Registered number: 03610658

ENNOVY GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

ENNOVY GROUP LIMITED

CONTENTS

ENNOVY GROUP LIMITED

COMPANY INFORMATION

Directors	G N Sarrouf D Sarrouf S Larosa K Huang M W Opzoomer E A Sarrouf (resigned 22 July 2021) F J L Posadas (appointed 22 July 2021)
Company secretary	L L Hickman
Registered number	03610658
Registered office	Cheshire Science Centre Gorsey Lane Widnes Cheshire WA8 0RP
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

Introduction

The directors present their Strategic Report for the Group, together with the audited financial statements for the year ended 31 December 2021.

Business review

The principal activity of the Group was that of the design, manufacture and marketing of lathed and moulded soft contact lenses. The Group continues to differentiate by offering contact lenses with enhanced ranges of parameters and degree of comfort to Opticians, Optometrists and Ophthalmologists across Europe, Central and South America, the Middle East and South East Asia.

The Group's key measurement of effectiveness is to increase shareholder value and provide Eyecare Professionals with the products required to service their patients.

The strategic focus of the Group continues to be in product innovation and in providing excellent professional support services. The Group's products are carefully targeted at high growth and high demand markets, underpinned by rigorous market research, both in-house and external. The ultimate aim is to enable the Group to excel within our chosen niche market segments and to create favourable product differentiation, endorsed by major Eyecare Professionals. The Group intends to achieve continuing growth by constant product innovation and geographical expansion into carefully selected markets.

The Group continued its recovery from the adverse effects of the Covid lockdowns which persisted during the first few months of 2021 in most of Europe. While most of the subsidiaries managed to match 2020 revenues in 2021, Spain, the group's major contributor, reported revenues which were more than 25% ahead of 2020.

The Group has made the following progress regarding the three initiatives as previously reported :-

1. The loss-making moulded lens manufacturing site located in Romsey has been closed and the disposal of the premises is in progress

2. The Group has reached agreement for a lease with the landlord of the proposed new manufacturing site and is in the process of finalising plans on how best to utilise the space available which will involve some structural changes.

3. The launch of the new silicon hydrogel in April 2021, in spherics only, was augmented by the launch of the toric range in August 2021.

The closure of the Romsey site has enabled the Group to concentrate its focus on its core business i.e. individually crafted contact lenses.

Principal risks and uncertainties

The Group operates in a highly competitive market. The Group manages this risk by ensuring that our products maintain a competitive edge. Additionally, we build on our reputation of being a manufacturer of quality specialist contact lenses made to a higher degree of precision compared with mass market products.

The Group designs and manufactures its products principally in Spain and to a lesser extent in the United Kingdom, and the primary source of materials is within the EU. It has limited exposure to movements in the Euro to Pound exchange rate. The risk of fluctuations is minimised by entering into currency hedging contracts from time to time when deemed appropriate.

Financial risk and management objectives and policies

The Group's activities expose it to several financial risks including price risk, credit risk, cash flow risk and liquidity risk. However, these risks are minimized by ensuring adequate funding at all times through a desirable mix of equity and debt financing. From time to time, the Group also make use of invoice discounting where appropriate and taking payments in advance in distant markets where debt insurance is not available. Due to the nature of the business with end users requiring replacement contact lenses, our Eyecare Professional clients generally settle outstanding amounts promptly so that their patients can receive replacement products.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group has no significant concentration of credit risk, with the exposure spread across a large number of debtors and almost fourteen thousand customers.

Price risk

The Group designs and manufactures bespoke lenses for patients throughout Europe and these products command a premium price. However, the Group continues to monitor its prices in the marketplace, comparing the prices with major global manufacturers. This ensures that its pricing remains competitive and sensitive to perceived value for the patients while delivering exceptional levels of customer service to Opticians, enabling them to also benefit from premium prices.

Financial key performance indicators

Compared with 2020, turnover for 2021 has increased by 3%. At constant exchange rates, the increase in turnover amounts to 5.5%. During the first half of 2021, the Group's trading performance within most European countries continued to be adversely affected by local Covid 19 lockdowns restrictions. Apart from Germany and France, most countries reported higher turnover figures versus 2020. The gross profit margin of the Group decreased from 54.3% in 2020 to 50.4% in 2021, mainly due to the impairment, in 2021, of the remaining lens stock from discontinued lines (Methafilcon) and post aborted launch of the daily product (Versa) and some raw materials which amounted to £0.7 million (€0.8 million).

The position of the Group at the year end is set out in the consolidated balance sheet on pages 14 to 15 and in the related notes on pages 21 to 50. The position of the Company at the year end is set out in the Company balance sheet on page 16.

This report was approved by the board and signed on its behalf.

