IN OPERATIONS CONTINUED

Discontinued operations

Group	30 September 2023 £'000	30 September 2022 £'000
Net cash generated/(used) in operating activities	—	122
Net cash used in investing activities	—	(3)
Net cash generated/(used) from financing activities	—	(118)
Increase in cash and cash equivalents from discontinued operations	—	1

28. RELATED PARTY TRANSACTIONS

	Company	
	2023 £'000	2022 £'000
Service transactions charged to subsidiaries	**2,147**	2,184
Service transactions charged to with subsidiaries	–	(1,987)
Loans to subsidiaries	**3,561**	8,725
Repayments from subsidiaries	**(1,174)**	(1,660)
Subsidiaries balances written down	**(6,333)**	(8,887)
Year-end balance due from subsidiaries	**4,905**	5,821

29. CONTINGENT LIABILITY

Versarien Plc has received various unquantified claims under the Employment Rights Act 1996 against the Company and its directors made by a former director of the Company. A preliminary hearing for case management has been scheduled for 17 July 2024.

The Company and its directors intend to vigorously defend the claims and are taking legal advice. A further announcement will be made in due course as appropriate.

Due to the early stages and legal advice received around expected outcomes, it has been agreed that no provision for any liability is required.

30. FINANCIAL INSTRUMENTS

Trade and other receivables (excluding prepayments) and cash and cash equivalents are classified as "amortised cost". Borrowings and trade and other payables are classified as "other financial liabilities at amortised cost". Both categories are initially measured at fair value and subsequently held at amortised cost.

The categories of financial instruments are as follows:

	Group 30 September 2023			Group 30 September 2022		
Financial assets	**Assets at amortised cost £'000**	**Assets at FVTPL £'000**	**Total £'000**	Assets at amortised cost £'000	Assets at FVTPL £'000	Total £'000
Cash and cash equivalents	**596**	—	**596**	1,351	—	1,351
Financial assets at FVTPL	—	—	—	—	—	—
Trade and other receivables excluding prepayments	**1,199**	—	**1,199**	1,775	—	1,775
Total at 30 September 2023	**1,795**	—	**1,795**	3,126	—	3,126

	Group 30 September 2023			Group 30 September 2022		
Financial liabilities	**Liabilities at amortised cost £'000**	**Liabilities at FVTPL £'000**	**Total £'000**	Liabilities at amortised cost £'000	Liabilities at FVTPL £'000	Total £'000
Trade and other payables excluding deferred income	**1,789**	—	**1,789**	2,382	—	2,382
Borrowings	**6,247**	—	**6,247**	6,414	—	6,414
Lease liabilities	**1,067**	—	**1,067**	1,560	—	1,560
Total at 30 September 2023	**9,103**	—	**9,103**	10,356	—	10,356

30. FINANCIAL INSTRUMENTS CONTINUED

Contracted maturities of financial liabilities

	Group 30 September 2023				Group 30 September 2022			
Financial liabilities	**Within one year £'000**	**Between one and two years £'000**	**Between two and five years £'000**	**Total £'000**	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Trade and other payables excluding deferred income	**2,058**	**52**	**—**	**2,110**	2,277	105	—	2,382
Borrowings	**1,154**	**1,155**	**5,613**	**7,922**	1,110	674	6,490	8,274
Lease liabilities	**399**	**399**	**361**	**1,159**	530	493	709	1,732
Total at 30 September 2023	**3,611**	**1,606**	**5,974**	**11,191**	3,917	1,272	7,199	12,388

