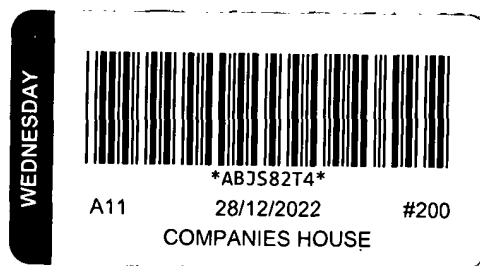


FiberLean Technologies Limited
Annual Report and Financial Statements
Year Ended 31 December 2021
Registration number: 10021333



FiberLean Technologies Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report to the Members of FiberLean Technologies Limited	9 to 11
Statement of Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 to 30

FiberLean Technologies Limited

Company Information

Directors	Mr E de Landerset Mr D R Skuse Mr S J Clague
Registered office	Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ
Independent Auditors	PricewaterhouseCoopers LLP Statutory Auditor 2 Glass Wharf Temple Quay Bristol BS2 0FR

FiberLean Technologies Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the company is the research and development as well as commercialization of the product Micro-Fibrillated Cellulose and its application in various end user industries with a focus on the paper and packaging industry.

Fair review of the business

The board of Fiberlean Technologies Limited is ultimately responsible to its shareholders. Performance is regularly monitored and reported to shareholders on a monthly basis.

The nature of its current activities and stage of the business means its performance is expected to be measured over a period of years due to a lengthy qualification process of the customers and the extensive time to build and operate the plants that will generate long term value. For this reason, the Company has again reported losses in 2021.

A total of £2.82 million was spent on a range of exciting capital expenditure programmes during the year as the Company continues to achieve advancements towards mass commercialisation of MFC across a range of applications and ultimate long term shareholder value.

In February 2021, the Company was recapitalised by the previous shareholders, Imerys S.A. and Omya International AG. FiberLean Technologies Limited issued a further 47,607,640 £1 shares to these JV partners. The existing debt of £48,957,640 was then fully repaid by the Company to these lenders.

In March 2021, the Company ceased to be a joint venture (JV) when its owners divested themselves of their investment. It was bought by Fiberlean Technologies GmbH (formerly Sechste Werhahn Projekte GmbH) which is part of Wilh. Werhahn KG.

During the year, the Company divested itself of its investments in its subsidiaries at cost to its immediate parent.

Loans of £10 million were injected into the Company during 2021 by its new parent company, reflecting the shareholder support and confidence in the business to deliver its aims. The need for further capital is essential until the Company is profitable enough to generate its own capital.

The coronavirus pandemic meant certain project activities were limited or postponed.

At 31 December 2021, the Company is in a net assets/(liabilities) position of £28,259,226 (2020: £-8,324,889), the movement reflecting the recapitalisation in the year less the loss after tax.

FiberLean Technologies Limited

Strategic Report for the Year Ended 31 December 2021

Principal risks and uncertainties

The Company is currently reliant upon parent company (shareholder) capital to continue its activities. The main operational risks to which the organisation is exposed are centred around the potential of FiberLean MFC ("FiberLean") applications and ultimate market demand. Further discoveries in other material technologies may lead to the development of substitute materials that compete or limit the market for FiberLean.

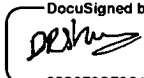
The existence and success in obtaining a range of core product patents covering FiberLean does not necessarily guarantee the value of them will be maintained. Protecting intellectual property in some parts of the world can be challenging. Other companies may threaten advancement by attempting legal challenges.

The Company is mindful of its micro and macro environment. There are notable potential economic and political factors following Brexit, Coronavirus outbreak and the war in the Ukraine that could still impact operations, costs and revenues for the coming year.

Whilst the cellulosic materials may be sustainable and relatively abundant, the ability to continue trialling and ultimately producing FiberLean is dependent on several key factors. This includes a readily affordable supply of the right mix of all materials to the plant, energy, specialist plant and labour.

The Company is concerned about rapid changing and new potential threats. Mindful of the marked increase threat of cyberattacks in 2020, defences were improved in 2021 and remain under constant review, however methods used by potential attackers are likely to become even more sophisticated.

