

Financial Statements for the Year Ended 31 March 2023

for

The Sure Chill Company Limited

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for the Year Ended 31 March 2023

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The Sure Chill Company Limited

Company Information
for the Year Ended 31 March 2023

DIRECTORS:

A D N Betton
N J Butler
E Digennaro
M Ancion
G Dupuy
P A Saunders

SECRETARY:

P Gras

REGISTERED OFFICE:

Unit S05-S06
Forgeside Close
Cardiff
CF24 5FA

REGISTERED NUMBER:

04619553 (England and Wales)

AUDITORS:

Moore
Chartered Accountants and Statutory Auditor
30 Gay Street
Bath
BA1 2PA

Balance Sheet
31 March 2023

	Notes	31.3.23 £	£	31.3.22 £	£
FIXED ASSETS					
Intangible assets	4		1,072,325		911,405
Tangible assets	5		152,077		252,995
Investments	6		<u>27,731</u>		<u>27,731</u>
			1,252,133		1,192,131
CURRENT ASSETS					
Stocks		323,768		289,564	
Debtors	7	2,028,242		2,736,805	
Cash at bank		<u>141,107</u>		<u>322,043</u>	
		2,493,117		3,348,412	
CREDITORS					
Amounts falling due within one year	8	<u>4,160,964</u>		<u>635,751</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,667,847)</u>		<u>2,712,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(415,714)		3,904,792
CREDITORS					
Amounts falling due after more than one year	9		<u>534,794</u>		<u>3,115,029</u>
NET (LIABILITIES)/ASSETS			<u>(950,508)</u>		<u>789,763</u>
CAPITAL AND RESERVES					
Called up share capital	11		572,562		572,007
Share premium			8,791,620		8,735,436
Retained earnings			<u>(10,314,690)</u>		<u>(8,517,680)</u>
SHAREHOLDERS' FUNDS			<u>(950,508)</u>		<u>789,763</u>

Balance Sheet - continued

31 March 2023

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 12 February 2024 and were signed on its behalf by:

E Digennaro - Director

Notes to the Financial Statements
for the Year Ended 31 March 2023

1. **STATUTORY INFORMATION**

The Sure Chill Company 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

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.

Going Concern

The Group's business activities have remained focused on the sale of medical vaccine fridges and the scale up of a fridge for off-grid Home and Small Businesses.

During this financial year, we saw an upturn in demand for vaccine fridges in terms of direct sales from new countries and continued to receive a good level of royalty income from sales made by our Indian manufacturer to achieve the best ever revenue of the Company coming in at 6.5 million GBP.

We have also been able over the last 12 months to launch the Home & Small Business off-grid fridge in over 10 countries through committed partners. The difficult macro-economic environment (particularly affecting our targeted low income customers) has impacted the desired speed of the launch but feedback of first users have been very positive and we saw an acceleration in demand in late 2023.

The large revenue on Medical together with streamlining of expenses has enabled the company to generate sufficient cash to delay the planned fundraise by over 6 months and finally close a first round of 2.5Mn USD new equity in September 2023 while converting loans for 2.8Mn USD.

Following this equity increase, we also got the go ahead for a debt facility of 4Mn USD which will enable the funding of the growth of Cooling As A Service in Kenya and Nigeria as well as enable the financing of the working capital needed to ensure availability of inventory close to our partners and customers. The debt facility is being finalized and we are expecting the first disbursement at the end of January 2024 following the signature of these audited financial statements.

To continue to grow sales for the Home & Small Business division to the extent required and to develop new channels on Medical to drive the company to profitability, will require further operational investments. At the same time, the volatile nature of the existing Medical market makes it necessary for the Company to continue to seek additional equity by closing the remaining 500k USD equity available from the current round with also the possibility to further increase this amount in order to carry on additional investment in product development and commercial deployments.

The Group is well advanced with closing its fundraising effort with both equity and debt. Management is confident this will be achieved within the next 6 months from the date of signing these financial statements, however fully committed financing is not yet in place. As such, until the fundraise is completed this indicates the existence of a material uncertainty which may cast significant doubt upon the Group and Company's ability to continue as a going concern. The Group and Company financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. **ACCOUNTING POLICIES - continued**

Turnover

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

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Tangible fixed assets

Tangible 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing the part of such an item when that cost is incurred, if the replacement part is expected to provide an incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocated 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:

Land and buildings - 20% on cost
Plant and machinery - 10-25% on cost
Fixtures and fittings - 10 -25% on cost
Computer equipment - 10 -25% on cost

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.

Investments in subsidiaries

Investment in subsidiaries are measured at cost less accumulated impairment

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. **ACCOUNTING POLICIES - continued**

Taxation

The tax expense for the year comprises current and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet 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 Balance Sheet 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 Balance Sheet date.

Foreign currencies

The Company's functional and presentational currency is GBP.

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 that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 10 (2022 - 13) .

