

AZOTIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Torgersens
Chartered accountants & statutory auditor
East Suite, Ground Floor
Avalon House
St Catherine's Court
Sunderland
SR5 3XJ

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FOR THE YEAR ENDED 31 DECEMBER 2023

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AZOTIC TECHNOLOGIES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

DIRECTORS:

R H Chyc
M Koppert
Dr S A Qvist
T Lilliestierna

REGISTERED OFFICE:

Unit 6
Hassacarr Close
Dunnington
York
YO19 5SN

REGISTERED NUMBER:

07925932 (England and Wales)

AUDITORS:

Torgersens
Chartered accountants & statutory auditor
East Suite, Ground Floor
Avalon House
St Catherine's Court
Sunderland
SR5 3XJ

BALANCE SHEET
31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Intangible assets	4		19,109,356		12,924,575
Tangible assets	5		3,098,736		1,179,521
Investments	6		2		2
			22,208,094		14,104,098
CURRENT ASSETS					
Stocks		1,050,390		1,540,466	
Debtors	7	2,099,325		1,139,516	
Cash at bank and in hand		848,426		1,599,586	
		3,998,141		4,279,568	
CREDITORS					
Amounts falling due within one year	8	7,743,706		3,143,148	
NET CURRENT (LIABILITIES)/ASSETS			(3,745,565)		1,136,420
TOTAL ASSETS LESS CURRENT LIABILITIES			18,462,529		15,240,518
CREDITORS					
Amounts falling due after more than one year	9		4,000,000		9,710,134
NET ASSETS			14,462,529		5,530,384
CAPITAL AND RESERVES					
Called up share capital	10		293		148
Share premium			25,595,266		9,468,749
Convertible loan note reserve			-		3,680,044
Retained earnings			(11,133,030)		(7,618,557)
SHAREHOLDERS' FUNDS			14,462,529		5,530,384

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 6 November 2024 and were signed on its behalf by:

R H Chyc - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. STATUTORY INFORMATION

Azotic Technologies 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 presentation currency of the financial statements is the Pound Sterling (£).

Monetary amounts in these financial statements are rounded to the nearest £1.

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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

For the period to date the company and group have been primarily focussed on research and development activities. This has necessarily resulted in the company reporting significant losses in this and prior years.

The directors have considered the company's financial position, access to funding and business plans, and have a reasonable expectation that the company will have adequate resources to continue to trade into the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Where the company enters into agreements with customers to provide stock in future periods, the related revenue is deferred and included in creditors until such time as the goods are supplied.

2. ACCOUNTING POLICIES - continued

Intangible assets other than goodwill

Development expenditure

The company has adopted a policy of capitalising qualifying development expenditure as an intangible asset.

In accordance with FRS102, development expenditure will qualify for capitalisation only where the company can demonstrate all of the following:

- (a) The technical feasibility of completing the development so that the intangible asset will be available for use or sale;
- (b) Its intention to complete the development and to use or sell the intangible asset;
- (c) Its ability to use or sell the intangible asset;
- (d) How the intangible asset will generate probably future economic benefits;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

All intangible assets are considered to have a finite useful life. Amortisation is recognised so as to write off cost of the assets less their residual values over their useful life.

The estimated useful life of development expenditure is 10 years. Amortisation is charged in line with the pattern in which the company expects to consume the asset's future economic benefits over this period, based upon production and sales forecasts.

Amortisation begins when the the intangible asset is available for use in the manner intended. At the reporting date the company had various development projects ongoing.

Other intangible assets are amortised on the basis of the underlying contractual agreement, or projected useful life, on a straight line basis.

Tangible fixed assets

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

- Land and buildings - 5% straight line
- Plant and machinery etc - 25% straight line and Straight line over 3 years

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all directly attributable purchase and production costs in respect of stocks held at the balance sheet date.

Financial instruments - convertible loan notes

Where the company issues convertible loan notes, the equity value of the loan is calculated based on their fair value at the transaction date. The value is deducted from the debt instrument and allocated to a convertible loan note reserve. This amount will be transferred to the profit and loss account over the term of the loan notes using the effective interest method.

On conversion of debt to equity the convertible loan note reserve, and outstanding capital and interest, are transferred to the share premium reserve.

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.

Share based payments

The company has issued options to employees under an Enterprise Management Incentive Plan.

