Why we exist.

Eneraqua Technologies plc Annual Report 2022

Company registered number: 13575021

Why we exist

We drive cleaner, greener living. Supporting efficient energy and water usage through innovation and expertise.

Five key numbers

£1.4m **R&D spend/** 52 **clients/** 96% **of employees say we have a good company culture/** 148% **revenue growth/** £6.72m **adjusted EBITDA/**

Strategic report

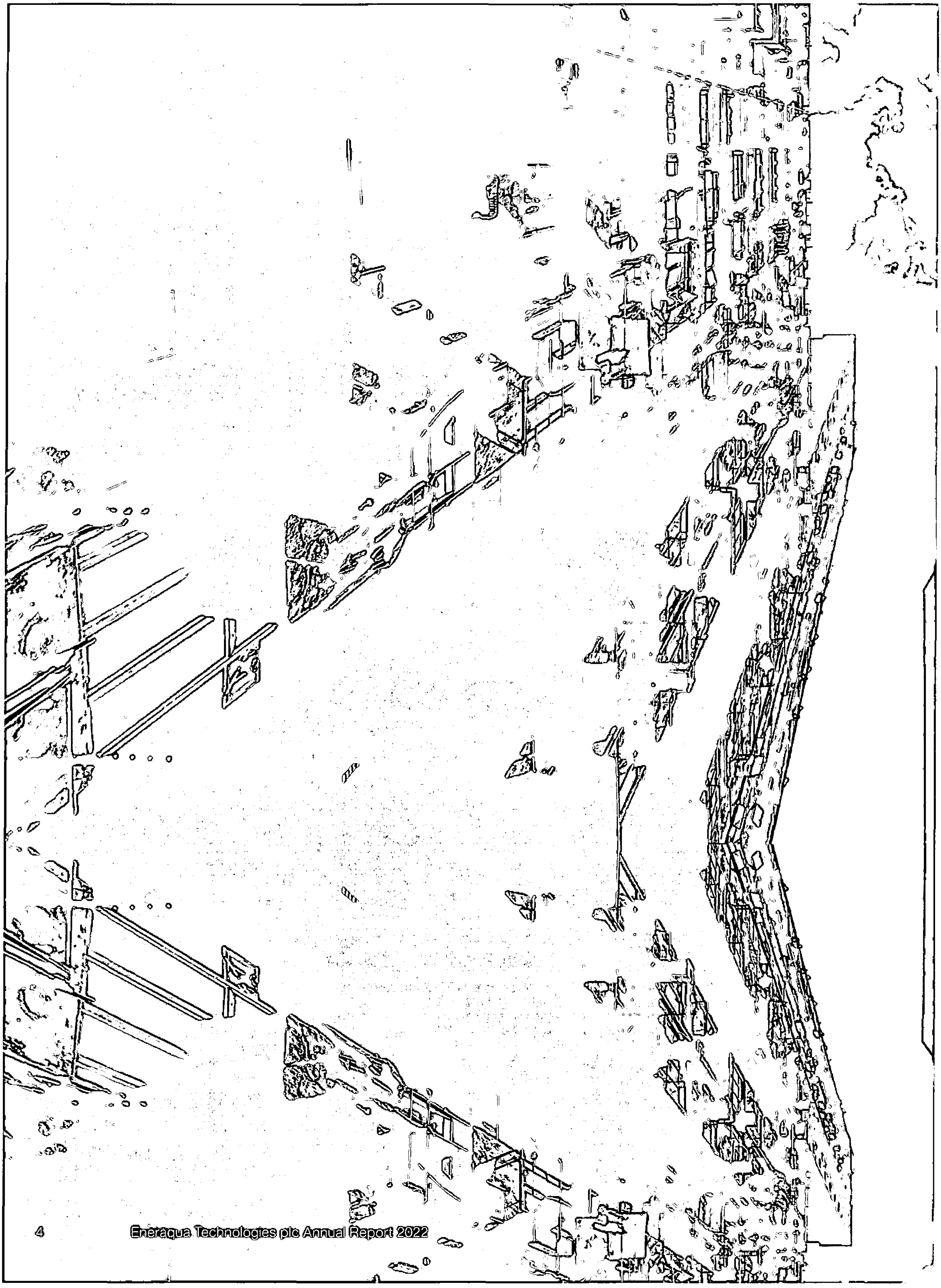
Why invest

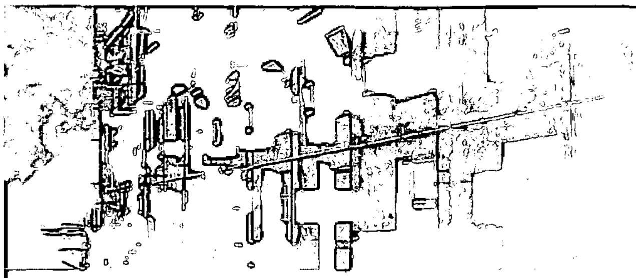
Managing growth

Experienced leadership

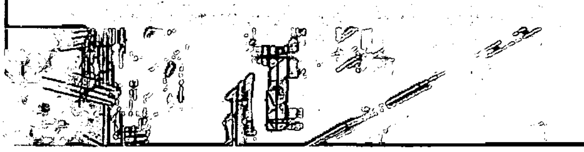
Financial statements

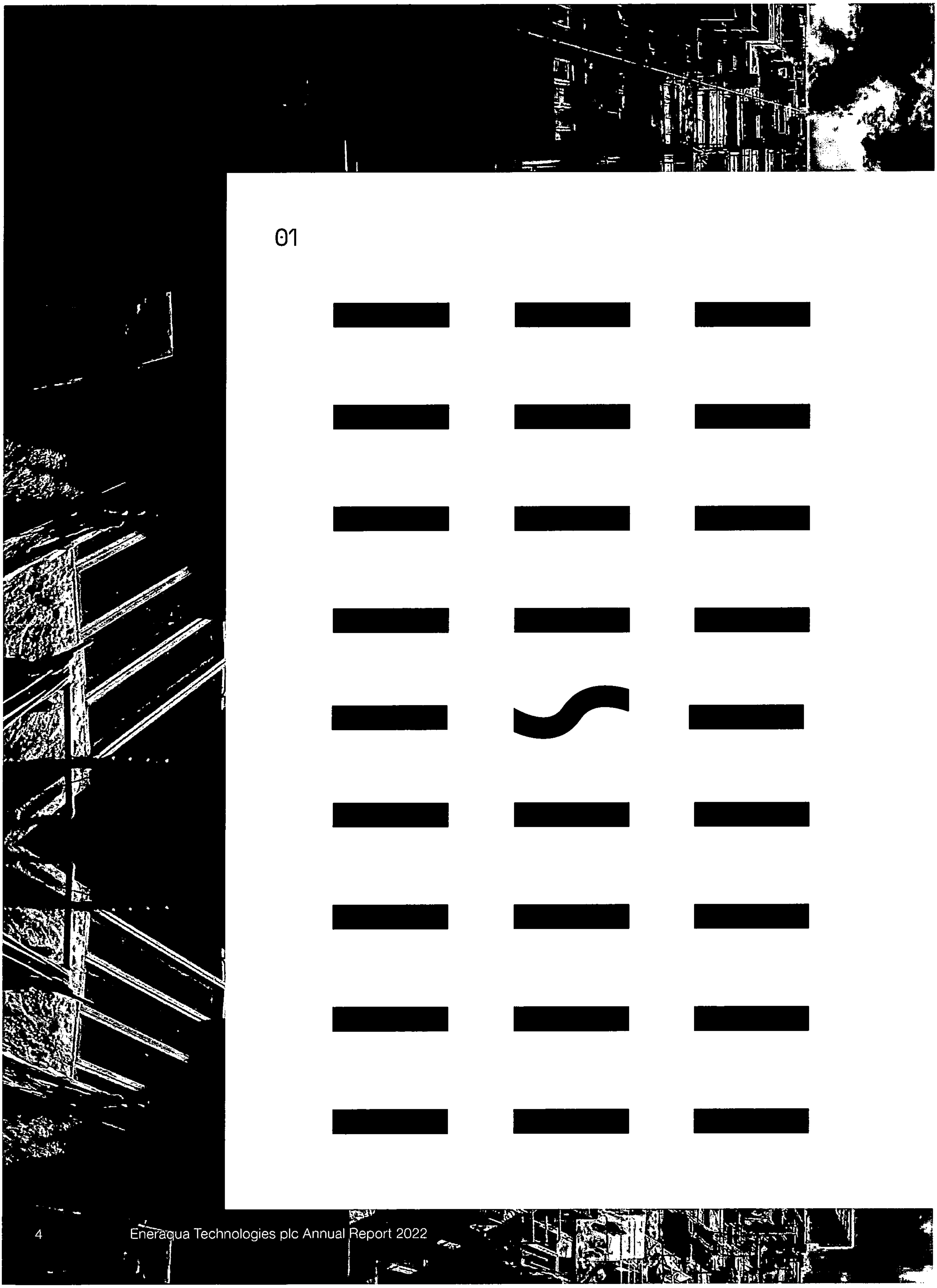
Section 1: Why invest





What makes us distinctive.





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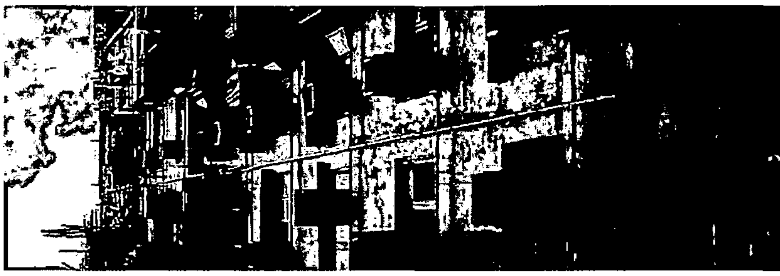
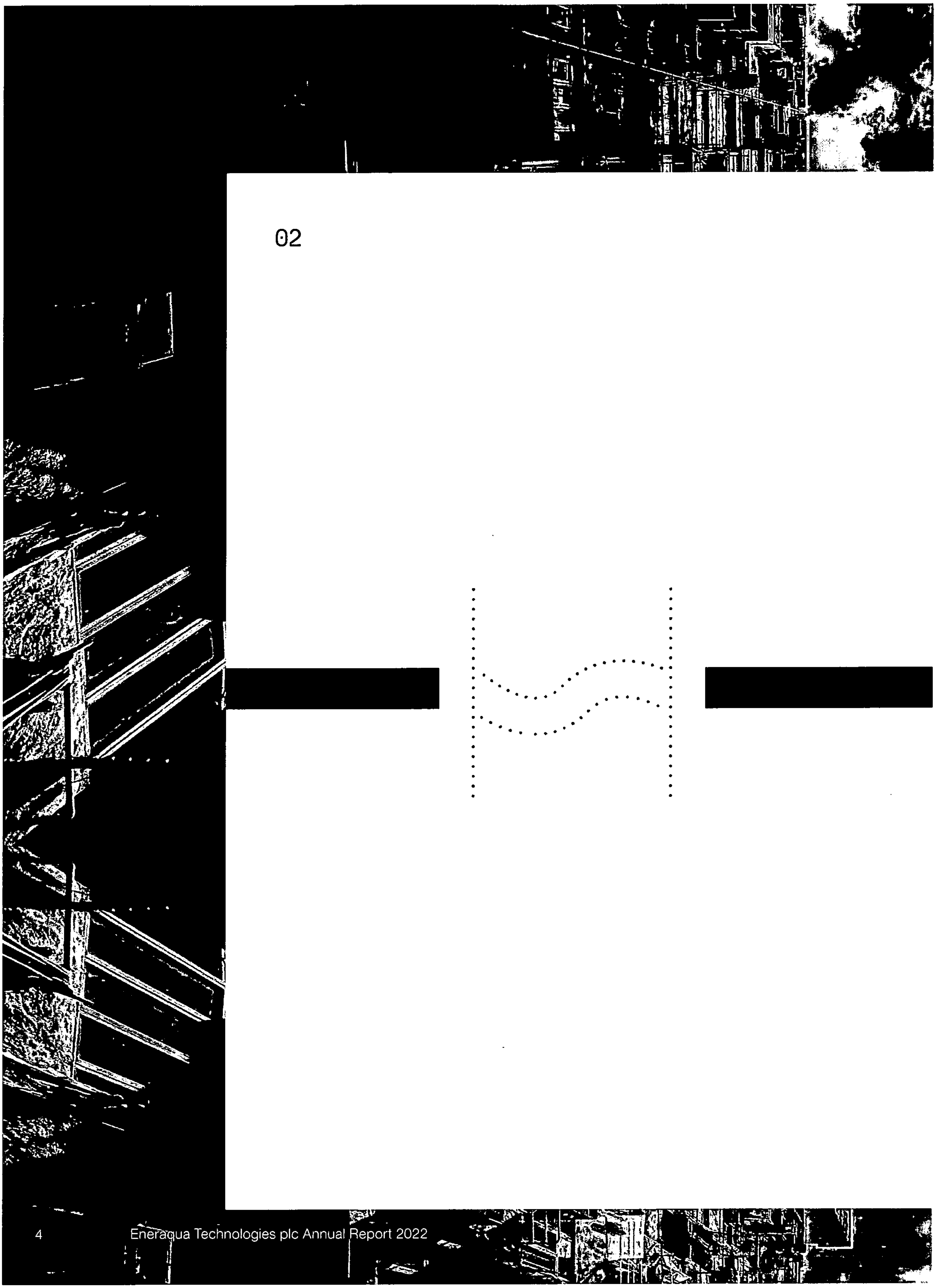


Technology: Innovative, game-changing products.

Our fully-owned patented intellectual property is proven technology that delivers results and allows people to maintain comfort but reduce their environmental impact.



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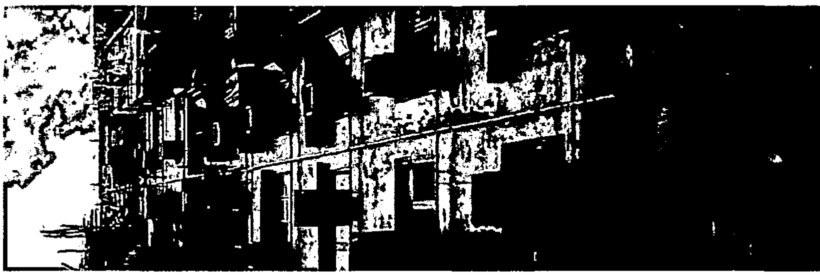
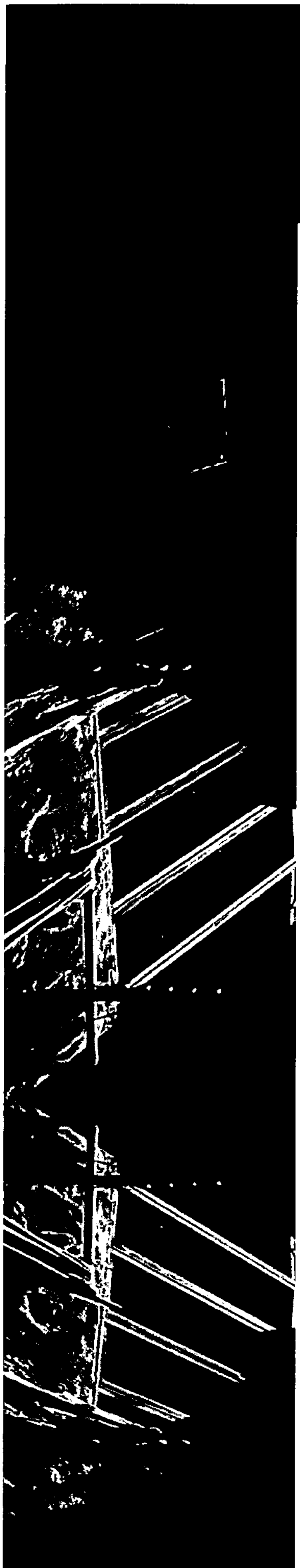


People: Able to spot gaps in the market.

