



UNIGEL GROUP PLC
(13934232)

ANNUAL
REPORT
2022

REGISTERED NUMBER: 13934232 (England and Wales)

UNIGEL GROUP PLC

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

UNIGEL GROUP PLC
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FOR THE PERIOD ENDED 31 DECEMBER 2022

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**UNIGEL GROUP PLC
COMPANY INFORMATION
PERIOD ENDED 31 DECEMBER 2022**

DIRECTORS: Sven Janne Sjoden
Kwang Hua Chhoa
Azlinda Ezrina Binti Ariffin
Gary Revel-Chion

SECRETARY: Ben Harber

REGISTERED OFFICE: Unigel House
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Alder Close
Eastbourne
East Sussex
BN23 6QE

REGISTERED NUMBER: 13934232 (England & Wales)

AUDITORS: Kreston Reeves LLP
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London
E1 6RA

**UNIGEL GROUP PLC
GROUP STRATEGIC REPORT
PERIOD ENDED 31 DECEMBER 2022**

The directors present their strategic report of the company and the group for the period ended 31 December 2022.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The group had a strong trading period with an upward trend in turnover. This was due to increasing sales volume as well as rising material prices and logistics costs. Despite the cost rises the group maintained its gross margin percentage, although fluctuations in exchange rates, material prices and logistics costs continue to affect profitability. The group continues to enter new markets and expand its project range.

The group achieved the financial KPI targets set for sales revenue, gross profit and net profit for the year. The non-financial KPI target set for maintaining key customer and supplier contact was influenced by the continuing effects of Covid-19. Where direct contact was not possible other communication channels were used instead to maintain the group's long standing relationship with many of its customers and suppliers.

For the forthcoming year the objectives are to increase market share and margins by improving manufacturing techniques and product formulations through investment in research and development.

The group will continue to venture into new geographical markets as well as continuing the expansion of its product range.

PRINCIPAL RISKS AND UNCERTAINTIES

By continuing to venture into new geographical markets the group hopes to minimise the risk arising from economic fluctuations in particular regions. The main risks continue to be associated with fluctuations in foreign currency exchange rates, particularly the US Dollar, the fluctuation in the price of raw materials and logistics costs, rising interest rates and liquidity ratios. The directors are aware of these risks and constantly monitor the conversion of currency to minimise this cost, regularly review financing options and also search for alternative suppliers to reduce direct costs.

The Audit and Risk Committee meets biannually to consider the main areas of risk to the group and to formulate procedures and controls to minimise the impact of any such risks.

FINANCIAL RESULTS

The post-acquisition turnover for the six month period from July to December was £18,828,803 and the profit after tax was £323,547. The gross profit percentage was 11.8%.

CHAIRMAN'S STATEMENT

As I sat down this afternoon to write to you, I reflected upon the past three tumultuous years – how the pandemic had brought both challenges as well as opportunities to the business areas Unigel Group operates in. As a team, we emerged stronger and more resilient over the course of the pandemic. Group revenue in 2022 was £36.8 million compared to £16.1 million in 2019, representing an annual growth rate of 23.0 percent over the 3-year period.

Compared to financial year 2021, Group revenue grew 69.9 percent in 2022. Our thixotropic gel business and steel tape business chalked impressive growth of 22.8 percent and 133.0 percent respectively over the same period.

Our Group's Board members and management team have over 200 years of combined fiber optic cable and materials related business experience. Unigel Group's ability to remain agile, nimble, and flexible has assisted us to overcome the challenges in 2022: global logistic cost spikes, inflationary pressure, interest rate hikes, and a particularly strong Dollar. We overcame most of these challenges which helped us with an easier transition to a more normal business environment during the year in review. Even though the outbreak of the Ukraine conflict in early 2022 eliminated an important market in Russia for us—but over the course of the year—that shortfall was compensated with incremental business from other market areas.

UNIGEL GROUP PLC
GROUP STRATEGIC REPORT (continued)
PERIOD ENDED 31 DECEMBER 2022

CHAIRMAN'S STATEMENT (continued)

Unigel Group's unique business model of shipping products from three manufacturing facilities in Europe, Asia and the US to our global customer base enabled us to continue with our delivery precision on an uninterrupted basis over the course of the difficult period of the pandemic. Our efforts brought unmatched supply chain security to our customers—and this has enhanced the trust and confidence that our customer base has placed on Unigel as their preferred supply partner. Thixotropic gel is a key component in the production of fiber optic cables, and Unigel supplies to all the leading fiber optic cable manufacturers globally. In 2022, our thixotropic gel business grew by 22.8 percent from the previous year, and this growth was contributed by both increased market share and the acquisition of new customers.

Our steel tape business in the USA has grown by leaps and bounds over the past five years. In 2022, we recorded a spectacular revenue growth of 133.0 percent over the preceding year, primarily from market share gain as well as demand growth. Since 2017, our steel tape business has grown 33.8 percent annually over the past 5 years. Building trust and growing our steel tape business in the USA requires considerable patience, hard work and demonstrated ability to meet the stringent demands of our major customers. We are happy to report that existing customers have given us more business, and we have been able to acquire new customers in the year under review.

