

# Verditek PLC

## (“Verditek” or the “Company” or the “Group”)

### Interim Report and Financial Statements for the six months to 30 June 2020

Verditek plc, (AIM:VDTK) the clean technology company is pleased to announce its interim results for the six months to 30 June 2020.

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.*

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#### CEO's Statement

##### Introduction

I am delighted to be presenting my first set of interim results as CEO of Verditek plc, a cleantech company with interests in Solar, Carbon Capture, and Filtration systems.

The last six-month period for Verditek has been a defining time for the Group, as Verditek's solar business has moved from the development phase into commercialisation. Production is now increasing in order to fulfil recent orders for its lightweight solar panels. Revenues from these orders together with the anticipated revenues from the new sales pipeline will flow into the second half of the year.

##### Solar Division

During the period a new sales strategy was implemented which has led to significant openings of new markets and geographies previously not targeted.

As a result of this, the mining and marine sectors in particular have become a major part of our efforts to drive the Groups' growth, as these industry verticals come under increased pressure to substitute dry fuel for wet; both these areas are recent breakthroughs for us, representing a multi-year pipeline of potential business.

In mining an illustration of the scale of the opportunity for Verditek can be demonstrated through one of our partners, who are a specialist mining consultancy

with a client base that controls some 4,000 individual mines. All of the mines are capable of switching to solar, each with a greater than 1-2 MW requirement. Even supplying a small proportion of these mines would lead to a significant revenue opportunity.

The requirement for solar power is equally compelling in the Oil & Gas sector, which is under enormous pressure to operate in a more environmentally friendly manner. As a result, we have already started to actively engage with onshore facilities and with the next round of panel evolution, we expect to receive the certification required to offer this to the offshore market as well.

We continue to work on other verticals such as transportation, cellular telephone towers, carport charging, roof tiles and other applications of our flexible solar panels.

Currently, the sales team consists of 18 people geographically widely spread, along with a number of regional distributors which has resulted in promising leads across multiple continents and initial orders from Australia, Italy, Libya, Pakistan, Peru, Philippines, Sweden, Thailand and UK.

The outbreak of COVID has certainly refocused governments around the world to rethink their choice of electricity generation methods and their clean fuel focus, both of which have started to help Verditek. However, some of the development programmes that we were involved with in Europe have been delayed due to the COVID pandemic and with a number of research and development facilities unable to operate some of the trials have been postponed.

On the product side of the business we continue to improve both the efficiency and technical specifications of the panels, allowing them to operate in differing verticals and achieve the required certification to drive into new markets. Expanding into new vertical markets represent both opportunities and challenges that will require further development and time to broaden the product range.

We continue to work in partnership with Paragraf on the exciting opportunity to develop graphene technology for photovoltaic cells and will report more on these achievements in the coming months.

### **Other Group Interests**

Verditek plc continues to maintain its minority interests in both BBR Filtration Ltd and Industrial Climate Solutions Inc., however the Group's focus is primarily on the solar business.

### **Management Changes**

During the period under review the Board took the decision to restructure the senior management team and route to market resulting in my appointment as Chief Executive Officer on 1 May.

Dr Geoff Nesbitt has become the Group's Chief Technology Officer (CTO) and continues to drive our products forward as well as leading our relationship with Paragraf.

From 1 September, Tim Bowen has taken the position of Chief Financial Officer. Tim has many years' experience as CFO of AIM quoted companies including a strong

cleantech background. Tim has a proven track record in driving growth businesses from early stage commercialisation through to full scale operation.

### **Cash Position**

During the period under review the Group successfully raised £1.45m of new equity. As of the 30 June 2020 Verditek had cash reserves of £0.58m. A further cash inflow of £0.3m was received in August from the conversion of a warrant issued at IPO. In addition, as the pipeline converts into further orders, additional cash will be received from invoicing customers. The Group continues to maintain a tight rein on overheads.

