

nanoFlowcell Holdings Limited

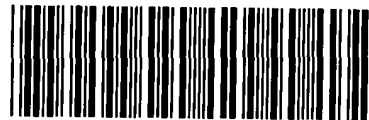
Report and Unaudited Financial Statements

Year Ended

31 December 2019

Company Number 10021928

WEDNESDAY



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COMPANIES HOUSE

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nanoFlowcell Holdings Limited

Registered number: 10021928

Company Information

Directors

H A Bertschi
J P Ellermann
N La Vecchia

Registered office

55 Baker Street
London
W1U 7EU

Accountants

BDO LLP
Thames Tower
Station Road
Reading
Berkshire
RG1 1LX



nanoFlowcell Holdings Limited
Registered number: 10021928

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nanoFlowcell Holdings Limited
Registered number: 10021928

Directors' report
For the year ended 31 December 2019

The directors present their report together with the unaudited financial statements of nanoFlowcell Holdings Limited ("the Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is to be a holding company for the group headed by the Company ("the nanoFlowcell group").

Directors

The directors who held office during the year and up to the date of approval of the financial statements were as follows:

H A Bertschi
J P Ellermann
N La Vecchia

Dividends

The directors do not recommend a dividend for the year under review (2018 - CHF Nil).

Going concern

The Company made a loss during the year, after taxation, of CHF 540,668 (2018 - CHF 30,133). The Company had net current liabilities of CHF 739,778 (2018 - CHF 199,882) and total net liabilities of CHF 643,337 (2018 - CHF 102,709) as at 31 December 2019.

The directors of the Company are currently assessing the impact of COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Company, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the Company could require further funding or support. The shareholders have indicated that they will continue to make available such funds as are needed by the Company and in particular will not seek the repayment of the amounts currently made available unless the Company has sufficient cash to make such a repayment.

The directors consider that this support will enable the Company to continue in operational existence for a period of not less than twelve months from the date of signing of these financial statements by meeting its liabilities as they fall due for payment.

Based on the above the directors have prepared these financial statements on a going concern basis.



nanoFlowcell Holdings Limited

Registered number: 10021928

Directors' report For the year ended 31 December 2019 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies and apply them consistently;
- 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Events after the reporting date

COVID-19

In December 2019 a novel coronavirus strain, COVID-19, emerged globally. In response, governments imposed restrictions on the movement and gathering of individuals. In particular, the operations of the Company's subsidiaries in Switzerland and Germany have been curtailed by restrictions imposed by the governments in these countries. On 11 March 2020, the World Health Organisation declared the novel coronavirus strain a global pandemic and recommended containment and mitigation measures worldwide. As of the date of signing these financial statements the operations of the Company's subsidiaries in Switzerland and Germany have been impacted by the pandemic, due to restrictions imposed and in force in Switzerland and Germany, however the impact has not been significant as they have continued to make progress in line with expectations.

LIQUIDATION OF SUBSIDIARY

On 18 June 2020 nanoFlowcell AG was liquidated.



nanoFlowcell Holdings Limited

Registered number: 10021928

Directors' report For the year ended 31 December 2019 (continued)

Events after the reporting date (continued)

BREXIT

On 31 January 2020, the UK left the European Union (EU) and has entered in a transition period until the end of 2020. Whilst the UK and the EU negotiate additional arrangements, the directors acknowledge that some uncertainty exists but do not foresee any immediate risks impacting the Company.

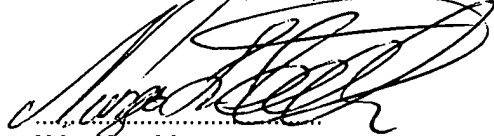
CHANGE OF PERSON OF SIGNIFICANT CONTROL

Nunzio La Vecchia became a person of significant control of the Company on 8 January 2020 by virtue of owning more than 50% of the shares in the Company.

Erminnia La Vecchia and Carmine La Vecchia ceased to be persons of significant control of the Company on 8 January 2020 following the transfer of their shares to Nunzio La Vecchia.

In preparing this report, the directors have taken advantage of the small companies exemptions.