In 2022 the global optical fiber cable industry—which is the key market that Unigel Group supplies to, grew by 12.6 percent across all markets, with most industry growth led by the markets in the US, South America, and Middle East. The continued deployment of mobile 5G and FTTH globally was a key driver in the demand for fiber optic cables. In addition, the acceleration of digitization across all facets of society continue to spur the demand for fiber optic cables and system.

At Unigel Group, we see substantial opportunities for us to grow organically and potentially through acquisitions and industry consolidation in the coming years. Our admission to AQUIS Stock Exchange is an integral step forward where we hope to continue to raise the profile of our businesses, access the capital markets, and create an acquisition currency to fund future growth in the years to come.

In 2023, our businesses continued to face headwinds and our outlook remains cautiously optimistic—inflation, increased interest rates and a potential recession in some of our key markets will keep us on our toes. I believe our highly competent and committed team are paying particular attention to improve cost and productivity, to streamline operations and bring more strategic planning to improve our future business competitiveness.

Throughout this unprecedented period, I saw the Unigel tradition and values guiding our actions towards our customers, business partners, employees and shareholders. We have strived to be a dependable and trusted business partner and a responsible corporate citizen. Despite all the gloomy economic conditions, 2022 was indeed a good year for Unigel Group. On behalf of my colleagues at the Board, I would like to express our gratitude to our shareholders for the continued support.

SECTION 172 STATEMENT

The directors are aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006 and have acted in accordance with these responsibilities throughout the year.

The interests of stakeholders, whether they are shareholders, employees, customers or suppliers have been taken into consideration when making decisions and the company has regard to its impact on the community and the environment.

Shareholders form a vital part of the company's structure and provide the means for the company to achieve its long-term strategy. The Board therefore ensures it acts fairly with regard to its members. Employees are also crucial to the long-term success of the company so periodic reviews, encouraging attendance on training programmes and a staff incentive scheme form part of the company's development programme.

UNIGEL GROUP PLC
GROUP STRATEGIC REPORT (continued)
PERIOD ENDED 31 DECEMBER 2022

The company places great importance on maintaining a high standard of customer care and maintaining its reputation as a reliable business partner. This is made possible by maintaining an equally close relationship with suppliers to secure the onward supply chain. The company maintains regular contact with all of its customers and main suppliers to facilitate this.

The company is committed to minimising its impact on the environment by sourcing raw materials locally wherever possible. It also attempts to make a positive impact on the communities in which it operates by attempting to recruit employees locally.

ON BEHALF OF THE BOARD:

Sven Janne Sjoden
Chairman
2 June 2023

**UNIGEL GROUP PLC
REPORT OF THE DIRECTORS
PERIOD ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company and the group for the period ended 31 December 2022.

PRINCIPAL ACTIVITY

The company was incorporated as Unigel Group Limited on 23 February 2022 and changed its name to Unigel Group plc on 2 August 2022. The principal activity of the group in the period under review was the manufacture and sale of cable filling and flooding compounds and associated pumping and delivery equipment.

DIVIDENDS

No dividends have been distributed for the period ended 31 December 2022.

DIRECTORS

The directors and changes thereto are shown below:

Sven Janne Sjoden (appointed 26 August 2022)
Kwang Hua Chhoa (appointed 23 February 2022)
Azlinda Ezrina Binti Ariffin (appointed 26 August 2022)
Gary Revel-Chion (appointed 11 July 2022)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable laws 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

UNIGEL GROUP PLC
REPORT OF THE DIRECTORS (continued)
PERIOD ENDED 31 DECEMBER 2022

POST BALANCE SHEET EVENTS AND FUTURE DEVELOPMENTS

The directors are not aware of any post balance sheet events requiring disclosure within these financial statements.

Future developments have been considered in the Group Strategic Report on page 4 of these financial statements.

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Sven Janne Sjoden
Director
2 June 2023

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF UNIGEL GROUP PLC FOR THE PERIOD ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Unigel Group PLC (the 'parent company') and its subsidiaries (the 'Group') for the period ended 31 December 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in shareholders' equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant Group 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 2022 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public entities, 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. Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting including the following:

- Gaining an understanding of the systems and controls around managements' going concern assessment, including for the preparation and review process for forecasts and budgets.
- Evidence was obtained that management have undertaken a formal going concern assessment, including sensitivity analysis on cash flow forecasts, clear consideration of external factors including the increase in interest rates and the potential liquidity impact of these on cash balances including available facilities.
- We tested the mechanical integrity of forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence.
- Based on our above assessment we performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts.
- We considered post period end performance of the business and any significant events which may impact the going concern of the group.
- The group's banking facility documentation was reviewed to ensure that any covenants in place have not been breached.
- We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Coverage overview