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S Larosa
Director

Date: 27/06/2022

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

Results and dividends

The loss for the year, after taxation, amounted to £5,433,004 (2020 - loss £5,209,097).

The directors are recommending that no dividends be paid, in view of the continuing investment in research and development.

Directors

The directors who served during the year were:

G N Sarrouf
D Sarrouf
S Larosa
K Huang
M W Opzoomer
E A Sarrouf (resigned 22 July 2021)
F J L Posadas (appointed 22 July 2021)

Future developments

Going forward, the Group plans to further differentiate itself by providing eyecare professionals with greater customer care and support and making its custom-made lenses significantly easier to fit.

More specifically, it plans to :-

- further strengthen its sales force
- enable greater sharing of technical and marketing learnings between the countries
- organise the professional services team under a matrix reporting regime so that each team member reports both to the country head as well as to the head of Professional Serves in order to ensure a greater opportunity for learnings across countries

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 28 March 2022 Ennovy Group Limited agreed a £0.4m (€0.5m) secured term loan facility over a 6 month loan term in order to provide additional cashflow for the business.

Auditor

The auditor, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Larosa
Director

Date: 27/06/2022

ENNOVY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

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

Opinion

We have audited the financial statements of Ennovy Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group profit and loss account, the Group statement of comprehensive income, the Group and Company balance sheets, the Group statement of cash flows, the Group and Company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 Group 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Company's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, and the Company's legal advisors.

Our risk assessment findings for both non-compliance with laws and regulations and the susceptibility of the Group's financial statements to material misstatement arising from fraud were communicated with component auditors so that they could include them within their own risk assessment procedures and include, where appropriate audit procedures in response to such risks in their work.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Blick Rothenberg Audit LLP

Daniel Burke (senior statutory auditor)
for and on behalf of
Blick Rothenberg Audit LLP
Chartered Accountants & Statutory Auditor
Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 27 June 2022

ENNOVY GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	**14,239,410**	13,838,990
Cost of sales		**(7,061,661)**	(6,319,872)
Gross profit		**7,177,749**	7,519,118
Administrative expenses		**(11,962,376)**	(12,190,274)
Other operating income	5	**301,064**	726,268
Operating loss	6	**(4,483,563)**	(3,944,888)
Amounts written off investments		**-**	(150,005)
Interest receivable and similar income	10	**7,925**	59
Interest payable and similar expenses	11	**(1,227,688)**	(1,152,997)
Loss before tax		**(5,703,326)**	(5,247,831)
Tax on loss	12	**270,322**	38,734
Loss for the financial year		**(5,433,004)**	(5,209,097)
Loss for the year attributable to:			
Owners of the parent		**(5,433,004)**	(5,209,097)
		(5,433,004)	(5,209,097)

The notes on pages 21 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Loss for the financial year		**(5,433,004)**	(5,209,097)
Other comprehensive income			
Currency translation differences		**143,974**	(240,531)
Other comprehensive income for the year		**143,974**	(240,531)
Total comprehensive income for the year		**(5,289,030)**	(5,449,628)
(Loss) for the year attributable to:			
Owners of the parent Company		**(5,433,004)**	(5,209,097)
		(5,433,004)	(5,209,097)
Total comprehensive income attributable to:			
Owners of the parent Company		**(5,289,030)**	(5,449,628)
		(5,289,030)	(5,449,628)

The notes on pages 21 to 50 form part of these financial statements.

REGISTERED NUMBER:03610658

ENNOVY GROUP LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	13		**2,148,425**		2,953,352
Tangible assets	14		**2,943,610**		4,084,798
Investments	15		**115,838**		46,825
			5,207,873		7,084,975
Current assets					
Stocks	16	**1,383,810**		1,665,057	
Debtors	17	**3,863,605**		3,772,750	
Cash at bank and in hand	18	**639,120**		3,588,632	
		5,886,535		9,026,439	
Creditors: amounts falling due within one year	19	**(5,331,813)**		(4,782,490)	
Net current assets			**554,722**		4,243,949
Total assets less current liabilities			**5,762,595**		11,328,924
Creditors: amounts falling due after more than one year	20		**(13,332,035)**		(13,510,383)
Provisions for liabilities					
Deferred taxation	23	-		(198,521)	
Other provisions	24	**(99,570)**		-	
			(99,570)		(198,521)
Net liabilities			**(7,669,010)**		(2,379,980)
Capital and reserves					
Called up share capital	25		**4**		4
Share premium account	26		**9,493,823**		9,493,823
Profit and loss account	26		**(17,162,837)**		(11,873,807)
Equity attributable to owners of the parent Company			**(7,669,010)**		(2,379,980)

ENNOVY GROUP LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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S Larosa
Director

Date: 27/06/2022

The notes on pages 21 to 50 form part of these financial statements.

