

Unaudited Financial Statements for the Year Ended 31 March 2022

for

Echion Technologies Ltd

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for the Year Ended 31 March 2022

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Echion Technologies Ltd
Company Information
for the Year Ended 31 March 2022

DIRECTORS: J De La Verpilliere
J W Halfpenny
M Poole
C W Gibbs
R Pugh
P Smith
P S Merino

SECRETARY: J De La Verpilliere

REGISTERED OFFICE: Taylors Vinters
Merlin Place
Milton Road
Cambridge
Cambridgeshire
CB4 0DP

REGISTERED NUMBER: 10680704 (England and Wales)

ACCOUNTANTS: Hardcastle Burton LLP
Lake House
Market Hill
Royston
Hertfordshire
SG8 9JN

Echion Technologies Ltd (Registered number: 10680704)

Abridged Balance Sheet
31 March 2022

| | Notes | 31.3.22 £ | £ | 31.3.21 £ | £ |
|--|-------|------------------|--------------------|----------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 4 | | 10,310 | | - |
| Tangible assets | 5 | | <u>577,672</u> | | <u>455,854</u> |
| | | | 587,982 | | 455,854 |
| CURRENT ASSETS | | | | | |
| Debtors | | 568,982 | | 283,609 | |
| Cash at bank | | <u>8,268,128</u> | | <u>317,173</u> | |
| | | 8,837,110 | | 600,782 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | | <u>357,638</u> | | <u>124,295</u> | |
| NET CURRENT ASSETS | | | <u>8,479,472</u> | | <u>476,487</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 9,067,454 | | 932,341 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 6 | | - | | <u>47,686</u> |
| NET ASSETS | | | <u>9,067,454</u> | | <u>884,655</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 9 | | 380 | | 231 |
| Share premium | | | 12,255,866 | | 2,506,930 |
| Retained earnings | | | <u>(3,188,792)</u> | | <u>(1,622,506)</u> |
| SHAREHOLDERS' FUNDS | | | <u>9,067,454</u> | | <u>884,655</u> |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Echion Technologies Ltd (Registered number: 10680704)

Abridged Balance Sheet - continued
31 March 2022

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

All the members have consented to the preparation of an abridged Balance Sheet for the year ended 31 March 2022 in accordance with Section 444(2A) of the Companies Act 2006.

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 13 October 2022 and were signed on its behalf by:

J De La Verpilliere - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2022

1. **STATUTORY INFORMATION**

Echion Technologies Ltd 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 (£).

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.

The financial statements have been prepared on a going concern basis. The Directors considers this to be appropriate despite the fact that the balance sheet shows negative reserves at 31 March 2022, on the basis that the company has sufficient cash reserves and further financial support will be provided by its investors.

In the event that investors do not continue to provide financial support the company may be unable to continue as a going concern which could have an impact on the company's ability to realise the assets at their recognised values. No adjustment has been made in the accounts in this respect.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions which impact on the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

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

Grant income is recognised in the period in which the related costs are incurred. Grants of a capital nature are deferred on the balance sheet and recognised in the income statement over the expected useful life of the assets to which it relates to.

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.

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

Tangible fixed assets

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

| | |
|-----------------------|------------------------------|
| Plant and machinery | - 25% on reducing balance |
| Fixtures and fittings | - Straight line over 5 years |
| Computer equipment | - 25% on cost |

Improvements to property are depreciated on a straight line basis over the period to the lease end date 21 February 2029. This is considered the useful estimated life span as the directors are confident that the lease will continue past the break date of 21 February 2024.

Government grants

Government grants are recognised in the financial statements using the accruals model. Grants that are received in respect of expenses or losses already incurred by the entity are recognised in profit and loss in the period when the grant becomes receivable.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and loans that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Pension costs and other post-retirement 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

2. **ACCOUNTING POLICIES - continued**

Share based payments

The company issues equity-settled share based payments to certain employees in the form of share options. These are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The company has taken advantage from the exemption in FRS 102 1A not to make an adjustment in the accounts for the fair value of the shares issued.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 21 (2021 - 17) .

4. **INTANGIBLE FIXED ASSETS**

| | Totals £ |
|-----------------------|---------------|
| COST | |
| Additions | 11,894 |
| At 31 March 2022 | <u>11,894</u> |
| AMORTISATION | |
| Amortisation for year | 1,584 |
| At 31 March 2022 | <u>1,584</u> |
| NET BOOK VALUE | |
| At 31 March 2022 | <u>10,310</u> |

5. **TANGIBLE FIXED ASSETS**

| | Totals £ |
|-----------------------|-----------------|
| COST | |
| At 1 April 2021 | 712,680 |
| Additions | 235,446 |
| Disposals | <u>(11,621)</u> |
| At 31 March 2022 | <u>936,505</u> |
| DEPRECIATION | |
| At 1 April 2021 | 256,826 |
| Charge for year | <u>102,007</u> |
| At 31 March 2022 | <u>358,833</u> |
| NET BOOK VALUE | |
| At 31 March 2022 | <u>577,672</u> |
| At 31 March 2021 | <u>455,854</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN FIVE YEARS

| | 31.3.22 | 31.3.21 |
|--------------------------------|---------|---------------|
| | £ | £ |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | - | <u>25,463</u> |