	Group revenue	Group profit/(loss) before tax	Group net assets
Full statutory audit (Kreston Reeves and Component auditors)	100%	100%	100%
Limited procedures	0	0	0
Totals at 31 December 2022:	100%	100%	100%

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based both on financial information and risk. As noted above limited assurance audit work – which is to say the audit of balances and transactions material at a group level – was not utilised due to statutory audit requirements of all group entities. The below table summarises for the parent company and its subsidiaries, the level of assurance gained:

Group component	Level of assurance
Unigel Group PLC	Full statutory audit (Kreston Reeves LLP)
Unitape Limited	Full statutory audit (Kreston Reeves LLP)
Unitape LLC	Full statutory component audit (Smith Leonard PLLC, incorporated in USA)
Unigel Technologies Limited	Full statutory component audit (KTC Prima CPA Limited, incorporated in Hong Kong)
Unigel (UK) Limited	Full statutory audit (Kreston Reeves LLP)
Unigel Inc	Full statutory component audit (Smith Leonard PLLC, incorporated in USA)

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at subjective judgements made by the directors, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
Materiality	£370,000	£20,000
Basis for determining materiality	1% of annual turnover	2% of gross assets
Rationale for benchmark applied	The group's principal activity is that of selling gel material for fibre optic cables and steel tape. To this end, the business is highly revenue focused. Therefore, a benchmark for materiality of revenue of the group is considered to be appropriate.	The parent company's principal activity is that of a holding company. To this end, the business is highly asset focused. Therefore, a benchmark for materiality of the gross assets of the group is considered to be appropriate.
Performance materiality	£240,500	£13,000
Basis for determining performance materiality	65% of materiality	65% of materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 65% of our planning materiality. In assessing the appropriate level, we have considered the nature of the group.	On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 65% of our planning materiality. In assessing the appropriate level, we have considered the nature of the group.
Triviality threshold	£18,500	£1,000
Basis for determining triviality threshold	5% of materiality	5% of materiality

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Revenue recognition:**Significance and nature of key risk**

Revenue is a key performance indicator for users in assessing the group's financial statements. Revenue generated has a significant impact on cash inflows and profit before tax for the group. As such revenue is a key determinant in profitability and the group's ability to generate cash.

Revenue comprises sale of cable filling and flooding compounds and associated pumping and delivery equipment.

Gel and tape sales are recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured.

How our audit addressed the key risk

Gel sale and steel tape revenue was substantively tested from initiation, through to sales invoice and contracts, through to entry into the accounting system. The recognition stages detailed in the relevant standards were carefully considered to ensure revenue recognised was in line with these and a substantive approach was taken.

Walkthrough testing was performed to ensure that key systems and controls in place around the revenue cycle operated as designed.

The accuracy of revenue disclosures in the accounts were confirmed to be consistent with the revenue cycle observed and audited. The completeness of these disclosures was confirmed by reference to the full disclosure requirements as detailed in FRS 102.

Key observations communicated to the Audit & Risk Committee

We have no concerns over the material accuracy of revenue recognised in the financial statements.

Valuation/impairment of investment:**Significance and nature of key risk**

Investment comprise of the investments held in subsidiaries of the group.

Investment are carried at cost less impairment in accordance with FRS 102 and are annually reviewed for impairment. In accordance with FRS 102, investments are not depreciated however they are considered annually for indications of impairment.

How our audit addressed the key risk

Appropriate classification of each investment was considered, to ensure each investment has been classified correctly and therefore accounted for and disclosed within these financial statements in accordance with the relevant standard.

Ownership documentations were obtained and vouched to stated values to ensure current ownership of the cash generating unit with investment values recorded.

Management's impairment assessment of investments were considered. We undertook our own assessment of potential impairment indicators and performed our own sensitivity analysis to assess to evidence of material differences compared to management's judgements and estimates.

Key observations communicated to the Audit & Risk Committee

We have no concerns over the material accuracy of valuation / impairment of investment values recognised in the financial statements.

Valuation/amortisation of intangible assets:

Significance and nature of key risk

The capitalisation of research and development is material to the financial statements and is considered significant due to its complexities.

Amortisation on development costs is not charged until production development is commercially viable and meets the requirement of FRS102.

Development costs consist of payroll costs, consultancy fees, samples & testing, and lab consumption which are associated with the development of the gel produced by the company.

How our audit addressed the key risk

The accounting requirements of FRS 102 were considered to ensure capitalisation of costs was appropriate.

Amortisation of development costs were below performance materiality therefore it was considered not necessary to test.

We reviewed forecasted financial information to verify the useful economic life and any indicators of impairment.

The accuracy and appropriateness of development disclosures in the accounts were confirmed to be consistent with the accounting cycle observed and audited.

Key observations communicated to the Audit & Risk Committee

We have no concerns over the material accuracy of intangible assets values recognised in the financial statements.