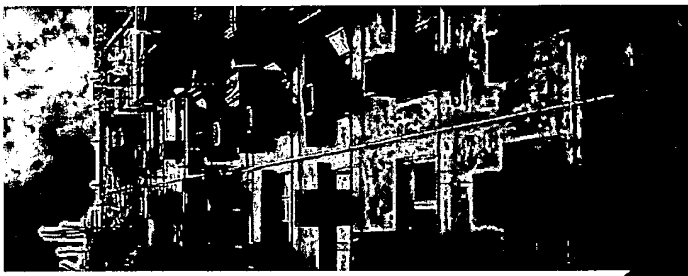
Our knowledge and expertise ensure that we develop the right solutions for our clients and society, today and tomorrow.

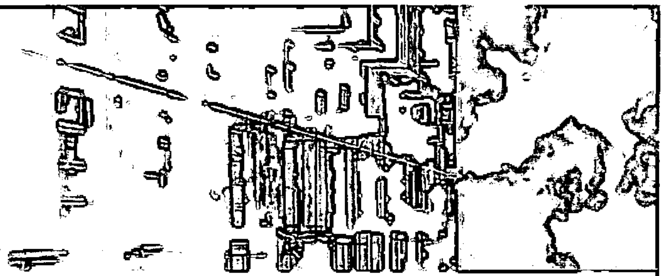


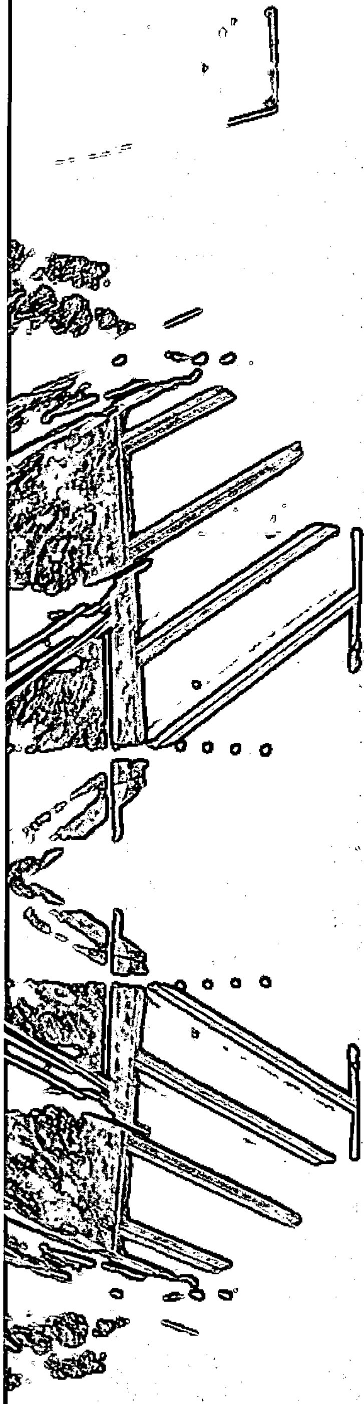
03

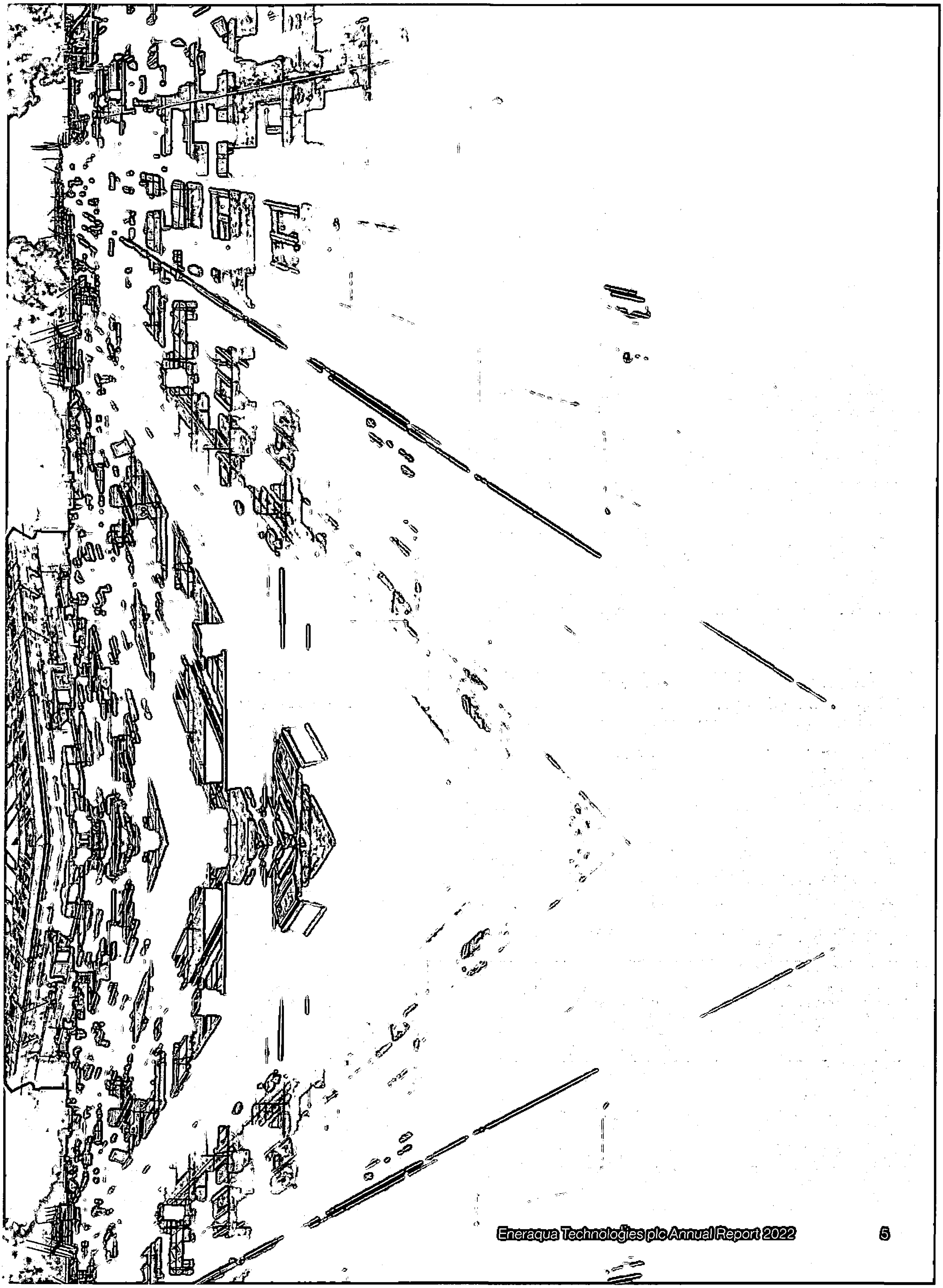
Partnerships: Understanding the small detail and the big picture.

Our collaborative approach to doing business gives us an in-depth understanding of each client's needs. We develop tailored solutions that deliver meaningful results and meet their Net Zero ambitions.









"We are socially responsible and our whole reason for being is the environment."

Guy Stenhouse
Chair

The year to 31 January 2022 was one of significant strategic and operational progress for Eneraqua Technologies plc.

The Company delivered an excellent financial and operating performance and we were pleased to join AIM in November 2021.

Delivering on our financial plans
The Company achieved its key financial objectives for the year. Compared to the previous year, the Company's turnover in the year to 31 January 2022 increased by 148 per cent to £36.2 million and EBITDA (before exceptional costs associated with the flotation on AIM) increased by 319 per cent to £5.55 million. These were stretching targets and it is a tribute to all those within the Company that they were achieved.

Operating effectively
I would like to thank our executive leadership team and all of our employees who have worked hard to not only grow and develop our business, but also to remain flexible and adaptable during the challenges of Covid-19 and as we managed our AIM listing.

We have patent protected technically advanced products and a highly skilled workforce which develops and delivers solutions to meet our customers' requirements.

The Group's target market continues to undergo substantial and sustained long-term growth to meet decarbonisation and Net Zero targets. In addition to projects completed and started last year, the Company is in active dialogue with a number of existing and potential clients about how its technology and services can help them meet their decarbonisation, water efficiency and Net Zero targets. We won several flagship contracts over the year including Leeds City Council, Calderdale Council and Affinity Water.

These organisations have begun the journey to Net Zero and water sustainability, and we are proud that they have chosen us to work with them based on our technology and ability to design and deliver complex projects and programmes.

People
Eneraqua Technologies plc is a young company, its operating subsidiary, Cenergist Limited, was founded in August 2012. The Company is fortunate that its Chief Executive is Mitesh Dhanak who founded the Company and who had the vision to shape the business we are today.

The spirit of the founder still runs through the Company and the way it operates. Our people share the vision, they work hard, they work as a team, they have a can do and do it right attitude. This spirit is incredibly valuable to us in delivering for our customers, particularly in difficult times.

At 31 January 2022, the Group employed 113 people, an increase of 66 people over the year. Rapid growth creates challenges but also opportunities for our people to learn new skills, to train others and to progress their careers rapidly.

We take great care in recruitment to ensure that those who join the Company share the attitudes which we think are important. At the time of the flotation on AIM we made sure that equity-based incentive schemes were in place for all senior staff so that they have a direct stake in delivering value for shareholders.

A successful flotation on AIM
On 22 November 2021, the Company's shares were admitted to trading on AIM. This was a significant milestone for the Company and allowed it to raise £12 million of new share capital to fund the next stage of growth. This strong balance sheet allowed us to make substantial investments in people and infrastructure to accelerate our growth.

The IPO also brought a key additional benefit to the Company – one of transparency. Our customers and suppliers can see who we are and that we operate to the highest standards of corporate governance, that we are socially responsible and our whole reason for being is the environment: supporting clients to meet their Net Zero and sustainability goals through our patented technology and expertise. This undoubtedly helps our business.

Acquisitions
During the year we completed two strategically important acquisitions for a combined total of up to £7.1 million.

The first was to take full control of HaGePe International B.V. (HGP), the developers of the HL2024 technology, which is so important to our business.

We identified early in the year that there was a growing shortage of drilling rigs and skilled operators to operate them. Large Ground Source Heat Pump projects often require many boreholes to be drilled to a typical depth of 150 metres. Having both the drilling skills and capacity are vital to our growth plans and we therefore acquired Welltherm Drilling Limited which has exactly the skills and resources required.

In both cases the management teams remain with the Company and are integral to our plans.

The economic background
The environment in which Eneraqua Technologies plc operates is complex. We provide innovative products and design solutions for clients that need to provide affordable heating and hot water while reducing the level of carbon emissions. A stable legislative framework will be essential to allow clients to invest with confidence and ensure Net Zero targets are met.

The recent increases in the prices of fossil fuels for consumers and the exacerbating impact of Russia's attack on Ukraine, illustrates the imperative to not slow down the drive to Net Zero but to accelerate it. This will enable society to combat global warming, provide the ability for people – especially those on low incomes – to heat their homes at an affordable cost and protect ourselves against the instability of fossil fuel energy markets.

Dividend
At the time of our admission to AIM we indicated that it was our intention to pay modest dividends potentially commencing in 2023 in respect of the financial year ending 31 January 2023. I am pleased to say that the Board, having considered the position and particularly in light of our progress since flotation and our strong cash performance, now intends to propose to shareholders that a final dividend of 1p per share is paid in respect of the year ended 31 January 2022. If approved by shareholders, this dividend would be paid on 16 September 2022 to shareholders on the register at the close of business on 19 August 2022, with the ordinary shares becoming ex-dividend on 18 August 2022.

Future development and outlook
Our focus for the year ahead is on delivering strong growth. The current year has started well and we expect to deliver on our plans, based on growth in our domestic and commercial energy markets and also the water sector.

We are achieving good progress in our water business in the UK and Europe as well as India. Post-period end, we were pleased to report in late April the award of an Agritech contract to provide our ClimateSmart agricultural water efficiency solution to the State of Uttarakhand, India. We also announced in June that we had been awarded two English local authority contracts to deliver net water neutrality pilot programmes. Both are exciting developments, and we have a strong appetite to deliver an enhanced range of services to our customers and to increase the diversity of our customer base both in the UK and overseas.

We have a range of opportunities to drive growth in future years and we are investing significantly in the quality and scale of our operating capability to ensure that we can grasp those opportunities and deliver further value for shareholders.

Guy Stenhouse
Chair
24 June 2022

Guy Stenhouse

Find out more

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Chief Executive Officer's statement

“We are confident about our prospects for the current financial year and believe we have the right solutions to help our clients tackle some of the world’s greatest challenges.”

Mitesh Dhanak
Chief Executive Officer

Watch the video

Chief Executive Officer's statement
continued

"Our technology is an integral part of any modern city."

The last year has been transformational for the Group in terms of growing our people, developing our technology and fulfilling our ambition to join AIM, which we were delighted to achieve on 22 November 2021.

The IPO process and successful fundraise has not only given existing colleagues and customers additional confidence in terms of management, stability and governance but it also helped us attract some of the best talent in the industry. Moreover, going forward it will support us as we grow both organically and through selected acquisitions which will accelerate our client propositions and development.

With a clear roadmap for growth, in both Energy and Water, we see exciting opportunities for growth. In Energy, we focus on clients with end-of-life gas, oil or electric heating and hot water systems. We provide turnkey retrofit district or communal heating systems based either on high-efficiency gas or ground/air source heat pump solutions and are at the centre of a number of development programmes across the UK, upgrading buildings and helping Local Authorities achieve their Net Zero and decarbonisation goals.

In Water, we provide a growing service focused on water efficiency upgrades for utilities and commercial clients including hotels, general residential and care homes. Our recent contract award by The Department of Horticulture for the State Government of Uttarakhand, India, marks the extension of our activities into Agritech. This will see delivery of the first ClimateSmart Irrigation programme to 340 horticultural farms across the state, further highlighting the value of our IP and the potential global opportunity.