ENNOVY GROUP LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Investments	15		**9,926,182**		9,926,182
			9,926,182		9,926,182
Current assets					
Debtors	17	**281,473**		173,033	
Cash at bank and in hand	18	**636**		6,749	
		282,109		179,782	
Creditors: amounts falling due within one year	19	**(1,081,968)**		(574,162)	
Net current liabilities			**(799,859)**		(394,380)
Total assets less current liabilities			**9,126,323**		9,531,802
Creditors: amounts falling due after more than one year	20		**-**		(68,750)
Net assets			**9,126,323**		9,463,052
Capital and reserves					
Called up share capital	25		**4**		4
Share premium account	26		**9,493,823**		9,493,823
Profit and loss account	26		**(367,504)**		(30,775)
			9,126,323		9,463,052

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

....

S Larosa
Director

Date: 27/06/2022

The notes on pages 21 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	**3**	**6,054,094**	**(6,424,179)**	**(370,082)**
Loss for the year	-	-	(5,209,097)	(5,209,097)
Currency translation differences	-	-	(240,531)	(240,531)
Shares issued during the year	1	3,439,729	-	3,439,730
At 1 January 2021	**4**	**9,493,823**	**(11,873,807)**	**(2,379,980)**
Loss for the year	-	-	(5,433,004)	(5,433,004)
Currency translation differences	-	-	143,974	143,974
At 31 December 2021	**4**	**9,493,823**	**(17,162,837)**	**(7,669,010)**

The notes on pages 21 to 50 form part of these financial statements.

ENNOVY GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	**3**	**6,054,094**	**543,032**	**6,597,129**
Loss for the year	**-**	**-**	**(573,807)**	**(573,807)**
Shares issued during the year	**1**	**3,439,729**	**-**	**3,439,730**
At 1 January 2021	**4**	**9,493,823**	**(30,775)**	**9,463,052**
Loss for the year	**-**	**-**	**(336,729)**	**(336,729)**
At 31 December 2021	**4**	**9,493,823**	**(367,504)**	**9,126,323**

The notes on pages 21 to 50 form part of these financial statements.

ENNOVY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	**(5,433,004)**	(5,209,097)
Adjustments for:		
Amortisation of intangible assets	**1,172,660**	1,223,698
Depreciation of tangible assets	**571,747**	629,561
Impairments of fixed assets	**558,671**	1,158,348
Loss on disposal of tangible assets	**97,736**	213,518
Government grants	**(101,854)**	(343,097)
Interest paid	**1,227,688**	1,152,997
Interest received	**(7,925)**	(59)
Taxation charge	**(270,322)**	(38,734)
Decrease/(increase) in stocks	**281,247**	(56,409)
Decrease in debtors	**340,808**	858,396
Increase/(decrease) in creditors	**438,052**	(891,874)
Increase in provisions	**99,570**	-
Net fair value losses recognised in P&L	**-**	150,005
Other income in respect of R&D tax	**(31,378)**	(106,015)
Corporation tax received / (paid)	**195,427**	144,261
Foreign exchange through operating loss	**(225,685)**	144,178
Net cash generated from operating activities	**(1,086,562)**	(970,323)
Cash flows from investing activities		
Purchase of intangible fixed assets	**(434,993)**	(620,064)
Purchase of tangible fixed assets	**(264,936)**	(273,066)
Sale of tangible fixed assets	**94,244**	-
Purchase of unlisted and other investments	**(71,270)**	-
Interest received	**7,925**	59
Net cash from investing activities	**(669,030)**	(893,071)
Cash flows from financing activities		
Issue of ordinary shares	**-**	3,439,730
New secured loans	**96,616**	2,783,835
Repayment of/new finance leases	**(164,702)**	(224,758)
Interest paid	**(1,227,688)**	(1,152,997)
Government grants received	**101,854**	343,097
Net cash used in financing activities	**(1,193,920)**	5,188,907
Net (decrease)/increase in cash and cash equivalents	**(2,949,512)**	3,325,513

ENNOVY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash and cash equivalents at beginning of year	**3,588,632**	263,119
Cash and cash equivalents at the end of year	**639,120**	3,588,632
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**639,120**	3,588,632
	639,120	3,588,632

1. General information

Ennovy Group Limited is a company limited by shares and incorporated in England and Wales. The address of the registered office is Cheshire Science Centre, Gorsey Lane, Widnes, Cheshire, WA8 0RP.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2. Accounting policies (continued)

2.3 Going concern

The Group meets its day-to-day working capital requirements and funds its investment in capital expenditure through a £10.6 million (€12.5 million) loan facility which matures in September 2025 and is secured on certain assets held by the Group. The facility is subject to a series of covenants including maximum leverage and minimum interest cover ratios relative to underlying EBITDA and capital expenditure. Under the terms of this facility, the Group is permitted to have additional credit facilities of up to £3.4 million (€4.0 million) from third-party lenders.