Debtors provisioning:

Significance and nature of key risk

The value of trade receivables is material to the financial statements and is considered significant due to the current uncertainty in the overall economy.

The risk is that the trade receivable provisioning is understated in the financial statements.

How our audit addressed the key risk

The trade receivables listing was obtained and agreed to the financial statements to ensure the gross trade receivables was accurate.

A sample weighted towards the higher valued trade receivables was obtained and verified against after date cash receipts. There were no significant doubts surrounding receipts for the sampled debtor balances.

A review for non-trivial credit notes raised after the balance sheet date was undertaken, nothing of significance was identified.

The oldest outstanding debtor balances were reviewed for additional provision. There was nothing to note.

The accuracy and appropriateness of development disclosures in the accounts were confirmed to be consistent with the mine development accounting cycle observed and audited.

Key observations communicated to the Audit & Risk Committee

We have no concerns over the material accuracy of trade receivable values recognised in the financial statements.

Stock provisions:	
Significance and nature of key risk	How our audit addressed the key risk
<p>Stock provisions are an estimate which have a degree of subjectivity and therefore these assumptions need to be stress tested.</p>	<p>We reviewed the stock listings and the subsequent provisioning thereon to ensure that the provision is not materially understated.</p> <p>Post period end sales were reviewed to ensure that NRV is greater than the cost stated in the financial statements. In addition, discussions and reviews took place in order to identify whether any damaged or obsolescent stock is present at the balance sheet date.</p> <p>The accuracy and appropriateness of provisions were considered.</p>
Key observations communicated to the Audit & Risk Committee	
<p>We have no concerns over the material accuracy of stock provision values recognised in the financial statements.</p>	

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

We reported all audit differences found in excess of our triviality threshold to the directors and the Audit & Risk Committee.

For each Group company within the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across each Group company was between £10,000 and £370,000. The scope of our audit was influenced by our application of materiality as we set certain quantitative thresholds for performance materiality and use these thresholds to help to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We determined component materiality for the parent company to be capped at below group materiality. This was also the case for group subsidiaries registered outside of the UK. For the subsidiaries, 1% of that subsidiary's turnover was used. Turnover have been used to calculate materiality for the subsidiaries as this is considered to be more appropriate in the circumstances. Performance materiality was calculated at 65% of component materiality. For the subsidiaries, their materiality and performance materiality were capped by group materiality and group performance materiality where appropriate.

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.

Opinions 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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the 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 our knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 27;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 27;
- Directors' statement on fair, balanced and understandable set out on pages 5 and 6;
- Board's confirmation that it has carried out an assessment of the emerging and principal risks set out on page 4;
- Section describing the work of the Audit Committee set out on page 4.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 7), 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 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 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 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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgmental areas of the financial statements such as the valuation of stock and other provisions. Audit procedures performed by the group engagement team included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework and the relevant tax compliance regulations in the jurisdictions in which Unigel Group PLC operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters, bribery and corruption practices, environmental and certain aspects of company legislation.
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing integrity testing to verify the legitimacy of banking records obtained from management; and
- Reading minutes of meetings of those charged with governance; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters which we are required to address

We were appointed by the audit committee in December 2022 to audit the financial statements for the period ending 31 December 2022. Our total uninterrupted period of engagement six months, covering the period ended 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

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 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.

Anne Dwyer BSc(Hons) FCA (Senior Statutory Auditor)

For and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

London

Date: 5 June 2023

UNIGEL GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
PERIOD ENDED 31 DECEMBER 2022

	Notes	2022 £
TURNOVER	2	18,828,803
Cost of sale		<u>(16,602,974)</u>
GROSS PROFIT		2,225,829
Administrative expenses		<u>(1,731,478)</u>
OPERATING PROFIT	3	494,351
Interest receivable and similar income		11,412
Interest payable and similar charges	4	<u>(63,612)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		442,151
Tax on profit on ordinary activities	7	<u>(118,604)</u>
PROFIT FOR THE FINANCIAL PERIOD FOR THE GROUP		323,547
<i>Other comprehensive income for the period</i>		
Gain on foreign exchange		14,465
Negative goodwill on acquisition		<u>666,205</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,004,217
Minority interest		<u>22,712</u>
TOTAL COMPREHENSIVE INCOME FOR THE GROUP		<u>1,026,929</u>

CONTINUING OPERATIONS

All of the group's activities were acquired during the current period.