31. RECONCILIATION OF LIABILITY MOVEMENT AS A RESULT OF FINANCING ACTIVITIES

Group

	Non-Current Loans and borrowings £'000	Current Loans and borrowings £'000	Total £'000
As at 31 March 2021	2,846	1,445	4,291
New CIBLs in year	141	29	170
CIBLs repayments in period	—	(129)	(129)
Invoice discounting	—	29	29
Innovate loans	2,740	—	2,740
Lease Liability transaction to IFRS 16	1,801	—	1,801
Lease Liability repayments in period	—	(928)	(928)
Loans classified as non-current at 31 March 2021 becoming current in period	(302)	302	—
Lease Liability classified as non-current at 31 March 2021 becoming current in period	(630)	630	—
As 30 September 2022	**6,596**	**1,378**	**7,974**
New CIBLs in year	—	—	—
CIBLs repayments in period	(80)	(19)	(99)
Invoice discounting	—	102	102
Innovate loans	—	—	—
Lease Liability transaction to IFRS 16	149	—	149
Lease Liability repayments in period	—	(813)	(813)
Loans classified as non-current at 30 September 2022 becoming current in period	(20)	20	—
Lease Liability classified as non-current at 30 September 2022 becoming current in period	(650)	650	—
As 30 September 2023	**5,995**	**1,318**	**7,313**

Company

The only significant financing cash flows in 2021 related to receipts of the Innovate Loans (see above). There were no significant other non-cash flows relating to financing activities.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of Versarien plc (the "Company") will be held at the offices of FieldFisher LLP at Riverbank House, 2 Swan Lane, London, EC4R 3TT on 30 April 2024 at 10.30am for the following purposes:

ORDINARY BUSINESS

As ordinary business, to consider and, if thought fit, pass resolutions 1 to 3 inclusive, which will be proposed as ordinary resolutions:

1. To receive the Directors' Report and the audited financial statements for the year ended 30 September 2023 together with the Independent Auditors' Report thereon.
2. To re-appoint BDO LLP as the independent auditor of the Company for the year ending 30 September 2024 to hold office until the end of the next period for appointing the auditor in accordance with the provisions of Part 16 of the Companies Act 2006 and to authorise the Directors to fix the remuneration of the auditor for the year ending 30 September 2024 and for subsequent financial years or unless this authority is either revoked or varied.
3. To re-appoint Stephen Hodge as a Director, retiring by rotation.

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following resolutions, of which resolution 4 will be proposed as an ordinary resolution and resolution 5 will be proposed as a special resolution:

4. THAT, in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and are hereby generally and unconditionally authorised for the purpose of Section 551 of the Companies Act 2006 (the "Act") to exercise all or any of the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal value of £297,634 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the Articles of Association of the Company), provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the Company's next Annual General Meeting, save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted or Rights to be granted (as the case may be) after the expiry of such period and the Directors of the Company may allot shares or grant Rights (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
5. THAT, subject to and conditional upon the passing of the resolution numbered 4 in the notice convening the meeting at which this resolution is proposed and in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and are hereby empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred upon them by resolution 4 as if Section 561 of the Act did not apply to any such allotment, provided that this authority and power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue or similar offer in favour of Ordinary shareholders where the equity securities respectively attributable to the interest of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £297,634,

   PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the Company's next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

SERIOUS LOSS OF CAPITAL

To consider whether any, and if so what, steps should be taken to address the serious loss of capital within the Company, pursuant to section 656(1) of the Companies Act 2006.

By order of the Board

Christopher Leigh
Company Secretary

27 March 2024

These notes give an explanation of the proposed resolutions.

Resolutions 1 to 4 inclusive are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 5 is proposed as a special resolution. This means that for this resolution to be passed, at least 75% of the votes cast must be in favour of the resolution.

ORDINARY RESOLUTIONS

Resolution 1 – Receipt of 2023 Annual Report and financial statements

The Directors of the Company must present the Directors' Report, the audited financial statements and the Independent Auditors' Report on those financial statements before shareholders each year at a general meeting. Those to be presented at the AGM are in respect of the year ended 30 September 2023.

Resolution 2 – Re-appointment of auditor

Resolution 2 proposes the re-appointment of BDO LLP as the Company's auditor and authorises the Directors to fix the remuneration of the auditor.