In the course of FY2021, the Group's revenues have increased by 3%, reflecting the gradual recovery from the adverse impact of Covid-19 and remedial actions taken by the directors. The consolidated total comprehensive loss for 2021 was £5.4 million (€6.3 million) and the Group had net liabilities of £7.7 million (€9 million) at 31 December 2021 (2020: £2.4 million (€2.7 million)).

During the prior year, in June 2020, the Group secured an additional £3.4 million (€4.0 million) of funding from issuing new shares to Bond Investment 2 LP and the directors secured additional loan facilities totalling £1.8 million (€2.13 million) from third-party lenders to assist the cashflow of the business. Of these loan facilities £1.4 million (€1.63 million) is repayable over 5 years, with the remaining £0.4 million (€0.5 million) repayable over 7 years. During 2021 the 5-year loan agreements were extended to 8 years with principal repayment starting in May 2022.

As at 31 December 2021, the Group had £13.5 million (€15.9 million) of net debt (2020: £10.6 million (€11.9 million)) and an undrawn amount under the credit facility of £128 thousand (€150 thousand) (2020: £nil). However, cash balances held by the Group at 31 December 2021 amounted to £639 thousand (€751 thousand) (2020: £3.6 million (€4.0 million)).

As at 31 May 2022, the Group's management accounts show cash held of £220 thousand (€261 thousand), and a negative EBITDA figure for the first five months of 2022 of £10 thousand (-€12 thousand).

The directors have taken into consideration, the current cash position, an imminent non-operational cash receipt of £1.2 million (€1.4 million), the improving trading performance of the Group versus prior year as well as external conditions and other uncertainties, and have factored these into their financial forecasts and assessment of covenant headroom which have been prepared up to 31 December 2023. Separately, Ennovy Group Limited's shareholders have indicated their willingness to continue to provide the Group with financial support.

The Group's cash flow projections, taking account of reasonable possible changes in trading performance and available mitigating actions, show that the Group will be able to operate within the limits of the available facility and provide against the covenants for the foreseeable future being a period of, at least, twelve months from the date these financial statements were approved.

For these reasons, the directors consider it appropriate to prepare these financial statements on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional currency is Euros. This differs from the presentational currency which is GBP. The reason for the difference is that the directors wish to present the financial statements in the local currency of certain key investors for the Company and the Group.

Transactions and balances

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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated profit and loss account in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2. Accounting policies (continued)

2.14 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.

Expenditure on internally developed products is capitalised if it can be demonstrated that:

a) it is technically feasible to develop the product for it to be sold;
b) adequate resources are available to complete the development;
c) there is an intention to complete and sell the product;
d) the Group is able to sell the product;
e) sale of the product will generate future economic benefits; and,
f) expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the administration expenses line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated profit and loss account as incurred.

2.15 Tangible fixed assets

Tangible fixed 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.

Depreciation is charged so as to allocate 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:

Freehold property	- 2% straight line
Plant and machinery	- 7 - 25% straight line
Fixtures and fittings	- 10 - 25% straight line
Assets in the course of construction	- Will be depreciated when construction is complete and the assets are in use
Moulding and equipment	- 10% straight line

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

2. Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experiences may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are discussed below.

In preparing these financial statements, the directors have made the following judgements:

Determining whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Useful lives of fixed assets (see note 14)

Depreciation is provided to write down the assets to their residual values over their estimated useful lives as set out in the Group's accounting policy. The selection of these estimated lives requires the exercise of management's judgement. Useful lives are regularly reviewed and should management's assessent of useful lives change then depreciation charges and carrying value of fixed assets in the financial statements would change accordingly.

Capitalised development costs (see note 13)

Development costs that meet the qualifying criteria are capitalised and systematically amortised over the useful economic life of the intangible asset. Determining whether development costs qualify for capitalisation requires judgement, including estimates of the technical an commercial viability of the asset created and its applicable useful economic life. These estimates are continually reviewed and updated based on past experience and reviews of competitor products available in the market.

Research and development costs

Research costs are expensed as incurred. Development expenditure is also charged to the income statement in the year of expenditure unless the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available to use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Stock provisions

Provisions against stock are made where the directors consider there is a reasonable expectation that the sales value achievable for a certain stock line will not be achieved. Stock is subsequently written down to the net realisable value of the items, either on the basis of actual prices achieved, or on the directors' prudent estimations as informed by their previous experience.

