

## **Verditek plc**

### **(“Verditek”, or the “Company”)**

#### **Interim Report and Financial Statements For the six month period to 30 June 2019**

##### **CEO’s Statement**

Our focus at Verditek is on changing and extending the potential uses of solar power. We are doing so through the unique technology behind our solar modules (panels), which enables them to capture equivalent power to conventional panels whilst also being 90% lighter. These are fundamental differences and bring a wide range of new uses for solar power into play. Our initial focus has been on traditional areas such as commercial roofing with the difference being Verditek modules can be used on many more roofs and in smaller areas but deliver the same solar power.

This is a good start but only the beginning. We are also jointly developing a graphene solar cell with the potential to make enough solar energy from a small surface area so that electronic goods, such as laptops become self-charging. We have a clear route for developing these projects and have achieved our development targets to date. By the end of 2019 we will receive our first revenues from our current Solar modules, as well as continued investment in product development and commercialisation.

With the tailwind of the ever-increasing focus on renewable energy, Verditek is confident that its new generation of lightweight technology will impact the solar landscape over the coming years.

This interim report updates shareholders on material developments during the six months ended 30 June 2019, together with material events and activities taking place after the balance sheet date.

##### **Operational Highlights**

During the period under review, the Directors were focused on demonstrating to new customers the potential benefits of our technologies for their respective businesses and ensuring that Verditek was fully capitalised for the next phase of its solar commercialization. It’s been a busy and productive six months.

H1 Highlights include:

- In June, Verditek and Paragraf announced the production of world's first working Graphene Integrated PV cell and a new Joint Development Program to further develop the efficiency of the technology and commence commercialisation of the cell.
- In May, Verditek secured its first material distribution agreement comprising a multi-year take or pay contract that begins with a minimum of 1 MW in the first year and increases to 3 MW in the second year.
- In May, Verditek signed a framework agreement with Optimeyes Energy Limited to advance commercial opportunities jointly. Under the arrangement the two firms will collaborate on projects in which Verditek technology and expertise can be used to the advantage of Optimeyes projects which are under development in Europe. Several projects are currently being developed which will demonstrate the synergies that the two firms can offer working together.
- In April, Verditek signed a framework agreement with Engenera Renewables Limited - an Engineering, Procurement and Construction (EPC) company - to advance commercial opportunities and jointly provide end-to-end solar solutions to clients. Under the agreement the two firms have agreed to work together to source, tender, finance and create renewable energy generation projects.

In addition, in July, Verditek announced that its lightweight photo-voltaic ('PV') panel technology had successfully passed all tests required for IEC 61215 and IEC 61730 certification, clearing the way for international sales.

## **Financial Highlights**

During the period the businesses did not record any revenue.

Operating loss for the half year was £899k (2018: £969k).

## **Outlook**

We are excited about the future of Verditek and believe the outlook remains very positive for both continued commercialisation of the lightweight solar modules and the Graphene Integrated PV cell technology.

In September we signed another secured distribution agreement comprising a multi-year take or pay contract that begins with a minimum of 1 MW in the first year and increases to 3 MW in the second year in addition to commencing negotiations on a global military application of Verditek's lightweight solar modules - potentially leading to large sales opportunity.

Also post the half-year, the board were close to completion of a share placing, the funding from which will go towards the continued investment in our solar technologies and their commercialisation so building on the strong foundations that have been laid down so far.

**Geoffrey Nesbitt**

CEO

26<sup>th</sup> September 2019

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## Condensed Consolidated Statement of Comprehensive Income For the six months ended 30 June 2019