### **Outlook**

Overall, the Board believes Verditek has an excellent combination of an innovative, technologically advanced product and an increasing portfolio of opportunities ahead. We look forward to delivering profitable projects in the fast-growing green energy space.

Rob Richards  
Chief Executive Officer  
7 September 2020

# Verditek plc

## Condensed Consolidated Statement of Comprehensive Income For the six months ended 30 June 2020

	Note	H1 2020 Unaudited £	H1 2019 Unaudited £	FY 2019 Audited £
<b>Continuing operations</b>				
Revenue		-	-	-
Administrative expenses		(843,354)	(826,512)	(1,660,719)
<b>Operating loss</b>		<b>(843,354)</b>	<b>(826,512)</b>	<b>(1,660,719)</b>
Finance Income		52	180	185
Finance costs		(74,875)	(72,316)	(203,779)
<b>Loss before tax</b>		<b>(918,177)</b>	<b>(898,648)</b>	<b>(1,864,313)</b>
Income Tax		-	-	-
<b>Loss for the period</b>		<b>(918,177)</b>	<b>(898,648)</b>	<b>(1,864,313)</b>
<b>Loss for the period attributable to: -</b>				
Owners of the Company		(916,377)	(897,543)	(1,867,957)
Non-controlling interest		(1,800)	(1,105)	3,644
		<b>(918,177)</b>	<b>(898,648)</b>	<b>(1,864,313)</b>
<b>Other comprehensive income</b>				
Items that will or may be reclassified to profit or loss:				
Translation of foreign operations		75,194	2,257	(43,942)
<b>Total comprehensive loss for the period from continuing operations</b>		<b>(842,983)</b>	<b>(896,391)</b>	<b>(1,908,255)</b>
<b>Total comprehensive loss for the period attributable to: -</b>				
Owners of the Company		(837,898)	(900,671)	(1,906,855)
Non-controlling interest		(5,086)	4,280	(1,370)
		<b>(842,983)</b>	<b>(896,391)</b>	<b>(1,908,255)</b>
<b>Loss per share</b>				
Basic and diluted (£)	4	<b>(0.004)</b>	<b>(0.004)</b>	<b>(0.009)</b>

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## Condensed Consolidated Statement of Financial Position

For the 6 months ended 30 June 2020

		As at 30 June 2020	As at 30 June 2019	As at 31 December 2019
	Note	Unaudited £	Unaudited £	Audited £
<b>Assets</b>				
<b>Non-current assets</b>				
Investments		25,917	25,153	24,229
Property, plant and equipment		663,208	651,159	633,491
Right of use assets		239,277	-	249,706
<b>Non-current assets</b>		<b>928,402</b>	<b>676,312</b>	<b>907,426</b>
<b>Current assets</b>				
Inventories		37,525	-	35,038
Trade and other receivables		492,497	473,811	437,075
Cash and cash equivalents		588,858	221,274	107,243
<b>Current assets</b>		<b>1,118,880</b>	<b>695,085</b>	<b>579,356</b>
<b>TOTAL ASSETS</b>		<b>2,047,282</b>	<b>1,371,397</b>	<b>1,486,782</b>
<b>Equity and liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings		-	1,170,000	-
Lease liabilities		177,260	-	186,612
<b>Non-current liabilities</b>		<b>177,260</b>	<b>1,170,000</b>	<b>186,612</b>
<b>Current liabilities</b>				
Trade and other payables		763,485	701,646	959,360
Loans and borrowings	5	700,017	502,152	668,319
Lease liabilities		43,601	-	37,526
<b>Current liabilities</b>		<b>1,507,103</b>	<b>1,203,798</b>	<b>1,665,205</b>
<b>TOTAL LIABILITIES</b>		<b>1,684,363</b>	<b>2,373,798</b>	<b>1,851,817</b>
Share capital	6	116,758	80,847	91,666
Share premium account	6	6,945,074	3,858,691	5,466,376
Share based payment reserve		88,850	15,167	21,703
Accumulated losses		(6,795,093)	(4,921,930)	(5,878,716)
Translation reserve		42,291	(390)	(36,190)
Non-controlling interests		(34,960)	(34,786)	(29,874)
<b>Total shareholders' equity</b>		<b>(362,919)</b>	<b>(1,002,401)</b>	<b>(365,035)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,047,282</b>	<b>1,371,397</b>	<b>1,486,782</b>