3. Judgments in applying accounting policies (continued)

Bad debt provisions

Provisions for doubtful debts are based on the directors' prudent expectations of customers' likelihood of default. This is based on specific ongoing review of outstanding balances as part of the Group's credit control procedures.

4. Turnover

Turnover is wholly attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	**923,543**	943,124
Rest of Europe	**11,816,319**	10,991,997
Rest of the world	**1,499,548**	1,903,869
	14,239,410	13,838,990

5. Other operating income

	2021 £	2020 £
Other operating income	**167,832**	277,156
Government grants receivable	**101,854**	343,097
R&D tax credit under SME regime	**31,378**	106,015
	301,064	726,268

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Exchange differences	**(225,685)**	144,178
Depreciation of tangible fixed assets	**571,747**	629,561
Impairment of tangible fixed assets	**558,671**	333,149
Amortisation of development costs and other intangible fixed assets	**1,172,660**	1,223,698
Impairment of development costs and other intangible fixed assets	**-**	825,199

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**20,000**	15,000

Fees payable to the Group's auditor and its associates in respect of:

	2021 £	2020 £
Taxation compliance services	**2,500**	7,000
All other services	**12,500**	25,000
	15,000	32,000

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	**Company 2021 £**	Company 2020 £
Wages and salaries	**6,660,089**	6,535,156	**-**	-
Social security costs	**1,627,257**	1,586,241	**-**	-
Cost of defined contribution scheme	**128,745**	128,750	**-**	-
	8,416,091	8,250,147	**-**	-

Included within the amounts detailed above is key management personnel remuneration totalling £1,374,493 (2020: £1,245,107). Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group.

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	Group 2020 No.	**Company 2021 No.**	Company 2020 No.
Finance, administration, HR and management	**28**	26	6	6
Manufacturing, logistics, QA and QC	**100**	106	-	-
IT	**5**	5	-	-
Maintenance and engineering	**5**	8	-	-
Research and development	**6**	9	-	-
Sales, marketing and customer care	**57**	58	-	-
Temporary staff	**-**	2	-	-
	201	214	6	6

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	**124,297**	340,121
Group contributions to defined contribution pension schemes	**-**	2,658
	124,297	342,779

During the year retirement benefits were accruing to no directors (2020 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £124,297 (2020 - £119,695).

The amounts shown above are the total remuneration for the directors of Ennovy Group Limited for the services provided to the Group.

10. Interest receivable

	2021 £	2020 £
Other interest receivable	**7,925**	59
	7,925	59

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	**1,218,924**	1,134,949
Other loan interest payable	**-**	6,761
Finance leases and hire purchase contracts	**4,141**	5,156
Other interest payable	**4,623**	6,131
	1,227,688	1,152,997

12. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	**(270,322)**	(38,734)
Total deferred tax	**(270,322)**	(38,734)
Taxation on loss on ordinary activities	**(270,322)**	(38,734)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	**(5,703,326)**	(5,247,831)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(1,083,632)**	(997,088)
Effects of:		
Non-tax deductible amortisation of intangible fixed assets and impairment	**222,805**	330,002
Expenses not deductible for tax purposes, other than intangible amortisation and impairment	**6,746**	44,225
Capital allowances for year in excess of depreciation and impairment	**200,899**	(150,062)
Book profit or loss on fixed asset disposals	**18,570**	21,540
Unrelieved tax losses carried forward	**663,148**	719,285
R&D enhanced deduction	**(58,332)**	(217,682)
R&D tax credit claimed	**(5,962)**	(20,143)
Other differences leading to an increase (decrease) in the tax charge	**35,758**	269,923
Movement on deferred tax	**(270,322)**	(38,734)
Total tax charge for the year	**(270,322)**	(38,734)

12. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021 on 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

13. Intangible assets

Group

	Development expenditure £
Cost	
At 1 January 2021	**8,089,703**
Additions	**434,993**
Foreign exchange movement	**(241,444)**
At 31 December 2021	**8,283,252**
Amortisation	
At 1 January 2021	**5,136,351**
Charge for the year on owned assets	**1,172,660**
Foreign exchange movement	**(174,184)**
At 31 December 2021	**6,134,827**
Net book value	
At 31 December 2021	**2,148,425**
At 31 December 2020	2,953,352

The development costs relate to various projects that have been undertaken over a number of years, and the directors consider that it is probable that these projects will generate future economic benefit going forward. A significant project relates to the development of a "versa and daily toric" contact lenses which launched and began generating economic benefit from September 2018. These development costs have been amortised from this date.

