

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
PLANT MEAT LIMITED**

Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

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for the year ended 31 December 2022

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PLANT MEAT LIMITED
COMPANY INFORMATION
for the year ended 31 December 2022

DIRECTORS:

A D Haes
P E H Sharman
A J Shovel
C D Bull

REGISTERED OFFICE:

Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

REGISTERED NUMBER:

11104088 (England and Wales)

AUDITORS:

Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

BANKERS:

Silicon Valley
14-18 Finsbury Square
London
EC2A 1BR

**STRATEGIC REPORT
for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The directors present the results for the year, which are attached in the annexed financial statements.

Turnover has increased in the year under review and margins have held up. Although the company made an operating loss, this was in line with forecasts as the company seeks to scale up its operations in the medium term, after which profits are forecast.

Directors and management remain satisfied that the underlying trading operations of the company remain solid.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors do not consider the company to be exposed to any material adverse risks that are specific to the nature of the company's principal activity in the ordinary course of trading. However, measures are in place to mitigate the impact of any risks that do arise in the ordinary course of the company's business such as the risk of fluctuations in foreign exchange rates and risks associated with control over the supply chain.

FUTURE DEVELOPMENTS

Directors and management are continuing to seek ways to widen their product offering as a means to diversifying their range and thus achieve greater market penetration and to grow the business. Accordingly, the company continues to invest significantly in Research and Development activities in order to achieve this.

GOING CONCERN

Since the year end, the company has attracted additional finance to secure its cash flow, in order to meet its obligations as they fall due. This financial headroom, as well as projected growth in its activities and anticipated economies of scale, mean that the directors and management are confident that the company will still be trading at a sustainable level for the foreseeable future.

As such, the directors believe the company to be a going concern and have adopted this assumption in preparing the financial statements, having considered any material uncertainties in this regard for a period of at least 12 months from the date of approval of these financial statements.

ON BEHALF OF THE BOARD:

P E H Sharman - Director

28 September 2023

**REPORT OF THE DIRECTORS
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of vegan meat products.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

A D Haes
P E H Sharman
A J Shovel

Other changes in directors holding office are as follows:

C D Bull - Appointed 23 February 2023

CHARITABLE DONATIONS AND EXPENDITURE

During the year the company made charitable donations of £27,604.

DISCLOSURE IN THE STRATEGIC REPORT

The company's review of business, principal risks and uncertainties and future developments are disclosed within the strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
for the year ended 31 December 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

P E H Sharman - Director

28 September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PLANT MEAT LIMITED

Opinion

We have audited the financial statements of Plant Meat Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PLANT MEAT LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit process includes an assessment of the entity's risk environment, through enquiry of and discussion with management, including an assessment of any key laws and regulations with which the company must comply in the ordinary course of its business.

Additionally, the overall risks of irregular transactions occurring are assessed following our observations and confirmation of the design and implementation of management's controls. Whilst we are mindful of these risks, our audit focus is geared towards the risk of material misstatement in the financial statements as a whole.

As such, our procedures cannot guarantee that all transactions have been fully compliant with all relevant laws and regulations, including those regulations relating to fraud, as our procedures are not designed to detect all instances of non-compliance. By definition, the risk of our detection of non-compliance is greater where compliance with a law or regulation is removed from the events and transactions reflected in the financial statements. The risk is also greater regarding irregularities due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PLANT MEAT LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wayne Gutteridge ACA (Senior Statutory Auditor)
for and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

28 September 2023

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**INCOME STATEMENT
for the year ended 31 December 2022**

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|------------------|--------------------|------------------|---------------------------|
| TURNOVER | 3 | | 13,034,085 | | 11,730,132 |
| Cost of sales | | | 12,757,601 | | <u>11,368,962</u> |
| GROSS PROFIT | | | 276,484 | | <u>361,170</u> |
| Distribution costs | | 215,106 | | 310,783 | |
| Administrative expenses | | 9,863,081 | | <u>5,989,708</u> | |
| | | | 10,078,187 | | <u>6,300,491</u> |
| | | | (9,801,703) | | <u>(5,939,321)</u> |
| Other operating income | | | - | | <u>100</u> |
| OPERATING LOSS | 5 | | (9,801,703) | | <u>(5,939,221)</u> |
| Interest receivable and similar income | | | - | | <u>616</u> |
| LOSS BEFORE TAXATION | | | (9,801,703) | | <u>(5,938,605)</u> |
| Tax on loss | 6 | | (431,893) | | <u>100,569</u> |
| LOSS FOR THE FINANCIAL YEAR | | | (9,369,810) | | <u><u>(6,039,174)</u></u> |