|   | Note | 2019<br>Unaudited<br>£ | 2018<br>Unaudited<br>£ |
|---|------|------------------------|------------------------|
| <b>Continuing operations</b>  |      |                        |                        |
| Revenue   |      | -                      | -                      |
| Administrative expenses   |      | (826,512)              | (899,430)              |
| <b>Operating loss</b>   |      | <b>(826,512)</b>       | <b>(899,430)</b>       |
| Finance Income  |      | 180                    | -                      |
| Finance costs   |      | (72,316)               | (5,452)                |
|   |      | <b>(898,648)</b>       | <b>(904,882)</b>       |
| Share of net loss of associate accounted for using the equity method      |      | -                      | (64,592)               |
| <b>Loss before tax</b>  |      | <b>(898,648)</b>       | <b>(969,474)</b>       |
| Income Tax  |      | -                      | -                      |
| <b>Loss for the period</b>  |      | <b>(898,648)</b>       | <b>(969,474)</b>       |
| <b>Loss for the period attributable to: -</b>                             |      |                        |                        |
| Owners of the Company   |      | (897,543)              | (800,832)              |
| Non-controlling interest  |      | (1,105)                | (168,642)              |
|   |      | <b>(898,648)</b>       | <b>(969,474)</b>       |
| <b>Other comprehensive income</b>   |      |                        |                        |
| Items that will or may be reclassified to profit or loss:                 |      |                        |                        |
| Translation of foreign operations   |      | 2,257                  | 2,603                  |
| <b>Total comprehensive loss for the period from continuing operations</b> |      | <b>(896,391)</b>       | <b>(966,871)</b>       |
| <b>Total comprehensive loss for the period attributable to: -</b>         |      |                        |                        |
| Owners of the Company   |      | (900,671)              | (799,504)              |
| Non-controlling interest  |      | 4,280                  | (167,367)              |
|   |      | <b>(896,391)</b>       | <b>(966,871)</b>       |
| <b>Loss per share</b>   |      |                        |                        |
| Basic and diluted   | 4    | <b>(0.004)</b>         | <b>(0.004)</b>         |

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## Condensed Consolidated Statement of Financial Position

For the 6 months ended 30 June 2019

|                                     | Note | As at 30<br>June 2019<br>Unaudited<br>£ | As at 31<br>December<br>2018<br>Audited<br>£ |
|-------------------------------------|------|---|--|
| <b>Assets</b>                       |      |   |  |
| <b>Non-current assets</b>           |      |   |  |
| Investment in associates            |      | 25,153                                  | 25,153                                       |
| Property, plant and equipment       |      | 651,159                                 | 498,969                                      |
| <b>Non-current assets</b>           |      | <b>676,312</b>                          | <b>524,122</b>                               |
| <b>Current assets</b>               |      |   |  |
| Trade and other receivables         |      | 473,811                                 | 431,099                                      |
| Cash and cash equivalents           |      | 221,274                                 | 683,885                                      |
| <b>Current assets</b>               |      | <b>695,085</b>                          | <b>1,114,984</b>                             |
| <b>TOTAL ASSETS</b>                 |      | <b>1,371,397</b>                        | <b>1,639,106</b>                             |
| <b>Equity and liabilities</b>       |      |   |  |
| <b>Non-current liabilities</b>      |      |   |  |
| Loans and borrowings                | 6    | 1,170,000                               | 1,170,000                                    |
| <b>Non-current liabilities</b>      |      | <b>1,170,000</b>                        | <b>1,170,000</b>                             |
| <b>Current liabilities</b>          |      |   |  |
| Trade and other payables            |      | 701,646                                 | 538,312                                      |
| Loans and borrowings                | 6    | 502,152                                 | 43,243                                       |
| <b>Current liabilities</b>          |      | <b>1,203,798</b>                        | <b>581,555</b>                               |
| <b>TOTAL LIABILITIES</b>            |      | <b>2,373,798</b>                        | <b>1,751,555</b>                             |
| Share capital                       |      | 80,847                                  | 80,847                                       |
| Share premium account               |      | 3,858,691                               | 3,858,691                                    |
| Share based payment reserve         |      | 15,167                                  | 8,727  |
| Accumulated losses                  |      | (4,921,930)                             | (3,817,534)                                  |
| Translation reserve                 |      | (390)                                   | 749  |
| Non-controlling interests           |      | (34,786)                                | (243,929)                                    |
| <b>Total shareholders' equity</b>   |      | <b>(1,002,401)</b>                      | <b>(112,449)</b>                             |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>1,371,397</b>                        | <b>1,639,106</b>                             |

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## Condensed Statement of Changes in Equity