No expense was recognised on issue, or in subsequent accounting periods to date, due to uncertainty as to whether the vesting requirements to exercise the options would be met. A reassessment of the probability of the options vesting, and potential vesting period, is made at each reporting date.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 27 (2022 - 18) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 January 2023	13,177,755
Additions	6,938,151
At 31 December 2023	<u>20,115,906</u>
AMORTISATION	
At 1 January 2023	253,180
Charge for year	753,370
At 31 December 2023	<u>1,006,550</u>
NET BOOK VALUE	
At 31 December 2023	<u>19,109,356</u>
At 31 December 2022	<u>12,924,575</u>

Additions in the year include £5,500,000 paid in respect of the termination of distribution and manufacturing agreements, with the company therefore obtaining the right to the future related cash flows. The company issued ordinary share capital in consideration for the termination of the agreements.

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2023	891,222	812,309	1,703,531
Additions	8,198	2,211,922	2,220,120
At 31 December 2023	<u>899,420</u>	<u>3,024,231</u>	<u>3,923,651</u>
DEPRECIATION			
At 1 January 2023	48,921	475,089	524,010
Charge for year	132,509	168,396	300,905
At 31 December 2023	<u>181,430</u>	<u>643,485</u>	<u>824,915</u>
NET BOOK VALUE			
At 31 December 2023	<u>717,990</u>	<u>2,380,746</u>	<u>3,098,736</u>
At 31 December 2022	<u>842,301</u>	<u>337,220</u>	<u>1,179,521</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

6. FIXED ASSET INVESTMENTS		Shares in group undertakings £
COST		
At 1 January 2023 and 31 December 2023		<u>2</u>
NET BOOK VALUE		
At 31 December 2023		<u>2</u>
At 31 December 2022		<u>2</u>
7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2023	2022
	£	£
Trade debtors	199,828	-
Amounts owed by group undertakings	-	410,949
Other debtors	<u>1,899,497</u>	<u>728,567</u>
	<u>2,099,325</u>	<u>1,139,516</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2023	2022
	£	£
Trade creditors	2,707,802	2,398,707
Amounts owed to group undertakings	1	300,001
Taxation and social security	39,236	42,366
Other creditors	<u>4,996,667</u>	<u>402,074</u>
	<u>7,743,706</u>	<u>3,143,148</u>
9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2023	2022
	£	£
Other creditors	<u>4,000,000</u>	<u>9,710,134</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Convertible loan notes	-	10,000,000
Equity value adjustment	-	<u>(3,289,866)</u>
	<u>-</u>	<u>6,710,134</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

Other creditors represent convertible debt, secured by fixed and floating charges over the assets of the company.

Adjustment was made for the calculated equity value of the convertible loan notes issued, and the unwinding of the related finance cost. The loan notes have been converted to equity in the period, with the transaction recognised in the statement of changes in equity.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
31,391,739	Ordinary shares	0.000008	251	106
5,241,594	U Class shares	0.000008	42	42
			<u>293</u>	<u>148</u>

Ordinary shares have full voting and dividend rights.

U Class shares have no voting rights and carry a dividend entitlement.

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Paul Newbold BA FCA (Senior Statutory Auditor)
for and on behalf of Torgersens

12. CAPITAL COMMITMENTS

	2023 £	2022 £
Contracted but not provided for in the financial statements	<u>130,292</u>	<u>-</u>

13. OTHER FINANCIAL COMMITMENTS

The company had operating lease commitments in respect of future periods totalling £188,625 at the year end (2022: £245,728); £52,000 (2022: £53,873) falling due within 12 months.

14. RELATED PARTY DISCLOSURES

Included in other creditors at the year end is £4,000,000 (2022: £3,000,000) advanced by a company holding a participating interest in Azotic Technologies Limited. Interest of £210,709 (2022: £180,000) was charged on the loan in the year.

The company has taken advantage of the exemption under FRS102 1A to not provide particulars of transactions with wholly-owned group companies.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

15. **POST BALANCE SHEET EVENTS**

The company paid £1,125,000 out of capital on 14 February 2024 to purchase 1,000,000 of its ordinary shares for cancellation.

16. **ULTIMATE CONTROLLING PARTY**

Koppert B.V. held a controlling interest in the ordinary share capital at the start of the period.

Koppert B.V. is a registered in The Netherlands, with the address: P.O. Box 155, 2650 AD Berkel en Rodenrijs, The Netherlands.

Koppert B.V. ceased to hold a controlling interest from 1 February 2023, following a share allotment by the company.

There was no one ultimate controlling party of the company at 31 December 2023.

As of 12 September 2024 Virya LLC became the ultimate controlling party, following a share allotment by the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.