Resolution 3 – Re-appointment of Directors

The Articles of Association of the Company require the nearest number to, but not greater than, one-third of the Board of Directors to retire at each AGM with the longest serving retiring first. Any Director appointed to the Board since the last AGM has to retire at the next AGM but is not counted in the one-third to retire by rotation. Where the longest serving Directors have held office for the same amount of time, the Directors to resign are normally chosen by lot.

Resolution 4 – Directors' power to allot securities

This resolution seeks shareholder approval to grant the Directors of the Company the authority to allot shares in the Company. The authority will be limited to an aggregate nominal amount of £297,634 (2,976,339,014 Ordinary shares of the Company), being approximately 200% of the Company's issued share capital as at 27 March 2024, the latest practicable date prior to publication of this notice. Unless previously revoked or varied, this authority will expire on the conclusion of the next Annual General Meeting of the Company.

SPECIAL RESOLUTION

Resolution 5 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to an aggregate nominal value of £297,634 (2,976,339,014 Ordinary shares of the Company), which is equal to approximately 200% of the nominal value of the issued Ordinary share capital of the Company as at 27 March 2024, the latest practicable date prior to publication of this notice, subject to resolution 4 being passed. The Directors believe that the powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next Annual General Meeting of the Company.

SERIOUS LOSS OF CAPITAL

This is not an actual resolution to be voted on by shareholders. This is to provide the opportunity for shareholders to discuss the serious loss of capital with the Directors.

ENTITLEMENT TO ATTEND AND VOTE

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours prior to the date and time of the AGM, or, in the event that the AGM is adjourned, 48 hours (excluding non-working days) prior to the adjourned meeting, shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time.

APPOINTMENT OF PROXIES

2. If you are a member of the Company at the time set out in note 1, above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a proxy form with this Notice of AGM. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the proxy form.
3. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the "Nominated persons" section (note 13).
5. A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

   If you wish your proxy to speak on your behalf at the AGM, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

6. To direct your proxy how to vote on the resolutions, mark the appropriate box on your proxy form with an “X”. To abstain from voting on a resolution, select the relevant “Vote withheld” box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

APPOINTMENT OF PROXY USING HARD-COPY PROXY FORM

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To be valid, the proxy form, and any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of such power or authority), must be duly completed, executed and deposited with the Company’s registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, or by scan and email to Neville Registrars Limited at info@nevilleregistrars.co.uk and in each case not less than 48 hours (excluding non-working days) before the time appointed for the AGM (or any adjourned meeting). In the case of a member which is a corporation, the proxy form must be executed under its common seal or signed on its behalf by an officer, attorney or other person duly authorised by the corporation.

APPOINTMENT OF PROXIES THROUGH CREST

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the issuer’s agent, Neville Registrars Limited (CREST participant ID: 7RA11), by no later than 48 hours (excluding non-working days) before the time appointed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

APPOINTMENT OF PROXY BY JOINT MEMBERS

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first named being the most senior).

CHANGING PROXY INSTRUCTIONS

10. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited (address in note 7).

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

TERMINATION OF PROXY APPOINTMENTS

11. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited (address in note 7). In the case of a member which is a corporation, the revocation notice must be executed under its common seal or signed on its behalf by an officer, attorney or other person authorised to sign the same. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Neville Registrars Limited no later than 48 hours (excluding non-working days) before the time appointed for holding the AGM.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

ISSUED SHARES AND TOTAL VOTING RIGHTS

12. As at close of business on 27 March 2024 (being the latest practicable date prior to the publication of this document), the Company's issued share capital comprised 1,488,169,507 Ordinary shares of 0.01 pence each. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 27 March 2024 is 1,488,169,507.