The notes on pages 27 to 37 form part of these financial statements

UNIGEL GROUP PLC
REGISTERED NUMBER: 13934232
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2022

	Notes		2022	
			£	£
FIXED ASSETS				
Intangible assets	9			537,346
Tangible assets	10			<u>1,379,072</u>
				1,916,418
 CURRENT ASSETS				
Stocks	12		8,757,545	
Debtors	13		5,672,432	
Cash at bank and in hand			<u>730,860</u>	
				15,160,837
 CREDITORS				
Amounts falling due within one year	14		<u>14,440,267</u>	
 NET CURRENT ASSETS				<u>720,570</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES				2,636,988
 CREDITORS				
Amounts falling due after more than one year				12,539
 PROVISION FOR LIABILITIES				
Deferred tax	17			<u>300,519</u>
 NET ASSETS				<u><u>2,323,930</u></u>
 CAPITAL AND RESERVES				
Called up share capital	18			56,425
Share premium	19			469,011
Profit and loss account	19			<u>806,929</u>
 EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY				1,332,365
Minority interest				991,565
				<u>2,323,930</u>

The financial statements were approved by the Board of Directors on 2 June 2023 and were signed on its behalf by:

Sven Janne Sjoden
Director

The notes on pages 27 to 37 form part of these financial statements

UNIGEL GROUP PLC
REGISTERED NUMBER: 13934232
COMPANY BALANCE SHEET
31 DECEMBER 2022

	Notes		2022	
		£		£
FIXED ASSETS				
Investments in subsidiaries	11			<u>400</u>
				400
CURRENT ASSETS				
Debtors	13		612,735	
Cash at bank and in hand			<u>288,545</u>	
			901,280	
CREDITORS				
Amounts falling due within one year	14		<u>31,337</u>	
NET CURRENT ASSETS				<u>869,943</u>
NET ASSETS				<u><u>870,343</u></u>
CAPITAL AND RESERVES				
Called up share capital	18			56,425
Share premium	19			469,011
Profit and loss account brought forward			-	
Profit for the year			<u>344,907</u>	
Profit and loss account carried forward	19			<u>344,907</u>
SHAREHOLDERS' FUNDS				<u><u>870,343</u></u>

The financial statements were approved by the Board of Directors on 2 June 2023 and were signed on its behalf by:

Sven Janne Sjoden
Director

The notes on pages 27 to 37 form part of these financial statements

UNIGEL GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2022

Group	Share capital	Share premium	Retained earnings	Minority interest	Total equity
	£	£	£	£	£
Upon incorporation	100				100
Upon issue of shares net of costs	56,325	469,011			525,336
Upon acquisitions			666,205	1,014,277	1,680,482
<i>Comprehensive income for the period</i>					-
Profit for the period			323,547		323,547
Minority interest in profit/(loss) for the period			22,712	(22,712)	-
Other comprehensive income for the period			14,465		14,465
Dividends paid			(220,000)		(220,000)
Total comprehensive income for the period at 31 December 2022	56,425	469,011	806,929	991,565	2,323,930

Company	Share capital	Share premium	Retained earnings	Minority interest	Total equity
	£	£	£	£	£
Upon incorporation	100				100
Upon issue of shares net of costs	56,325	469,011			525,336
<i>Comprehensive income for the period</i>					-
Profit for the period			344,907		344,907
Dividends paid					-
Total comprehensive income for the period at 31 December 2022	56,425	469,011	344,907	-	870,343

UNIGEL GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 31 DECEMBER 2022

	Note	2022 £
Net cash outflow from operating activities	1	(569,222)
Returns on investments and servicing of finance	2	(62,872)
Taxation		(114,927)
Capital expenditure	2	<u>(129,043)</u>
		(876,064)
Financing	2	<u>953,839</u>
Increase in cash in the period		<u>77,775</u>
<hr/>		
Reconciliation of net cash flow to movement in net debt	3	
Increase in cash in the period		77,775
Cash inflow from increase in debt		<u>(428,403)</u>
Change in net debt resulting from cash flows		(350,628)
Net cash upon acquisition		<u>(177,798)</u>
Net cash at 31 December		<u>(528,426)</u>

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 31 DECEMBER 2022

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2022
	£
Operating profit	494,351
Depreciation and amortisation charges	114,412
(Profit)/loss on fixed asset disposals	24,442
(Increase) in stocks	(3,382,187)
Decrease in debtors	1,088,864
Increase in creditors	<u>1,090,896</u>
Net cash outflow from operating activities	<u>(569,222)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2022
	£
Returns on investments and servicing of finance	
Proceeds on sale of fixed assets	29,328
Interest paid less interest received and similar income	(52,200)
Dividends paid	<u>(40,000)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(62,872)</u>
 Capital expenditure	
Purchase of intangible fixed assets	(7,012)
Purchase of tangible fixed assets	<u>(122,031)</u>
Net cash outflow for capital expenditure	<u>(129,043)</u>
 Financing	
Proceeds from issue of shares	525,436
(Loan repaid)/new loan received	<u>428,403</u>
Net cash inflow from financing	<u>953,839</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	Upon acquisition	Cash flow	At 31/12/22
	£	£	£
Net cash:			
Cash at bank and in hand	653,085	77,775	730,860
Debt:			
Loan	<u>(830,883)</u>	<u>(428,403)</u>	<u>(1,259,286)</u>
Cash at bank and in hand	<u>(177,798)</u>	<u>(350,628)</u>	<u>(528,426)</u>

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

Company information

The company is a public limited company incorporated in England and Wales (registered number 13934232) and its registered office is Unigel House, 7 Park View, Alder Close, Eastbourne, BN23 6QE.