Financial Performance
Our trading through FY22 was very pleasing during an extremely difficult period for colleagues and clients who coped admirably with the challenges of the pandemic.

Revenues increased by 148 per cent, driven by a number of successful UK contracts and adjusted EBITDA[1] reached £6.72 million, reflecting the value of our solutions and our careful management of costs and optimised go-to-market model. The Company generated operating cash of £3.0 million, again significantly up on the previous year and we were very pleased to finish the year with £3.9 million in net cash after the successful fundraise.

As a Board, we were delighted to recommend a final dividend for the year of 1.0p per share. This is an acceleration of the timing of the intention to pay a modest dividend as outlined at IPO.

The value of our solutions
Our activities in both the energy and water sectors are underpinned by the Company's wholly-owned intellectual property, the Control Flow HL2024 family of products, which reduce water wastage and improve the performance of heating and hot water systems.

Accurate flow control improves the performance of water systems and delivers both capital and operating cost savings. In addition, it also improves the end-user experience. This is essential in order to achieve long-term savings.

By improving the performance of energy systems as well as reducing water wastage, our Control Flow HL2024 technology can play an important part for organisations seeking to reach Net Zero.

The markets we operate in
Governments and companies around the world are investing to reduce carbon emissions through improved energy efficiency and adopting low-carbon solutions. The war in Ukraine has increased the desire to reduce exposure to volatile global fossil fuel markets.

Net Zero targets require the decarbonisation of heating, moving away from using gas or oil. We are experts in the design and implementation of heating systems which leverage our Control Flow HL2024 technology to deliver high-efficiency outcomes, often utilising heat pump systems. Technology-agnostic, we help clients identify the most relevant solution for their needs and then provide a turnkey delivery. This approach is highly appealing to our clients.

Water stress is a high profile, global issue and there are growing regulatory and environmental factors designed to ensure improved efficiency of water collection and usage. UK water companies, for example, have regulatory water efficiency targets to reduce household consumption by up to 30 per cent. This focus on water efficiency is expected to be a long-term focus for the sector as it battles with the threat of water stress.

The two English local authority contracts that we were awarded to deliver net water neutrality pilot programmes illustrate how our technology can facilitate new build projects. By upgrading existing homes to reduce their water consumption and utility bills, our HL2024 products are freeing up available water resources to meet the needs of new build homes.

The potential of our technology globally is huge and the initial success in India highlights this. Post-period end, our

1 Operating profit prior to exceptional costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

ClimateSmart Irrigation solution has been selected by The Department of Horticulture for the State Government of Uttarakhand, India. The £0.9 million contract will see us supply our water systems to 340 horticultural farms across the state, helping to reduce carbon emissions and improving water efficiency. This is the first major zero carbon irrigation initiative of its kind in India.

Expanding our growth opportunities
We have a clearly defined strategy to build strong long-term growth both organically and inorganically. Energy and water are seeing strong organic growth and we are investing in additional business development, engineering and project management staff and systems to support this process.

In addition, by expanding our product portfolio, we are opening new markets. At IPO we spoke about new products to allow entry into Agritech and the recent contract in India illustrates the progress made. Our R&D work is ongoing and allows us to refine and improve the performance of our products.

Finally, we made good progress with our M&A strategy with the completion of two acquisitions in the period. We took full control of HGP to secure the rights to HL2024 and this was followed by the acquisition of Welltherm Drilling Limited. This addressed a supply chain pinch point created by the limited borehole drilling capability in the UK.

We continue to evaluate opportunities in line with our strategy to expand our energy offering into NW Europe and to consider bolt-on opportunities to enter adjacent market sectors.

ESG
ESG is at the heart of everything we do through our day-to-day business activities, delivering carbon savings through our energy and water projects.

We have generated savings of over 139,000t/CO_2 during FY22 by supporting our clients' sustainability goals; helping them to deliver their net carbon zero strategies through renewable heating solutions and our Control Flow water-saving technology.

Our business model helps reduce resource usage and the carbon emissions associated with running multiple occupancy social housing and commercial projects. Our day-to-day work alleviates everyday pressures faced by our clients, and making water and energy usage more accessible to customers. Our focus on energy efficiency is increasingly relevant given macroeconomic inflationary pressures and the current cost-of-living crisis in the UK.

We are delighted that Eneraqua Technologies plc is recognised by the London Stock Exchange as contributing to the global green economy. The Green Economy Mark is given to companies which derive more than 50 per cent of revenues from environmental solutions, with over 99.5 per cent of revenue qualifying.

We are rolling out initiatives to reduce our own environmental impact and adopting sustainable practices, such as hybrid digital working, which removes the need for unnecessary business travel, and recycling IT hardware and general waste.

We routinely conduct environmental awareness training, to educate all our employees on the importance of a sustainable relationship with the environment. Environmental Management Toolbox Talks are also conducted across our sites, to ensure we continually learn and share best practices on reducing environmental impact.

It has always been a key part of our culture to provide a supportive work environment for our employees and their partners and we were delighted to receive positive feedback from our latest staff survey. Key extracts of the annual staff survey:

- 95 per cent of current employees believe that we go above and beyond in comparison to other companies they have worked for.
- People are committed to quality for both clients and residents, giving us a huge advantage in the market.

Outlook
When we started the Company nearly a decade ago, our vision was to become one of the leading providers of highly efficient energy and water solutions. Last year evidenced our progress and commercial traction. Looking forward, we expect the number of clients to grow significantly and most importantly, we envisage new use cases for our technology.

Our R&D teams are focused on developing new, more innovative solutions including looking at developing a next generation unit that can be installed alongside the water meter.

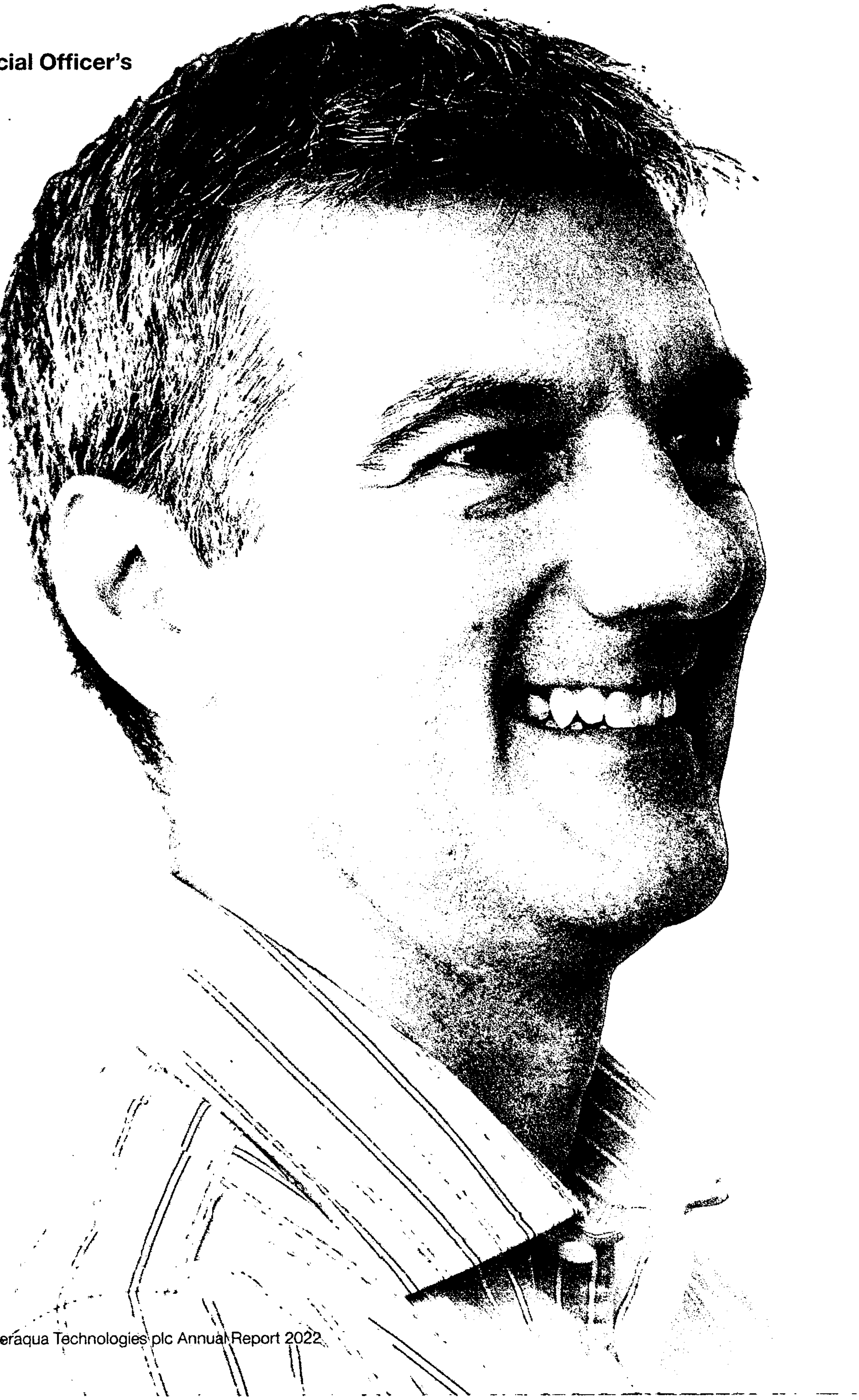
We are very pleased with the success of our recent acquisitions, and we continue to look for opportunities which will accelerate our business in terms of technology, geography or enhancing our delivery and service.

There are of course challenges. Like all businesses, we have seen supply chain disruption and have moved to manage the risk through identifying multiple suppliers. Global labour shortages are making it more difficult for businesses to hire the best people but importantly, we offer an opportunity to join an exciting business operating in an accelerating market environment. Finally, there is a need for a stable legislative framework to give confidence for investment. The UK and EU have set out clear targets and introduced a range of incentives that will help organisations move forward on Net Zero.

We are confident about our prospects for the current financial year and believe we have the right solutions to help our clients meet their Net Zero and water sustainability challenges. This provides a strong platform for future growth.

Mitesh Dhanak
Chief Executive Officer
24 June 2022

Chief Financial Officer's statement



“The Directors believe the markets the Company serves have very strong growth potential.”

Iain Richardson
Chief Financial Officer

Chief Financial Officer's statement
continued

"We are well positioned to achieve our strategic objectives."

I am pleased to report on our inaugural results since Eneraqua's IPO in November 2021, for the year to 31 January 2022.

Strategy
The Group's strategy is based on developing and delivering profitable solutions and products which help our clients reduce their carbon consumption and improve their water efficiency.

Key performance indicators
The Group's financial Key Performance Indicators (KPIs), which are aligned with its growth strategy, are revenue growth, adjusted EBITDA, adjusted EBITDA margin, R&D spend, cash conversion and ROCE. These are consistent with how the Group measures trading and cash generative performance and reported to the Board. All six KPIs delivered well in the year to 31 January 2022.

	2022	2021
Revenue	**£36.2m**	£14.6m
Revenue growth	**148%**	54%
EBITDA[1]	**£5.55m**	£1.32m
Adjusted EBITDA[2]	**£6.72m**	£1.32m
Adjusted EBITDA margin[3]	**18.6%**	9.1%
R&D spend	**£1.41m**	£1.55m
Cash conversion[4]	**66%**	0.4%
ROCE[5]	**26.6%**	18.0%

1 Operating profit prior to depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.
2 Operating profit prior to exceptional costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.
3 Adjusted EBITDA as a proportion of revenue.
4 Cash from operating activities/EBITDA.
5 Operating profit as a percentage of total assets less current liabilities.

Revenue
Group revenues increased by 148 per cent to £36.2 million, (FY21: £14.6 million). Excluding the Welltherm acquisition, UK revenues grew by 148 per cent to £35.9 million (2021: £14.5 million). International revenues grew by 235 per cent from £0.08 million in 2021.

Profits
The improvement in revenue supported strong growth in profits and profitability. Adjusted EBITDA increased 408 per cent to £6.7 million, (2021: £1.3 million), with the Group achieving Adjusted EBITDA margins of 18.6 per cent, up from 9.1 per cent in 2021.

Statutory operating profit increased to £4.4 million (2021: £1.2 million) and statutory profit before tax was £4.1 million (FY21: £0.8 million).

Acquisitions
On 5 October 2021, the Company acquired the Cenergist Group. As detailed in note 3 of the Financial Statements; this fell outside the scope of IFRS 3 as the Cenergist Group at the time of the transaction did not meet the definition of a business. The acquisition constituted a Group reorganisation since the two entities were under common control at the date of acquisition. Consolidated figures have been presented to show the Group as if it were in existence since the beginning of the comparative period.

In line with our growth strategy, the Group completed two acquisitions. On 23 June 2021, the Group acquired the entire share capital of HaGePe International BV ('HGP'), along with its subsidiary companies HaGePe Exploitatie BV and HL2024 Shop BV. The total consideration was £5.94 million, including deferred consideration. The acquisition of HGP secured the intellectual property and 'know how' associated with the Control Flow HL2024 products which are now owned and controlled by the Group, enabling it to utilise these products on an unrestricted, global basis.

On 20 September 2021, the Group acquired Welltherm Drilling Limited ('Welltherm'). The total consideration for the acquisition, including deferred consideration, is £1.18 million. The rationale for the acquisition was to ensure the Group has its own direct access to drilling equipment and operational know-how to service its ground source heat pump installation projects. For the period following acquisition, Welltherm recorded revenues of £0.4 million and operating profit of £0.05 million.

Further information on acquisitions can be found in note 27 of the Financial Statements.

Adjusting Items/Exceptional Costs
The total pre-tax adjusting items in the year were £1.2 million. These were £1.2 million of exceptional costs associated with the IPO (2021: Nil).

Earnings per share
Basic earnings were 18.28 pence and diluted earnings per share were 18.16 pence.

Dividends
For the financial year ended 31 January 2022, following a strong performance the Board is delighted to recommend a final dividend for the year of 1.0 pence per share. This is an acceleration of the timing of the intention to pay a modest dividend as outlined at IPO.

The Directors believe that the markets the Company serves have very strong growth potential and believe it is in the best interests of shareholders that the Company prioritises the successful deployment of the Company's resources towards growing the business both organically and through acquisitions. Subject both to trading performance and the capital needs of the business, the Board's intention would be to target a progressive dividend policy.

Headcount
The Group's full time equivalent (FTE) employees at 31 January 2022 were 113 (FY21: 47). This growth reflects the acceleration in recruitment in order to support the Group's growth strategy.

Share capital and share options
Share options issued during the year under the Long Term Incentive Plan were 332,673 and the total share options in issue at the year end amounted to 332,673.

Cash flow and net cash
Thanks to the outstanding efforts of all our team, we achieved a strong performance with good cash generation.