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## Condensed Statement of Changes in Equity

For the 6 months ended 30 June 2020

	Issued share capital	Share Premium	Share based payment reserve	Accumula ted losses	Translati on reserve	Non- controlli ng interest	Total
	£	£	£	£	£	£	£
As at 1 January 2019	80,847	3,858,691	8,727	(3,817,534)	749	(243,929)	(112,449)
Change in Accounting Policy IFRS 16 adjustment	-	-	-	24,189	-	-	24,189
Loss for the period	-	-	-	(897,543)	-	(1,105)	(898,648)
Translation of subsidiary	-	-	-	-	(3,129)	5,385	2,256
<b>Total comprehensive loss for the period</b>	-	-	-	(897,543)	(3,129)	4,280	(896,392)
Acquisition of NCI without a change in control	-	-	-	(206,853)	1,990	204,863	-
<b>Total change in ownership interests</b>	-	-	-	(206,853)	1,990	204,863	-
Share based payment reserve	-	-	6,440	-	-	-	6,440
<b>Shareholders' equity at 30 June 2019</b>	80,847	3,858,691	15,167	(4,897,741)	(390)	(34,786)	(978,212)
Loss for the period	-	-	-	(1,867,957)	-	3,644	(1,864,313)
Translation of subsidiary	-	-	-	-	(38,928)	(5,014)	(43,942)
<b>Total comprehensive loss for the period</b>	-	-	-	(1,867,957)	(38,928)	(1,370)	(1,908,255)
Acquisition of NCI without a change in control	-	-	-	(217,415)	1,990	215,425	-
<b>Total change in ownership interests</b>	-	-	-	(217,415)	1,990	215,425	-
Issue of shares net of expenses	10,819	1,607,685	-	-	-	-	1,618,504
Share based payment reserve	-	-	12,976	-	-	-	12,976
<b>Shareholders' equity at 31 December 2019</b>	91,666	5,466,376	21,703	(5,878,717)	(36,189)	(29,874)	(365,035)
Loss for the period	-	-	-	(916,377)	-	(1,800)	(918,177)
Translation of subsidiary	-	-	-	-	78,480	(3,286)	75,194
<b>Total comprehensive loss for the period</b>	-	-	-	(916,377)	78,480	(5,086)	(842,984)
Issue of shares net of expenses	25,092	1,478,698	-	-	-	-	1,503,790
Share based payment reserve	-	-	67,147	-	-	-	67,147
<b>Shareholders' equity at 30 June 2020</b>	116,758	6,945,074	88,850	(6,795,093)	42,291	(34,960)	(362,919)

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## Condensed Statement of Cash Flows

