

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED. ON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN

6 June 2024

Versarien Plc

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

Interim Results for the six months ended 31 March 2024

Versarien Plc (AIM: VRS), the advanced engineering materials group, announces its unaudited interim results for the six months ended 31 March 2024.

Financial Summary

- Group revenues of £2.50 million (2023: £2.62 million)
- Graphene revenues of £0.28 million (2023: £0.09 million)
- Grant income of £0.20 million (2023: £0.06 million)
- Adjusted LBITDA* of £0.79 million (2023: £2.01 million)
- Loss before tax of £1.77 million (2023: £3.40 million)
- Cash of £0.70 million as at 31 March 2024 (30 September 2023: £0.60 million)

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

Operational Highlights

- Completed an agreement with MCK Tech (Korea) for the exclusive licence of five CVD patents
- Sold South Korean plant and equipment to MCK Tech (Korea) for £604,000
- 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
- Entered into a mutual letter of commitment to support Building for Humanity to provide 3D concrete printed materials for social housing in Accrington

Stephen Hodge, Chief Executive Officer of Versarien, commented:

"The re-focussing of the business to its core graphene technology combined with a manufacturing-light approach is beginning to bear fruit financially with losses continuing to fall. We have a number of parties showing initial interest in licensing our technology as well as progressing our strategic relationships in core areas particularly construction including 3D concrete printing. We remain optimistic about the future as we continue to streamline our operations, capitalise on our strategic partnerships and drive technological advancements."

For further information please contact:

Versarien Plc

Stephen Hodge – Chief Executive Officer
Chris Leigh – Chief Financial Officer

c/o IFC

SP Angel Corporate Finance LLP (Nominated Adviser and Broker)

Matthew Johnson
Adam Cowl

+44 (0) 20 3470 0470

IFC Advisory Limited (Investor Relations)

Tim Metcalfe
Zach Cohen

+44 (0) 20 3934 6630

Notes to Editors:

The strategy of Versarien plc (AIM:VRS) is to be a development-led advanced materials company focussed on specific sectors that will lead to a manufacturing-light and licensing model.

For further information please see: <http://www.versarien.com>

Chair's Statement

It is only a short time since we updated the market with our Annual Report to 30 September 2023, published on 28 March 2024, but nonetheless I am pleased to report on further progress made.

The disposal of the two mature businesses remains an ongoing process. Talks are at an advanced stage with one party regarding the AAC plastics business, although there can be no certainty that this will lead to a successful sale.

The pipeline of opportunities continues to grow and supports our view of reaching EBITDAE positive during the second half of next year. Whilst the Group still remains loss making at present it has made significant progress on reducing its LBITDAE over the last 18 months from £2 million in the first half of the 2023 financial year, to £1 million in the second half of the same period and now to £0.8 million in the period under review.

I am grateful for the support we continue to receive from both new and existing shareholders and to all our staff as we continue to transition the business into an IP led licensing model and look forward to updating the market on future developments in due course.

Diane Savory OBE
Non-executive Chair

Chief Executive Officer's Review

The first half of the financial year has marked a significant period of strategic refocus and operational efficiency for the Group. We have made considerable progress in enhancing our core technology businesses and aligning our business model towards a manufacturing-light approach. This shift is already reflected in our improved financial metrics and the birth of new strategic partnerships.

Graphene developments

Our strategic partnership with Montana Quimica LTDA (Brazil) with whom we have secured a know-how and manufacturing licence agreement reinforces our presence in South America. The sale of CVD graphene manufacturing equipment to MCK Tech (South Korea) aligns with our manufacturing-light strategy and provides working capital; the opportunity to remain operating in the area of CVD graphene in collaboration with MCK Tech is underpinned by our licencing agreements. We have further strengthened relationships in Korea through supporting the development of international standards for graphene and 2D materials, funded by the Korea Evaluation Institute of Industrial Technology (KEIT) until December 2028. KEIT is an organisation dedicated to establishing a programme of international joint research and development between research institutes of the Republic of Korea and overseas organisations.

3D construction printing developments

3D construction printing continues to gain traction. We have delivered the "Physical and Mechanical Properties of 3D Printed Concrete" report to the Office for Product Safety and Standards, part of the Department for Business and Trade and have recently signed a letter of mutual commitment to support the "Charter Street Accrington" social housing project led by Building for Humanity. This initiative represents the largest 3D housing construction project in the UK, exemplifying our commitment to innovation and sustainability. This project is a pivotal opportunity to showcase Versarien's capabilities in enabling low-carbon, efficient construction solutions. The project is due to start during H2 2024.