Cash[4] conversion improved significantly from last year at 66 per cent, with cash generated from operations of £3.0 million (FY21: £118k outflow). This was achieved whilst the business experienced significant growth in its operations and corresponding changes in working capital requirements.

Total capital expenditure on property, plant and equipment amounted to £2.7 million (FY21: £1.4 million). There was a further outflow of £5.1 million for the acquisitions of HaGePe International BV and Welltherm Drilling Limited.

The Group ended the year with net cash (excluding IFRS 16 liabilities) of £3.9 million compared with £0.9 million of net debt at 31 January 2021 following the repayment of the Group's existing debt facility (£4.9 million) upon IPO.

Post-year end the Group has secured new banking facilities with HSBC UK Plc for an aggregate of £6.0 million. The new facility will support the Group in its growth strategy, both in terms of working capital requirements and acquisition opportunities.

Outlook
The Group is in a strong position with a healthy balance sheet and a strong order book, which together with FY23 revenue year to date, provides 95 per cent cover for the Board's revenue target for the current financial year.

Iain Richardson
Chief Financial Officer
24 June 2022

The opportunity

Our tech is an inte part of a modern

The Control Flow HL2024 family of products reduces water wastage and improves the performance of heating and hot water systems in buildings, with proven efficiency improvements and carbon emission reductions, as well as cost savings. We're driven by the need to help our clients transition towards Net Zero through our innovation and expertise.

nology
gral
ny
city.

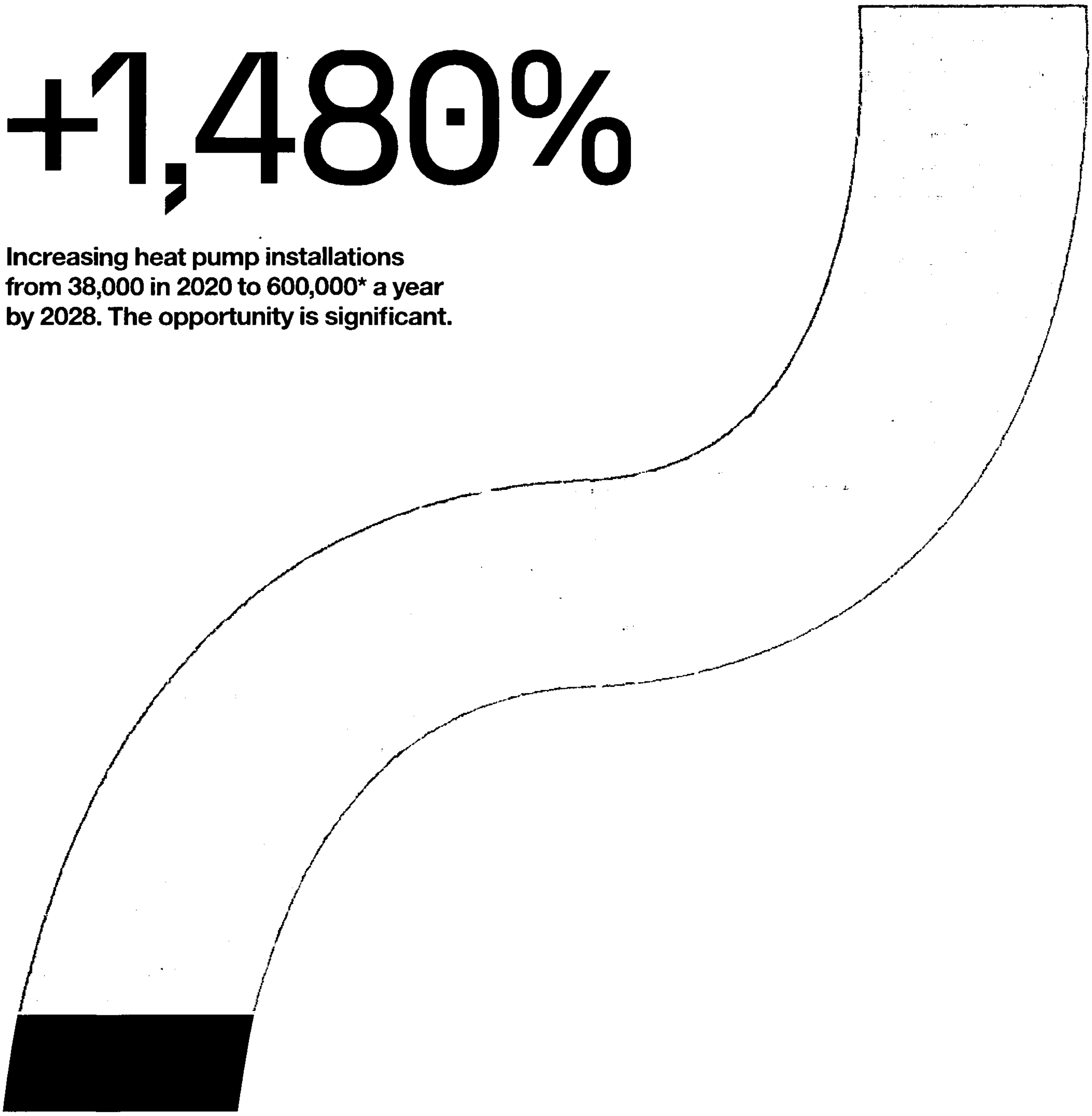
The opportunity
continued

Heat pumps are a carbon saving option that deliver on the UK Government's goals to decarbonise inefficient heating systems:

+1,480%

Increasing heat pump installations from 38,000 in 2020 to 600,000* a year by 2028. The opportunity is significant.

by 2028
600,000 homes



2020
38,000 homes

** UK Government Ten Point Plan*

With more freshwater being extracted and used than replenished through rainfall, water scarcity threatens the health and development of global communities. Climate change is intensifying the problem, pushing governments to find more innovative, collaborative ways to address water stress, and we are all facing stronger requirements for water efficiency in both building and agricultural use. We must continue taking ambitious and innovative steps to improve our water security and meet the UN Sustainable Development 2030 Goals^.

-26% water consumption

Our products reduce domestic water consumption by up to 26% with over 98% user satisfaction.

^ UN Sustainable Development Goals: Target 6.4

The work we are already doing

We're working with clients to develop and deliver their approach to conserving energy and water, and meet their sustainability goals.

1

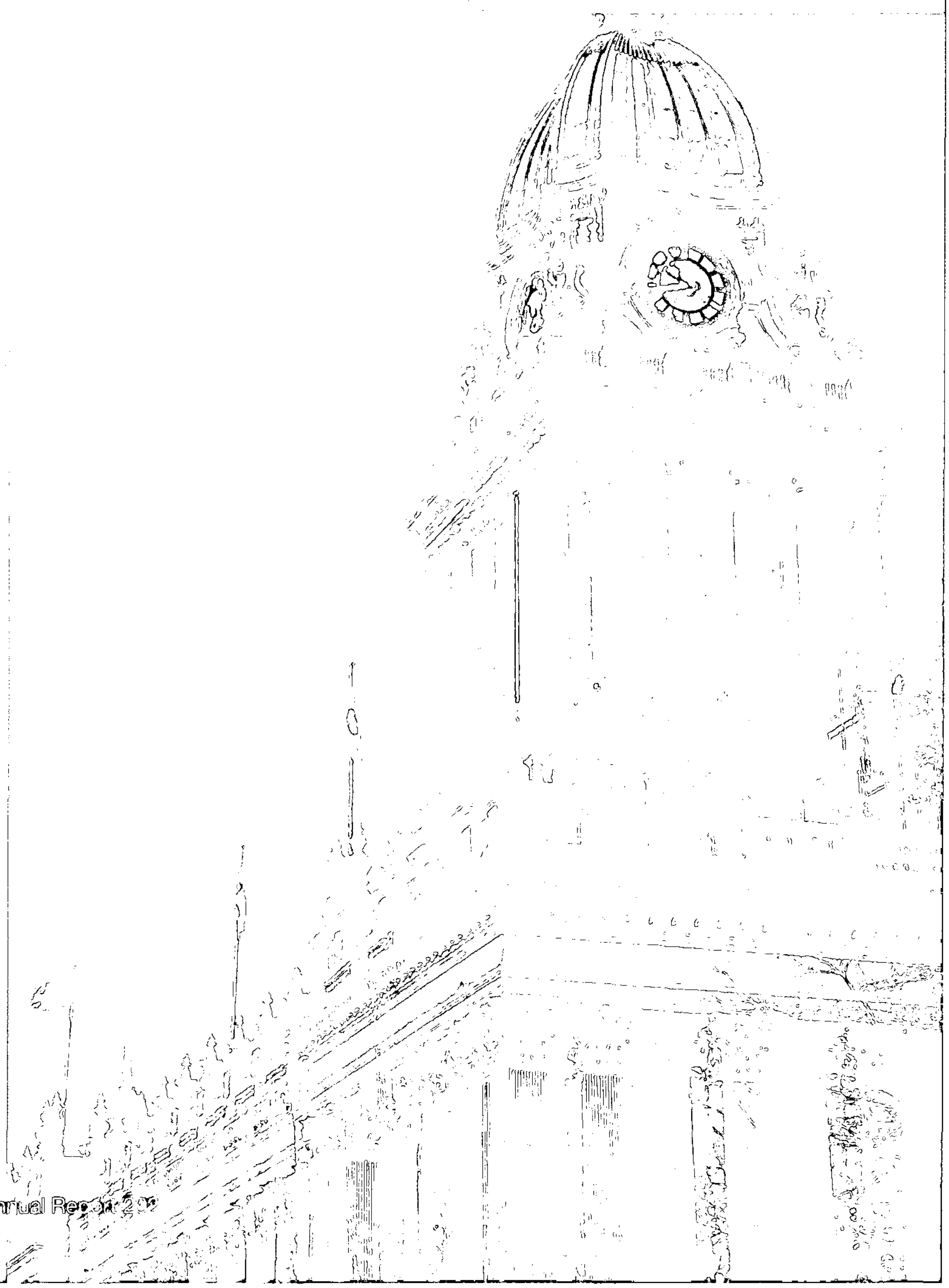
Case study

Leeds City Council

We're partnering with Leeds City Council to help them deliver lower carbon intensity and reduce energy and water bills for their residents. We designed and are delivering Leeds City Council's low-carbon district heating networks for 27 high-rise blocks, as part of its 'Clustering for Warmth' which forms part of their £100m investment in improving housing energy efficiency by 2025.

This project will save over an estimated 4,000 tonnes of carbon a year, using new low-carbon heating solutions.

We've also delivered decarbonisation initiatives to over 31 civic buildings in Leeds; from leisure centres to primary schools, homes for older people, offices, a zoo and the historic Temple Newsam.



2

Case study
Affinity Water – UK

As part of Affinity Water's domestic water efficiency programme, Control Flow HL2024 technology is being installed in homes across Watford on behalf of Affinity Water. We're guiding customers on cutting their water usage and energy bills – an increasing concern with soaring UK energy costs and the increase in people in fuel poverty. On average, we've helped families save up to 26 per cent on their household water consumption.

3

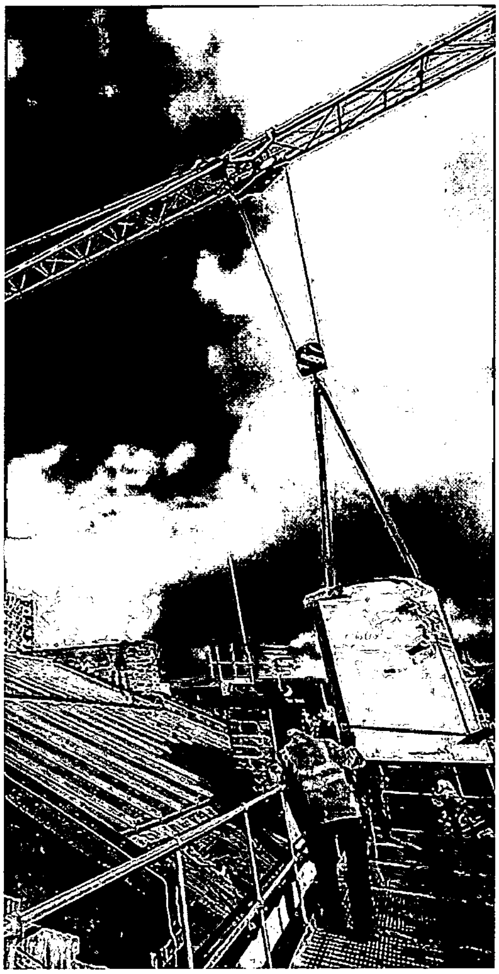
Case study
ClimateSmart Irrigation – India

ClimateSmart Irrigation, our package of water, energy and conservation solutions, integrates Control Flow HL2024 to help farmers efficiently manage water usage, improve crop yield and prevent soil erosion. We are installing solar PV and pumps for farmers in India, which provide data to determine the flow of water required throughout the crop cycle, so they can monitor irrigation levels using our mobile app.

4

Case study
Calderdale Council

History meets innovation in Halifax, where we have worked with Calderdale Council to decarbonise three historic buildings. Our innovative heat decarbonisation solutions have reduced operational running costs in each location, while seamlessly integrating heritage features and specific planning requirements. We have created design and installation solutions that deliver heat decarbonisation, using air and water source heat pumps. These iconic local listed properties include Halifax Town Hall, a Grade 2-listed 19th century building; Todmorden Market, a public market hall that first opened in 1802; and Manor Heath Mansion, which was constructed in the 1850s. The total cost of the project was £1.2m and it will deliver 8,400t/CO_2 savings.



Maximising the opportunity

How do we build on our advantage?

Investing in technology

Go to our website
www.eneraquatechnologies.com

Investing in people

Read more in governance
30

Investing in partnerships

Read more in stakeholder engagement
30

Our approach to risk

"We see risk as an opportunity. A driver of innovation. So we manage risk proactively to both drive our business objectives and mitigate any impacts on our performance and reputation."

Iain Richardson
Chief Financial Officer

Principal risks and uncertainties/ 36

Our approach to governance/ 50

Section 2: Managing growth

How we listen and respond

Under Section 172 of the Companies Act 2006, a director must act in the way they consider, in good faith, most likely to promote the success of the company for the benefit of all its stakeholders. The following pages comprise our Section 172 statement, which describes how our Board has acted according to Section 172 over FY22 when carrying out its duties.

We have identified five stakeholder groups that are essential to our business success. Each stakeholder group requires individual engagement to foster effective relationships. The Board considers and balances all their interests in its decision-making.

We set out below the priorities for each stakeholder group, and how we engaged with them during the reporting period. We also summarise the importance of different stakeholders as part of the Board's decision-making process.

Stakeholder
Our employees

Their interests
- Wellbeing.
- Training, professional development, and career development.
- Health and safety.
- Flexibility.
- Diversity and inclusion.
- Fair pay and employee benefits.

