

# Versarien<sup>®</sup>

Presentation  
September 2015

**Developing advanced materials and  
enabling engineering exploitation**



# Management Team



- **Neill Ricketts, Chief Executive Officer**
- Engineer with over 20 years experience
- Directorships including AIM companies in manufacturing and engineering
- Commercialised new technologies including introducing new materials and coatings for multiple sectors including Formula One



- **Chris Leigh, Chief Financial Officer**
- Experienced finance director in manufacturing and engineering sectors
- Expertise covers corporate finance, M&A and post acquisition integration



- **Will Battrick, Chief Technology Officer**
- Expertise in scale up manufacturing of highly complex materials
- Engineering materials technologist with experience in UK advanced design and manufacture
- Led production of highly challenging space science specialist products



**Versarien® (VRS) is an IP-led advanced engineering and materials group**

that utilises proprietary technology to create innovative new engineering solutions that are capable of having a game-changing impact on a broad variety of industry sectors



# Group Strategy (cont.)



- Capitalise on innovative IP, transforming it into commercially viable products
- Use management team's experience to develop and commercialise the advanced materials technology
- Continued deal flow through establishing new license agreements or acquiring embryonic companies in advanced materials
- Provide the plant and equipment to establish production
- Provide the working capital facilities from existing reserves or bank facilities
- Mitigate product development costs by maximising mature business cash flow

# Divisional Overview



Versarien®

- **Thermal Products**

- Exclusive rights to a patent-protected additive process for creating porous copper foam, which has multiple potential markets initially targeting electronic equipment
- Producing a high efficiency heat exchanger material



- **Hard Wear Products**

- Manufacturer of sintered tungsten carbide, primarily hard wearing applications in the oil and gas industry and other multiple industries



- **Graphene Products**

- Acquired 85% stake in April 2014
- 2-DTech is a spin-out from the University of Manchester, the birthplace of graphene and home to the Nobel prize winning academics, Geim & Novoselov, specialising in supply of graphene products and the transfer of fundamental science to applied technology

# Financial Highlights – 31 March 2015



- Group revenues up 69% to £4.98 million (2014: £2.95 million)
- Net assets up 180% to £7.3 million (2014: £2.6 million)
- Cash at 31 March 2015 of £3.5 million (2014: £0.2 million)
- LBITDA (excluding exceptional costs and share based payment charges) of £277,000 (2014: £232,000)

# Milestones Achieved this Year

*Thermal Products*



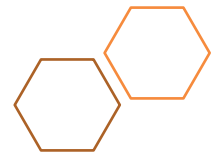
- Sales up £351,000 (2014: £4,000) following acquisition of heat sink business
- First International sales order with Mouser Electronics
- Distribution channels in Europe and the US
- New range of air cooled heat sinks launched
- New Aluminium heatsink products with acquisition
- New Product launch planned for forced air heat sinks planned for Q3





# Milestones Achieved this Year

*Graphene Products*



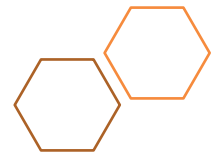
- Key breakthrough in the manufacture of graphene platelets using a patented and unique method producing high quality graphene
- Licensed process from University of Ulster with 60% ownership of IP
- Process patented in Europe and US
- Key partnership with NGI/GEIC University of Manchester
- Revenue and other income of £153,000
- Key NDAs signed





# Milestones Achieved this Year

*Hard Wear Products*



- Revenues up 26% to £4.6 million (2014:£2.9 million – 9.5 months)
- EBITDAE of £1.2 million (2014: £472,000)
- Total Carbide produced a 21% return on sales pre exceptional items (2014: 11%)
- Key customers include Renishaw, John Crane and Schlumberger
- 28 new customers increased customer list by 26%





- **Thermal Products**
  - First Commercial orders
  - European and American distribution channel
  - Routes to market through additional export distributors
  - Accelerated marketing campaign
  - New product launch Q3
  
- **Hard wear Products**
  - Continues to perform strongly, generates cash to assist funding other Group technologies
  - Export markets opportunity
  - Complimentary acquisition opportunity
  