This report was approved by the Board and signed on its behalf by:



N La Vecchia
Director

Date: 22. 12. 20

**Chartered accountants' report to the Board of Directors on the preparation of the unaudited
Financial Statements of nanoFlowcell Holdings Limited
For the year ended 31 December 2019**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of nanoFlowcell Holdings Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

It is your duty to ensure that nanoFlowcell Holdings Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of nanoFlowcell Holdings Limited. You consider that nanoFlowcell Holdings Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of nanoFlowcell Holdings Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Use of our report

This report is made solely to the Board of Directors of nanoFlowcell Holdings Limited, as a body, in accordance with the terms of our engagement letter dated 9 June 2020. Our work has been undertaken solely to prepare for your approval the financial statements of nanoFlowcell Holdings Limited and state those matters that we have agreed to state to them, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than nanoFlowcell Holdings Limited and its Board of Directors as a body for our work or for this report.

BDO LLP
Chartered Accountants
Reading
United Kingdom

Date: 22 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



nanoFlowcell Holdings Limited
Registered number: 10021928

Statement of comprehensive income
For the year ended 31 December 2019

| | Note | 2019 CHF | 2018 CHF |
|--|------|------------------|-----------------|
| Administrative expenses | | <u>(540,668)</u> | <u>(30,133)</u> |
| Operating loss and loss on ordinary activities before taxation | 6 | (540,668) | (30,133) |
| Taxation on loss on ordinary activities | 8 | <u>-</u> | <u>-</u> |
| Loss on ordinary activities after taxation and total comprehensive expense for the year | | <u>(540,668)</u> | <u>(30,133)</u> |

All amounts relate to continuing activities.

The notes on pages 10 to 27 form part of these financial statements.



nanoFlowcell Holdings Limited

Registered number: 10021928

Statement of financial position

As at 31 December 2019

| | Note | 2019 CHF | As restated 2018 CHF |
|-------------------------------------|--------|---------------------|----------------------------|
| Non-current assets | | | |
| Investments | 9 | 96,401 | 97,173 |
| Current assets | | | |
| Trade and other receivables | 10 | 42,943,090 | 43,453,391 |
| Cash at bank available on demand | | - | 70 |
| | | <u>42,943,090</u> | <u>43,453,461</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | (28,909) | (29,234) |
| Loans and borrowings | 12 | <u>(43,653,959)</u> | <u>(43,624,109)</u> |
| | | <u>(43,682,868)</u> | <u>(43,653,343)</u> |
| Net current liabilities | | <u>(739,778)</u> | <u>(199,882)</u> |
| Net liabilities | | <u>(643,377)</u> | <u>(102,709)</u> |
| Equity | | | |
| Called up share capital | 14, 15 | 132,256 | 132,256 |
| Retained deficit | 15 | <u>(775,633)</u> | <u>(234,965)</u> |
| Equity shareholders' deficit | | <u>(643,377)</u> | <u>(102,709)</u> |

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") relating to small companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

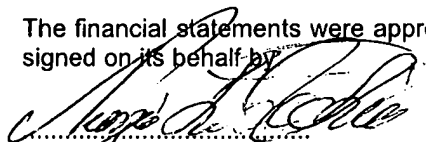
The financial statements have been prepared in accordance with the provisions applicable to the companies subject to the small companies' regime.

nanoFlowcell Holdings Limited
Registered number: 10021928

Statement of financial position

As at 31 December 2019 (continued)

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



N La Vecchia
Director

Date: 22, 12, 2020

The notes on pages 10 to 27 form part of these financial statements.

nanoFlowcell Holdings Limited
Registered number: 10021928

Statement of cash flows
For the year ended 31 December 2019

| | Note | 2019 CHF | As restated 2018 CHF |
|--|------|-----------------------|----------------------------|
| Cash flows from operating activities | | | |
| Loss for the year | | (540,668) | (30,133) |
| <i>Adjustments for:</i> | | | |
| Impairment of investments | 9 | 772 | 342 |
| Decrease/(increase) in trade and other receivables | 10 | 510,301 | (2,064) |
| (Decrease)/increase in trade and other payables | 11 | <u>(325)</u> | <u>596</u> |
| Net cash used in operating activities | | <u>(29,920)</u> | <u>(31,259)</u> |
| Cash flows from financing activities | | | |
| Proceeds from loans and borrowings | 12 | <u>29,232</u> | <u>31,202</u> |
| Net cash flows from financing activities | | <u>29,232</u> | <u>31,202</u> |
| Net decrease in cash and cash equivalents | | (688) | (57) |
| Cash and cash equivalents at 1 January | | <u>(324)</u> | <u>(267)</u> |
| Cash and cash equivalents at 31 December | | <u><u>(1,012)</u></u> | <u><u>(324)</u></u> |
| Cash and cash equivalents comprise: | | | |
| Cash at bank available on demand | | - | 70 |
| Bank overdraft | | <u>(1,012)</u> | <u>(394)</u> |
| | | <u><u>(1,012)</u></u> | <u><u>(324)</u></u> |