Approved by the Board on 22/12/2022 and signed on its behalf by:

DocuSigned by:

.....35C8F9CF3C1E4B4.....
Mr D Skuse
Director

FiberLean Technologies Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the company

The directors who held office during the year were as follows:

Dr T Gliese (resigned 9 March 2021)

Dr T F Staehrfeldt (resigned 15 March 2021)

Mr O J M P Ghysens (resigned 20 January 2021)

Mr O P Pirotte (resigned 15 March 2021)

Mr F Berthier-Raymond (appointed 20 January 2021 and resigned 15 March 2021)

Ms I A Stasiewicz (appointed 9 March 2021 and resigned 15 March 2021)

Mr E de Landerset (appointed 15 March 2021)

Mr D R Skuse (appointed 15 March 2021)

Mr D T Ingle (appointed 15 March 2021 and resigned 3 November 2022)

The following director was appointed after the year end:

Mr S J Clague (appointed 3 November 2022)

Objectives and policies

FiberLean Technologies Limited has a risk management process actively overseen and regularly reviewed by the board. This involves identifying every type of risk that the Company faces, weighing up the impact against the likelihood of occurrence and then implementing risk mitigation or management strategies.

FiberLean Technologies Limited

Directors' Report for the Year Ended 31 December 2021

Price risk, credit risk, liquidity risk and cash flow risk

Cash flow risk

The Company sets realistic budgets with consideration of all associated cash flow timings. The current and future cash positions are actively monitored in order to identify and alert senior management to any risks. Realistic payment terms are agreed with suppliers. As set out in the going concern paragraph below, the acquiring group will need to provide the necessary funding in the medium-term to support the planned long-term development of the Company.

Price risk

Despite the likelihood of a sustained economic recession, the Company considers demand for FiberLean to remain strong.

Credit risk

Credit risk is the exposure generated by the potential default of third parties in fulfilling their obligations. Credit risk is considered low as contracts are normally covered with guarantees.

Currency risk

The Company faces currency risk on its currency transaction flows with its suppliers. Facilitated by Werhahn Corporate Treasury, it mitigates the risk by offsetting balances and natural hedging where possible. Contracts in less stable currencies are avoided where possible.

Material supply risks

Supply price risk is partially mitigated by customers either supplying raw materials or clear agreements that ensure the key variable costs are covered. Where appropriate the Company will seek to adopt trading models that minimise exposure to extreme price fluctuations and adopt strategies such as hedging when operating in hyperinflationary environments.

Where possible the Company will enter into contracts that give certainty over price. For example, some key contracts limit price rises to prevailing rates of inflation.

FiberLean Technologies Limited

Directors' Report for the Year Ended 31 December 2021

Going concern

The directors acknowledge the Company's net current asset/(liabilities) position at 31 December 2021 of -£8,278,023 (2020: £1,667,907) and its loss after tax for the year then ended of £11,023,525 (2020: £10,939,057). The £10m loan provided in the year from a group undertaking that is included in current liabilities accounts for the majority of the movement in the net current position. The Company is in a net assets/(liabilities) position at 31 December 2021 of £28,259,226 (2020: £-8,324,889), the movement reflecting the recapitalisation in the year less the loss after tax.

In February 2021, the Company was recapitalised by the previous shareholders, Imerys S.A. and Omya International AG. FiberLean Technologies Limited issued a further 47,607,640 £1 shares to these JV partners. The existing debt of £48,957,640 was then fully repaid by the Company to these lenders.

On 15 March 2021, one hundred percent of FiberLean Technologies Limited shares were acquired by Sechste Werhahn Projekte GmbH, registered address Königstraße 1, 41460 Neuss, Germany. Having purchased the company, Sechste Werhahn Projekte GmbH formally registered a change of name to FiberLean Technologies GmbH.

The change in ownership and new capital enables the Company to realise its full potential, ensuring the long term sustainability of the Company. The new owner is committed to supporting the business and the projected growth by injecting the funds required and continuing to invest in the Company as required. There is a letter of support between the new parent and company for a period of at least 12 months from the date of signing the 2021 annual report and financial statements in respect of this.

Well-developed plans have been made to move the Company to profitable cash generation. The demands for the underlying developed assets look to remain strong and the environmental factors generally favourable over the long term. Accordingly, the financial statements have been prepared on a going concern basis.

