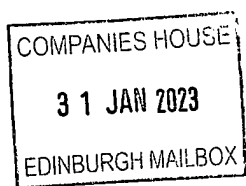


Registered number: SC346874



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## EMBLATION LIMITED

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### FINANCIAL STATEMENTS INFORMATION FOR FILING WITH THE REGISTRAR FOR THE YEAR ENDED 30 APRIL 2022



**EMBLATION LIMITED**  
**REGISTERED NUMBER: SC346874**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	6	6,623,486	5,140,099
Tangible assets	7	1,987,431	54,023
		<u>8,610,917</u>	<u>5,194,122</u>
<b>Current assets</b>			
Stocks	8	274,047	76,305
Debtors: amounts falling due within one year	9	1,862,758	1,084,078
Cash at bank and in hand		5,407,430	1,815,333
		<u>7,544,235</u>	<u>2,975,716</u>
Creditors: amounts falling due within one year	10	(1,545,450)	(1,118,859)
<b>Net current assets</b>		<u>5,998,785</u>	<u>1,856,857</u>
<b>Total assets less current liabilities</b>		<u>14,609,702</u>	<u>7,050,979</u>
<b>Provisions for liabilities</b>			
Deferred tax	11	(1,056,410)	(850,341)
Accruals and deferred income	12	(535,853)	(391,424)
<b>Net assets</b>		<u><u>13,017,439</u></u>	<u><u>5,809,214</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	1,281	940
Share premium account	14	11,499,191	1,499,530
Profit and loss account	14	1,516,967	4,308,744
		<u><u>13,017,439</u></u>	<u><u>5,809,214</u></u>

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**EMBLATION LIMITED**  
**REGISTERED NUMBER: SC346874**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 APRIL 2022**

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The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
3006359F947D450...  
**Gary Beale**  
Director

Date: 31 January 2023

The notes on pages 3 to 14 form part of these financial statements.

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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**1. General information**

Emblation Limited ("the company", company number: SC346874) is a private company limited by shares and incorporated in Scotland. The registered office is 3 Forrester Lodge, Inglewood, Alloa, FK10 2HU. The principal activity of the company is the development of microwave based medical solution products.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006, as applicable to companies subject to the small companies regime.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

**2.2 Going concern**

The Company has continued to demonstrate resilience in its operations since the emergence from the Covid-19 pandemic, continuing its trajectory of product growth across the period. This set the foundations for forecasted trading expectations which indicate accelerated growth in the coming years. As a result of historic trading, together with a significant equity investment, the company has a healthy cash balance at the date of signing these financial statements. Projections have been prepared for the twelve months from the date of signing the financial statements taking account of the current economic climate and planned expenditure. Combining all of the indicators above, the directors are satisfied the company will have adequate resources to meet its liabilities as they fall due for a period of twelve months from the date of signing these financial statements and therefore the financial statements have been prepared on a going concern basis.

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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**2. Accounting policies (continued)**

**2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% and 33% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.5 Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours

**2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

**2.9 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**2. Accounting policies (continued)**

**2.10 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on development expenditure are credited to profit or loss at the same rate as the amortisation on the development expenditure to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP. Monetary amounts in these financial statements are rounded to the nearest £.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

**2.12 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.14 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**2. Accounting policies (continued)**

**2.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.16 Employee benefits**

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

**2.17 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.



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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**2. Accounting policies (continued)**

**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.20 Research and development**

Research expenditure is expensed in the year in which it is incurred.

Development expenditure is expensed in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over the expected number of unit sales.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.21 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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**EMBLATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**


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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements.

**Research and development expenditure**

Development expenditure is capitalised in accordance with the company's accounting policy. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, the number of units to be sold and the expected period of benefits. The directors review annually for evidence of impairment having regards to expected future sales.

**4. Employees**

The average monthly number of employees, including directors, during the year was 37 (2021 - 23).

**5. Dividends**

	2022 £	2021 £
Interim dividend paid	<u>1,494,000</u>	<u>400,000</u>

The directors did not treat capitalised development costs as a realised loss when declaring the dividend paid in the year as required by section 844 of the Companies Act 2006.

This was done on the grounds that future identifiable cash flows in excess of amounts capitalised have been identified by the directors and they are satisfied that these cash flows will commence in the near future.