The notes form part of these financial statements

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022**

| | Notes | 2022 £ | 2021 £ |
|---|-------|---------------------------|---------------------------|
| LOSS FOR THE YEAR | | (9,369,810) | (6,039,174) |
| OTHER COMPREHENSIVE INCOME | | | |
| Share based payments | | 42,767 | 14,044 |
| Income tax relating to other comprehensive income | | - | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX | | <u>42,767</u> | <u>14,044</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(9,327,043)</u> | <u>(6,025,130)</u> |

The notes form part of these financial statements

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

BALANCE SHEET
31 December 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|-------------------|---------------------|-------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 7 | | 42,185 | | 30,445 |
| Tangible assets | 8 | | <u>2,628,419</u> | | <u>559,636</u> |
| | | | 2,670,604 | | 590,081 |
| CURRENT ASSETS | | | | | |
| Stocks | 9 | 2,782,003 | | 2,549,652 | |
| Debtors | 10 | 4,068,893 | | 4,135,839 | |
| Cash at bank | | <u>6,140,263</u> | | <u>8,226,223</u> | |
| | | 12,991,159 | | 14,911,714 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 11 | <u>2,827,331</u> | | <u>3,178,976</u> | |
| NET CURRENT ASSETS | | | 10,163,828 | | 11,732,738 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 12,834,432 | | 12,322,819 |
| PROVISIONS FOR LIABILITIES | 13 | | - | | 106,331 |
| NET ASSETS | | | 12,834,432 | | 12,216,488 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 5 | | 5 |
| Share premium | 15 | | 30,080,656 | | 20,135,669 |
| Other reserves | 15 | | 57,979 | | 15,212 |
| Retained earnings | 15 | | <u>(17,304,208)</u> | | <u>(7,934,398)</u> |
| SHAREHOLDERS' FUNDS | | | 12,834,432 | | 12,216,488 |

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2023 and were signed on its behalf by:

P E H Sharman - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

| | Called up share capital £ | Retained earnings £ | Share premium £ | Other reserves £ | Total equity £ |
|------------------------------------|--|------------------------------------|--------------------------------|---------------------------------|-------------------------------|
| Balance at 1 January 2021 | 3 | (1,895,224) | 666,047 | 8,651,168 | 7,421,994 |
| Changes in equity | | | | | |
| Total comprehensive income | - | (6,039,174) | - | 14,044 | (6,025,130) |
| Conversion of loans | - | - | 8,650,000 | (8,650,000) | - |
| Issue of share capital | 2 | - | 10,819,622 | - | 10,819,624 |
| Balance at 31 December 2021 | <u>5</u> | <u>(7,934,398)</u> | <u>20,135,669</u> | <u>15,212</u> | <u>12,216,488</u> |
| Changes in equity | | | | | |
| Total comprehensive income | - | (9,369,810) | - | 42,767 | (9,327,043) |
| Issue of share capital | - | - | 9,944,987 | - | 9,944,987 |
| Balance at 31 December 2022 | <u>5</u> | <u>(17,304,208)</u> | <u>30,080,656</u> | <u>57,979</u> | <u>12,834,432</u> |

The notes form part of these financial statements

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**CASH FLOW STATEMENT
for the year ended 31 December 2022**

| | Notes | 2022 £ | 2021 £ |
|---|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (9,739,654) | (6,463,103) |
| Tax paid | | - | 5,762 |
| Net cash from operating activities | | <u>(9,739,654)</u> | <u>(6,457,341)</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (16,776) | (29,615) |
| Purchase of tangible fixed assets | | (2,276,865) | (578,498) |
| Sale of tangible fixed assets | | 2,348 | - |
| Interest received | | - | 616 |
| Net cash from investing activities | | <u>(2,291,293)</u> | <u>(607,497)</u> |
| Cash flows from financing activities | | | |
| Share issue | | 9,944,987 | 10,819,624 |
| Net cash from financing activities | | <u>9,944,987</u> | <u>10,819,624</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(2,085,960)</u> | <u>3,754,786</u> |
| Cash and cash equivalents at beginning of year | 2 | 8,226,223 | 4,471,437 |
| Cash and cash equivalents at end of year | 2 | <u>6,140,263</u> | <u>8,226,223</u> |