The principal activity of the group is the manufacture and sale of cable filling and flooding compounds and associated pumping and delivery equipment.

Accounting convention and basis of preparation

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 United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of the consolidated financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies. Information is given in the accounting policies noted below.

Going concern

The group meets its working capital requirements through the receipt of revenue from global sales of cable filling and flooding compounds. Ultimately the receipt of revenue depends upon the availability of liquidity for the group's customers and the level of activity in the telecommunications market.

The directors prepare annual budgets and forecasts in order to ensure that they have sufficient liquidity in place for the business and have considered the effect on the group's business from different scenarios in various countries with which it trades. Based on this assessment, and having regard to the post year-end cash reserves and trading levels of the group, related party funding and the borrowing facility available from the group's bankers, the directors believe they have a reasonable expectation that the group will have adequate resources to continue to discharge its debts and liabilities as they fall due for the foreseeable future. The directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary undertakings as at the balance sheet date. The financial statements of the subsidiaries are prepared to the same reporting date as the company. The subsidiaries are consolidated from the date of acquisition, being the date on which the group obtained control.

In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding sales taxes, except in respect of goods sold on consignment where turnover is recognised when the group obtains the right to consideration.

Sale of goods

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

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company 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 company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

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

Freehold property	- straight line on cost over 39 years
Improvements to property	- straight line on cost over the period of the lease
Plant and machinery	- straight line on cost over 15 years
Fixtures and fittings	- 15% on reducing balance and straight line on cost over 7 years
Computer equipment	- straight line on cost over 4-5 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Research and development

Expenditure on pure and applied research and development is charged to the profit and loss account in the year in which it is incurred.

Product development costs are capitalised in the year in which they are incurred, and subsequently amortised over the estimated useful economic life of the products developed.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The financial statements of the subsidiary undertaking whose functional currency is US Dollars have been translated into sterling using the average rate to translate the profit and loss account and the closing rate to translate the balance sheet.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Judgements in Applying Accounting Policies and Key Sources of Estimation

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Intangible fixed assets

The useful economic life of capitalised development costs is assessed having regard to industry knowledge and anticipated future demand for particular products. Costs are amortised over a period estimated to correspond with future economic benefits of no more than 10 years.

Debtors provision

The risk of debtor default is assessed by reference to overdue amounts and recent payment history. If there is a deemed material risk of non-payment a provision is made.

Stock provision

Non-moving, slow moving and short dated stocks are assessed at the balance sheet date and if it is deemed that there is a material risk that some or all of the stock cannot be sold, then a provision is made.

2. TURNOVER

The company has not disclosed an analysis of turnover as, in the opinion of the directors, the information is commercially sensitive.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022
	£
Hire of plant and machinery	25,559
Other operating leases	86,288
Depreciation - owned assets	73,677
Amortisation – owned assets	40,735
Fees payable to the company's auditor for the audit of the company's annual accounts	25,000
Fees payable to the subsidiary's auditor for the audit of the subsidiary's annual accounts	37,991
Foreign exchange differences	<u>(102,107)</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2022
	£
Factoring interest	60,694
Interest on other loans	<u>2,918</u>
	<u>63,612</u>

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 31 DECEMBER 2022

5. STAFF COSTS

	2022
	£
Directors' remuneration	86,950
Other wages and salaries	878,804
Pension costs	8,065
Social security costs	<u>89,813</u>
	<u>1,063,632</u>

The average number of employees during the year was as follows:

Directors	7
UK – Sales, scientific & administration	15
US – Manufacturing	<u>31</u>
	<u>53</u>

6. OBLIGATIONS UNDER OPERATING LEASES

	Group 2022 £	Company 2022 £
At 31 December 2022 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:		
Less than 1 year	132,132	9,000
Later than 1 year and not later than 5 years	<u>178,682</u>	<u>6,000</u>
	<u>310,814</u>	<u>15,000</u>

7. TAXATION

The tax charge on the profit on ordinary activities was as follows:	2022
	£
Current tax:	
Corporation tax	131,843
Deferred taxation	(1,820)
Prior year: corporation tax over provision	<u>(11,419)</u>
Tax on profit on ordinary activities	<u>118,604</u>

Factors affecting the tax charge

On 24 May 2021 the Finance Bill 2021 was substantively enacted, increasing the main rate of corporation tax to 25% on 1 April 2023 for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19%, and marginal relief will apply between these thresholds. Deferred taxes have been measured using rates substantially enacted at the reporting date and reflected in these financial statements.