How we engaged
- Employee communications.
- Employee satisfaction surveys and pulse surveys.
- Town hall briefings with CEO and CFO.
- Ongoing training and development opportunities.
- Whistleblowing procedures.
- Publication of Modern Slavery statement.
- Employee benefits packages.

Stakeholder
Our partners
(including suppliers and sub-contractors)

Their interests
- Collaboration.
- Long-term partnerships.
- Quality of service.
- Safe working environment.
- Fair trading and payment terms.
- Sustainability and environmental impact.

How we engaged
- Open two-way dialogue.
- Regular client review meetings providing regular feedback.
- Client support for new contract awards and announcement of project completions in press releases positively reinforces the value of our relationships.
- Access to Group information via our website.
- Annual Report.

Stakeholder
Community and environment

Their interests
- Sustainability.
- Carbon footprint reduction.
- Green approach to operations.
- Community support and CSR.

How we engaged
- Community support initiatives.
- Deliver carbon emissions and water usage reduction through our products and services.
- We are investigating the potential for a global carbon offset accreditation for our Control Flow HL2024 technology.
- ISO 9001: Quality Management.
- ISO 14001: Environmental Management.
- ISO 45001: Occupational Health and Safety.

Stakeholder
Our investors

Their interests
- Comprehensive review of financial performance of the business.
- Strong governance.
- Business success and sustainability.
- Awareness of long-term strategy and direction.

How we engaged
- Investor roadshows.
- Stock exchange announcements.
- Three trading updates and a full-year results presentation.
- Annual Report.
- AGM will allow shareholders to meet the Board and Committee chairs, who will respond to questions relating to activities for the period.
- Engagement and consultation with investors.
- The Investor Relations team is the key contact for shareholder liaison, which shareholders can contact directly via company website.
- Company website.

Stakeholder
Our clients

Their interests
- Technology and solution innovation to meet Net Zero carbon goals.
- Safe working environment.
- Quality of service and end-user experience.
- Completion to time and budget.
- Timely information.
- Data security.

How we engaged
- Innovation design solutions, working directly with individual clients.
- Client feedback via two-way open dialogue.
- Client satisfaction review.
- Lessons learned.
- VIP visit support and coordination on behalf of client.
- PR engagement.
- Published case studies.
- Client external business award application support.

"I love working for a company which cares about the impact that the projects have – both the impact for the client and for the environment."

Charlie Pattinson
Head of Engineering

"One of the first things I asked during my interview was, "Is there room for progression within the company?" and I haven't been disappointed.

Humphrey Casely-Hayford
Site Manager

Managing our impact

ESG is at the heart of everything we do through our day-to-day business activities, delivering carbon savings through our energy and water projects.

We have generated savings of over 139,000 t/CO_2 during FY22 by supporting our clients' sustainability goals; helping them to deliver their net carbon zero strategies through renewable heating solutions and our Control Flow water-saving technology.

Our business model helps reduce resource usage and the carbon emissions associated with running multiple occupancy social housing and commercial projects. Our day-to-day work alleviates everyday pressures faced by our clients, and making water and energy usage more accessible to customers.

Our focus on energy efficiency is increasingly relevant given macroeconomic inflationary pressures and the current cost-of-living crisis in the UK.

We are delighted that Eneraqua Technologies plc is recognised by the *London Stock Exchange as contributing* to the global green economy. The Green Economy Mark is given to companies which derive more than 50 per cent of revenues from environmental solutions.

We are rolling out initiatives to reduce our own environmental impact and adopting sustainable practices, such as hybrid digital working, which removes the need for unnecessary business travel, recycling and reducing general waste.

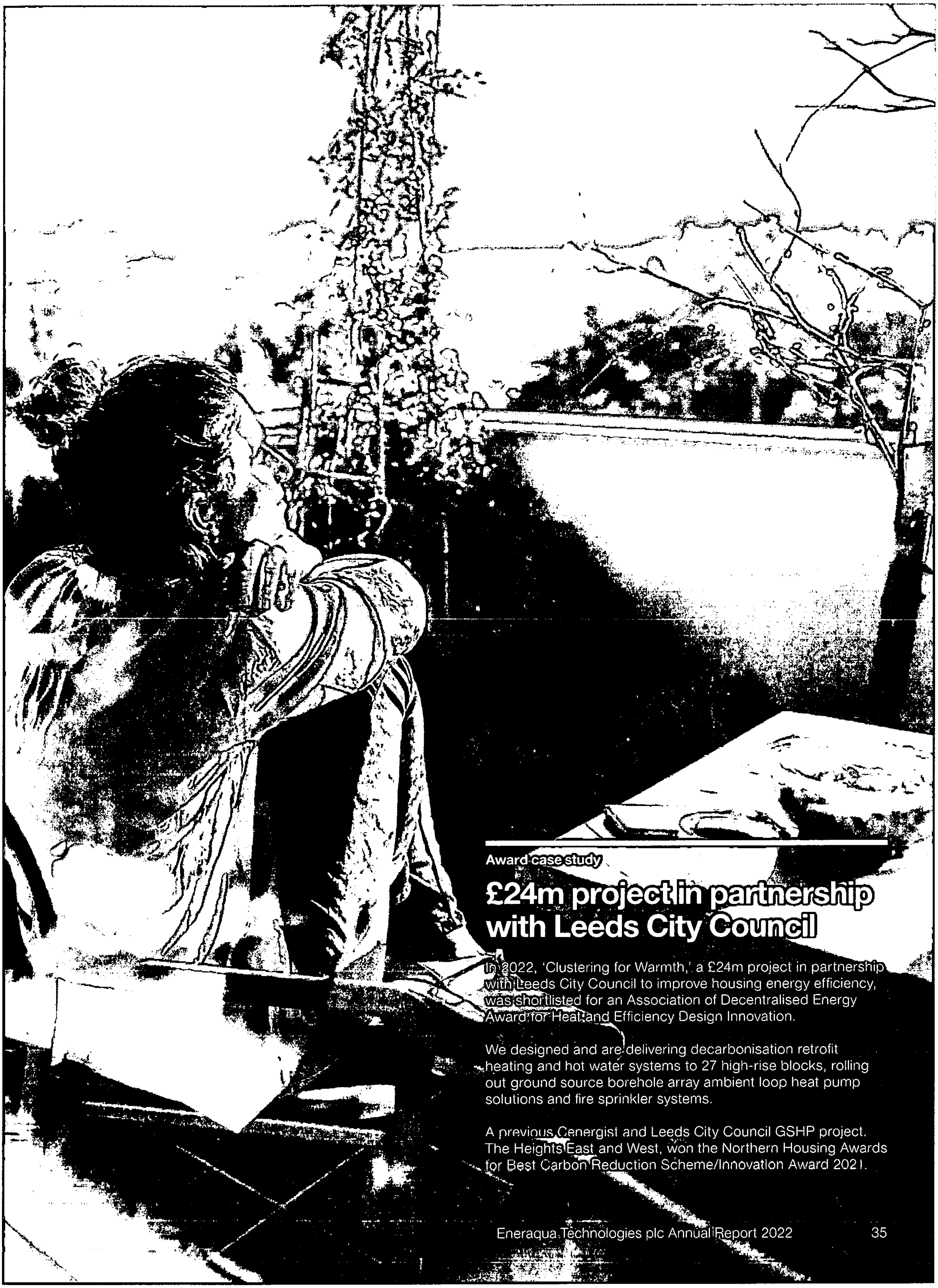
We routinely conduct environmental awareness training, to educate all our employees on the importance of a sustainable relationship with the environment. Environmental Management Toolbox Talks are also conducted across our sites, to ensure that we continually learn and share best practices on reducing environmental impact.

Carbon Offset Accreditation
We are investigating the potential for a global carbon offset accreditation for our Control Flow HL2024 technology.

ESG
With mounting climate change pressures and a growing awareness of the risks posed by climate change and the need for action, we are seeing an increased demand for our services as we continue to diversify.

Our growth potential fuels our passion to continue to develop our internal ESG initiatives. To demonstrate our commitment to growth aligned with an ESG focus, we have engaged external ESG consultants to undertake an in-depth ESG assessment of our operations, in line with the Global Reporting Initiative standards. The consultation will highlight areas of potential improvement across our business and ensure that we hold ESG at the heart of everything we do. We recognise that ESG is a way to make a difference that benefits our world.

Accreditations
The Group has the following UK accreditations:
- ISO 9001: Quality Management
- ISO 14001: Environmental Management
- ISO 45001: Occupational Health and Safety
- Micro Generation Certification Scheme (MCS) for Ground Source and Air Source Heat Pump



Award case study

£24m project in partnership with Leeds City Council

In 2022, 'Clustering for Warmth,' a £24m project in partnership with Leeds City Council to improve housing energy efficiency, was shortlisted for an Association of Decentralised Energy Award for Heat and Efficiency Design Innovation.

We designed and are delivering decarbonisation retrofit heating and hot water systems to 27 high-rise blocks, rolling out ground source borehole array ambient loop heat pump solutions and fire sprinkler systems.

A previous Cenergist and Leeds City Council GSHP project. The Heights East and West, won the Northern Housing Awards for Best Carbon Reduction Scheme/Innovation Award 2021.

Reduce risk without unduly affecting our competitiveness and flexibility

The Board is responsible for identifying and evaluating major risks faced by the Group, and for determining the appropriate course of action to mitigate those risks. We have policies that seek to reduce risk without unduly affecting our competitiveness and flexibility.

Read our Going Concern Statement on page 61.

We have designed our risk management and internal control systems to help the Group meet its business objectives, and appropriately manage risks relating to those objectives. We manage rather than eliminate the risk of failure, to achieve business objectives, and can provide reasonable (but not absolute) assurance against material misstatement or loss.

The Board and Audit & Risk Committee review our Risk Register to assess the risks the business faces and ensure controls are in place to mitigate these and other risks which may arise. We update the Risk Register as changes to the nature of risks emerge, or when we implement or amend mitigating actions.

The Chief Financial Officer (CFO) manages the Group's financial procedures and controls, and together with the Group's finance function, is responsible for developing, implementing and monitoring risk management policies and objectives. These processes and controls are reviewed as part of the Group's External Audit.

The Board receives reports from the CFO so it can review the effectiveness of risk management policies and procedures, and consider whether significant risks are appropriately identified, evaluated, managed, and controlled.

The Audit and Risk Committee assist the Board in discharging its review responsibilities. The Audit and Risk Committee has delegated responsibility to review the Group's internal financial controls and monitor the integrity of Group financial statements, including annual and interim accounts and results announcements. The Audit and Risk Committee assesses the Group's risk profile and how the risks arising from Group activities are controlled, monitored, and mitigated by the senior management team.

The Board has considered the need for an internal audit function, and concluded that the internal control system is the most appropriate solution for now, based on the Group's size and complexity. The Board will periodically review this position.

Strategic risk

People and Resources

Risk of failure to recruit, retain, and develop personnel in key roles to support the delivery of the Group strategy. Risk continued growth may cause a significant strain on managerial, operational, financial resources of the Group.

Our response

- Recruitment, succession planning, and talent development is underway across the Group to identify key positions required to deliver our strategy.
- Engagement with employees provides a valuable insight into the resources they require to undertake their roles effectively, and helps us understand their views on different employee benefits.
- Our learning and development programme supports employees with their future career progression within the Group.
- We monitor employee satisfaction and engagement levels across the Group to ensure Eneraqua Technologies plc remains a great place to work.

Strategic risk

Intellectual Property (IP)

Risk of challenge to patent application for existing/future Control Flow HL2024 technology could delay/deny patent award, preventing the Company from realising new market potential.

Risk of a third party asserting infringement claims against the Group and its customers, requiring the Group to cease the infringing activity and/or require enter licensing and royalty arrangements.

Risk of substantial cost incurred if the Group is required to assert its intellectual property rights, including any patents, against third parties.

Our response

- Our priority is to protect our intellectual property, and we engage experienced advisors to mitigate this risk.
- All patents, copyright and trademarks filed in current and future prospective countries.
- Regularly monitor and track IP applications.
- Conduct all research and design in house, to prevent loss of competitive advantage associated with new technology.
- Continuous improvement in materials, designs, and product range in line with market opportunities, requirements and client feedback protected by ensuring we have made relevant IP application.

Strategic risk

Project Delays and Reliability of Supply Chain

Risk of delay to delivering client projects could lead to an impact on the client relationship and the ability to deliver to budget due to factors such as availability, disputes with contractors, material price increases, shortage of materials or unforeseen difficulties.

Our response

- Implement robust and established project management procedures, applied to the overall project and the individual elements.
- Operate a network of experienced contractors, with whom we have a long-standing relationship. Plan new projects with our contractors to secure capacity, plan material procurement, and review the project in full (before commencing) to identify potential risks or causes for delay.
- Each client has a relationship manager and a project delivery manager responsible for providing internal and client progress updates, escalation of issues and/or risks and overall monitoring of performance.
- Work directly with supply chain partners during the planning phase to identify potential material supply issues, providing time to identify and secure alternative options. This may include the decision to forward purchase key materials to ensure we secure supply.
- Senior management regularly reviews progress of key projects to mitigate any risks.
- Through the acquisition of Welltherm Drilling, we can mitigate against the potential risk of a shortage of drilling capacity for GSHP contracts.

Strategic risk

Breach of Health and Safety Laws

Risk that the Group fails to comply with health and safety laws and regulations dealing with occupational health and safety, leading to fines, negative publicity, ability to win new contracts and loss of existing contracts.

Our response

- Dedicated employees assigned responsibility for health and safety (H&S) management.
- Stringent health and safety policies and procedures.
- H&S training and awareness for all employees.
- Robust onboarding procedures for sub-contractors, to ensure their employees hold up-to-date, relevant qualifications.
- Regular monitoring and reporting of H&S performance to senior management, executives and the Board.
- Relevant insurance policies, such as professional indemnity, public liability, and employers liability, and ensure sub-contractors have similar levels of cover.
- Proactively monitor changes in legislation and regulation to ensure we comply with all obligations.
- Target internal business incident testing to ensure robust policies and procedures are in use by employees. Reviewing the lessons learned and implementing necessary changes immediately.

Strategic risk

Change in Government Policy

Risks that changes or delays in Government policy relevant to climate change, energy, and water sustainability goals, could impact the Group's investment decisions and performance.

Our response

- Proactively monitor events and engagement with Government policymakers and advisors to raise awareness of benefits derived from sustainability and energy efficiency programmes.
- Work with key clients to raise the need for Government legislation with policymakers.

Strategic risk

Data Protection

Risk of data breach and or failing to comply with Data Protection laws and regulations may result in fines, loss of contract, negative publicity, and reputational damage.

Our response

- The Group does not hold large amounts of personal data. Any data required by our clients to be held for a defined purpose and period is securely held in restricted areas of our systems, where access is controlled and monitored.
- Our data processing and destruction policies and procedures are regularly reviewed for compliance.
- All employees receive data protection training.
- Conduct risk assessment when implementing new processes.
- Proactively monitor changes in legislation and regulation to ensure we comply with all obligations.
- Target internal business incident testing to ensure robust policies and procedures are in use by employees. Review lessons learned and implement immediately any necessary changes.