Impact of Coronavirus

The Coronavirus pandemic continued to impact planned activities during 2021. Customer trials have been very limited by various travel restrictions and some customer plants have had temporary shut downs.

Given the reduction in operational activities, the Company continued to furlough some of its UK workforce and accessed financial support from the UK government's Coronavirus Job Retention Scheme. No permanent redundancies or other drastic mitigation measures had been made at the time of signing the financial statements.

The business plans and financing support are considered sufficient to accommodate further pandemic disruption through to 2022.

Disclosure of information to the auditors

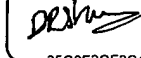
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

FiberLean Technologies Limited

Directors' Report for the Year Ended 31 December 2021

The annual report, and audited financial statements on pages 12-30, were approved by the board of directors and signed on its behalf by:

DocuSigned by:



35C0F30F307E4B4.....

Mr D Skuse
Director

22/12/2022

FiberLean Technologies Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Independent auditors' report to the members of FiberLean Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion, FiberLean Technologies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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 an auditors' report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to minimising losses made during the year to enhance the performance to stakeholders and the manipulation of the significant estimate relating to the valuation of intangible assets. Audit procedures performed by the engagement team included:

- testing journals to identify any entries which credited revenue or expenses and debited any unusual items;
- obtaining an understanding of the legal and regulatory frameworks applicable to the Company;
- obtaining the Company's assessment of the key fraud risks and the controls and procedures that are in operation to prevent and detect fraud; and
- challenging assumptions and judgements made by management in their significant accounting estimates used for intangible assets.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Stephen Patey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
23 December 2022

FiberLean Technologies Limited

Statement of Income

Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	736,545	843,425
Other operating income	4	184,452	240,849
Raw materials and consumables used		(535,295)	(655,355)
Staff costs		(3,316,147)	(3,614,473)
Depreciation and amortisation expense		(3,903,994)	(3,688,100)
Other operating expenses		(4,315,443)	(2,810,766)
Other losses	5	<u>(1)</u>	<u>-</u>
Operating loss	6	<u>(11,149,883)</u>	<u>(9,684,420)</u>
Other interest receivable and similar income	10	4,686	-
Interest payable and similar expenses	11	<u>(259,926)</u>	<u>(1,201,869)</u>
		<u>(255,240)</u>	<u>(1,201,869)</u>
Loss before taxation		(11,405,123)	(10,886,289)
Tax on loss	12	<u>381,598</u>	<u>(52,768)</u>
Loss for the financial year		<u><u>(11,023,525)</u></u>	<u><u>(10,939,057)</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

FiberLean Technologies Limited

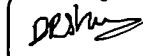
Balance Sheet

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	13	31,651,700	33,042,648
Tangible assets	14	5,188,391	4,881,148
Investments	15	-	17,646
		<u>36,840,091</u>	<u>37,941,442</u>
Current assets			
Stocks	16	366,129	337,937
Debtors	17	1,330,966	996,826
Cash at bank and in hand	18	2,892,673	2,748,447
		4,589,768	4,083,210
Creditors: Amounts falling due within one year	19	<u>(12,867,841)</u>	<u>(2,415,303)</u>
Net current (liabilities)/assets		<u>(8,278,073)</u>	<u>1,667,907</u>
Total assets less current liabilities		28,562,018	39,609,349
Creditors: Amounts falling due after more than one year	19	(302,792)	(47,552,640)
Provisions for liabilities	22	-	(381,598)
Net assets/(liabilities)		<u>28,259,226</u>	<u>(8,324,889)</u>
Capital and reserves			
Called up share capital	23	86,999,742	39,392,102
Profit and loss account		<u>(58,740,516)</u>	<u>(47,716,991)</u>
Shareholders' funds/(deficit)		<u>28,259,226</u>	<u>(8,324,889)</u>

The financial statements on pages 12 to 30 were approved by the Board of Directors on 22/12/2022 and signed on its behalf by:

DocuSigned by:



.....35C8F3CF3C4E4B4.....