- **Graphene Products**
  - Major break though in cost effective and high quality graphene platelet production
  - Ability to become a world leader with global potential
  - Accelerated progress through vertical integration opportunities



- 1 - Group Statement of Comprehensive Income
- 2 - Group Statement of Financial Position
- 3 - Statement of Group Cash Flows

# Appendix 1 - Group statement of comprehensive income

Year ended 31 March 2015



	2015 £'000	2014 £'000
<b>Continuing operations</b>		
Revenue	4,982	2,953
Cost of sales	(3,089)	(1,881)
<b>Gross profit</b>	<b>1,893</b>	<b>1,072</b>
Other operating income	126	98
Operating expenses (including exceptional items)	(2,883)	(1,811)
<b>Loss from operations before exceptional items</b>	<b>(557)</b>	<b>(444)</b>
Exceptional items	(307)	(197)
Loss from operations	(864)	(641)
Finance charge	(2)	(12)
Loss before income tax	(866)	(653)
Income tax	-	-
<b>Loss for the year</b>	<b>(866)</b>	<b>(653)</b>
<b>Loss attributable to:</b>		
-Owners of the parent company	(830)	(653)
- Non-controlling interest	(36)	-
	<b>(866)</b>	<b>(653)</b>
<hr/> <b>Loss per share attributable to the equity holders of the Company:</b>		
Basic and diluted loss per share	<b>(0.80)p</b>	(0.85)p

There were no comprehensive gains or losses in the year other than those included in the Comprehensive Income Statement.

# Appendix 2 - Group statement of financial position

Year ended 31 March 2015



	2015 £'000	2014 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	1,502	586
Property, plant and equipment	1,423	1,091
Deferred taxation	65	65
	<b>2,990</b>	<b>1,742</b>
<b>Current assets</b>		
Inventory	1,109	765
Trade and other receivables	1,272	955
Cash and cash equivalents	3,531	215
	<b>5,912</b>	<b>1,935</b>
<b>Total assets</b>	<b>8,902</b>	<b>3,677</b>
<b>Equity</b>		
<b>Called up share capital</b>	1,055	831
Share premium account	7,150	1,853
Merger reserve	1,017	1,017
Share-based payment reserve	94	35
Retained earnings	(1,967)	(1,137)
<b>Equity attributable to owners of the parent company</b>	<b>7,349</b>	<b>2,599</b>
<b>Non-controlling interest</b>	<b>(22)</b>	<b>-</b>
<b>Total equity</b>	<b>7,327</b>	<b>2,599</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Trade and other payables	181	115
Provisions	203	200
Long-term borrowings	13	34
	<b>397</b>	<b>349</b>
<b>Current liabilities</b>		
Trade and other payables	855	549
Provisions	300	-
Invoice discounting advances	-	156
Current portion of long-term borrowings	23	24
	<b>1,178</b>	<b>729</b>
<b>Total liabilities</b>	<b>1,575</b>	<b>1,078</b>
<b>Total equity and liabilities</b>	<b>8,902</b>	<b>3,677</b>

# Appendix 3 - Statement of Group cash flows

Year ended 31 March 2015



	Group 2015 £'000	Group 2014 £'000
<b>Cash flows from operating activities</b>		
Cash used in operations	(1,119)	(715)
Interest (paid)/received	(2)	(12)
<b>Net cash used in operating activities</b>	<b>(1,121)</b>	<b>(727)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries (net of cash acquired)	(154)	(1,175)
Purchase of intangible assets	(277)	(18)
Purchase of property, plant and equipment	(255)	(33)
<b>Net cash used in investing activities</b>	<b>(686)</b>	<b>(1,226)</b>
<b>Cash flows from financing activities</b>		
Share issue	5,553	2,650
Flotation/share issue costs	(252)	(581)
Repayment of finance leases	(22)	(89)
Invoice discounting loan (repayment)/proceeds	(156)	156
<b>Net cash generated from financing activities</b>	<b>5,123</b>	<b>2,136</b>
<b>Increase in cash and cash equivalents</b>	<b>3,316</b>	<b>183</b>
Cash and cash equivalents at beginning of year	215	32
<b>Cash and cash equivalents at end of year</b>	<b>3,531</b>	<b>215</b>

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