Strategic risk

Acquisitions and Integrations

Risk of failing to integrate acquired operations or technologies effectively to realise benefits of acquisition. Risk of failure to identify risks or issues in due diligence and risk delays in integration may result in increased expenses, loss of employees or loss of clients.

Our response

- The Board challenges and reviews the rationale for any acquisition, robustly assessing the investment case, to ensure any acquisition adds value to the Group.
- Oversight for acquisitions and integration sits under the CFO, with support from key employees across the Group, who are experts in integrating operations and/or technologies. Regular performance monitoring ensures integration is on schedule, and that budget and benefits are realised.
- We work with external advisors to ensure the appropriate level of skill and expertise, especially in due diligence. The Board also oversees and evaluates a full cost/benefits analysis before we complete any acquisition.

Section 3: Experienced leadership

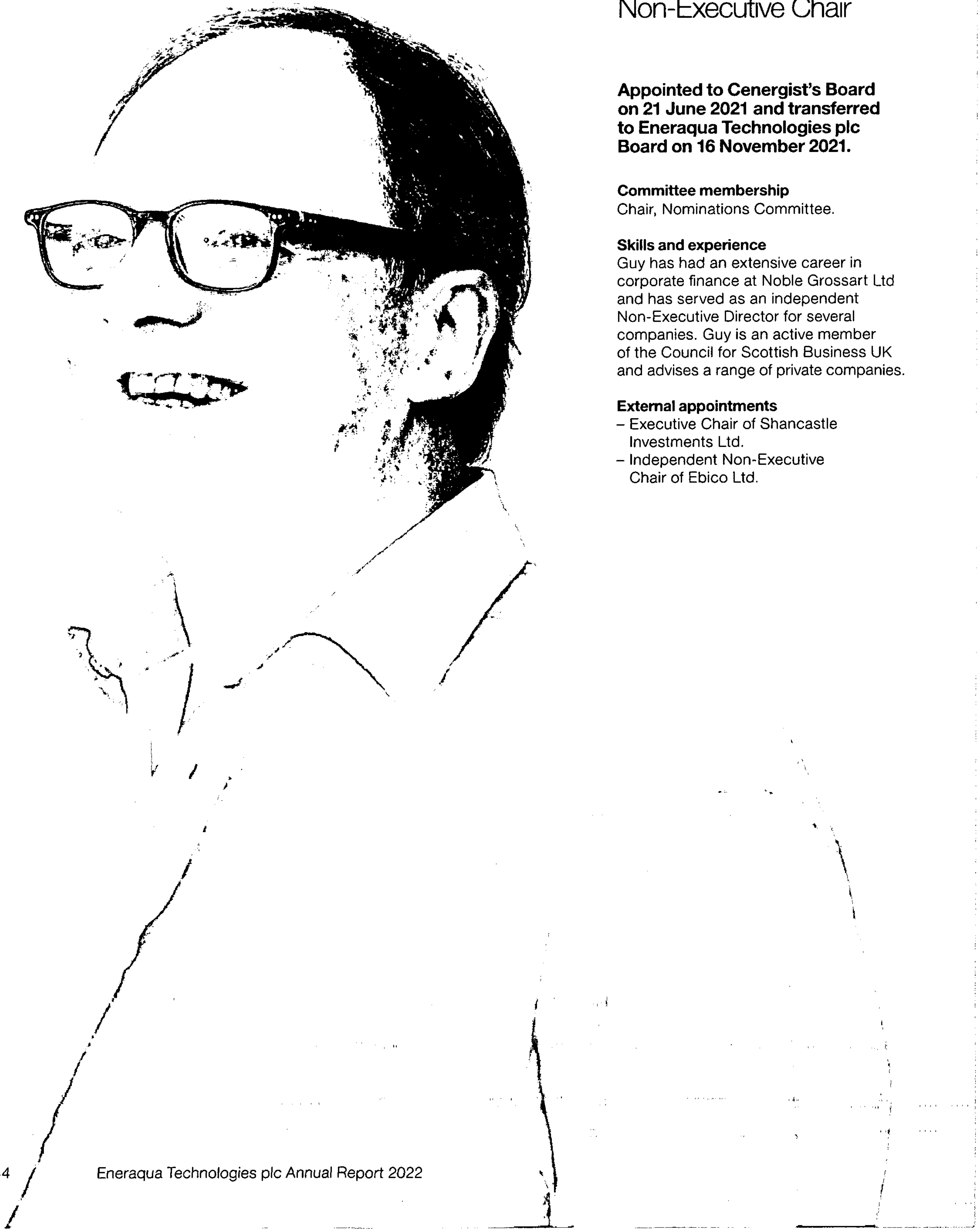
Chair's introduction to governance

"I am pleased to present the Corporate Governance report on behalf of the Board of Directors of Eneraqua Technologies plc, for the financial year ended 31 January 2022."

We have chosen to adopt the Quoted Companies Alliance Corporate Governance Code (QCA Code), which sets out a framework of 10 principles to corporate governance, and feel it is appropriate for our Company's size. We consider the Group complies with the QCA Code, based on the short period of time we have been a quoted company on AIM.

The following statement details how we comply with the QCA Code, and explains any areas of non-compliance as appropriate.

Guy Stenhouse
Chair



Guy Stenhouse
Independent, Non-Executive Chair

Appointed to Cenergist's Board on 21 June 2021 and transferred to Eneraqua Technologies plc Board on 16 November 2021.

Committee membership
Chair, Nominations Committee.

Skills and experience
Guy has had an extensive career in corporate finance at Noble Grossart Ltd and has served as an independent Non-Executive Director for several companies. Guy is an active member of the Council for Scottish Business UK and advises a range of private companies.

External appointments
- Executive Chair of Shancastle Investments Ltd.
- Independent Non-Executive Chair of Ebico Ltd.

Sarah Cope
Independent
Non-Executive Director

Appointed to Cenergist's Board on 19 August 2021 and transferred to Eneraqua Technologies plc Board on 16 November 2021.

Committee membership
Chair, Audit and Risk Committee, member of the Remuneration Committee and Nominations Committee.

Skills and experience
Sarah has over 23 years' experience as a capital markets investment banker and held senior corporate finance and equity capital market roles at Seymour Pierce, RBC Capital Markets and Cantor Fitzgerald, advising small and mid-sized companies. Sarah has previously been a Non-Executive Director at several companies quoted on AIM.

External appointments
- Independent Non-Executive Director, and Chair of the Audit and Risk Committee for Helium One Global Ltd.
- Director of Medcaw Investments plc.
- Partner of Orana Corporate LLP.

David Routledge
Non-Executive Director

Appointed to Cenergist's Board in February 2013 and transferred to Eneraqua Technologies plc Board *on 16 November 2021.*

Committee membership
Chair, Remuneration Committee and a member of the Nominations Committee.

Skills and experience
David has over 20 years' experience as *an Executive Director at Eaga plc*, and as Managing Director at Reivers Development. He is a chartered member of the Institute of Personnel and Development.

External appointments
- Independent Non-Executive Chair for WCF Ltd, JCD Motorcycles Ltd, Loadhog Ltd, CRL and CRL foods Ltd.
- Independent Non-Executive Director for Gripple Ltd, R&DSL and Segrapak Ltd.

Bill Tame
Independent
Non-Executive Director

Appointed to the Board on 16 November 2021.

Committee membership
Member of the Audit and Risk Committee, and Nominations Committee.

Skills and experience
Bill's extensive career includes senior Board positions at global industrial and engineering companies. Prior to joining Eneraqua, Bill was a Non-Executive Director at Aston Martin Lagonda plc. Bill was Group Financial Director and subsequently CEO of the international division at Babcock International Group plc for 17 years, and Chair of Southern Water Services Ltd from 2017 to 2019. Bill is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales.

External appointments
– Senior Advisor at Dial Partners LLP.

Mitesh Dhanak
Chief Executive Officer

Appointed to the Cenergist's Board in August 2012 and transferred to Eneraqua Technologies plc Board *on 16 November 2021.*

Skills and experience

Mitesh became CEO of Cenergist Limited in 2012. He was previously Director of Strategy at Carillion Energy Services after Carillion acquired Eaga plc. Mitesh has held positions in Central Government relating to procurement and major programme delivery, such as Thames Gateway regeneration. He is a recognised authority in carbon, renewables, and water markets, with a strong network of relationships in Government and throughout the sector.

Iain Richardson
Chief Financial Officer

Appointed to Cenergist's Board on 21 June 2021 and transferred to Eneraqua Technologies plc Board on 16 November 2021.

Skills and experience
Iain has a range of experience across accident management services and consumer services, with a track record of delivering commercial finance support and implementing effective control environments to deliver board strategies.

Iain has over eight years' experience as a CFO with Winn Holding Ltd Group, and worked in private equity and as a Corporate Finance Director with Tait Walker LLP. Iain is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales.

Roles and responsibilities

The matters reserved to the Board and the division of responsibilities between the Chair and the Chief Executive Officer (CEO) has been agreed by the Board and is as follows:

Matters reserved for the Board

The Schedule of Matters reserved for the Board is a formal document, outlining matters that require the Board's approval. It includes:

- Strategy and management including objectives, business plan and annual budget.
- Structure and capital.
- Financial reporting and controls.
- Internal controls for risk management and policies.
- Significant contracts, transactions, and commitments.
- Communication with shareholders.
- Board membership and other appointments.
- Remuneration.
- Delegation of authority.
- Corporate governance.

The Chair

- Provides leadership and direction to the Board.
- Sets the Board agenda and chairs Board meetings.
- Ensures Board members receive accurate, timely and clear information, and that adequate time is available for discussion of all agenda items, in particular strategic issues.
- Promotes the highest standards of corporate governance and seeks compliance with the provisions of the adopted code.
- Makes sure all Directors are able to make effective contributions.
- Establishes a constructive and complementary working relationship with the CEO.
- Promotes effective and open communications between the Non-Executive Directors and Executive Directors.

The Chief Financial Officer

- Participates as a Board and leadership team member in the overall running of the business, shaping and implementation of the strategic plan.
- Acts as a trusted confidante of the CEO on strategic matters.
- Provides strategic leadership to the finance function, ensuring the team is motivated and fit for purpose.
- Ensures strong governance and risk management, ensuring that financial controls are sufficiently robust for both current and future requirements.
- Ensures working capital requirements are managed.
- Takes an active role in identifying, developing, and implementing strategic options and plans, allowing the business to maximise its potential.

The CEO

- Has responsibility for all Group operational matters, including implementing the strategy and policies approved by the Board.
- Is responsible for leading the executive team.
- Manages the business subject to the matters reserved for the Board.
- Supports the Chair, by ensuring we apply appropriate standards of corporate governance across the Group.
- Overall responsibility for the Group's development and expenditure, delivering the budget approved by the Board.

The Company Secretary

- Provides secretariat services for the Board and its Committees, managing the calendar for meetings and advising the Board on governance matters.

Board Skillset

The Non-Executive Directors will ensure their skills are kept up to date via subject matter briefings provided by the Company, attendance at external events and from experience gained from external appointments.

The Executive Directors are full-time employees of the Company and will keep their skills and experience up to date as necessary.

All Directors can access independent professional advice to meet their duties and have direct access to the services of the Company Secretary. The Company Secretary ensures the Board is made aware of any applicable changes in regulation, and receives updates from appointed advisors as appropriate relating to changes for notification to the Board.

Board Effectiveness

Due to the short period of time between admission to AIM and the end of the financial year, we have yet to undertake a Board effectiveness review but will do so during the current financial year.

External Advisors

The following advisors have been appointed by the Group:

- FIT Remuneration Consultants LLP, independent advice to the Remuneration Committee.
- PKF Littlejohn LLP, External Auditors.
- finnCap Group, broker and nominated advisor.
- Alma PR Limited, financial PR advice and services.
- EY, tax advisor.
- Blackett Hart & Pratt LLP, company secretariat services.
- Memery Crystal LLP, legal advisor.
- Banking partners: Santander UK plc and HSBC UK Bank plc.
- Registrars: Link Group.

Board Meetings, Committees and Attendance

Board meetings are held monthly and arranged by the Company Secretary.

	Board	**Audit and Risk Committee**	**Remuneration Committee**	**Nominations Committee**
Guy Stenhouse	2/2	–	0/0	0/0
Sarah Cope	2/2	2/2	0/0	0/0
David Routledge	2/2	–	0/0	0/0
Bill Tame	2/2	2/2	0/0	0/0

The Board is supported by Audit and Risk, Remuneration and Nominations Committees. Please refer to pages 52 to 59 of the Annual Report for their remits, details of how often each Committee met over the past year, and key activities concluded for the period. A copy of the Committees' Terms of Reference are on our website.

Nominations Committee report

	Meetings attended
Guy Stenhouse (Chair)	0/0
Sarah Cope	0/0
David Routledge	0/0

The key responsibilities of the Nominations Committee are to

- Evaluate the balance of skills, knowledge, experience and diversity on the Board and prepare a description of the role and capabilities required for a particular appointment.
- Identify and nominate, for Board approval, candidates to fill Board vacancies as and when they arise.
- Review the Board's structure, size, and composition (including the skills, knowledge, and experience), and recommend any changes required.
- Consider succession planning, together with any skills and expertise needed on the Board, taking into account challenges and opportunities facing the Group, and reporting regularly to the Board.
- Keep the Group's leadership requirements under review – both executive and non-executive – to ensure its continued ability to stay competitive and hold its market position.
- Consider and make recommendations to the Board about the re-appointment of any Non-Executive Director when their specified term of office ends, or they retire, in accordance with the *Company's Articles of Association*.

The Nominations Committee's Terms of Reference are available on the Group's website and will be reviewed annually to ensure they stay relevant and reflect best practice. We recently reviewed the Terms of Reference in November 2021, just before completing our admission to AIM.

Composition of the Nominations Committee

In line with the QCA Code, the Committee comprises two independent Non-Executive Directors, including the Chair and one Non-Executive Director. The Board Chair also chairs the Committee. The members of the Nominations Committee during the period are Guy Stenhouse (Chair), Sarah Cope (Independent Non-Executive Director), and David Routledge (Non-Executive Director). Their biographies are on pages 44 to 47 of the Annual Report.

Meetings

The Nominations Committee meets at least twice a year and as required, with meetings linked to events in the Group's calendar.

Due to the short period of time between admission to AIM (22 November 2021) and the end of the financial year (31 January 2022), no meetings were held. A full calendar of meetings has been scheduled and are underway in the current year.

The Company Secretary acts as secretary to the Nominations Committee. The CEO is invited to attend relevant meetings of the Committee. Other senior management may be invited to present reports so that the Committee can discharge its duties.

Activity for the year to 31 January 2023

Board members started in office in November 2021 – no vacancies are scheduled to take place in FY23.