Mr D Skuse
Director

Company Registration Number: 10021333

FiberLean Technologies Limited

Statement of Changes in Equity

Year Ended 31 December 2021

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	39,392,102	(47,716,991)	(8,324,889)
Loss for the year	-	(11,023,525)	(11,023,525)
New share capital subscribed	47,607,640	-	47,607,640
At 31 December 2021	<u>86,999,742</u>	<u>(58,740,516)</u>	<u>28,259,226</u>

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	39,392,102	(36,777,934)	2,614,168
Loss for the year	-	(10,939,057)	(10,939,057)
At 31 December 2020	<u>39,392,102</u>	<u>(47,716,991)</u>	<u>(8,324,889)</u>

The notes on pages 16 to 30 form an integral part of these financial statements.

FiberLean Technologies Limited

Statement of Cash Flows

Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the financial year		(11,023,525)	(10,939,057)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	3,903,994	3,688,100
Loss on disposal of tangible assets	6	-	1,186
Loss on disposal of intangible assets	6	-	96,961
Profit from disposals of investments	5	(1)	-
Finance income	10	(4,686)	-
Finance costs	11	259,926	1,201,869
Corporation tax	12	(381,598)	52,768
		<u>(7,245,890)</u>	<u>(5,898,173)</u>
Working capital adjustments			
Increase in stocks	16	(28,192)	(42,444)
(Increase)/decrease in debtors	17	(334,140)	1,231,965
Increase/(decrease) in creditors	19	10,438,440	(2,000,568)
Increase in deferred income, including government grants		71,890	72,335
		<u>2,902,108</u>	<u>(6,636,885)</u>
Cash flows from investing activities			
Interest received		4,686	-
Acquisition of subsidiaries	15	-	(12,607)
Proceeds from sale of subsidiaries		17,645	-
Acquisitions of tangible assets		(1,010,852)	(761,829)
Proceeds from sale of tangible assets		-	(35)
Acquisition of intangible assets	13	(1,809,437)	(1,971,010)
		<u>(2,797,958)</u>	<u>(2,745,481)</u>
Cash flows from financing activities			
Interest paid		(259,924)	(1,201,876)
Proceeds from issue of ordinary shares, net of issue costs		47,607,640	-
Proceeds from other borrowing draw downs		1,650,000	12,050,000
Repayment of other borrowing		(48,957,640)	-
		<u>40,076</u>	<u>10,848,124</u>
Net cash flows from financing activities		<u>40,076</u>	<u>10,848,124</u>
Net increase in cash and cash equivalents		144,226	1,465,758
Cash and cash equivalents at 1 January		<u>2,748,447</u>	<u>1,282,689</u>
Cash and cash equivalents at 31 December	18	<u><u>2,892,673</u></u>	<u><u>2,748,447</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.
Page 15

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Par Moor Centre
Par Moor Road
Par
Cornwall
PL24 2SQ
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', from which there were no material departures.

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006. The historical cost convention has been used except as disclosed in the accounting policies where certain items are shown at fair value.

The presentation currency is £ sterling.

Key judgements and key sources of estimation uncertainty

Impairment of intangible assets

Significant intangible assets are included on the balance sheet of £31,651,700 (2020: £33,042,648) which mainly relate to development costs incurred from development and trialling of the MFC product. In assessing whether this asset is recoverable, management have considered the "recoverable amount" of this product and compared this against its carrying value. In making these assessments, management referred to a recent valuation performed by an independent third party as well as commercially reviewing the development state of the product and its sale to potential customers. Having considered this report and other sources of information, the directors have satisfied themselves that the carrying value of the intangible is recoverable.

Revenue recognition

Service turnover arises from the recharge of engineering and trial services performed. It also includes licence fee income being the fixed price per tonne of FiberLean produced by the end user. Goods turnover arises upon the dispatch of goods to customers. All turnover is recognised on an accruals basis.

Turnover is shown net of value added tax, returns, rebates and discounts.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

Government grants

Grants relating to the expenditure on tangible fixed assets are credited to deferred income and released to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The amount shown in the balance sheet in respect of grants consists of total grants receivable to date, less the amounts credited to the profit and loss account. Grants of a revenue nature are credited entirely to the profit and loss account so as to match them with the expenditure to which they relate.