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE PERIOD ENDED 31 DECEMBER 2022

7. TAXATION (continued)

The tax assessed for the tax period is different to the standard rate of corporation tax in the UK. The difference is explained below:

	2022
	£
Profit on ordinary activities before tax	<u>442,151</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00%	84,009
Effects of:	
Expenses not deductible for tax	8,200
Depreciation in excess of/(less than) capital allowances	1,400
Research & development enhanced expenditure	(3,000)
Deferred tax provision on timing differences	(1,820)
Tax losses not utilised	21,200
Foreign exchange gain on inter-company account	1,100
Under-provision in prior year, tax rate and other differences	<u>7,515</u>
Current tax charge	<u>118,604</u>

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial period was £344,907.

9. INTANGIBLE FIXED ASSETS

Group	Development costs £	Other intangibles £	Total £
COST			
Upon acquisition	792,469	16,417	808,886
Additions	7,012	-	7,012
Disposals	<u>(12,375)</u>	<u>-</u>	<u>(12,375)</u>
At 31 December 2022	<u>787,106</u>	<u>16,417</u>	<u>803,523</u>
AMORTISATION			
Upon acquisition	225,552	12,265	237,817
Charge for the year	40,247	488	40,735
On disposals	<u>(12,375)</u>	<u>-</u>	<u>(12,375)</u>
At 31 December 2022	<u>253,424</u>	<u>12,753</u>	<u>266,177</u>
NET BOOK VALUE			
At 31 December 2022	<u>533,682</u>	<u>3,664</u>	<u>537,346</u>

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 31 DECEMBER 2022

10. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
Upon acquisition	628,453	14,652	2,470,493
Additions	-	-	114,201
Disposals	-	-	(198,259)
Exchange differences	<u>5,243</u>	<u>60</u>	<u>15,346</u>
At 31 December 2022	<u>633,696</u>	<u>14,712</u>	<u>2,401,781</u>
DEPRECIATION			
Upon acquisition	135,015	11,493	1,611,656
Charge for year	7,697	984	61,726
On disposals	-	-	(145,680)
Exchange differences	<u>955</u>	<u>37</u>	<u>8,239</u>
At 31 December 2022	<u>143,667</u>	<u>12,514</u>	<u>1,535,941</u>
NET BOOK VALUE			
At 31 December 2022	<u><u>490,029</u></u>	<u><u>2,198</u></u>	<u><u>865,840</u></u>

	Fixtures and fittings £	Office and computer equipment £	Totals £
COST			
Upon acquisition	16,263	64,194	3,194,055
Additions	-	7,830	122,031
Disposals	-	(2,812)	(201,071)
Exchange differences	<u>77</u>	<u>164</u>	<u>20,890</u>
At 31 December 2022	<u>16,340</u>	<u>69,376</u>	<u>3,135,905</u>
DEPRECIATION			
Upon acquisition	13,598	49,263	1,821,025
Charge for year	239	3,031	73,677
On disposals	-	(1,621)	(147,301)
Exchange differences	<u>72</u>	<u>129</u>	<u>9,432</u>
At 31 December 2022	<u>13,909</u>	<u>50,802</u>	<u>1,756,833</u>
NET BOOK VALUE			
At 31 December 2022	<u><u>2,431</u></u>	<u><u>18,574</u></u>	<u><u>1,379,072</u></u>

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 31 DECEMBER 2022

11. FIXED ASSET INVESTMENTS

Company	£
COST	
Upon acquisition and 31 December 2022	<u>400</u>
NET BOOK VALUE	
At 31 December 2022	<u><u>400</u></u>

The investments are held at cost less provision for impairment. The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Unitape Limited

Country of incorporation: England & Wales
Nature of business: Manufacture and distribution of materials used in telecommunication cables.
Registered office: Unigel House, 7 Park View, Alder Close, Eastbourne, East Sussex, BN23 6QE, England.

	%	
Class of shares:	holding	
Ordinary	100.00	

The company made a profit of £843,908 for the year ended 31 December 2022 and at that date had net assets of £1,338,921. Net assets at the date of acquisition were £1,188,861.

Unigel Technologies Limited

Country of incorporation: Hong Kong
Nature of business: Investment holding
Registered office: 26/F Beautiful Group Tower, 77 Connaught Road Central, Central, Hong Kong

	%	
Class of shares:	holding	
Ordinary	100.00	

The company made a profit of £546,240 for the year ended 31 December 2022 and at that date had net assets of £504,038. Net assets at the date of acquisition were £492,020.

The directors perform an impairment review every balance sheet date and periodically throughout the year to assess whether any provision is required against the carrying value of investments in the balance sheet.