The Group is undergoing a period of rapid growth and, over the coming year, the Nominations Committee will focus on supporting that growth. This includes:

- Managing Group leadership needs to deliver and manage growth effectively.
- Succession planning, to ensure the Group has the skills needed, and in sufficient depth.
- Board composition to ensure it has the appropriate skills and experience to provide effective support and governance.

A formal review of the Board and its committees' effectiveness will be carried out during FY23.

Guy Stenhouse
Chair, Nominations Committee
24 June 2022

Audit and Risk Committee report

	Meetings attended
Sarah Cope (Chair)	2/2
Bill Tame	2/2

The Audit and Risk Committee has reviewed the contents of this Annual Report and Accounts and considers the Report to be fair, balanced, and understandable, providing the information necessary for shareholders to assess the Group's strategy, business model, position, and performance.

The Audit and Risk Committee was formed on 22 November 2021, upon the successful admission of the Company to AIM. Consequently, it has undertaken limited activity since then.

The Committee is responsible for reviewing and reporting on the Group's financial performance; assessing the integrity of the Group annual and interim financial statements and formal announcements relating to its performance; reviewing the effectiveness of internal control and risk management procedures; recommending the appointment of external auditors and the audit fee to the Board; monitoring the performance, independence and effectiveness of external auditors, and assessing their recommendations.

Over the coming year, the Committee plans to:
- Monitor the Group's ongoing liquidity, to ensure it continues to comply with all financial covenants.
- Assess any impact of Covid-19 on the Group's ability to undertake and fulfil its contracts.
- Monitor and review the Group's policies on health, safety, and environmental matters.
- Monitor and review management reporting and internal financial controls procedures adopted at IPO.
- Monitor principal risks and uncertainties identified by the executive management (see page 34).

Summary of the role of the Audit and Risk Committee

The main responsibilities of the Audit and Risk Committee are to:
- Monitor the integrity of the Group's financial statements, including the annual and interim reports, public announcements and/or formal statements relating to its financial performance.
- Review and report to the Board on significant financial reporting issues and judgements in financial statements, interim reports, preliminary announcements, and related formal statements, with regard to matters communicated by the external auditor.
- Review and challenge: significant changes to accounting policies; adoption and compliance with accounting standards; the clarity and completeness of financial reporting disclosures and any changes; methods to account for significant or unusual transactions; significant adjustments resulting from the external audit.
- Review and challenge any assumptions or qualifications that support the Company's Going Concern statement, and also the robustness of stress-testing and scenario planning, and disclosures around such analysis.
- Recommend to the Board the appointment, terms and remuneration of the external auditors, and review and monitor the external auditors; independence and objectivity.
- Review the Company's internal financial controls and internal control systems, and regularly review their effectiveness.
- Consider the appropriate risk appetite for the Company across all major activities, taking into account the Company's overall strategy, its future plans and other relevant internal information.
- Ensure robust assessment of emerging and principal risks facing the Group; that procedures are in place to identify emerging risks; advise on managing and mitigating emerging risks; oversee current and prospective risks faced by the Company, and its strategy in relation to future risks; and ensure that risk management is properly considered in Board decisions.

Audit and Risk Committee report
continued

- Consider the need for an internal audit function every year; make recommendations to the Board; explain the reasons for the absence of such a function; communicate how internal assurance is achieved and how this affects the external audit work for the Annual Report.
- Consider any matters specifically referred to the Committee by the Board.

The Audit and Risk Committee's Terms of Reference are available on the Group's website, and will be reviewed annually by the Committee to ensure relevancy and reflect best practice. The Terms of Reference were reviewed in November 2021, just before the Company completed its admission to AIM.

Composition of the Audit and Risk Committee
In line with the QCA Code, the Committee comprises of two independent Non-Executive Directors, including the Chair. The Company Chair is not a member of the Audit and Risk Committee. The members of the Audit and Risk Committee during the period were Sarah Cope (Chair) and Bill Tame. Their biographies can be found on pages 44 to 47 of the Annual Report.

All current members of the Audit and Risk Committee have held, or currently hold, board-level positions in energy and water-related companies.

The Board considers that Sarah has relevant financial experience to chair the Audit and Risk Committee, in addition to her extensive experience and numerous external Board roles.

Bill Tame is a qualified Chartered Accountant and member of the Institute of Chartered Accountants of England and Wales and was Group Finance Director of Babcock International Group plc, later CEO for the International Division until he retired from the Board in March 2018.

Meetings
The Audit and Risk Committee has a scheduled calendar, linked to events in the Group's financial calendar. The Audit and Risk Committee has met twice since formed in November 2021, with all members present.

The Company Secretary acts as secretary to the Audit and Risk Committee. The CEO, CFO and senior representatives of the external auditor are invited to attend relevant meetings of the Committee. The External Auditor will be given the opportunity to raise matters without management being present. Other senior management may be invited to present reports as required for the Committee to discharge its duties.

Internal Audit Function
Due to the size and complexity of the Group, the Board does not consider it necessary to have an internal audit function. This position will be reviewed annually.

Overview of actions taken by the Audit and Risk Committee to discharge its duties:
- Received letter of resignation of UNW LLP as auditors on 18 January 2022, in accordance with the Companies Act 2006.
- Agreed the scope of audit work undertaken by the external auditor.
- Reviewed detailed proposals from potential external auditors, advising the Board regarding the selection and associated audit fees for the appointment of PKF Littlejohn LLP on 31 January 2022.
- Agreed fees for the external auditor's audit and work on the Annual Report and Interim Report.
- Undertook an evaluation of the independence, objectivity, and effectiveness of the external auditor, which does not provide non-audit services.
- The Letter of Engagement for the appointed external auditor has set limitation of liability at 10x fees charged. First-year audit fees are £68,500.
- PKF was identified as a potential external auditor by Sarah Cope, Audit and Risk Committee Chair. There is no previous or current relationship outside of the Company.

Sarah Cope
Chair, Audit and Risk Committee
24 June 2022

Remuneration Committee report

	Meetings attended[1]
David Routledge (Chair)	0/0
Sarah Cope	0/0
Bill Tame	0/0

1 Due to the short period of time between admission to AIM (22 November 2021) and the end of the financial year (31 January 2022), no meetings were held. A full calendar of meetings has been scheduled and are underway in the current year.

Dear Shareholder,
On behalf of the Board, following our recent Admission on AIM and for the first time as Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration report for the period ended 31 January 2022. The Company is quoted on AIM and therefore not required to provide all of the information included in this report. However, we are voluntarily providing disclosures in addition to those required by AIM Rule 19, to enable shareholders to understand and consider our remuneration arrangements.

This report is divided into three sections:
- This Annual Statement, which summarises the work of the Committee, remuneration outcomes for FY22, and the operation of the Remuneration Policy for FY23.
- The Remuneration Policy report, which summarises the Company's Remuneration Policy.
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented for FY22 and how it will operate for FY23.

Committee members
David Routledge chairs the Remuneration Committee, and Bill Tame and Sarah Cope are members. Additional attendees, as invited, include the CEO, CFO and FIT Remuneration Consultants (the Committee's independent advisor).

Committee responsibilities
The Remuneration Committee is responsible for reviewing Executive Directors' performance and determining their terms and conditions of service, including remuneration. The Committee also determines the Chair's and senior management remuneration. The Committee meets at least twice a year.

Advisors to the Committee
In 2021, we appointed FIT Remuneration Consultants to provide independent advice on remuneration quantum and structure, and developments in governance and best practice. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under its Code of Conduct for executive remuneration consulting in the UK.

Summary of the Remuneration Policy since IPO
- The CEO and CFO's base salaries were £285,000 and £190,000 respectively from IPO.
- Pension provision is workforce-aligned at 3 per cent of salary (payable either as a taxable cash allowance or as a contribution to the Group's personal pension plan).
- Annual bonus is capped at 100 per cent of base salary, based on financial, operational, strategic and/or ESG-based performance measures.
- Long-Term Incentive Plan (LTIP) awards are normally capped at 100 per cent of salary (200 per cent of salary exceptional limit), with vesting subject to continued service and performance targets. A two-year post-vesting holding period will normally apply.
- Shareholding guidelines of 100 per cent of salary.

Implementing the FY23 Remuneration Policy
- No changes were made to the CEO and CFO's base salary (£285,000 and £190,000 respectively).
- Pension provision is workforce-aligned at 3 per cent of salary.
- Annual bonus is capped at 100 per cent of base salary, based on a sliding scale of financial, operational, strategic and ESG-based performance measures.
- LTIP awards are expected to be granted during FY23 over shares equal to 100 per cent of salary for the CEO and CFO. Performance targets will be agreed in due course.
- Shareholding guidelines of 100 per cent of salary will operate for Executive Directors.

No changes will be made to fees for the Chair (£75,000 a year) or Non-Executive Directors (£45,000 a year).

David Routledge
Chair, Remuneration Committee,
24 June 2022

Remuneration Policy report

This section sets out the Directors' Remuneration Policy (Policy). To deliver the Group's strategy, the primary objectives of our Policy are:

- A transparent, simple and effective remuneration structure, which encourages the delivery of Group targets in accordance with our business plan.
- To motivate and retain people of the highest calibre, providing appropriate short- and long-term variable pay (dependent upon challenging performance conditions).
- To promote the Group's long-term success, and ensure our policy aligns with the interests of, and feedback from, our shareholders.
- To have a competitive remuneration structure, attracting skilled executives and complementing our global teams.

The Remuneration Committee follows the principles of good corporate governance in relation to the structure of its remuneration policy and, accordingly, takes account of the QCA Code adopted by the Board.

Service Contracts

The Chair and Non-Executive Directors do not have service contracts. Their letters of appointment, dated 17 November 2021, will continue unless and until terminated by either party. No less than six months' notice is required from the Chair and three months' notice for Non-Executive Directors. The CEO and CFO's service contract will continue unless terminated by either party giving at least 12 months' notice and six months' notice respectively. Both service contracts are dated 17 November 2021.

Summary of Directors' Remuneration Policy

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Reviewed annually after considering pay levels at comparably sized listed companies and sector peers; the performance, role and responsibility of each Director; the economic climate, market conditions and the Company's performance; and the level of pay across the Group.	–	–
Benefits	To provide market-competitive benefits package.	Family medical cover, mobile phone and 4x salary life cover. Car allowance capped at £10,000 for a hybrid or pure electric car.	–	–
Pension	To provide an appropriate level of retirement benefit.	Workforce aligned pension, paid as a pension and/or cash allowance if annual or lifetime limits are met.	3% of qualifying earnings.	–

Component	Purpose and link to strategy	Operation	Maximum	Performance
Annual bonus	To reward performance against annual targets which support the strategic direction of the Group.	Based on annual performance.	Maximum 100% of salary. From February 2022 on target: 50% of salary.	Sliding scale financial and/ or personal/strategic targets.
LTIP	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership for Executive Directors.	Conditional shares and/or nil cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over three years. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/ clawback provisions at the discretion of the Committee. A two-year post-vesting holding period will normally apply.	100% of salary (200% of salary exceptional limit).	Performance metrics will be linked to financial and/or share price and/or strategic performance.
Shareholding guidelines	To promote share ownership for Executive Directors.	Executive Directors are expected to build a shareholding in the Group over time by retaining 50% of the net of share awards that vest. Target holding: equal to or greater than 100% of salary.	–	–
Non-Executive Directors	The Remuneration Committee determines the Chair's fee and fees *for the Non-Executive* Directors are agreed by the Chair and Chief Executive.	Fees are reviewed annually, taking into account the level of responsibility, relevant *experience. Fees may* include a basic fee and additional fees for further responsibilities. Fees are paid via payroll. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed.	–	–

Remuneration Committee report
continued

Annual Report on Remuneration
Implementation of the Policy for period ended 31 January 2022
During the period from Admission to 31 January 2022, the Directors received the following remuneration and pension contributions:

Director	Salary/fees	Taxable benefits[1]	Pension contributions	Annual bonus[2]	Total
Executive Directors					
Mitesh Dhanak	£71,250	£139,759	£2,053	£57,000	£270,061
Iain Richardson	£45,125	£9,030	£1,321	£95,000	£150,476
Non-Executive Directors					
Guy Stenhouse	£19,153	–	–	–	£19,153
Sarah Cope	£11,250	–	£517	–	£11,767
David Routledge	£10,750	–	–	–	£10,750
Bill Tame	£11,250	–	–	–	£11,250
Total	**£168,777**	**£148,789**	**£3,891**	**£152,000**	**£473,457**

1 Taxable benefits relate to benefit in kind on share options exercised during the year, family medical cover, mobile phone, life cover and car allowance.
2 Annual bonus awards to the Executive Directors were based on the Committee's assessment of the CEO and CFO's performance for FY22 based on targets set prior to Admission on AIM, which were paid post year end. For FY23, the Committee has introduced a market consistent bonus structure and, while targets are considered to be commercially sensitive, full details of the targets will be disclosed retrospectively.

Share awards vesting in the year
No share awards vested during the period from Admission to 31 January 2022.

Share awards granted in the year
The following LTIP awards were granted to Executive Directors just before, and conditional upon, AIM admission:

	Award Level (% of salary)	Shares Under Award	Date of Grant	Vesting Date
Mitesh Dhanak	100%	102,888	22/11/2021	22/11/2024
Iain Richardson	100%	68,592	22/11/2021	22/11/2024

50 per cent of awards: 25 per cent of this part of awards will vest for absolute TSR of 5 per cent a year, increasing pro-rata to 100 per cent of this part of awards for absolute TSR of 15 per cent a year or above over the three years from AIM Admission.

50 per cent of awards: 25 per cent of this part of awards will vest for median TSR increasing pro-rata to 100 per cent of this part of awards vesting for upper quartile TSR as measured against the AIM companies ranked 101 to 300 by market capitalisation over the three years from AIM admission.

Directors' Interest in Shares
The interests of the Directors as at 31 January 2022 (including the interests of their families and related trusts), all of which were beneficial, in the ordinary shares of the Company were:

Interests of Directors in ordinary shares	Number of ordinary shares
Mitesh Dhanak	6,382,621[1]
Iain Richardson	31,500
Guy Stenhouse	73,818
Sarah Cope	3,550
David Routledge	4,119,300
Bill Tame	1,000

1 Includes the shareholding for Anila Dhanak of 4,757,521 shares.

The market price of the Company's shares at 31 January 2022 was 267p. The highest and lowest price from AIM admission to 31 January 2022 was 290p and 241.5p respectively.

David Routledge
Chair, Remuneration Committee,
24 June 2022

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 January 2022. The Corporate Governance statement on pages 40 to 62 also forms part of this Directors' report.

Dividends
The Board is pleased to recommend a final dividend of 1.0 pence per share.

Directors
The Directors of the Group during the period and to the date of this report are as follows:
- Guy Stenhouse
- David Routledge
- Sarah Cope
- Bill Tame
- Mitesh Dhanak
- Iain Richardson

Their brief biographical details are given on pages 44 to 49.