For the 6 months ended 30 June 2020

	Note	H1 2020 Unaudited £	H1 2019 Unaudited £	FY 2019 Audited £
<b>Operating activities</b>				
Loss before tax from continuing operations		(918,177)	(898,648)	(1,864,313)
Adjustment for:				
Depreciation		43,208	9,157	70,742
Loss on disposal of assets		-	-	1,119
Finance costs		74,875	72,316	203,779
Financial income		(52)	(180)	(185)
Share based payment expenses		67,147	6,440	12,976
		<b>(732,999)</b>	<b>(810,915)</b>	<b>(1,575,882)</b>
<b>Working capital adjustments</b>				
(Increase) / decrease in inventory		(2,487)	-	(35,038)
(Increase) / decrease in trade and other receivables		(55,422)	(42,713)	(24,961)
Increase / (decrease) in trade and other payables		(147,837)	92,955	311,596
<b>Cash used in operations</b>		<b>(938,745)</b>	<b>(760,673)</b>	<b>(1,324,285)</b>
Taxation		-	-	-
<b>Net cash outflow from operating activities</b>		<b>(938,745)</b>	<b>(760,673)</b>	<b>(1,324,285)</b>
<b>Investing activities</b>				
Purchase of fixed assets		(2,568)	(164,042)	(156,399)
<b>Net cash outflow from investing activities</b>		<b>(2,568)</b>	<b>(164,042)</b>	<b>(156,399)</b>
<b>Financing activities</b>				
Issue of ordinary share capital	6	1,456,791	-	521,469
Interest paid		-	(1,936)	(134)
Finance income		51	180	180
Loan received/ (repayable)		-	458,909	455,076
Payment of lease liabilities		(36,409)	-	(71,686)
<b>Net cash inflow from financing activities</b>		<b>1,420,433</b>	<b>457,153</b>	<b>904,905</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>479,120</b>	<b>(467,562)</b>	<b>(575,779)</b>
Cash and cash equivalents at the beginning of the period		107,279	683,885	683,885
		586,399	216,323	108,106
<b>Exchange gains on cash and cash equivalents</b>		2,459	4,951	(863)

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<b>Cash and cash equivalents at the end of the period</b>	588,858	221,274	107,243
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## Notes to the Condensed Financial Statements

### 1. General Information

The Interim Financial Statements are for the six months ended 30 June 2020 and are presented in British Pounds (£), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

Verditek plc ("Verditek", "Company") is a public limited company incorporated, registered and domiciled in England Wales (registration number 10114644), whose shares are quoted on the Alternative Investment Market on the London Stock Exchange. Its registered office is located at 29 Farm Street, London W1J 5RL.

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

The Interim Financial Statements have been approved for issue by the Board of Directors on 3<sup>rd</sup> September 2020.

### 2. Basis of Preparation

The financial information presented in this condensed consolidated interim report for the half-year has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, as adopted by the European Union. The principal accounting policies adopted in the preparation of the financial information in this Interim Report are unchanged from those used in the company's financial statements for the year ended 31 December 2019.

The financial information for the year ended 31 December 2019 presented in this Interim Report does not constitute the company's statutory accounts for that period but has been derived from them. The Annual Report and Accounts for the year ended 31 December 2019 were audited and have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the year ended 31 December 2019 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 June 2019 and 30 June 2020 is unaudited.

A copy of the audited consolidated financial statements for the year ended 31 December 2019 is available on the Company's website.

#### **New Standards adopted as at 1 January 2020**

Accounting pronouncements which have become effective from 1 January 2020 are:

- IFRS 3 Business Combinations – definition of a business
- IAS 1 and IAS 8 – definition of material
- IFRS 9, IFRS 7 and IAS 39 – interest rate benchmark
- IFRS 7 – Insurance contracts

These accounting pronouncements do not have a significant impact on the Group's financial results or position.

#### **Going concern**

The interim financial statements have been prepared under the going concern basis as the directors are satisfied that sufficient funds are or will become available to the group to meet its on-going working capital requirements. The Group's forecasts take account of ongoing impact from Covid-19, and appropriate steps have been taken to control costs. However, the Group has expanded its sales team and is actively pursuing new commercial opportunities. The Group has agreed several sales contracts in recent months in new sectors and geographies, including Pakistan and Libya. The Group has also

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received further funding following the exercise of a warrant (granted at IPO) in August, which has raised a further £0.3m in funding. After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting.

### Dividends

The directors do not propose an interim dividend.

### Material changes in accounting estimates or judgments

The preparation of unaudited interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses for the current and its corresponding financial period under review. Actual results may differ from these estimates.

In preparing the unaudited interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent with those applied to the audited financial statements for the year ended 31 December 2019.

### 3. Segmental Information

The chief operating decision-maker is considered to be the Board of Directors of Verditek. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level.

The chief operating decision maker has determined that in the period ended 30 June 2020 Verditek had one operating segment, the development and commercialisation of clean technologies, although it is likely that in future periods the Group's segmental reporting will be expanded as different technologies are developed and commercialised.