Outlook

I extend my gratitude to our shareholders, partners, and dedicated team for their continued support as we navigate this phase of growth and innovation.

The re-focusing of our business towards our core technology businesses and strategic collaborations is bearing fruit. Our continued divestment from non-core activities will see a reduction in overall revenues, but the notable increase in graphene revenues and grant income, underscore our more focused approach. We are witnessing a reduction in losses and a growing interest in licensing opportunities that positions Versarien for sustained growth and industry leadership. We remain optimistic about the future as we continue to streamline our operations, capitalise on our strategic partnerships and drive technological advancements in the construction and leisure sectors.

Dr Stephen Hodge
Chief Executive Officer

Chief Financial Officer's review

The results for the period continue to show reduced losses as we seek to transition the business into a financially viable operation. The Technology Businesses have seen an improvement in revenues to £277,000 from £87,000 in the comparative period. In addition, income from grants awarded to Gnanomat have resulted in an increase in other income from £54,000 to £202,000. Further information is given in note 2, segmental information.

The change in strategy to a much-simplified structure has resulted in a number of cost savings, including exiting part of the lease at Longhope following the adoption of the manufacturing-light strategy.

The mature businesses have seen a revenue decline, albeit that AAC is now seeing signs of some reversal. The disposal process for both Total Carbide and AAC Cyroma remains ongoing. AAC is more advanced and its assets and liabilities are now classified as "held for sale" and its results treated as a discontinued operation albeit there is no certainty of completion.

The adjusted LBITDA for operations is calculated as follows:

	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	6 months ended 31 March 2024	6 months ended 31 March 2024	6 months ended 31 March 2024	6 months ended 31 March 2023	6 months ended 31 March 2023	6 months ended 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
(Loss) from operations	(1,373)	(148)	(1,521)	(3,033)	(97)	(3,130)
Depreciation and Amortisation	324	35	359	594	89	683
Share based payments	147	-	147	264	-	264
Exceptional items	229	-	229	170	-	170
Adjusted LBITDA	(673)	(113)	(786)	(2,005)	(8)	(2,013)

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 reported loss before tax was £1.77 million (2023: £3.40 million). Group net assets at 31 March 2024 were £0.98 million (30 September 2023: £1.08 million) with cash at the period end of £0.70 million (30 September 2023: £0.60 million).

Net cash used in operating activities was £0.77 million (2023: £1.83 million) and cash used in investing activities was £0.02 million (2023: £0.14 million), net principal lease payments were £0.24 million (2023: £0.35 million) and CBILS repayments £0.04 million (2023: £0.05 million), giving total cash outflows of £1.07 million (2023: £2.37 million). These outflows were financed by net funds received from the share issues of £1.39 million (2023: £2.02 million).

The surplus of £0.32 million (2023: £0.35 million deficit) together with reduced drawings on the invoice finance facilities of £0.22 million (2023: £0.24 million) resulted in a cash increase of £0.10 million (2023: £0.59 million decrease).

Going Concern

The interim statements have been prepared on a going concern basis as described in note 1, basis of preparation.

Chris Leigh
Chief Financial Officer

Consolidated Interim Financial Statements

Group statement of comprehensive income

For the 6 months ended 31 March 2024

		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		31 March 2024 Unaudited	31 March 2024 Unaudited	31 March 2024 Unaudited	31 March 2023 Unaudited	31 March 2023 Unaudited	31 March 2023 Unaudited
		£'000	£'000	£'000	£'000	£'000	£'000
	Notes						
Revenue	2	1,338	1,159	2,497	1,400	1,221	2,621
Cost of sales		(834)	(955)	(1,789)	(1,153)	(985)	(2,138)
Gross profit		504	204	708	247	236	483
Other operating income		205	-	205	57	-	57
Operating expenses (including exceptional items)		(2,082)	(352)	(2,434)	(3,337)	(333)	(3,670)
Loss from operations before exceptional items		(1,144)	(148)	(1,292)	(2,863)	(97)	(2,960)
Exceptional items	3	(229)	-	(229)	(170)	-	(170)
Loss from operations		(1,373)	(148)	(1,521)	(3,033)	(97)	(3,130)
Finance charge		(232)	(20)	(252)	(248)	(22)	(270)
Loss before income tax		(1,605)	(168)	(1,773)	(3,281)	(119)	(3,400)
Income Tax	4	133	-	133	-	-	-
Loss for the period		(1,472)	(168)	(1,640)	(3,281)	(119)	(3,400)
Loss attributable to:							
– Owners of the parent company		(1,488)	(168)	(1,656)	(3,080)	(119)	(3,199)
– Non-controlling interest		16	-	16	(201)	-	(201)
		(1,472)	(168)	(1,640)	(3,281)	(119)	(3,400)
Loss per share attributable to the equity holders of the Company:							
Basic and diluted loss per share	5			(0.23)p			(1.55)p

There is no other comprehensive income for the period.