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2022**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2022 | 2021 |
|--|---------------------------|---------------------------|
| | £ | £ |
| Loss before taxation | (9,801,703) | (5,938,605) |
| Depreciation charges | 210,770 | 59,763 |
| Share based payments | 42,767 | 14,044 |
| Finance income | - | (616) |
| | <u>(9,548,166)</u> | <u>(5,865,414)</u> |
| Increase in stocks | (232,351) | (954,085) |
| Decrease/(increase) in trade and other debtors | 392,508 | (1,741,086) |
| (Decrease)/increase in trade and other creditors | <u>(351,645)</u> | <u>2,097,482</u> |
| Cash generated from operations | <u>(9,739,654)</u> | <u>(6,463,103)</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

| | 31.12.22 | 1.1.22 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Cash and cash equivalents | <u>6,140,263</u> | <u>8,226,223</u> |

Year ended 31 December 2021

| | 31.12.21 | 1.1.21 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Cash and cash equivalents | <u>8,226,223</u> | <u>4,471,437</u> |

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.1.22 | Cash flow | At 31.12.22 |
|-----------------|------------------|--------------------|------------------|
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank | <u>8,226,223</u> | <u>(2,085,960)</u> | <u>6,140,263</u> |
| | <u>8,226,223</u> | <u>(2,085,960)</u> | <u>6,140,263</u> |
| Total | <u>8,226,223</u> | <u>(2,085,960)</u> | <u>6,140,263</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. STATUTORY INFORMATION

Plant Meat Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's principal place of business is:

Unit 2.1
The Aircraft Factory
100 Cambridge Grove
Hammersmith
London
W6 0LE

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

Critical estimates and judgements

Share based payments have been made to the employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of any vested share options is recognised in the income statement and for the accounting year ended 31 December 2022.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

No other significant estimates or judgements were made in the preparation of the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT, discounts and rebates. Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on despatch of the goods.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of five years.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|----------------------------|--|
| Improvements to properties | - Over 5 years and Straight line over 20 years |
| Plant & machinery | - Over 5 years and Straight line over 20 years |
| Fixtures & fittings | - Over 3 years |
| Computer equipment | - Straight line over 3 years |

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition, including import costs, duties and carriage.

Financial instruments

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Foreign currency translation and operations

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share based payments

The company operates an equity-settled compensation plan for its employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to the original estimates, if any, in the income statement. The credit entry is taken to reserves because the share options are equity-settled.

The share options are exercisable on the share capital of the company.

Going concern

The financial statements have been prepared on a going concern basis. The company incurred losses during the year. However, the directors have been successful in attracting further investment since the end of the accounting period and this will enable the company to continue to pay its debts as they fall due.

Furthermore, the directors are confident that as the company scales up, it will be able to begin trading profitably in the short to medium term, in line with the overall strategy and detailed projections in place.

The directors have considered the impact of other ongoing risks such as the cost of living crisis and general inflationary pressures on the future ability of the company to continue trading and do not consider that these are significant risks to the company.

As such, the directors do not believe there are any material uncertainties surrounding the company's continued ability to trade and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

3. TURNOVER

Turnover is entirely attributable to the one principal activity of the company and the geographical market relates solely to the United Kingdom.

4. EMPLOYEES AND DIRECTORS

| | 2022 | 2021 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,292,910 | 1,835,251 |
| Social security costs | 392,107 | 206,620 |
| Other pension costs | 64,342 | 36,347 |
| | <u>3,749,359</u> | <u>2,078,218</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

| | 2022 | 2021 |
|------------|-----------|-----------|
| Directors | 3 | 3 |
| Operations | <u>59</u> | <u>36</u> |
| | <u>62</u> | <u>39</u> |

| | 2022 | 2021 |
|--|--------------|----------|
| | £ | £ |
| Directors' remuneration | 237,550 | 206,667 |
| Directors' pension contributions to money purchase schemes | <u>2,641</u> | <u>-</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>-</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

| | 2022 | 2021 |
|---|--------------|----------|
| | £ | £ |
| Emoluments etc | 121,383 | 103,334 |
| Pension contributions to money purchase schemes | <u>1,321</u> | <u>-</u> |

5. OPERATING LOSS

The operating loss is stated after charging:

| | 2022 | 2021 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 205,734 | 52,199 |
| Patents and licences amortisation | 3,447 | 5,976 |
| Computer software amortisation | 1,589 | 1,588 |
| Foreign exchange differences | 85,380 | 79,309 |
| Impairment of trade debtors | 121,447 | 3,212 |
| Auditors' remuneration | 26,250 | 16,000 |
| Rent and other leases | 507,959 | 314,211 |
| Research and development | 2,299,778 | 1,296,056 |
| Share based payments | <u>42,767</u> | <u>14,044</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

| | 2022 £ | 2021 £ |
|---|------------------|----------------|
| Current tax: | | |
| Underprovision of prior year R&D credit | - | (5,762) |
| R&D corporation tax refund | <u>(325,562)</u> | <u>-</u> |
| Total current tax | <u>(325,562)</u> | <u>(5,762)</u> |
| Deferred tax | <u>(106,331)</u> | <u>106,331</u> |
| Tax on loss | <u>(431,893)</u> | <u>100,569</u> |