For the 6 months ended 30 June 2019

|   | Issued<br>share<br>capital | Share<br>Premium | Share<br>based<br>payment<br>reserve | Accumula<br>ted losses | Translati<br>on<br>reserve | Non-<br>controlli<br>ng<br>interest | Total       |
|---|----------------------------|------------------|--------------------------------------|------------------------|----------------------------|-------------------------------------|-------------|
|   | £                          | £                | £                                    | £                      | £                          | £                                   | £           |
| As at 1 January 2018                                    | 80,847                     | 3,858,691        | -                                    | (1,420,572)            | (8,789)                    | 17,194                              | 2,527,371   |
| Loss for the period                                     | -                          | -                | -                                    | (800,832)              | -                          | (168,642)                           | (969,474)   |
| Translation of subsidiary                               | -                          | -                | -                                    | -                      | 1,328                      | 1,275                               | 2,603       |
| <b>Total comprehensive loss for the period</b>          | -                          | -                | -                                    | (800,832)              | 1,328                      | (167,367)                           | (966,871)   |
| Share based payment reserve                             | -                          | -                | 9,952                                | -                      | -                          | -                                   | 9,952       |
| <b>Shareholders' equity at 30 June 2018</b>             | 80,847                     | 3,858,691        | 9,952                                | (2,221,404)            | (7,461)                    | (150,173)                           | 1,570,452   |
| Loss for the period                                     | -                          | -                | -                                    | (2,396,962)            | -                          | (266,453)                           | (2,663,415) |
| Translation of subsidiary                               | -                          | -                | -                                    | -                      | 9,538                      | 5,330                               | 14,868      |
| <b>Total comprehensive loss for the period</b>          | -                          | -                | -                                    | (2,396,962)            | 9,538                      | (261,123)                           | (2,648,547) |
| Share based payment reserve                             | -                          | -                | 8,727                                | -                      | -                          | -                                   | 8,727       |
| <b>Shareholders' equity at 31 December 2018</b>         | 80,847                     | 3,858,691        | 8,727                                | (3,817,534)            | 749                        | (243,929)                           | (112,449)   |
| 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 (note 5) | -                          | -                | -                                    | (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        | 6,440                                | (4,921,930)            | (390)                      | (34,786)                            | (1,002,401) |

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## Condensed Statement of Cash Flows

For the 6 months ended 30 June 2019

|   | Not<br>e | 2019<br>Unaudited<br>£ | 2018<br>Unaudited<br>£ |
|---|----------|------------------------|------------------------|
| <b>Operating activities</b>                                 |          |                        |                        |
| Loss before tax from continuing operations                  |          | (898,648)              | (969,474)              |
| Adjustment for:   |          |                        |                        |
| Depreciation  |          | 9,157                  | 965                    |
| Loss on disposal  |          | -                      | 3,878                  |
| Finance costs   |          | 72,316                 | 5,452                  |
| Financial income  |          | (180)                  | -                      |
| Share based payment expenses                                |          | 6,440                  | 9,952                  |
| Share of post-tax loss of equity accounted associates       |          | -                      | 64,592                 |
| <b>Working capital adjustments</b>                          |          | <b>(810,915)</b>       | <b>(884,635)</b>       |
| Increase in inventory                                       |          | -                      | 446                    |
| (Increase) / decrease in trade and other receivables        |          | (42,713)               | (112,697)              |
| Increase / (decrease) in trade and other payables           |          | 92,955                 | 105,306                |
| <b>Cash generated from operations</b>                       |          | <b>(760,673)</b>       | <b>(891,580)</b>       |
| Taxation  |          | -                      | -                      |
| <b>Net cash inflow from operating activities</b>            |          | <b>(760,673)</b>       | <b>(891,580)</b>       |
| <b>Investing activities</b>                                 |          |                        |                        |
| Purchase of fixed assets                                    |          | (164,042)              | (108,177)              |
| Loan to associate   |          | -                      | (157,044)              |
| <b>Net cash outflow from investing activities</b>           |          | <b>(164,042)</b>       | <b>(265,221)</b>       |
| <b>Financing activities</b>                                 |          |                        |                        |
| Issue of ordinary share capital                             |          | -                      | 380,000                |
| Interest paid   |          | (1,936)                | -                      |
| Finance income  |          | 180                    | -                      |
| Finance costs   |          | -                      | (5,452)                |
| Loan received/ (repayable)                                  |          | 458,909                | (62,607)               |
| <b>Net cash inflow from financing activities</b>            |          | <b>457,153</b>         | <b>311,941</b>         |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |          | <b>(467,562)</b>       | <b>(844,860)</b>       |
| Cash and cash equivalents at the beginning of the period    |          | 683,885                | 1,190,976              |
|   |          | 216,323                | 346,116                |
| <b>Exchange gains on cash and cash equivalents</b>          |          | 4,951                  | 2,602                  |
| <b>Cash and cash equivalents at the end of the period</b>   |          | <b>221,274</b>         | <b>348,718</b>         |

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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 2019 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 2018.