Group statement of financial position

As at 31 March 2024

	31 March 2024 Unaudited £'000	30 September 2023 Audited £'000
Assets		
Non-current assets		
Intangible Assets	6 2,768	2,763
Property, plant and equipment	2,907	3,443
Trade and other receivables	36	36
	5,711	6,242
Current assets		
Inventory	1,095	1,528
Trade and other receivables	1,524	1,409
Assets held for sale	7 1,005	604
Cash and cash equivalents	675	596
	4,299	4,137
Total assets	10,010	10,379
Equity		
Called up share capital – ordinary shares	149	3,308
Called up share capital – deferred shares	3,423	-
Share premium	37,853	36,724
Merger reserve	1,256	1,256
Share-based payment reserve	5,435	5,289
Accumulated losses	(45,037)	(43,382)
Equity attributable to owners of the parent company	3,079	3,195
Non-controlling interest	(2,099)	(2,115)
Total equity	980	1,080
Liabilities		
Non-current liabilities		
Trade and other payables	590	501
Deferred taxation	-	6
Innovate Loan	5,000	5,000
Long-term borrowings	726	995
	6,316	6,502
Current liabilities		
Trade and other payables	1,098	1,479
Invoice discounting advances	211	762
Current portion of long-term borrowings	488	556
Liabilities held for sale	7 917	-
	2,714	2,797
Total liabilities	9,030	9,299
Total equity and liabilities	10,010	10,379

Statement of Group cash flows

For the 6 months ended 31 March 2024

	6 months ended 31 March 2024 Unaudited £'000	6 Months ended 31 March 2023 Unaudited £'000
Cash flows from operating activities		
Cash used in operations	(658)	(1,561)
Interest paid	(114)	(270)
Net cash used in operating activities	(772)	(1,831)
Cash flows from investing activities		
Purchase/capitalisation of intangible assets	(17)	(98)
Purchase of property, plant and equipment	(1)	(45)
Net cash used in investing activities	(18)	(143)
Cash flows from financing activities		
Share issue	1,470	2,040
Share issue costs	(77)	(21)
Net funds (paid)/received from CBILS	(38)	(52)
Principal payment of leases under IFRS 16	(240)	(347)
Invoice discounting loan (repayments)/proceeds	(224)	(235)
Net cash generated from financing activities	891	1,385
Increase in cash and cash equivalents	101	(589)
Cash and cash equivalents at start of period	596	1,351
Cash and cash equivalents at end of period	697	762

Note to the statement of Group cash flows

	6 months ended 31 March 2024 Unaudited £'000	6 months ended 31 March 2023 Unaudited £'000
For the 6 months ended 31 March 2023		
Loss before income tax	(1,773)	(3,400)
Adjustments for:		
Share-based payments	147	264
Depreciation	347	534
Amortisation	12	149
Finance cost	252	270
R&D Tax credit received	133	-
Increase/(Decrease) in trade and other receivables and investments	(110)	200
(Increase)/Decrease in inventories	239	156
(Decrease)/Increase in trade and other payables	95	266
Cash used in operations	(658)	(1,561)

Discontinued operations

	6 months ended 31 March 2024 Unaudited £'000	6 months ended 31 March 2023 Unaudited £'000
Net cash generated/(used) in operating activities	102	215
Net cash used in investing activities	-	-
Net cash generated/(used) from financing activities	(93)	(216)
Increase/(decrease) in cash and cash equivalents from discontinued operations	9	(1)

Notes to the unaudited interim statements

For the 6 months ended 31 March 2024

1. Basis of preparation

Versarien Plc is an AIM quoted company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's registered office is Units 1A-D, Longhope Business Park, Monmouth Road, Longhope, Gloucestershire, GL17 0QZ.

The interim financial statements were prepared by the Directors and approved for issue on 6 June 2024. These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2023 were approved by the Board of Directors on 27 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006. The report contained reference to a material uncertainty related to going concern.

As permitted, these interim financial statements have been prepared in accordance with UK AIM Rules and UK-adopted IAS 34, "Interim Financial Reporting". They should be read in conjunction with the annual financial statements for the year ended 30 September 2023, which have been prepared in accordance with UK-adopted international accounting standards, consistent with the IFRS framework adopted in UK law. The accounting policies applied are consistent with those of the annual financial statements for the period ended 30 September 2023, as described in those financial statements. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the net assets or results of the Group.

These interim financial statements have been prepared on a going concern basis under the historical cost convention.