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2022 £ | 2021 £ |
|--|--------------------|--------------------|
| Loss before tax | <u>(9,801,703)</u> | <u>(5,938,605)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%) | <u>(1,862,324)</u> | <u>(1,128,335)</u> |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,126 | 3,766 |
| Income not taxable for tax purposes | - | (151) |
| Capital allowances in excess of depreciation | (517,447) | (104,621) |
| Losses not utilised | 2,376,645 | 1,229,341 |
| Deferred tax | (106,331) | 106,331 |
| Underprovision of prior year tax credit | - | (5,762) |
| Research and development tax refund | <u>(325,562)</u> | <u>-</u> |
| Total tax (credit)/charge | <u>(431,893)</u> | <u>100,569</u> |

Tax effects relating to effects of other comprehensive income

| | 2022 | |
|----------------------|---------------|---------------|
| Gross £ | Tax £ | Net £ |
| Share based payments | <u>42,767</u> | <u>42,767</u> |
| | | |
| Gross £ | Tax £ | Net £ |
| Share based payments | <u>14,044</u> | <u>14,044</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

6. TAXATION - continued

Following the latest announcements, from April 2023 the main corporation rate increased to 25%.

The company has trading losses available of £17,757,518 (2021: £7,024,482) to offset against future trading profits of the same trade. None of these losses have been recognised as a deferred tax asset as it cannot be anticipated with any certainty when they will be capable of being utilised.

7. INTANGIBLE FIXED ASSETS

| | Patents and licences £ | Computer software £ | Totals £ |
|-----------------------|---|------------------------------------|---------------------|
| COST | | | |
| At 1 January 2022 | 34,467 | 7,943 | 42,410 |
| Additions | 16,776 | - | 16,776 |
| At 31 December 2022 | <u>51,243</u> | <u>7,943</u> | <u>59,186</u> |
| AMORTISATION | | | |
| At 1 January 2022 | 7,228 | 4,737 | 11,965 |
| Amortisation for year | 3,447 | 1,589 | 5,036 |
| At 31 December 2022 | <u>10,675</u> | <u>6,326</u> | <u>17,001</u> |
| NET BOOK VALUE | | | |
| At 31 December 2022 | <u>40,568</u> | <u>1,617</u> | <u>42,185</u> |
| At 31 December 2021 | <u>27,239</u> | <u>3,206</u> | <u>30,445</u> |

8. TANGIBLE FIXED ASSETS

| | Improvements to properties £ | Plant & machinery £ | Fixtures & fittings £ | Computer equipment £ | Totals £ |
|-----------------------|---|--|--|-------------------------------------|---------------------|
| COST | | | | | |
| At 1 January 2022 | - | 508,621 | 46,683 | 63,121 | 618,425 |
| Additions | 2,127,964 | 133,468 | 5,175 | 10,258 | 2,276,865 |
| Disposals | - | (2,348) | - | - | (2,348) |
| At 31 December 2022 | <u>2,127,964</u> | <u>639,741</u> | <u>51,858</u> | <u>73,379</u> | <u>2,892,942</u> |
| DEPRECIATION | | | | | |
| At 1 January 2022 | - | 40,575 | 4,280 | 13,934 | 58,789 |
| Charge for year | 85,793 | 80,067 | 16,873 | 23,001 | 205,734 |
| At 31 December 2022 | <u>85,793</u> | <u>120,642</u> | <u>21,153</u> | <u>36,935</u> | <u>264,523</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2022 | <u>2,042,171</u> | <u>519,099</u> | <u>30,705</u> | <u>36,444</u> | <u>2,628,419</u> |
| At 31 December 2021 | <u>-</u> | <u>468,046</u> | <u>42,403</u> | <u>49,187</u> | <u>559,636</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

9. **STOCKS**

| | 2022 | 2021 |
|--------|------------------|------------------|
| | £ | £ |
| Stocks | <u>2,782,003</u> | <u>2,549,652</u> |

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2022 | 2021 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 2,221,829 | 1,826,240 |
| Other debtors | 396,105 | 1,751,592 |
| Tax | 325,562 | - |
| VAT | 465,315 | 384,343 |
| Prepayments and accrued income | <u>660,082</u> | <u>173,664</u> |
| | <u>4,068,893</u> | <u>4,135,839</u> |

An impairment loss of £121,447 (2021: £3,212) was recognised against trade debtors during the year.