The notes on pages 10 to 27 form part of these financial statements.

nanoFlowcell Holdings Limited
Registered number: 10021928

Statement of changes in equity
For the year ended 31 December 2019

| | Called up share capital CHF | Retained deficit CHF | Total equity shareholders' deficit CHF |
|--|-----------------------------------|-------------------------|---|
| At 1 January 2018 | 132,256 | (204,832) | (72,576) |
| Comprehensive loss for the year | | | |
| Loss for the year | - | (30,133) | (30,133) |
| Total comprehensive expense | - | (30,133) | (30,133) |
| At 31 December 2018 | <u>132,256</u> | <u>(234,965)</u> | <u>(102,709)</u> |
| At 1 January 2019 | 132,256 | (234,965) | (102,709) |
| Comprehensive loss for the year | | | |
| Loss for the year | - | (540,668) | (540,668) |
| Total comprehensive expense | - | (540,668) | (540,668) |
| At 31 December 2019 | <u>132,256</u> | <u>(775,633)</u> | <u>(643,377)</u> |

The notes on pages 10 to 27 form part of these financial statements.



nanoFlowcell Holdings Limited
Registered number: 10021928

Notes to the financial statements
For the year ended 31 December 2019

1 General information

nanoFlowcell Holdings Limited ("the Company") is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of the registered office can be found on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' report on page 1.

2 Accounting policies

Basis of preparation

The financial statements have been prepared on a historical cost basis, in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs"), issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The financial statements contain information about nanoFlowcell Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by the Companies Act 2006 not to produce consolidated financial statements as the group it heads is small in accordance with section 383 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Adoption of new and revised Standards

New standards, interpretations and amendments effective from 1 January 2019

New standards impacting the Company that were adopted in the annual financial statements for the year ended 31 December 2019 are:

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value.

New standards, interpretations and amendments effective from 1 January 2019 (continued)

IFRS 16 Leases (continued)

IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

The Company does not have any leasing arrangements on a lessee or lessor basis in the current or preceding financial year. As a result, there is no impact of the adoption of IFRS 16 on the financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- The Company to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

The Company does not have any current or deferred tax liabilities or assets where there is uncertainty over income tax treatments and, as a result of the adoption of IFRIC 23. As a result, there is no impact of the adoption of IFRIC 23 on the financial statements.

There are no other standards, amendments to standards or interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these which are all effective for the period beginning 1 January 2020 are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Material);
- IFRS 3 Business Combinations (Amendment - Definition of Business);
- Revised Conceptual Framework for Financial Reporting; and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The Company has progressed its projects dealing with the implementation of these key new accounting standards and management are assessing the impact on the financial statements, however the impacts are not expected to be material.

Going concern

The Company made a loss during the year, after taxation, of CHF 540,668 (2018 - CHF 30,133). The Company had net current liabilities of CHF 739,778 (2018 - CHF 199,882) and total net liabilities of CHF 643,337 (2018 - CHF 102,709) as at 31 December 2019.

The directors of the Company are currently assessing the impact of Covid-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Company, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the Company could require further funding or support. The shareholders have indicated that they will continue to make available such funds as are needed by the Company and in particular will not seek the repayment of the amounts currently made available unless the Company has sufficient cash to make such a repayment.

The directors consider that this support will enable the Company to continue in operational existence for a period of not less than twelve months from the date of signing of these financial statements by meeting its liabilities as they fall due for payment.

Based on the above the directors have prepared these financial statements on a going concern basis.



nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Presentational and functional currency

These financial statements are presented in Swiss Francs ("CHF"), which is the functional currency of the Company. The directors of the Company believe that CHF most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Sterling exchange rate to Swiss Francs at 31 December 2019 was £1: CHF 1.2829 (2018 - £1: CHF 1.2555).

The following principal accounting policies have been applied:

Foreign currency translations

Foreign currency transactions during the year have been translated to CHF at the rates of exchange ruling at the dates of the transactions. The resulting realised foreign currency gains and losses are recognised in the Statement of comprehensive income within administrative expenses.