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 April 2022	1,309,527
Additions	246,736
At 31 March 2023	<u>1,556,263</u>
AMORTISATION	
At 1 April 2022	398,122
Amortisation for year	85,816
At 31 March 2023	<u>483,938</u>
NET BOOK VALUE	
At 31 March 2023	<u>1,072,325</u>
At 31 March 2022	<u>911,405</u>

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 April 2022	55,365	279,636	59,700	136,486	531,187
Additions	-	-	1,559	5,751	7,310
Disposals	(55,365)	-	-	-	(55,365)
At 31 March 2023	<u>-</u>	<u>279,636</u>	<u>61,259</u>	<u>142,237</u>	<u>483,132</u>
DEPRECIATION					
At 1 April 2022	23,071	118,868	23,815	112,438	278,192
Charge for year	11,073	45,607	11,928	18,399	87,007
Eliminated on disposal	(34,144)	-	-	-	(34,144)
At 31 March 2023	<u>-</u>	<u>164,475</u>	<u>35,743</u>	<u>130,837</u>	<u>331,055</u>
NET BOOK VALUE					
At 31 March 2023	<u>-</u>	<u>115,161</u>	<u>25,516</u>	<u>11,400</u>	<u>152,077</u>
At 31 March 2022	<u>32,294</u>	<u>160,768</u>	<u>35,885</u>	<u>24,048</u>	<u>252,995</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

6. FIXED ASSET INVESTMENTS

In the year 2021 the Company made an investment of £27,728 in the entire share capital of SureChill Africa Limited. At the balance sheet date this amount is considered paid as the 4,000,000 KES owed from SureChill Africa to SureChill UK is now part of the capital paid. SureChill Africa is located at The Villa, Mji Kenda Road, Lavington PO Box 2346, 00606 Nairobi KENYA.

7. DEBTORS

	31.3.23	31.3.22
	£	£
Amounts falling due within one year:		
Trade debtors	806,884	354,402
Amounts owed by group undertakings	-	330,069
Other debtors	221,190	408,104
	<u>1,028,074</u>	<u>1,092,575</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	670,956
Other debtors	1,000,168	973,274
	<u>1,000,168</u>	<u>1,644,230</u>
Aggregate amounts	<u>2,028,242</u>	<u>2,736,805</u>

Included in other debtors is tax recoverable in relation Indian withholding tax and treated as non-current debtors.

The amount owed by group undertakings is an intercompany in line with the intra-group loan and share subscription agreement. SureChill UK has agreed to invest in SureChill Africa by subscribing 50,000 redeemable preference shares. It is interest free and conversion is expected to happen in April 23. Given the uncertainty of recoverability at this point in time, a provision has been made against balances with SureChill Africa.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	777,513	457,570
Taxation and social security	30,173	14,608
Other creditors	3,353,278	163,573
	<u>4,160,964</u>	<u>635,751</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The 3-year convertible loan notes were issued on 27 October 2020. Interest accrues on the principal amount of £2,196,399 at 10% per annum, payable on a conversion event. The debt is convertible into £1 ordinary shares in the Company on a conversion event or maturity of the debt.

Refer to note 14 for details of conversion of the loan notes after the balance sheet date.

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

Other creditors include related party accrued interest and is unsecured, interest free and has no fixed date of repayment.

10. LEASING AGREEMENTS

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

	31.3.23	31.3.22
	£	£
Within one year	47,683	47,683
Between one and five years	47,683	95,366
	<u>95,366</u>	<u>143,049</u>

11. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	31.3.23	31.3.22
			£	£
1,969	Ordinary	£1	1,969	1,414
570,593	Preference	£1	570,593	570,593
			<u>572,562</u>	<u>572,007</u>

555 Ordinary shares of £1 each were allotted at par during the year.

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

The Report of the Auditors was unqualified.

Mark Powell Senior Statutory Auditor
for and on behalf of Moore

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

12. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006 - continued**

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The Directors have prepared cash flow forecasts which indicate that additional funding will be required during the next twelve months to fund the Company's liabilities as they become due in a severe but plausible downside scenario. Although the Directors expect to be able to raise the additional financing needed, there is no assurance that additional funds will be available on acceptable terms. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

13. **RELATED PARTY DISCLOSURES**

During the year the Company made the following related party transactions:

In the year 2021 convertible loan instruments were issued to shareholders for a total of £2,196,399. These loan instruments accrue interest at a rate of 10% and at the year end there was accrued interest of £1,067,346 (2022: £918,631).

14. **POST BALANCE SHEET EVENTS**

The company completed a capital increase via an equity raise amounting to the equivalent of US\$2.5mn on 1st September 2023, subscribed by existing shareholder Novastar, as well as new investors including Gaia Impact Fund, Health54 and Chroma Impact. Simultaneously, in line with the convertible loan agreement signed on 20th October 2020, the Company proceeded to the conversion of its convertible loans into new shares of the company, which principal amount was £2.2mn, further strengthening the net equity position of the company. In addition, the company is currently finalising a US\$4m working capital facility with two financial institutions to support its growth. This working capital facility can be increased to US\$5mn subject to the company fulfilling all its obligations under the proposed facility.

15. **ULTIMATE CONTROLLING PARTY**

The Company is owned by a number of private shareholders and companies. Mr P A Saunders OBE holds more than 50% of the issued share capital of the Company however there is no ultimate controlling party.

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.