12. STOCKS

	Group 2022 £	Company 2022 £
Raw materials	847,791	-
Finished goods and equipment for sale	<u>7,909,754</u>	-
	<u><u>8,757,545</u></u>	<u><u>-</u></u>

UNIGEL GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 31 DECEMBER 2022

13. DEBTORS

	Group 2022 £	Company 2022 £
Amounts falling due within one year:		
Trade debtors	5,155,061	3,828
Amounts recoverable on consignment stock contracts	101,604	-
Amounts due from group companies	-	600,000
Other debtors	262,532	-
Taxes recoverable	21,038	3,493
Prepayments and accrued income	<u>132,197</u>	<u>5,414</u>
	<u><u>5,672,432</u></u>	<u><u>612,735</u></u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £	Company 2022 £
Bank loans and overdrafts (note 16)	1,246,747	-
Amounts due to related parties	150,000	-
Trade creditors	10,083,279	1,706
Corporation tax	274,099	-
Social security and other taxes	52,681	3,217
Dividends payable	220,000	-
Other creditors and accruals	<u>2,413,461</u>	<u>26,414</u>
	<u><u>14,440,267</u></u>	<u><u>31,337</u></u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2022 £	Company 2022 £
Bank loans and overdrafts (note 16)	<u>12,539</u>	<u>-</u>
	<u><u>12,539</u></u>	<u><u>-</u></u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group 2022 £	Company 2022 £
Factoring advance	1,242,662	-
Bank loans and overdrafts	<u>16,624</u>	<u>-</u>
	<u><u>1,259,286</u></u>	<u><u>-</u></u>

The group's borrowing facilities are secured by way of a fixed and floating charge over the assets of the company in which the borrowing is located. The factoring facility is provided on a rolling basis and interest is charged at a rate of 2.5% above LIBOR.

UNIGEL GROUP PLC
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17. DEFERRED TAX

	Group 2022 £	Company 2022 £
Upon acquisition	302,166	-
Charge for the year	(1,820)	-
Foreign currency translation differences	173	-
	<u>300,159</u>	<u>-</u>

The provision carried forward is comprised as follows:

	Group 2022 £	Company 2022 £
Accelerated capital allowances	171,075	-
Research & development enhanced expenditure	133,420	-
Short term timing differences	(3,976)	-
	<u>300,519</u>	<u>-</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	2022
11,285,000	Ordinary	£0.005	£
			<u>56,425</u>

The shares were all allotted during the year.

19. RESERVES

Group	Share premium £	Retained earnings £	Minority interest £	Total equity £
Upon issue of shares net of costs	469,011			469,011
Upon acquisitions		666,205	1,014,277	1,680,482
Profit for the period		323,547		323,547
Minority interest in profit/(loss) for the period		22,712	(22,712)	-
Foreign currency translation differences		14,465		14,465
Dividends paid		(220,000)		(220,000)
At 31 December 2022	<u>469,011</u>	<u>806,929</u>	<u>991,565</u>	<u>2,267,505</u>

UNIGEL GROUP PLC
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19. **RESERVES (continued)**

Company	Share premium	Retained earnings	Minority interest	Total equity
	£	£	£	£
Upon issue of shares net of costs	469,011			469,011
Profit for the period		344,907		344,907
Dividends paid		-		-
At 31 December 2022	469,011	344,907	-	813,918

The share premium account represents the premium paid by shareholders over and above the nominal price of shares purchased.

Retained earnings represent the accumulated profits or losses attributable to the group after dividends paid.

The minority interest represents the retained earnings attributable to any minority shareholders in the group's subsidiary companies.

20. **ULTIMATE PARENT COMPANY**

The company's ultimate parent undertaking is Hikari Capital Limited, a company incorporated in Hong Kong. Enquiries on the availability of the accounts of the company should be sent to 26th Floor, Beautiful Group Tower, 77 Connaught Road Central, Central, Hong Kong.

21. **RELATED PARTY DISCLOSURES**

a) Opcom Holdings Berhad

Major Shareholder in Unigel (UK) Limited

Unigel Compounds Sdn Bhd, a fully owned subsidiary of Opcom Holdings Berhad provided services to the group during the period. The value of services provided during the year and the balance outstanding at the period-end were as follows:

	Group 2022 £	Company 2022 £
Sales	124,058	-
Debtor at balance sheet date	120,106	-
Purchases	1,860,265	-
Creditor at balance sheet date	1,671,368	-

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21. **RELATED PARTY DISCLOSURES (continued)**

b) Unigel IP Limited

Common directorship

Unigel IP Limited provided services and a loan to the group in the period. The value of services provided and interest charged during the period and the balance outstanding at the period-end were as follows:

	Group 2022 £	Company 2022 £
Licence fees, interest and costs payable	262,326	-
Creditor, loan, accrued costs and interest at balance sheet date	593,312	-

c) Unigel Siber Inc.

Unigel Siber Inc., which is a 70% subsidiary of Hikari Capital Limited, was provided with services in the period. The value of services provided and the balance outstanding at the period-end were as follows:

	Group 2022 £	Company 2022 £
Recharged costs receivable	13,454	-
Debtor balance at balance sheet date	2,893	-

d) Corporate Partners Limited

Common directorship

	Group 2022 £	Company 2022 £
Rent and rates payable	39,037	3,834
Creditor balance at balance sheet date	-	-