Monetary assets and liabilities denominated in foreign currencies are translated to CHF at the rates of exchange ruling at the reporting date. The resulting unrealised foreign exchange gains or losses are recognised in the Statement of comprehensive income within administrative expenses.

Taxation

Taxation comprises the amount chargeable on profits for the year, together with deferred taxation. Deferred taxation is recognised, using the liability method, in respect of all temporary differences arising between the tax basis of assets and liabilities and their carrying value in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits from which the underlying temporary differences can be deducted or where there are deferred tax liabilities against which the assets can be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws enacted at the reporting date.

The carrying amount of the deferred tax assets is reviewed at each reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit or loss except when the tax relates to items charged or credited to other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.



nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary undertakings held as non-current assets are stated at cost less any provision for impairment considered necessary.

Impairment of assets

Assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGU").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as cash and cash equivalents, other payables, amounts owed by group companies, bank overdrafts, loans from related parties and accruals.

Financial assets at amortised cost

The Company's financial assets, which comprise cash and cash equivalents and amounts owed by group companies, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for amounts owed by group companies are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the amounts owed is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities at amortised cost

The Company's financial liabilities, which comprise bank overdrafts, loans from related parties and accruals, are initially recognised at fair value and subsequently carried at amortised cost using effective interest method. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms.

Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

The directors make certain estimates and judgements regarding the future for the Company. 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 experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments in subsidiaries

Investments in subsidiaries are reviewed annually for impairment. Should there be an indicator of impairment then the recoverable amount of the investment is estimated as per IAS 36 'Impairment of Assets'. An impairment review requires an estimate to be made of the "value in use" or the "fair value less costs to sell" as appropriate. The value in use calculation includes estimates about the expected future financial performance of the Company.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2019 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of intercompany loans

Impairment provisions for amounts due between companies across the nanoFlowcell group are recognised based on a forward looking expected credit loss model. All amounts are repayable on demand and interest free and therefore the expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. Management have reviewed the recovery strategies in place for these amounts and have concluded that an amount of CHF 507,074 is not recoverable and have recognised an impairment charge of this amount at the reporting date. Management will keep monitoring at each reporting date whether significant increases in credit risk have occurred, based on borrowed specific information, and will adjust the value of the balances due from group companies where required.

4 Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk;
- Foreign exchange risk; and
- Liquidity risk.

Market risk is not deemed material to the Company.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents;
- Amounts owed by group companies;
- Loans owed by shareholders;
- Bank overdrafts; and
- Amounts owed to group companies.

General objectives, policies and processes

The directors have overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2019 (continued)

4 Financial instruments - risk management (continued)

Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Cash is held with the following institutions:

| | 2019 | | 2018 | |
|-------------------------------|---------------------|---------------|---------------------|---------------|
| | Cash at bank | 2019 | Cash at bank | 2018 |
| | CHF | Rating | CHF | Rating |
| Liechtensteinische Landesbank | (1,012) | Aa2 | (324) | Aa2 |

The directors monitor the credit ratings of counterparties regularly and at the reporting date do not expect any losses from non-performance by the counterparties.

The Company has recognised an impairment charge of CHF 507,074 (2018 - CHF Nil) in expected credit losses for amounts due by group companies. All amounts are repayable on demand and therefore management have reviewed the recovery strategies in place and concluded the remaining balances are recoverable at the reporting date. Management have taken into account the support of the Company's shareholders in reaching this conclusion.

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company's policy is, where possible, to settle liabilities denominated in the functional currency, with the cash generated from their own operations in that currency. The Company has bank accounts denominated in both Swiss Francs and Euros for this purpose. The Company is predominantly exposed to currency risk on purchases made from a supplier based in the United Kingdom.

As at 31 December the Company's net exposure to foreign exchange risk was as follows:

| | 2019 | 2018 |
|--|-----------------|-----------------|
| | CHF | CHF |
| Net foreign currency financial (liabilities)/assets | | |
| Sterling | (28,909) | (29,234) |
| Euro | - | 70 |
| Total net exposure | (28,909) | (29,164) |

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2019 (continued)

4 Financial instruments - risk management (continued)

Foreign exchange risk (continued)

The effect of a 20% strengthening of Sterling against the Swiss Franc at the reporting date on the accruals denominated in Sterling carried at that date would, all other variables held constant, have resulted in an increase in the post-tax loss for the year and decrease of net assets of CHF 5,782 (2018 - CHF 5,833). A 20% weakening in the exchange rate would, on the same basis, have reduced the post-tax loss and increased net assets by CHF 4,818 (2018 - CHF 4,861).