Grants relating to the Coronavirus Job Retention Scheme are recognised in the period in which the associated wages and salaries expenditure is incurred.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	4% straight line
Furniture, fixtures and fittings and computer equipment	25% straight line
Plant and machinery	10% straight line
Motor vehicles	25% straight line
Assets under construction	Not depreciated

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Trademarks, patents and licences

Trademarks, patents and licences

Separately acquired patents are shown at historical cost. The cost of patents includes directly attributable incremental costs incurred in their acquisition.

Development costs

Research expenditure is written off as incurred. Product development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit as outlined below. Provision is made for any impairment.

Development costs transferred to the company upon start up are included at fair value, determined by the directors through independent, third party valuations. Subsequent additions to development costs are shown at cost.

Amortisation of development costs will commence when the products to which they relate have achieved commercial viability.

Software

Software is stated in the statement of financial position at historical cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

The cost of software includes attributable incremental costs incurred in their acquisition.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licenses	Over the period of the patent life
Development costs	5 -14 years straight line
Software	4 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

The Company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Other loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The Company has chosen to apply sections 11 and 12 in respect of the recognition and measurement principles in FRS102.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the Company's obligations are discharged, expire or are cancelled.

Except for other loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Other loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2021 £	2020 £
Sale of goods	142,372	169,649
Rendering of services	594,173	673,776
	<u>736,545</u>	<u>843,425</u>

The analysis of the company's Turnover for the year by market is as follows:

	2021 £	2020 £
UK	-	85,396
Europe	532,986	518,791
Rest of world	203,559	239,238
	<u>736,545</u>	<u>843,425</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	84,653	227,949
Miscellaneous other operating income	99,799	12,900
	<u>184,452</u>	<u>240,849</u>

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2021 £	2020 £
Loss from disposals of investments	<u>(1)</u>	<u>-</u>

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

6 Operating loss

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	703,609	635,860
Amortisation expense	3,200,385	3,052,240
Research cost	403,161	222,588
Foreign exchange losses	44,511	66,726
Loss on disposal of intangible assets	-	96,961
Loss on disposal of property, plant and equipment	-	1,186
	<u> </u>	<u> </u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	2,693,010	3,063,269
Social security costs	206,180	182,235
Pension costs, defined contribution scheme	305,244	265,528
Other employee expense	111,713	103,441
	<u> </u>	<u> </u>
	<u>3,316,147</u>	<u>3,614,473</u>

The monthly average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Production	53	56
Administration and support	7	4
	<u> </u>	<u> </u>
	<u>60</u>	<u>60</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	229,806	148,390
Contributions paid to money purchase schemes	16,142	12,852
	<u> </u>	<u> </u>
	<u>245,948</u>	<u>161,242</u>

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	<u>245,948</u>	<u>161,242</u>

9 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>105,033</u>	<u>15,000</u>

10 Other interest receivable and similar income

	2021 £	2020 £
Other finance income	<u>4,686</u>	<u>-</u>

11 Interest payable and similar expenses

	2021 £	2020 £
Interest expense on other finance liabilities	259,842	1,192,554
Other finance costs	84	9,315
	<u>259,926</u>	<u>1,201,869</u>

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

12 Taxation

Tax (credited)/charged in the profit and loss account

	2021 £	2020 £
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(381,598)</u>	<u>52,768</u>

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Loss before tax	<u>(11,405,123)</u>	<u>(10,886,289)</u>
Corporation tax at standard rate	(2,166,973)	(2,068,395)
Expenses not deductible for tax purposes	3,144	29,188
Remeasurment of deferred tax for changes in tax rates	-	(358,847)
Movement in deferred tax not recognised	1,828,972	1,435,027
Group relief surrendered/(claimed)	-	995,020
R&D expenditure credits	-	18,472
Fixed asset differences	<u>(46,741)</u>	<u>2,303</u>
Total tax (credit)/charge	<u>(381,598)</u>	<u>52,768</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2021	<u>-</u>	<u>-</u>
2020	<u>-</u>	<u>381,598</u>

There are £37,271,640 of unused tax losses (2020 - £30,327,780) for which no deferred tax asset is recognised in the balance sheet.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

An asset has not been recognised in respect of deferred tax as the company does not deem it probable that sufficient future taxable profit will be available in the near future against which deductible temporary difference or unused tax losses or credits can be recovered or utilised.