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**EMBLATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**


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**6. Intangible assets**

	<b>Development expenditure £</b>
<b>Cost</b>	
At 1 May 2021	5,890,634
Additions	1,529,213
At 30 April 2022	<u>7,419,847</u>
<b>Amortisation</b>	
At 1 May 2021	750,535
Charge for the year on owned assets	45,826
At 30 April 2022	<u>796,361</u>
<b>Net book value</b>	
At 30 April 2022	<u><u>6,623,486</u></u>
At 30 April 2021	<u><u>5,140,099</u></u>

The Company has developed several microwave based medical solution products and is commercially trading two of these products along with associated applications at 30 April 2022. Development expenditure in relation to each product is amortised in line with the expected future sales of the product. The directors review for impairment annually having regard to expected future sales.

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**EMBLATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**


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**7. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 May 2021	-	193,843	28,800	27,919	250,562
Additions	1,874,100	64,434	-	24,584	1,963,118
At 30 April 2022	<u>1,874,100</u>	<u>258,277</u>	<u>28,800</u>	<u>52,503</u>	<u>2,213,680</u>
<b>Depreciation</b>					
At 1 May 2021	-	157,224	20,411	18,904	196,539
Charge for the year on owned assets	-	18,653	6,288	4,769	29,710
At 30 April 2022	<u>-</u>	<u>175,877</u>	<u>26,699</u>	<u>23,673</u>	<u>226,249</u>
<b>Net book value</b>					
At 30 April 2022	<u>1,874,100</u>	<u>82,400</u>	<u>2,101</u>	<u>28,830</u>	<u>1,987,431</u>
At 30 April 2021	<u>-</u>	<u>36,619</u>	<u>8,389</u>	<u>9,015</u>	<u>54,023</u>

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**EMBLATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**


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**8. Stocks**

	2022 £	2021 £
Raw materials and consumables	28,306	76,305
Work in progress (goods to be sold)	76,685	-
Finished goods and goods for resale	169,056	-
	<u>274,047</u>	<u>76,305</u>

**9. Debtors**

	2022 £	2021 £
Trade debtors	1,029,921	663,474
Other debtors	832,837	420,604
	<u>1,862,758</u>	<u>1,084,078</u>

**10. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	613,299	862,239
Other taxation and social security	86,459	102,459
Other creditors	97,632	89,134
Accruals and deferred income	748,060	65,027
	<u>1,545,450</u>	<u>1,118,859</u>

**11. Deferred taxation**

	2022 £
At beginning of year	(850,341)
Charged to profit or loss	(206,069)
<b>At end of year</b>	<u><b>(1,056,410)</b></u>

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**EMBLATION LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**


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**11. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	21,491	6,626
Capitalised development expenditure	1,373,863	843,715
Losses carried forward	(338,944)	-
	<u>1,056,410</u>	<u>850,341</u>

**12. Accruals and deferred income**

	2022 £	2021 £
Grants	<u>535,853</u>	<u>391,424</u>

The Company has developed several microwave based medical solution products and is commercially trading two of these products along with associated applications at 30 April 2022. Grants in relation to each product are amortised in line with the expected future sales of the product.

**13. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
128,119 (2021 - 94,000) Ordinary shares of £0.01 each	<u>1,281</u>	<u>940</u>

In January 2022, 34,000 ordinary shares were issued at par value.

**14. Reserves****Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

**Profit and loss account**

The profit and loss account represents the accumulated profits and losses of the company less distributions made to shareholders.

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**EMBLATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**15. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £59,465 (2021 - £39,804). £37,934 (2021 - £1,667) contributions were payable to the fund at the balance sheet date and are included within creditors.

**16. Commitments under operating leases**

At 30 April 2022 the Company had future minimum lease payments under non-cancellable operating leases of £89,173 (2021 - £71,448).

**17. Related party transactions**

During the year the company made dividend payments totalling £643,691 (2021 - £200,000) to the directors.

During the year the company contracted services from related parties at a cost of £110,794 (2021: £102,966) and at 30 April 2022 owed a related party £30,000 (2021 - £14,963).

**18. Post balance sheet events**

On the 30th October 2022, Emblation acquired 100% of Saorsa Inc, a US-based distribution company which sold only Emblation products in the US Market. The purchase consideration is composed of two elements; (1) A fixed consideration payable in seven defined instalments over four years from date of deal close and (2) Performance related consideration based on reaching certain milestone targets. The initial payment is not considered material for the Group and future business projections indicate all fixed and performance related payments are funded through the additional margins generated on the sale of Emblation products in the US.

**19. Auditor's information**

The auditor's report on the financial statements for the year ended 30 April 2022 was unqualified.

The audit report was signed on 31 January 2023 by Thomas Bates (Senior Statutory Auditor) on behalf of French Duncan LLP.