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The directors prepare rolling 12-month cash flow projections on a monthly basis. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to further draw down on its agreed overdraft facility.

The contractual maturities of financial liabilities are that loans due to related parties are repayable on demand.

5 Capital management

The Company monitors capital which comprises all components of equity (i.e. share capital and retained deficit) totalling CHF (643,377) (2018 - CHF (102,709)). The Company's objective when maintaining capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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Notes to the financial statements For the year ended 31 December 2019 (continued)

6 Operating loss

Operating loss is stated after (crediting)/charging

| | 2019 | 2018 |
|--|----------------|-------------|
| | CHF | CHF |
| Foreign exchange differences | 307 | (1,164) |
| Impairment of investments | 772 | 342 |
| Impairment of amounts owed by group undertakings | <u>507,074</u> | <u>-</u> |

7 Employees

The Company had no employees (2018 - none) other than the directors, who did not receive any remuneration.

The directors were remunerated through a subsidiary undertaking and their services to the Company were incidental.

8 Taxation on loss on ordinary activities

| | 2019 | 2018 |
|---------------------------|-------------|-------------|
| | CHF | CHF |
| Current taxation | | |
| UK corporation tax | - | - |
| Deferred taxation | | |
| Recognition of tax losses | <u>-</u> | <u>-</u> |
| Total tax expense | <u>-</u> | <u>-</u> |

Factors affecting tax for the year

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom of 19% (2018 - 19%) applied to losses for the year are as follows:



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Notes to the financial statements For the year ended 31 December 2019 (continued)

8 Taxation on loss on ordinary activities (continued)

| | 2019 CHF | 2018 CHF |
|--|---------------------|---------------------|
| Loss on ordinary activities before taxation | <u>(540,668)</u> | <u>(30,133)</u> |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | (102,727) | (5,725) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 96,491 | 251 |
| Adjust opening and closing deferred tax to average rate of 19% (2018 - 19%) | 657 | 576 |
| Deferred tax not recognised | <u>5,579</u> | <u>4,898</u> |
| Total tax charge | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act 2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. Subsequent to the reporting date, on 17 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 17%.

There were no other factors that may affect future tax charges.

As at 31 December 2019, the Company had an unrecognised deferred tax asset of CHF 5,579 (2018 - CHF 4,898) in respect of losses. No deferred tax asset is recognised in respect of the losses as there is no certainty that they will be recovered.



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Notes to the financial statements For the year ended 31 December 2019 (continued)

9 Investments

| | Investment in subsidiary undertakings CHF |
|--------------------------------|--|
| Cost | |
| At 1 January 2019 | 266,128 |
| Additions | - |
| At 31 December 2019 | <u>266,128</u> |
| Accumulated impairment | |
| At 1 January 2019 | 168,955 |
| Impairment charge for the year | <u>772</u> |
| At 31 December 2019 | <u>169,727</u> |
| Carrying amount | |
| At 31 December 2019 | <u>96,401</u> |
| At 31 December 2018 | <u>97,173</u> |

The following were direct subsidiary undertakings of the Company:

| Name | Country of incorporation and principal place of business | Registered office | 2019 Aggregate of share capital and reserves CHF | 2019 Profit/ (loss) for the year CHF | 2018 Aggregate of share capital and reserves CHF | 2018 Loss for the year CHF |
|----------------------------------|--|--|---|--|---|-------------------------------------|
| nanoFlowcell AG | Liechtenstein | Landstrasse 97, FL_9494 Schaan | (462,990) | 35,685 | (498,675) | (15,859) |
| nanoFlowcell IP AG | Switzerland | Böndlerstrasse 1, CH-8802, Kilchberg | 96,401 | (772) | 97,173 | (342) |
| nanoFlowcell Management AG | Switzerland | Böndlerstrasse 1, CH-8802, Kilchberg | (2,451,332) | (695,901) | (1,755,431) | (316,593) |



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Notes to the financial statements For the year ended 31 December 2019 (continued)

9 Investments (continued)

The shareholding and proportion of voting rights of the above subsidiaries is 100% in each case. The type of share held in each case is ordinary.