7. LEASING AGREEMENTS

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

| | 31.3.22 | 31.3.21 |
|----------------------------|-----------------------|----------------------|
| | £ | £ |
| Within one year | 58,035 | 21,850 |
| Between one and five years | 230,980 | 41,879 |
| In more than five years | <u>110,400</u> | <u>-</u> |
| | <u><u>399,415</u></u> | <u><u>63,729</u></u> |

8. SECURED DEBTS

The following secured debts are included within creditors:

| | 31.3.22 | 31.3.21 |
|------------------|---------|---------------|
| | £ | £ |
| Bounce back loan | - | <u>50,000</u> |

In the prior year the company received a government backed loan in light of the Covid 19 pandemic. The loan was secured by the government over a maximum of a 10 year repayment period. The loan has been settled in full during the current year.

9. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 31.3.22 | 31.3.21 |
|----------------------------------|----------|----------------|------------|------------|
| Number: | Class: | Nominal value: | £ | £ |
| 3,799,107 | Ordinary | £0.0001 | <u>380</u> | <u>231</u> |

On 14 September 2021, the company issued 1,438,029 £0.0001 ordinary shares for £6.56 per share.

On 17 November 2021, the company issued 38,109 £0.0001 ordinary shares for £6.56 per share.

On 28 January 2022, the company issued 10,003 £0.0001 ordinary shares for £6.56 per share.

10. CAPITAL COMMITMENTS

| | 31.3.22 | 31.3.21 |
|---|----------------|----------|
| | £ | £ |
| Contracted but not provided for in the financial statements | <u>222,524</u> | <u>-</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

11. ENTERPRISE MANAGEMENT INCENTIVE SCHEME

On 29 November 2018 ('the vesting start date'), the company granted share options over a total of 167,400 ordinary shares to 2 employees. The options can be exercised at a price of £1.50 per share and the right to option expires on 28 November 2028. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 10 October 2019 ('the vesting start date'), the company granted share options over a total of 6,000 ordinary shares to 2 employees. The options can be exercised at a price of £1.50 per share and the right to option expires on 9 October 2029. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 17 November 2019 ('the vesting start date'), the company granted share options over a total of 3,500 ordinary shares to 1 employee. The options can be exercised at a price of £1.50 per share and the right to option expires on 16 November 2029. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 21 February 2020 ('the vesting start date'), the company granted share options over a total of 7,800 ordinary shares to 2 employees. The options can be exercised at a price of £2.23 per share and the right to option expires on 20 February 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 23 April 2020 ('the vesting start date'), the company granted share options over a total of 38,600 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 22 April 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by the employee on the grant of the option.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

On 6 May 2020 ('the vesting start date'), the company granted share options over a total of 25,000 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 5 May 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by the employee on the grant of the option.

On 20 October 2020 ('the vesting start date'), the company granted share options over a total of 16,950 ordinary shares to 4 employees. The options can be exercised at a price of £2.23 per share and the right to option expires on 19 October 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 31 October 2020 ('the vesting start date'), the company granted share options over a total of 11,565 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 30 October 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 22 April 2021 ('the vesting start date'), the company granted share options over a total of 3,300 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 21 April 2031. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 1 May 2021 ('the vesting start date'), the company granted share options over a total of 3,000 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 30 April 2031. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 6 May 2021 ('the vesting start date'), the company granted share options over a total of 700 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 5 May 2031. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

On 21 November 2021 ('the vesting start date'), the company granted share options over a total of 1,500 ordinary shares to 1 employee. The options can be exercised at a price of £6.56 per share and the right to option expires on 20 November 2031. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 26 January 2022 ('the vesting start date'), the company granted share options over a total of 16,550 ordinary shares to 6 employees. The options can be exercised at a price of £6.56 per share and the right to option expires on 25 January 2032. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 28 February 2022 ('the vesting start date'), the company granted share options over a total of 6,000 ordinary shares to 1 employee. The options can be exercised at a price of £6.56 per share and the right to option expires on 27 February 2032. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 30 March 2022 ('the vesting start date'), the company granted share options over a total of 3,500 ordinary shares to 1 employee. The options can be exercised at a price of £6.56 per share and the right to option expires on 29 March 2032. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

During the year share options over a total of 3,500 ordinary shares to 1 employee lapsed.

At the year end, Directors of the company held EMI options over 110,000 ordinary shares out of total options of 307,865 shares. Of this amount there are 173,400 shares which have an exercise price of £1.50, 106,915 shares with an exercise price of £2.23 and 27,550 shares with an exercise price of £6.56

12. **COMPANY SHARE OPTION PLAN**

On 17 November 2019, the company granted share options under a company share option plan over a total 3,500 shares to one employee. The options can be exercised at a price of £1.50 per share and the right to option expires on 17 November 2029.

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.