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 26 September 2019.

### 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 2018.

The financial information for the year ended 31 December 2018 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 2018 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 2018 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 2018 and 30 June 2019 is unaudited.

A copy of the audited consolidated financial statements for the year ended 31 December 2018 is available on the Company's website.

#### **New Standards adopted as at 1 January 2019**

Accounting pronouncements which have become effective from 1 January 2019 are:

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

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.

#### **Dividends**

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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 2018.

## 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 2019 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, and in Florida, in the USA, in the period. An analysis of non-current assets by geographical market is given below:

|              | <b>6 months<br/>ended 30<br/>June 19<br/>Unaudited<br/>£</b> | <b>For the year<br/>ended 31<br/>December 18<br/>Audited<br/>£</b> |
|--------------|--|--|
| UK           | 27,981   | 28,417   |
| Italy        | 648,331  | 495,706  |
| <b>Total</b> | <b>676,312</b>   | <b>524,123</b>   |

## 4. Loss Per Share

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

|  | <b>6 months<br/>ended 30<br/>June 19<br/>Unaudited<br/>£</b> | <b>6 months<br/>ended 30<br/>June 18<br/>Unaudited<br/>£</b> |
|--|--|--|
| Loss for the period from continuing operations (£) | (897,543)  | (800,832)  |
| Weighted average number of shares: Basic           | 202,117,265  | 202,117,265  |
| Loss per share:                                    | (0.004)p   | (0.004)p   |

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



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being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share.

### 5. Acquisition of Non-Controlling Interest

In April 2019, Verditek PLC acquired the remaining 49% of Greenflex Energy Limited so it was a fully owned 100% subsidiary for £nil consideration. The Group recognised an increase in non-controlling interests of £204,863 and a decrease in equity attributable to owners of the parent of £206,853.

### 6. Loans and Borrowings

|   | <b>6 months<br/>ended 30<br/>June 19<br/>Unaudited</b> | <b>For the year<br/>ended 31<br/>December 18<br/>Audited</b> |
|---|--|--|
|   | <b>£</b>   | <b>£</b>   |
| <b>Current</b>                                  |  |  |
| Related party loan                              | 43,243   | 43,243   |
| Secured loan <sup>1</sup>                       | 458,909  | -  |
| <b>Total Current loans and borrowings</b>       | <b>502,152</b>   | <b>43,243</b>  |
|   | <b>6 months<br/>ended 30<br/>June 19<br/>Unaudited</b> | <b>For the year<br/>ended 31<br/>December 18<br/>Audited</b> |
|   | <b>£</b>   | <b>£</b>   |
| <b>Non - current</b>                            |  |  |
| Convertible loans <sup>2</sup>                  | 1,170,000  | 1,170,000  |
| <b>Total non - current loans and borrowings</b> | <b>1,170,000</b>                                       | <b>1,170,000</b>   |

<sup>1</sup> On 13 May 2019, Verditek entered into a secured loan with Gavin Mayhew, a non-executive director of the Company, (the "Secured Loan"). The principal amount of the Secured Loan is \$600,000. The key provisions of the Loan are as follows: a term of 3 months but extendable at the Company's discretion to 6 months; interest payable at 20% per cent. per annum on the loan principal, payable at maturity and compounded quarterly.

<sup>2</sup> On the 17 December 2018 Verditek issued unsecured convertible loan notes with a total value of £1,170,000 at a 10% fixed rate redeemable on the earliest of:

- i. 17th December 2020; or
- ii. Date of change of control; or
- iii. If the investor majority determines following a material breach.

### Cashflow - net debt analysis

|                    | <b>01-Jan-<br/>19</b> | <b>Cash flow</b> | <b>31-Dec-<br/>18</b> |
|--------------------|-----------------------|------------------|-----------------------|
|                    | <b>£</b>              | <b>£</b>         | <b>£</b>              |
| Related party loan | 43,243                | -                | 43,243                |
| Convertible bonds  | 1,170,000             | -                | 1,170,000             |
| Secured loan       | 0                     | 458,909          | 0                     |
|                    | -                     | 458,909          | 458,909               |
|                    | <b>1,213,243</b>      | <b>458,909</b>   | <b>1,672,152</b>      |

# **Verditek plc**

## **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.