Impairment charges were recognised during the year of CHF 772 (2018 - CHF 342) relating to nanoFlowcell IP AG. The impairment charge has been recognised to reduce the net book value of the investment to the net asset value of the subsidiary. Investments in nanoFlowcell AG and nanoFlowcell Management AG were fully impaired in prior periods.

The following was an indirect subsidiary undertaking of the Company:

| Name | Country of incorporation and principal place of business | Registered office | 2019 | 2019 | 2018 | 2018 |
|------------------------|--|--|---|-------------------------------|---|-----------------------------|
| | | | Aggregate of share capital and reserves CHF | Profit for the year CHF | Aggregate of share capital and reserves CHF | Loss for the year CHF |
| nanoProduction GmbH | Germany | Wallgraben 48, D-79761 Waldshut Tiengen | 22,044* | 706* | 21,918* | (2,228)* |

The indirect subsidiary undertaking of the Company is held via the Company's 100% shareholding and voting rights in nanoFlowcell AG.

*Indirect subsidiary undertaking functional currency is in € and is translated to CHF.

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Notes to the financial statements For the year ended 31 December 2019 (continued)

10 Trade and other receivables

| | 31 December 2019 CHF | 31 December 2018 CHF |
|---------------------------------|-------------------------------------|-------------------------------------|
| Due within one year | | |
| VAT receivable | - | 3,227 |
| Amounts owed by group companies | <u>42,943,090</u> | <u>43,450,164</u> |
| | <u>42,943,090</u> | <u>43,453,391</u> |

The carrying value of trade and other receivables classified at amortised cost comprising amounts owed by group companies approximates fair value.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables.

As all amounts owed by group companies are repayable on demand, the Company has reviewed the financial positions of the group companies, as well as the recovery scenarios available, at the reporting date to determine the ability of those companies to repay the debt on the basis repayment was required immediately. Following this review, the Company has recognised an impairment charge of CHF 507,074 (2018 - CHF nil) in respect of expected credit losses for the amounts owed by nanoFlowcell AG.

11 Trade and other payables

| | 31 December 2019 CHF | As restated 31 December 2018 CHF |
|----------------------------|-------------------------------------|---|
| Due within one year | | |
| Accruals | <u>28,909</u> | <u>29,234</u> |

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost comprising accruals approximates fair value.



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Notes to the financial statements For the year ended 31 December 2019 (continued)

12 Loans and borrowings

| | 31 December 2019 CHF | As restated 31 December 2018 CHF |
|--|-------------------------------------|---|
| Current loans and borrowings | | |
| Bank overdrafts | 1,012 | 394 |
| Loans from related parties (see note 16) | <u>43,652,947</u> | <u>43,623,715</u> |
| | <u>43,653,959</u> | <u>43,624,109</u> |

The loans and borrowings classified as financial instruments are disclosed in note 13.

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management note.

The carrying value of loans and borrowings approximates fair value.

Loans from related parties have been reclassified during the year ended 31 December 2019 from trade and other payables to loans and borrowings. This is to reflect the financing nature of these amounts. Loans from related parties as at 31 December 2018 have been restated to reflect this reclassification.

13 Financial instruments

The carrying amounts of the following categories of financial assets and financial liabilities are:

| | 2019 CHF | As restated 2018 CHF |
|--|---------------------|-------------------------------------|
| Financial assets | | |
| Financial assets measured at amortised cost | <u>42,943,090</u> | <u>43,453,391</u> |
| | 2019 CHF | 2018 CHF |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>43,682,868</u> | <u>43,653,343</u> |

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Notes to the financial statements For the year ended 31 December 2019 (continued)

13 Financial instruments (continued)

Financial assets measured at amortised cost include cash at bank available on demand and amounts owed by group companies.

Financial liabilities measured at amortised cost include bank overdraft, accruals, and loans from related parties.

14 Share capital

Allotted, called up and fully paid shares

| | 31 December 2019 | | 31 December 2018 | |
|--------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | No. | CHF | No. | CHF |
| A ordinary shares of CHF1 each | 68,770 | 68,770 | 68,770 | 68,770 |
| B ordinary shares of CHF9 each | 7,054 | 63,486 | 7,054 | 63,486 |
| | <u>75,824</u> | <u>132,256</u> | <u>75,824</u> | <u>132,256</u> |

Subject to the Company having profits available and declaring a dividend, any profits available for distribution and from time to time resolved to be distributed (whether by interim or final dividend) shall be distributed in respect of the A ordinary shares and B ordinary shares on a pro-rata basis. Each A ordinary or B ordinary share held shall have one vote.