NOMINATED PERSONS

13. If you are a person who has been nominated under Section 146 of the Act to enjoy information rights:

- you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (the "Relevant Member") to be appointed or to have someone else appointed as a proxy for the AGM;
- if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
- your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

COMMUNICATION

14. You may not use any electronic address provided either in:

- this Notice of Annual General Meeting; or
- any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

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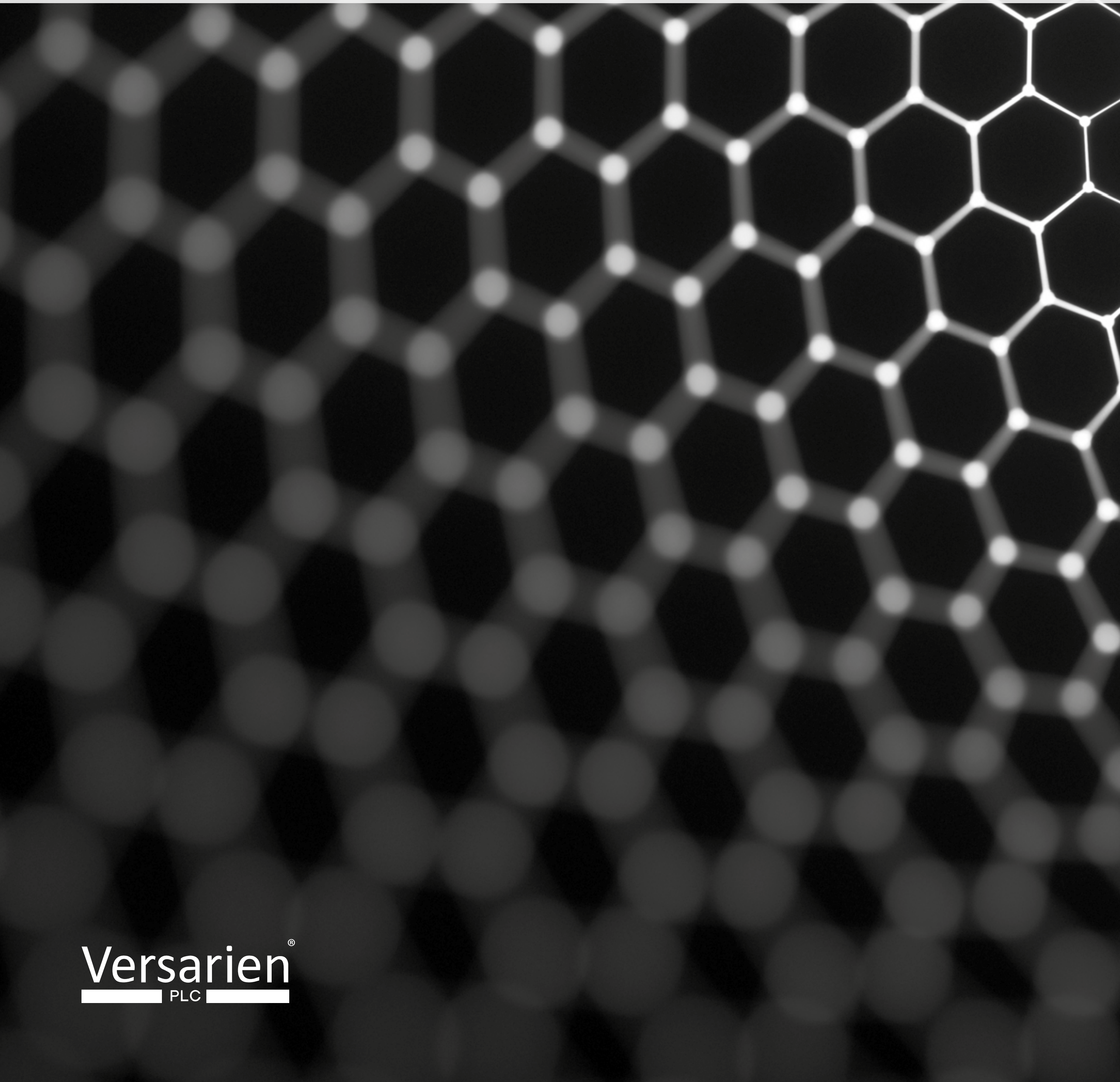

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