However, whilst the Company continues to develop and seek to commercialise its graphene technology it remains reliant upon the capital markets and/or asset sales to continue as a going concern up until such time as it generates sufficient revenues to cover its costs.

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

- Versarien will be able to raise cash on the capital markets. There is no certainty as to timing or quantum, but the Company has a history of raising capital on a regular basis. The Company meets 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.

In making their going concern assessment, the Directors have forecast that sufficient additional funding will be raised to enable the Group to meet liabilities as they fall due for a period of at least 12 months from the date of issue of these interim results.

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.

The auditors' report on the Annual Report and Financial Statements for the period ended 30 September 2023 was unqualified, did not contain a statement under s498(2) or s498(3) of the Companies Act 2006 but drew

attention to material uncertainty with regard to going concern, details of which are described in the Annual Report for 2023 which is available on the Company's website.

Certain statements within this report are forward looking. The expectations reflected in these statements are considered reasonable. However, no assurance can be given that they are correct. As these statements involve risks and uncertainties the actual results may differ materially from those expressed or implied by these statements. The interim financial statements have not been audited.

2. Segmental information

The segmental analysis for the 6 months to 31 March 2024 is as follows:

	Central	Technology Businesses	Mature Businesses	Intra-group Adjustments	Discontinued operations	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	-	277	1,061	-	1159	2,497
Gross Margin	-	138	366	-	204	708
Other operating income	-	202	3	-	-	205
Operating expenses	(616)	(872)	(590)	(4)	(352)	(2,434)
(Loss)/ profit from operations	(616)	(532)	(221)	(4)	(148)	(1,521)
Finance income/(charge)	(173)	(31)	(28)	-	(20)	(252)
(Loss)/profit before tax	(789)	(563)	(249)	(4)	(168)	(1,773)

The segmental analysis for the 6 months to 31 March 2023 is as follows:

	Central	Technology Businesses	Mature Businesses	Intra-group Adjustments	Discontinued operations	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	-	87	1,313	-	1,221	2,621
Gross Margin	-	(277)	524	-	236	483
Other operating income	-	54	3	-	-	57
Operating expenses	(916)	(1,801)	(614)	(6)	(333)	(3,670)
(Loss)/ profit from operations	(916)	(2,024)	(87)	(6)	(97)	(3,130)
Finance income/(charge)	(170)	(39)	(39)	-	(22)	(270)
(Loss)/profit before tax	(1,086)	(2,063)	(126)	(6)	(119)	(3,400)

3. Exceptional items

Exceptional items of £229,000 relate principally turnaround costs and former director gardening leave costs (2023: £170,000 redundancy costs principally in relation to the closure of Versarien Graphene Inc.)

4. Taxation

The tax credit of £133,000 (2023: £nil) relates to R&D tax credits received in the period. The charge on the results for the period has been estimated at £nil (2023: £nil). At the last year end the Group had £33.35 million of trading losses carried forward to set-off against future trading profits.

5. Loss per share

The loss per share has been calculated by dividing the loss after taxation of £1,656,000 (2023: £3,199,000) by the weighted average number of shares in issue of 710,245,315 (2023: 205,983,636) during the period.

The calculation of the diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. However, in accordance with IAS33 "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 31 March 2024 there were 7,206,160 (2023: 15,205,850) potential ordinary shares that have been disregarded in the calculation of diluted earnings per share as they were considered non-dilutive at that date.

6. Intangible assets

	31 March 2024 Unaudited £'000	30 September 2023 Audited £'000
Patents, trademarks and other	484	479
Development costs	2,284	2,284
Total	2,768	2,763

7. Assets and liabilities held for sale

The sale process for AAC Cyroma is progressing, albeit with no certainty of conclusion and consequently its assets and liabilities are disclosed on a "held for sale" basis.

	31 March 2024 Unaudited AAC Cyroma £'000	30 September 2023 Audited Korean Plant £'000
Non-current assets		
Intangible Assets	-	-
Property, plant and equipment	190	604
Trade and other receivables	-	-
	190	604
Current assets		
Inventory	194	-
Trade and other receivables	599	-
Cash and cash equivalents	22	-
	815	-
Assets held for sale	1,005	604
Liabilities		
Non-current liabilities		
Trade and other payables	-	-
Deferred taxation	-	-
Innovate Loan	-	-

Long-term borrowings	37	-
	37	-
Current liabilities		
Trade and other payables	530	-
Invoice discounting advances	327	-
Current portion of long-term borrowings	23	-
	880	-
Liabilities held for sale	917	-

8. Interim Report

This interim announcement is available on the Group's website at www.versarien.com