15 Reserves

The following describes the nature and purpose of each reserve within equity:

Called up share capital - Share capital represents the issued and fully paid up equity share capital of the Company.

Retained deficit - Retained deficit represents cumulative losses and total comprehensive income and expense of the Company.

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Notes to the financial statements For the year ended 31 December 2019 (continued)

16 Related party transactions

During the year the Company entered into transactions with related parties as follows:

| Type of transaction | 2019 | 2019 | 2019 |
|-------------------------|------------------------|-------------|-------------|
| | Transaction | Amounts | Amounts |
| | Amount related parties | owed by | owed to |
| | CHF | CHF | CHF |
| Loans to subsidiaries | - | 42,924,169 | - |
| Loans to shareholders | - | 18,922 | - |
| Loans from shareholders | 29,234 | - | 43,652,947 |
| | | | |
| Type of transaction | As restated | As restated | As restated |
| | 2018 | 2018 | 2018 |
| | Transaction | Amounts | Amounts |
| | Amount related parties | owed by | owed to |
| | CHF | CHF | CHF |
| Loans to subsidiaries | 2,064 | 43,431,242 | - |
| Loans to shareholders | - | 18,922 | - |
| Loans from shareholders | 26,638 | - | 43,623,715 |

During the year, the Company recognised an impairment charge of CHF 507,074 (2018 - CHF nil) for expect credit losses in respect of a loan receivable from nanoFlowcell AG.

During the year J P Ellermann, a Company director and shareholder, made payments on behalf of the Company in respect of administrative expenses totalling CHF 29,234 (2018 - CHF nil).

During the year N La Vecchia, a Company director and shareholder, made payments on behalf of the Company in respect of administrative expenses totalling CHF nil (2018 - CHF 26,638).

At 31 December 2019 amounts totalling CHF 32,357 (2018 - CHF 32,357) were due to N La Vecchia and amounts totalling CHF 2,441,460 (2018 - CHF 2,412,226) were due to J P Ellerman, from the Company.

Loans both to and from all forms of related parties are interest-free and repayable on demand.

The services of the directors, deemed to be the key management personnel of the Company, were deemed to be incidental and therefore they received no remuneration.

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Notes to the financial statements For the year ended 31 December 2019 (continued)

17 Ultimate controlling party

The ultimate controlling parties during the year were J P Ellermann, C La Vecchia and E La Vecchia by virtue of their each having a significant shareholding in the Company.

Nunzio La Vecchia became a person of significant control of the Company on 8 January 2020 by virtue of owning more than 50% of the shares in the Company.

Erminnia La Vecchia and Carmine La Vecchia ceased to be persons of significant control of the Company on 8 January 2020 following the transfer of their shares to Nunzio La Vecchia.

18 Events after the reporting date

COVID-19

In December 2019 a novel coronavirus strain, COVID-19, emerged globally. In response, governments imposed restrictions on the movement and gathering of individuals. In particular, the operations of the Company's subsidiaries in Switzerland and Germany have been curtailed by restrictions imposed by the governments in these countries. On 11 March 2020, the World Health Organisation declared the novel coronavirus strain a global pandemic and recommended containment and mitigation measures worldwide. As of the date of signing these financial statements the operations of the Company's subsidiaries in Switzerland and Germany have been impacted by the pandemic, due to restrictions imposed and in force in Switzerland and Germany, however the impact has not been significant as they have continued to make progress in line with expectations.

LIQUIDATION OF SUBSIDIARY

On 18 June 2020 nanoFlowcell AG was liquidated.

BREXIT

On 31 January 2020, the UK left the European Union (EU) and has entered in a transition period until the end of 2020. Whilst the UK and the EU negotiate additional arrangements, the directors acknowledge that some uncertainty exists but do not foresee any immediate risks impacting the Company.

CHANGE OF PERSON OF SIGNIFICANT CONTROL

Nunzio La Vecchia became a person of significant control of the Company on 8 January 2020 by virtue of owning more than 50% of the shares in the Company.

Erminnia La Vecchia and Carmine La Vecchia ceased to be persons of significant control of the Company on 8 January 2020 following the transfer of their shares to Nunzio La Vecchia.

For further details of the directors' assessment of the impact on going concern please refer to note 2.