The tax rate for the current year is the same as for the prior year. Changes to the UK Corporation tax rates were proposed in the Finance Bill 2021. These included maintaining the main rate at 19% from 1 April 2020 until March 2023 and increasing the main rate to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these substantially enacted tax rates and reflected in these financial statements.

13 Intangible assets

	Trademarks, patents and licenses £	Development costs £	Software £	Total £
Cost or valuation				
At 1 January 2021	2,828,557	40,149,914	1,291,847	44,270,318
Additions acquired separately	<u>950,841</u>	<u>784,954</u>	<u>73,642</u>	<u>1,809,437</u>
At 31 December 2021	<u>3,779,398</u>	<u>40,934,868</u>	<u>1,365,489</u>	<u>46,079,755</u>
Accumulated amortisation				
At 1 January 2021	205,302	10,274,140	748,228	11,227,670
Amortisation charge	<u>102,482</u>	<u>2,838,664</u>	<u>259,239</u>	<u>3,200,385</u>
At 31 December 2021	<u>307,784</u>	<u>13,112,804</u>	<u>1,007,467</u>	<u>14,428,055</u>
Carrying amount				
At 31 December 2021	<u>3,471,614</u>	<u>27,822,064</u>	<u>358,022</u>	<u>31,651,700</u>
At 31 December 2020	<u>2,623,255</u>	<u>29,875,774</u>	<u>543,619</u>	<u>33,042,648</u>

The aggregate amount of research and development expenditure recognised as an expense during the year is £403,161 (2020 - £222,588).

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

14 Tangible assets

	Leasehold improvements £	Furniture, fixtures, fittings and computer equipment £	Assets under construction £	Plant and machinery £	Total £
Cost or valuation					
At 1 January 2021	455,524	237,140	599,933	6,189,467	7,482,064
Additions	531,948	66,755	132,359	279,790	1,010,852
At 31 December 2021	987,472	303,895	732,292	6,469,257	8,492,916
Depreciation					
At 1 January 2021	39,958	169,268	-	2,391,690	2,600,916
Charge for the year	37,712	41,932	-	623,965	703,609
At 31 December 2021	77,670	211,200	-	3,015,655	3,304,525
Carrying amount					
At 31 December 2021	909,802	92,695	732,292	3,453,602	5,188,391
At 31 December 2020	415,566	67,872	599,933	3,797,777	4,881,148

15 Investments

	2021 £	2020 £
Investments in subsidiaries	-	17,646
Subsidiaries		£
Cost or valuation		
At 1 January 2021		17,646
Disposals		(17,646)
At 31 December 2021		-
Provision		
Carrying amount		
At 31 December 2021		-
At 31 December 2020		17,646

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

16 Stocks

	2021 £	2020 £
Raw materials and consumables	354,282	296,297
Finished goods and goods for resale	11,847	41,640
	<u>366,129</u>	<u>337,937</u>

17 Debtors

	Note	2021 £	2020 £
Trade debtors		312,060	22,869
Amounts owed by associates	27	-	399,687
Amounts due from group undertakings		385,348	-
Other debtors		114,979	86,738
Prepayments		275,929	181,716
Accrued income		242,650	305,816
		<u>1,330,966</u>	<u>996,826</u>

Amounts owed by group undertakings are interest-free, unsecured, without any guarantee and repayable on demand.

18 Cash at bank and in hand

	2021 £	2020 £
Cash at bank	<u>2,892,673</u>	<u>2,748,447</u>

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

19 Creditors

	Note	2021 £	2020 £
Amounts falling due within one year			
Trade creditors		353,089	515,322
Amounts owed to associates	27	-	1,080,801
Amounts due to group undertakings		11,304,894	-
Taxation and other social security		61,302	48,185
Outstanding defined contribution pension costs		-	21,960
Accruals		1,105,591	720,168
Deferred income		42,965	28,867
		<u>12,867,841</u>	<u>2,415,303</u>
Amounts falling due after more than one year			
Loans and borrowings	20	-	47,307,640
Deferred income		302,792	245,000
		<u>302,792</u>	<u>47,552,640</u>

Included within 'Amounts owed to group undertakings' are short term loans. £4,000,000 on which interest was payable at 1.90% was repaid on 14 March 2022. £6,000,000 on which interest is payable at 2.20% was repaid on 22 June 2022. Both loans are with Werhahn Industrieholding SE, part of the Werhahn group.