#### Geographical Segments

Apart from holding company activities in the UK the Group's had operations in Milan, in Italy in the period. An analysis of non-current assets by geographical market is given below:

	<b>6 months ended 30 June 20</b>	<b>6 months ended 30 June 19</b>	<b>For the year ended 31 December 19</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
UK	26,460	27,981	24,994
Rest of Europe	901,942	648,331	882,431
<b>Total</b>	<b>928,402</b>	<b>676,312</b>	<b>907,425</b>

### 4. Loss Per Share

The calculation of loss per share is based on the following loss and number of shares:

	<b>6 months ended 30 June 20</b>	<b>6 months ended 30 June 19</b>	<b>For the year ended 31 December 19</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Loss for the period from continuing operations (£)	(916,377)	(897,543)	(1,867,957)
Weighted average number of shares: Basic	249,774,633	202,117,265	206,787,734

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Loss per share (£)	(0.004)	(0.004)	(0.009)
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Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Group by the weighted average number of ordinary shares in issue during the period.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive options and warrants over ordinary shares. Potential ordinary shares resulting from the exercise of share options and warrants have an anti-dilutive effect due to the Group being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share.

### 5. Loans and Borrowings

	6 months ended 30 June 20 Unaudited £	6 months ended 30 June 19 Unaudited £	For the year ended 31 December 19 Audited £
<b>Current</b>			
Interest free related party loan	43,243	43,243	43,243
Interest bearing related party secured loan	486,774	458,909	455,076
Convertible loans	170,000	-	170,000
<b>Total Current loans and borrowings</b>	<b>700,017</b>	<b>502,152</b>	<b>668,319</b>
	6 months ended 30 June 20 Unaudited £	6 months ended 30 June 19 Unaudited £	For the year ended 31 December 19 Audited £
<b>Non - current</b>			
Convertible loans	-	1,170,000	-
<b>Total Non-current loans and borrowings</b>	<b>-</b>	<b>1,170,000</b>	<b>-</b>

### Cashflow - net debt analysis

	01-Jan-20 £	Debt Funding £	Other cashflo ws £	Finan ce costs £	Foreig n Exchan ge £	30-Jun- 20 £
Cash and cash equivalents	(107,243)	36,409	(515,529)	-	(2,495)	(588,858)
Related party loan	43,243	-	-	-	-	43,243
Convertible bonds	170,000	-	-	-	-	170,000
Secured loan	455,076	-	-	-	31,698	486,774
Lease liability	224,138	(36,409)	-	17,884	15,248	220,861
	<b>785,214</b>	<b>-</b>	<b>(515,529)</b>	<b>17,884</b>	<b>44,451</b>	<b>332,200</b>

### 6. Share capital and premium

Number of Shares	Share capital	Share premium
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	<b>Par Value £0.0004</b>	<b>£</b>	<b>£</b>
<b>At 31 December 2019</b>	<b>229,163,534</b>	<b>91,666</b>	<b>5,466,376</b>
Shares issued (net of expenses) March 2020	20,230,000	8,092	493,405
Shares issued (net of expenses) May 2020	42,500,000	17,000	985,293
<b>At 30 June 2020</b>	<b>291,893,534</b>	<b>116,758</b>	<b>6,945,074</b>

On 9 March 2020, the company issued 20,230,000 ordinary shares of 0.04 pence each at 2.5 pence per share, raising £505,750 before expenses of £4,253. On 7 May 2020, the company issued 40,000,000 ordinary shares of 0.04 pence each at 2.5 pence per share, raising £1,000,000 before expenses. On 27 May 2020, the company issued 2,500,000 shares in satisfaction of outstanding debts with an advisor, valued at £47,000.

### 7. Copies of the interim report

Copies of this interim report are available on the Company's website at [www.verditek.plc.uk](http://www.verditek.plc.uk) and from the Company's registered office, 29 Farm Street, London W1J 5RL.