However, after a period of approximately 18 months post-launch, the R&D and the production teams were not able to overcome all the technical challenges they faced. In particular, production yield, critical factor, was not sufficiently high to generate a positive return. As a result, the Group made a difficult decision to withdraw Versa from the market in Q2 2020.

Despite the withdrawal of Versa, the development process itself provided the Group with valuable knowledge and technical know-how. These learnings can readily be deployed in a future re-launch of Versa, as well as to improve existing contact lens manufacturing processes. The knowledge gained is not production line specific and will improve the efficiency of not only the manufacturing process but also order processing, database generation and scheduling.

14. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Moulding equipment & inserts £	Total £
Cost or valuation					
At 1 January 2021	550,000	10,227,419	871,310	583,848	12,232,577
Additions	-	211,924	27,743	25,269	264,936
Disposals	-	(237,093)	-	-	(237,093)
Exchange adjustments	-	(231,584)	(36,732)	(3,033)	(271,349)
At 31 December 2021	550,000	9,970,666	862,321	606,084	11,989,071
Depreciation					
At 1 January 2021	126,319	7,049,245	751,709	220,506	8,147,779
Charge for the year on owned assets	11,763	489,407	39,737	30,840	571,747
Disposals	-	(45,113)	-	-	(45,113)
Impairment charge	-	194,010	15,583	349,078	558,671
Exchange adjustments	-	(153,057)	(32,091)	(2,475)	(187,623)
At 31 December 2021	138,082	7,534,492	774,938	597,949	9,045,461
Net book value					
At 31 December 2021	411,918	2,436,174	87,383	8,135	2,943,610
At 31 December 2020	423,681	3,178,174	119,601	363,342	4,084,798

14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2021	2020
	£	£
Freehold	**411,918**	423,681
	411,918	423,681

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021	2020
	£	£
Plant and machinery	**566,410**	999,315
	566,410	999,315

14. Tangible fixed assets (continued)

Company

	Plant and machinery £
Cost or valuation	
At 1 January 2021	1,382
At 31 December 2021	1,382
Depreciation	
At 1 January 2021	1,382
At 31 December 2021	1,382
Net book value	
At 31 December 2021	-
At 31 December 2020	-

15. Fixed asset investments

Group

	Unlisted investments £
Cost or valuation	
At 1 January 2021	**196,830**
Additions	**71,270**
Disposals	**(150,005)**
Foreign exchange movement	**(2,257)**
At 31 December 2021	**115,838**
At 1 January 2021	**150,005**
Impairment on disposals	**(150,005)**
At 31 December 2021	**-**
Net book value	
At 31 December 2021	**115,838**
At 31 December 2020	46,825

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2021	**9,926,182**	**150,005**	**10,076,187**
Disposals	**-**	**(150,005)**	**(150,005)**
At 31 December 2021	**9,926,182**	**-**	**9,926,182**
Impairment			
At 1 January 2021	-	**150,005**	**150,005**
Reversal of impairment	-	**(150,005)**	**(150,005)**
At 31 December 2021	**-**	-	**-**
Net book value			
At 31 December 2021	**9,926,182**	**-**	**9,926,182**
At 31 December 2020	9,926,182	-	9,926,182

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
mark'ennovy Personalized Care S.L.	Carralero, 25, with C.P. 28222 Majadahonda, Spain	Ordinary	100%

15. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
*mark'ennovy Personalized Care Limited	2 Triton Centre, Premier Way, Romsey, Hampshire, SO51 9DJ	Ordinary	100%
*Vista Optics Limited	Cheshire Science Centre, Gorsey Lane, Widnes, WA8 0RP	Ordinary	100%
*mark'ennovy Material Sciences Limited	Cheshire Science Centre, Gorsey Lane, Widnes, WA8 0RP	Ordinary	100%
mark'ennovy GmbH	Leitzstrasse 45, 70469 Stuttgart, Germany	Ordinary	100%
mark'ennovy srl	Via Milo Burlini, 39 31050 Ponzano Veneto Treviso	Ordinary	100%
mark'ennovy Pty Limited	214 Melbourne Street, Dean Newbey & partners, North Adelaide, 5006, 8A	Ordinary	100%

For the year ended 31 December 2021 the above companies marked with an asterisk (*) were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

16. Stocks

	Group 2021 £	Group 2020 £
Raw materials and consumables	**142,084**	209,498
Work in progress (goods to be sold)	**133,884**	62,143
Finished goods and goods for resale	**1,107,842**	1,393,416
	1,383,810	1,665,057

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Amounts owed by group undertakings	-	-	-	44,115
Due within one year				
Trade debtors	**2,478,413**	2,735,917	-	-
Amounts owed by group undertakings	-	-	**2,556**	115,198
Other debtors	**596,425**	99,239	**272,917**	-
Prepayments and accrued income	**355,663**	371,431	**6,000**	13,720
Tax recoverable	**44,517**	208,606	-	-
Deferred taxation	**388,587**	357,557	-	-
	3,863,605	3,772,750	**281,473**	173,033

Included in Deferred taxation shown above are deferred tax assets relating to foreign jurisdictions totalling £310,284 (2020: £357,557).