All debtors are financial assets measured at amortised cost.

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2022 | 2021 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 2,078,241 | 2,838,393 |
| Social security and other taxes | 132,142 | 107,918 |
| Other creditors | 19,924 | 14,916 |
| Accruals and deferred income | <u>597,024</u> | <u>217,749</u> |
| | <u>2,827,331</u> | <u>3,178,976</u> |

All creditors are financial liabilities measured at amortised cost.

12. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2022 | 2021 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 429,002 | 387,077 |
| Between one and five years | <u>536,380</u> | <u>548,037</u> |
| | <u>965,382</u> | <u>935,114</u> |

13. **PROVISIONS FOR LIABILITIES**

| | 2022 | 2021 |
|--------------------------------|----------|----------------|
| | £ | £ |
| Deferred tax | | |
| Accelerated capital allowances | <u>-</u> | <u>106,331</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

13. PROVISIONS FOR LIABILITIES - continued

| | Deferred tax £ |
|--|----------------------|
| Balance at 1 January 2022 | 106,331 |
| Credit to Income Statement during year | (106,331) |
| Balance at 31 December 2022 | - |

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2022 £ | 2021 £ |
|---------|----------------------|-------------------|-----------|-----------|
| 918,952 | Ordinary shares | £0.0000032 | 3 | 3 |
| 487,951 | Preferred "A" shares | £0.0000032 | 2 | 2 |
| 100,831 | Preferred "B" shares | £0.0000032 | - | - |
| | | | <u>5</u> | <u>5</u> |

100,831 Preferred "B" shares of £0.0000032 each were allotted as fully paid at a premium of £98.63 per share during the year.

All ordinary shares rank pari passu with respect to voting rights, the rights to distribution of dividends and the repayment of capital.

Preferred "A" and preferred "B" shares both carry the right to receive notice of and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed written resolutions of the company. Both carry the right to share in a distribution on a pro-rata basis pari passu with equity shareholders.

15. RESERVES

| | Retained earnings £ | Share premium £ | Other reserves £ | Totals £ |
|----------------------|---------------------------|-----------------------|------------------------|-------------------|
| At 1 January 2022 | (7,934,398) | 20,135,669 | 15,212 | 12,216,483 |
| Deficit for the year | (9,369,810) | | | (9,369,810) |
| Cash share issue | - | 9,944,987 | - | 9,944,987 |
| Share based payments | - | - | 42,767 | 42,767 |
| At 31 December 2022 | <u>(17,304,208)</u> | <u>30,080,656</u> | <u>57,979</u> | <u>12,834,427</u> |

Retained earnings

This reserve represents all current and prior year retained profits and losses.

Share premium

This reserve represents the amount above the nominal value received for shares issued, less transaction costs.

Other reserves

This reserve represents amounts which have arisen through share based payments.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

16. PENSION COMMITMENTS

During the year under review £64,342 (2021: £36,347) was charged to the profit and loss account in respect of pension costs. The were outstanding contributions of £15,088 (2021: £10,079) at the year end.

17. CONTINGENT LIABILITIES

The company has a fixed and floating charge dated 18 November 2022 in favour of Kreos Capital VII (UK) Limited over all of its property and undertakings.

18. CAPITAL COMMITMENTS

| | 2022 | 2021 |
|---|-------------|------------------|
| | £ | £ |
| Contracted but not provided for in the financial statements | <u>-</u> | <u>1,032,515</u> |

19. SHARE-BASED PAYMENT TRANSACTIONS

Certain employees of the company participate in the company's equity compensation plan. The plan is administered by the company's Board of Directors, which has the authority to determine which individuals are granted stock option awards. Upon exercise, the option awards are settled in shares and cannot be settled in cash. The costs of this scheme are disclosed in the preceding notes and have been made in order to match relevant expenditure and changes in equity.

A summary of stock option activity for company employees for the year ended 31 December 2022 is as follows:

| | Option shares | Weighted average exercise price |
|---------------------------------|----------------------|--|
| Outstanding at 1 January 2022 | 97,257 | £0.26 |
| Granted | 12,209 | £0.26 |
| Exercised | - | - |
| Forfeited or expired | (9,322) | £0.26 |
| Outstanding at 31 December 2022 | <u>100,144</u> | £0.26 |
| Exercisable at 31 December 2022 | <u>44,261</u> | £0.26 |

20. RELATED PARTY DISCLOSURES

Key management are considered to be the directors, whose remuneration is disclosed in a preceding note of these financial statements.

21. CONTROL

The company has no overall controlling party.

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