Remaining amounts owed to group undertakings are interest-free, unsecured, without any guarantee and repayable on demand.

20 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Loans and borrowings	<u>-</u>	<u>47,307,640</u>

Other borrowings

Loans from joint venturers is denominated in Sterling with a nominal interest rate of SONIA + 2.5% (2020 - LIBOR + 2.5%). The carrying amount at year end is £Nil (2020 - £47,307,640), the Company having raised £47,607,640 through the allotment of 47,607,640 Preferred shares having an aggregate nominal value of £47,607,640, allowing it to repay the loans in full.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	4,552	20,605
Later than one year and not later than five years	-	47,524
Later than five years	-	6,541
	<u>4,552</u>	<u>74,670</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,161 (2020 - £20,605).

22 Provisions

	Deferred tax £	Total £
At 1 January 2021	381,598	381,598
Decrease in existing provisions	<u>(381,598)</u>	<u>(381,598)</u>
At 31 December 2021	<u>-</u>	<u>-</u>

23 Called up share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary A shares of £1 each	19,696,051	19,696,051	19,696,051	19,696,051
Ordinary B shares of £1 each	19,696,051	19,696,051	19,696,051	19,696,051
Preferred A Shares of £1 (2020 - £0) each	23,803,820	23,803,820	-	-
Preferred B Shares of £1 (2020 - £0) each	<u>23,803,820</u>	<u>23,803,820</u>	-	-
	<u>86,999,742</u>	<u>86,999,742</u>	<u>39,392,102</u>	<u>39,392,102</u>

New Shares Allotted

During the year 47,607,640 Preferred shares having an aggregate nominal value of £47,607,640 were allotted for an aggregate consideration of £47,607,640.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

24 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £160,480 (2020 - £17,979).

25 Parent and ultimate parent undertaking

The company's immediate parent is FiberLean Technologies GmbH, incorporated in Germany.

The ultimate parent is Wilh. Werhahn KG, incorporated in Germany.

The parent undertaking of the smallest and largest group which includes the company and for which group accounts are prepared is Wilh. Werhahn KG. Copies of the group financial statements are available from Königstraße 1, 41460 Neuss, Germany.

26 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £305,244 (2020 - £265,528).

Contributions totalling £Nil (2020 - £21,960) were payable to the scheme at the end of the year and are included in creditors.

FiberLean Technologies Limited

Notes to the Financial Statements

Year Ended 31 December 2021

27 Related party transactions

Summary of transactions with all joint ventures

Imerys Minerals Limited and Omya International AG were related parties of the company by virtue of each being 50% joint venture share holders. This ceased on 15 March 2021 when one hundred percent of FiberLean Technologies Limited shares were acquired by Sechste Werhahn Projekte GmbH.

With the allotment of 47,607,640 Preferred shares having an aggregate nominal value of £47,607,640 for an aggregate consideration of £47,607,640, the Company repaid its loans of £47,307,640 in full. During the year the company made sales to joint venture parties of £103,252 (2020: £801,303) and made purchases/received services from these companies of £195,755 (2020: £4,970,295). In addition, loans of £1,650,000 (2020: £12,050,000) were received from the joint venture parties which incurred interest at a rate of SONIA +2.5% which created interest charges of £181,756 (2020: £1,192,534). At the year end date, a net £Nil (2020: £48,096,685) was due to these companies.

28 Analysis of changes in net debt

	At 1 January 2021 £	Financing cash flows £	Cash flows £	At 31 December 2021 £
Cash and cash equivalents				
Cash	2,748,447	-	144,226	2,892,673
Borrowings				
Long term borrowings	<u>(47,307,640)</u>	<u>47,307,640</u>	<u>-</u>	<u>-</u>
	<u>(44,559,193)</u>	<u>47,307,640</u>	<u>144,226</u>	<u>2,892,673</u>