Included in Company debtors shown above are amounts owed by group undertakings totalling £nil (2020: £44,115) which are due after more than one year.

18. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	**639,120**	3,588,632	**636**	6,749
	639,120	3,588,632	**636**	6,749

19. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	**742,820**	610,427	**-**	-
Trade creditors	**1,467,235**	1,130,574	**34,371**	18,886
Amounts owed to group undertakings	**-**	-	**667,365**	261,079
Other taxation and social security	**448,321**	654,743	**98,681**	95,486
Obligations under finance lease and hire purchase contracts	**65,851**	155,723	**-**	-
Other creditors	**1,283,187**	1,039,694	**127,504**	69,313
Accruals and deferred income	**1,324,399**	1,191,329	**154,047**	129,398
	5,331,813	4,782,490	**1,081,968**	574,162

Amounts shown above in Bank loans are secured against the assets of the Group.

Amounts shown above in Bank loans relating to the loan facilities totalling £1.8 million (€2.13 million) from third-party lenders bear interest at rates between 2% and 3.5%.

Amounts shown above in Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

20. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	**13,238,350**	13,274,127	**-**	-
Net obligations under finance leases and hire purchase contracts	**71,193**	146,023	**-**	-
Other creditors	**-**	68,750	**-**	68,750
Government grants received	**22,492**	21,483	**-**	-
	13,332,035	13,510,383	**-**	68,750

Amounts shown above in Bank loans are secured over the assets of the Group.

Amounts shown above in Bank loans relating to the £10.6 million (€12.5 million) Alantra loan bear two types of interest. Firstly the cash interest payable at a rate of 6% above EURIBOR. The second being the payment in kind interest payable at a rate of 3% above EURIBOR.

Amounts shown above in Bank loans relating to the loan facilities totalling £1.8 million (€2.13 million) from third-party lenders bear interest at rates between 2% and 3.5%.

Amounts shown above in Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

21. Loans

Analysis of the maturity of loans is given below:

	Group 2021 £	Group 2020 £
Amounts falling due within one year		
Bank loans	**742,820**	610,427
Amounts falling due 1-2 years		
Bank loans	**295,413**	468,201
Amounts falling due 2-5 years		
Bank loans	**12,572,239**	12,805,926
Amounts falling due after more than 5 years		
Bank loans	**370,698**	-
	13,981,170	13,884,554

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £
Within one year	**66,322**	159,914
Between 1-5 years	**65,386**	137,537
Over 5 years	**5,294**	10,162
	137,002	307,613

23. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	**159,036**	120,302
Charged to profit or loss	**270,322**	38,734
Other movements on deferred tax	**(40,771)**	-
At end of year	**388,587**	159,036

The deferred tax balance is made up as follows:

	Group 2021 £	Group 2020 £
Accelerated capital allowances	**(96,538)**	(203,435)
Tax losses carried forward	**377,865**	419,464
Accelerated capital allowances on research and development	**(203,024)**	(414,550)
Deferred tax asset in respect of mark'ennovy Personalized Care S.L.	**197,123**	238,667
Deferred tax asset in respect of mark'ennovy srl	**113,161**	118,890
	388,587	159,036
Comprising:		
Deferred tax asset	**388,587**	357,557
Deferred tax liability	**-**	(198,521)
	388,587	159,036

24. Provisions

Group

	Onerous lease provision £
Charged to profit or loss	**99,570**
At 31 December 2021	**99,570**

An onerous lease provision totalling £99,570 has been made by the Group at the balance sheet date to reflect the expected future costs of rent agreements to which the Group was committed as at 31 December 2021. Included in the provision is an estimate of income to be received from subleasing the properties to which the Group was committed to paying amounts under operating leases as outlined in note 30 as at 31 December 2021.

25. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
186,021 (2020 - 186,021) Ordinary shares of £0.000010 each	**2**	2
11,765 (2020 - 11,765) Ordinary A shares of £0.000010 each	**-**	-
11,765 (2020 - 11,765) Ordinary B shares of £0.000010 each	**-**	-
6,895 (2020 - 6,895) Ordinary C1 shares of £0.000010 each	**-**	-
7,907 (2020 - 7,907) Ordinary C2 shares of £0.000010 each	**-**	-
111,834 (2020 - 111,834) Ordinary D shares of £0.000010 each	**1**	1
88,889 (2020 - 89,889) Preferred shares of £0.000010 each	**1**	1
1,765 (2020 - 1,765) Deferred shares of £0.000010 each	**-**	-
	4	4

Ordinary shares have full voting, dividend and capital distribution rights attached.

Ordinary A, B, C1, and C2 shares have no voting rights or rights to dividends or capital distribution. The holders of these share classes do have a put option.

Ordinary D shares have full voting, dividend and capital distribution rights attached. They also have the right to receive a special dividend in certain circumstances.

Preferred shares have no voting rights. The Preferred shares carry dividend rights and preferential capital distribution rights following the formula prescribed in the Company's articles.

Deferred shares have no voting rights or rights to dividends. The Deferred shares carry the right to capital distribution on a winding up capped at £1.

26. Reserves

Share premium account

Share premium represents amounts paid by members of the Group for share capital above the nominal value of the shares acquired.

Profit and loss account

The profit and loss account represents the distributable reserves of the Group net of dividends.

27. Analysis of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	**3,588,632**	**(2,949,512)**	**639,120**
Debt due after 1 year	**(13,274,127)**	**27,460**	**(13,246,667)**
Debt due within 1 year	**(610,427)**	**(124,076)**	**(734,503)**
Finance leases	**(301,746)**	**164,702**	**(137,044)**
	(10,597,668)	**(2,881,426)**	**(13,479,094)**

28. Capital commitments

At 31 December 2021 the Group and Company had capital commitments as follows:

	Group 2021 £	Group 2020 £
Contracted for but not provided in these financial statements	**-**	(800,000)
	-	(800,000)

On 4 January 2021 a deed of release from the commitment to pay a remaining £800,000 for the development of an asset was agreed by the Group. At the balance sheet date the Group was committed to paying a further £nil (2020: £800,000) to the related party for development of the asset. There were no other capital commitments of the Group.

29. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £128,745 (2020: £128,750). At the balance sheet date £10,702 (2020: £20,058) remained outstanding and is included in creditors.

30. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	**447,502**	339,731
Later than 1 year and not later than 5 years	**725,924**	308,650
Later than 5 years	**27,736**	37,540
	1,201,162	685,921

31. Related party transactions

During the year the Group was charged management fees totalling £208,814 (2020: £246,165), and equity issue fees totalling £nil (2020: £78,862) by shareholders of the Group. During the year the Group made payments in advance of receiving invoices totalling £12,962 (2020: £nil). At the balance sheet date the Group was owed £12,962 by (2020: owed £6,917 to) the shareholders.

During the year the Group made payments to directors of group companies totalling £75,000 (2020: £6,250). As at the balance sheet date the Group owed directors of group companies £62,500 (2020: £137,500).

32. Post balance sheet events

On 28 March 2022 Ennovy Group Limited agreed a £0.4m (€0.5m) secured term loan facility over a 6 month loan term in order to provide additional cashflow for the business.

33. Controlling party

The ultimate parent company of the Group is Eye-Chitecture Inc., a company incorporated in the United States of America which is controlled by G N Sarrouf, the ultimate controlling party of the Group, by virtue of his majority shareholding.

ENNOVY GROUP LIMITED
DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

These pages do not form part of the financial statements

ENNOVY GROUP LIMITED

COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Gross profit		-	-
Other operating income		-	22,508
Less: overheads			
Administration expenses		**(321,358)**	(439,429)
Operating loss		**(321,358)**	(416,921)
Interest receivable		**11,428**	6,456
Interest payable		**(26,799)**	(13,337)
Investment income		-	(150,005)
Loss for the year		**(336,729)**	(573,807)

	2021 £	2020 £
Other operating income		
Other operating income	-	22,508
	-	22,508

	2021 £	2020 £
Administration expenses		
Hotels, travel and subsistence	**213**	39,433
Telephone and fax	-	69
Trade subscriptions	**239**	239
Legal and professional	**33,190**	78,307
Auditors' remuneration	**25,500**	48,130
Bank charges	**360**	449
Bad debts	**2,389**	-
Difference on foreign exchange	**(826)**	21,707
Sundry expenses	-	2,933
Management charges	**260,293**	246,162
Fines and penalties	-	2,000
	321,358	439,429

	2021 £	2020 £
Interest receivable		
Other interest receivable	**7,917**	-
Group interest receivable	**3,511**	6,456
	11,428	6,456

	2021 £	2020 £
Interest payable		
Group interest payable	**26,799**	11,727
Other interest - on overdue tax	-	1,610
	26,799	13,337

ENNOVY GROUP LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Investment income		
Impairment charge	-	(150,005)
	-	(150,005)