Directors' Interests
The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration report on pages 55 to 59. No Director has any beneficial interest in the share capital of any subsidiary or associate undertaking.

Directors' Indemnity Provisions
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political Donations
The Group made no political donations in the financial period.

Disclosure of Information to Auditor
As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's Auditor in connection with preparing their report) of which the Group's Auditor is unaware, and each Director has taken all reasonable steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Financial Instruments
The financial risk management objectives of the Group, including capital, credit, currency, liquidity and interest rate risk are provided in note 28 to the consolidated financial statements on pages 98 to 99.

Subsidiaries
The Company has 13 subsidiaries; a complete list is provided at note 16 to the consolidated financial statements on page 90.

Share Capital Structure
At 31 January 2022, the Company's issued share capital was £344,000 divided into 34,438,730 ordinary shares of 1p each. Further details of the Company's issued share capital are given in note 22 on page 93.

The Company's ordinary shares rank pari passu in all respects with each other, including for voting purposes and for all dividends. Each share carries the right to one vote at general meetings of the Company.

Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, which are available on the Company's website (www.eneraquatechnologies.com).

Restriction on Shares
The Company's ordinary shares are freely transferable and there are no restrictions on the size of a holding. Transfers of shares are governed by the provisions of the Articles of Association and prevailing legislation. The ordinary shares are not redeemable; however, the Company may purchase any of the ordinary shares, subject to prevailing legislation and other relevant rules.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority to Allot and Purchase own Shares
In alignment with the authority granted at admission to AIM in November 2021 ('Admission'), the Directors were granted the authority pursuant to section 551 of the Companies Act 2006 to allot: (i) ordinary shares up to an aggregate nominal amount of £43,321.29 in connection with the placing completed concurrently with Admission ('Placing Shares'); and (ii) ordinary shares in the Company up to an aggregate nominal value of £110,740.43. Pre-emption rights were also disapplied in relation to: (i) the Placing Shares; (ii) up to an aggregate nominal amount of £16,611.06; and (iii) up to an aggregate nominal amount of £16,611.06 in relation to an acquisition or other capital investment.

The Company was also authorised to purchase up to 10 per cent of its issued share capital. Save for the Placing Shares, no ordinary shares were allotted or purchased by the Company during the year under these authorities.

Significant shareholders
As of 31 January 2022, the Company is aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Shareholder	Number	%
Anila Dhanak[1]	4,757,521	14.32
David Routledge	4,119,300	12.40
Ian McLeod	3,860,100	11.62
Joseph Johnson	3,519,300	10.60
James Waring	2,748,060	8.27
Gary Copeland	1,852,740	5.58
Slater Investments Ltd	1,685,920	5.07
Mitesh Dhanak	1,625,100	4.89
Hayley Peters	1,109,160	3.34

1. Anila Dhanak is the spouse of Mitesh Dhanak.

Share Option Schemes
Details of employee share schemes are set out on pages 94 to 95 in note 24 to the Consolidated Financial Statements.

Appointment and Retirement of Directors
The rules for appointing and replacing Directors are set out in the Company's Articles of Association. Directors can be appointed by ordinary resolution of the Company or by the Board. The Company can remove a Director from office by passing an ordinary resolution.

Articles of Association
The Company's Articles of Association can only be amended by special resolution and are available at: www.eneraquatechnologies.com/investors/shareholder-centre

Going Concern
After reviewing the Group's forecasts and projections and taking into account the proceeds of the Placing following the initial public offering during the year, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Taking these matters into consideration, the Directors consider that the continued adoption of the going concern basis is appropriate. The financial statements do not reflect any adjustments that would be required if they were to be prepared other than on a going concern basis.

The group meets its working capital requirements through its cash resources *and operating cash flows supported* by term loans, further details of which are provided in the notes to these financial statements.

The Directors have prepared financial forecasts which indicate that the group will maintain sufficient financial headroom to enable it to continue meeting its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements. Whilst the company has experienced some exposure to the impact of the Covid-19 global pandemic, including short-term delays to project activity, actions have been taken to mitigate the financial impact and appropriate measures have now been taken to allow the continuation of all significant contract activity. Notwithstanding any further potential ongoing impact on the group's financial performance and position beyond that already anticipated by the forecasts, the group maintains significant net funds and working capital which the Directors consider are sufficient to fully mitigate the risks which remain due to the current economic environment.

Taking these matters into consideration, the Directors consider that the continued adoption of the going concern basis is appropriate having prepared cash flow forecasts for the relevant period.

Refer to note 2.5 of the financial statements on page 78 for details.

Significant Events since the end of the Financial Year
There have been no material events affecting the Group since 1 February 2022.

Strategic report
This is set out on pages 5 to 39 and includes a review of how the Group engages with its key stakeholders.

Directors' statement
The Directors believe that the Annual Report and financial statements are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated.

Auditor
PKF Littlejohn LLP has expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
The Annual General Meeting will be held on 29 July 2022 at 12:00 noon. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting will be separately announced by the Company.

Approval
This Directors' report was approved by the Board and was signed on its behalf on 24 June 2022.

Mitesh Dhanak
Chief Executive Officer

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities
This Directors' report was approved by the Board and was signed on its behalf on 24 June 2022.

Company law requires the Directors to prepare the Annual Report and Accounts for each financial year. As per company law, the Directors have elected to prepare the Group's consolidated financial statements in accordance with the UK adopted international accounting standards and the Company financial statements in accordance with FRS 101 'Reduced Disclosure Framework'. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 situation of 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;
- For the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- State whether they have been prepared in accordance with the UK adopted IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 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 Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Section 4: Financial statements

Independent Auditor's report

Opinion
We have audited the financial statements of Eneraqua Technologies plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 January 2022 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statements of cashflow, the consolidated and parent company statements of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 January 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- 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 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 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's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the forecast financial information prepared by management, including challenges made to the underlying assumptions, a review of management's assessment of going concern and post-year end information impacting 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 parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the Group financial statements was set at £542,641. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality, performance materiality, to determine the extent of testing needed. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality	Basis for materiality and rationale for the benchmark applied
Group Materiality £542,641 Performance materiality £379,849	1.5 per cent of revenue, which is considered to be the most appropriate benchmark for the Group as it is revenue generating and has experienced significant revenue growth rates. Revenue is also identified by Management as a key performance indicator and in our professional judgement is considered to be one of the principal benchmarks within the financial statements relevant to stakeholders in assessing financial performance.
Parent company Materiality £390,770 Performance materiality £273,539	*70 per cent of Group materiality to* ensure sufficient coverage for Group and parent company reporting purposes.

Our approach to the audit
In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the Directors to make subjective judgements, for example in respect of assessing the recoverability of intangible assets, the carrying value and recoverability of investments in subsidiaries at parent company level as well as revenue recognition and the consideration of future events that are inherently uncertain, such as the carrying value and recoverability of the intangible assets. 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.

The Group operates through several trading subsidiary undertakings which maintain their own accounting records and controls. The accounting records of the parent company and all subsidiary undertakings are maintained and coordinated through the centralised finance function and audited by the Group audit team in London based upon materiality or risk.

Each component was assessed as to whether they were significant or not significant to the Group by either their size or risk. The parent company and five components were considered to be significant due to their identified size and risk. These components have been subject to full scope audits by the audit team in London.

The key audit matters and how these were addressed are outlined below.

Key audit matters
Key audit matters are those matters that, in our professional judgement, 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) 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.

Key Audit Matter	How our scope addressed this matter
Carrying value and recoverability of intangible assets (refer to note 14)	
Included in the financial statements are intangible assets relating to goodwill, development costs, customer relationships, patents and licences with a carrying value of £7,218k. Whilst the Group is profitable, acquisitions were made in the period and impairment assessments were performed by management. The impairment assessments are made by management using value in use calculations involving a variety of judgements and estimates. Due to the level of judgements and estimation involved in undertaking the value in use calculations and impairment reviews, we consider this to be a key audit matter.	Our work in this area included, but was not restricted to: – Evaluating and challenging management's assumptions used in its value in use calculations; and – Checking the mathematical accuracy of management's models; and – Performing sensitivity analysis on the models prepared by management to assess the impact on headroom for changes in cash flows, growth rates and discount rates; and – Evaluating disclosures included within the financial statements. Based on our procedures we found the carrying value of Intangible Assets to be appropriate.
Revenue recognition (refer to notes 2 and 5)	
There is a risk that revenue has not been recorded in accordance with the disclosed accounting policy and customer contracts, together with cut-off around the reporting date. This is considered to be one of the principal benchmarks within the financial statements relevant to members of the Group in assessing financial performance and given this and significant growth experienced in the period, we deem revenue recognition to be a key audit matter.	Our work in this area included, but was not restricted to: – Obtaining an understanding of the internal control environment in operation around revenue and undertaking walk-through tests; and – Performing substantive testing to ensure the accuracy and existence of sales; and – Cut-off testing based on stage of completion of contracts either side of the year-end to ensure revenue is being recorded in the correct period; and – Evaluating the disclosures in the financial statements, as they relate to International Financial Reporting Standard (IFRS) 15. Based on our procedures we did not identify any matters to indicate that revenue was not appropriately stated within the financial statements.

Independent Auditor's report
continued

Key Audit Matter	How our scope addressed this matter
Carrying value of the investment in subsidiaries (parent company only – refer to note 16)	
The parent company holds investments in its subsidiaries totalling £254k. Whilst the underlying entities are profitable, acquisitions were made in the period and impairment assessments were performed by management. The impairment assessments are made by management using value in use calculations involving a variety of judgements and estimates. Due to the level of judgements and estimation involved in undertaking the value in use calculations and impairment reviews, we consider this to be a key audit matter.	Our work in this area included, but was not restricted to: – Reviewing the valuation methodology applied for the investments held and ensuring that the carrying values were supported by sufficient and appropriate audit evidence; and – Evaluating and challenging management's assumptions used in its value in use calculations; and – Checking the mathematical accuracy of management's models; and – Performing sensitivity analysis on the models prepared by management to assess the impact on headroom for changes in cash flows, growth rates and discount rates; and – Ensuring the parent company has full title to the investments held; and – Ensuring that appropriate disclosures surrounding the estimates, including a review of how these estimates were arrived at, are made in respect of any valuation. Based on our procedures, we consider the carrying value of investments to be fairly stated within the financial statements.

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 Group and parent company 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 year 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 the knowledge and understanding of the Group and the parent company and their 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.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Group and parent company 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 Group and parent company financial statements, the Directors are responsible for assessing the Group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

- We obtained an understanding of the Group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and our experience with auditing entities within this industry, facing similar audit and business risks, and of a similar size.
- We determined the principal laws and regulations relevant to the Group and parent company in this regard to be those arising from: AIM rules, Companies Act 2006, QCA corporate governance code and the relevant tax legislation in the jurisdictions in which the Group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management
  - A review of Board minutes
  - A review of legal ledger accounts; and
  - A review of regulated news service announcements
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management identified in relation to the valuation of the intangible assets, and we addressed this by challenging the assumptions and judgements made by management when auditing this significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As the finance function is centralised and UK based, all audit work is undertaken by the London based Group audit team.

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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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

Joseph Archer
(Senior Statutory Auditor)

Joseph Archer

For and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London E14 4HD

24 June 2022

Consolidated statement of comprehensive income

For the year ended 31 January 2022

	Note	2022 £'000	2021 £'000
Continuing operations			
Revenue	5	**36,176**	14,587
Cost of sales		**(21,572)**	(7,872)
Gross profit		**14,604**	6,715
Administrative expenses		**(10,171)**	(5,656)
Other operating income		**-**	113
Included within administrative expenses are:			
– Exceptional costs	6	**(1,178)**	-
– Depreciation of property, plant and equipment		**(618)**	(46)
– Depreciation of right-of-use assets		**(113)**	(30)
– Amortisation of intangible assets		**(381)**	(75)
Adjusted administrative expenses		**(7,881)**	(5,505)
Adjusted EBITDA[1]		**6,723**	1,323
Operating profit	7	**4,433**	1,172
Interest receivable and similar income		**–**	4
Interest payable and other similar expenses	11	**(366)**	(384)
Profit before taxation		**4,067**	792
Income tax	12	**(8)**	119
Profit for the year from continuing operations		**4,059**	911
Total profit for the year attributable to equity holders of the parent			
Other comprehensive income		**-**	(10)
Total comprehensive profit for the year attributable to equity holders of the parent		**4,059**	901
Basic earnings per share from continuing operations – pence	13	**18.28**	358.87
Diluted earnings per share from continuing operations – pence	13	**18.16**	343.31

The accompanying notes on pages 77 to 101 form part of the financial statements.

1 As noted on page 16, adjusted EBITDA is considered to be a Key Performance Indicator and consistent with how the Group measures trading and cash generative performance. Note this is an Alternative Performance Measure and is a non-IFRS measure.

Statement of financial position

As at 31 January 2022

Group	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	14	**7,218**	578
Property, plant and equipment	15	**3,095**	2,741
Right-of-use assets	20	**243**	221
Deferred tax asset	21	**–**	59
Total non-current assets		**10,556**	3,599
Current assets			
Inventory	17	**1,186**	891
Trade and other receivables	18	**12,389**	2,849
Cash and cash equivalents	19	**4,070**	4,284
Total current assets		**17,645**	8,024
TOTAL ASSETS		**28,201**	11,623
Equity attributable to owners of the parent			
Called up share capital	22	**344**	3
Share premium account	22	**10,113**	456
Merger reserve	23	**(5,490)**	–
Other reserves	23	**(294)**	56
Retained earnings		**11,769**	1,761
Total equity		**16,442**	2,276
Current liabilities			
Borrowings	25	**–**	891
Trade and other payables	26	**11,426**	4,148
Lease liabilities	20	**82**	82
Total current liabilities		**11,508**	5,121
Non-current liabilities			
Borrowings	25	**–**	4,081
Provisions		**–**	16
Lease liabilities	20	**109**	129
Deferred tax liability	21	**142**	–
Total non-current liabilities		**251**	4,226
Total liabilities		**11,759**	9,347
TOTAL EQUITY AND LIABILITIES		**28,201**	11,623

The accompanying notes on pages 77 to 101 form part of the financial statements.

These financial statements were approved and authorised for issue by the Board on 24 June 2022 and were signed on its behalf by:

Mitesh Dhanak
Chief Executive Officer

Iain Richardson
Chief Financial Officer

Statement of financial position
As at 31 January 2022
continued

Company	Note	2022 £'000
Non-current assets		
Investments	16	**254**
Total non-current assets		**254**
Current assets		
Trade and other receivables	18	**8,083**
Cash and cash equivalents	19	**3,006**
Total current assets		**11,089**
TOTAL ASSETS		**11,343**
Equity attributable to owners of the parent		
Called up share capital	22	**344**
Share premium account	22	**11,375**
Retained earnings		**(392)**
Total equity		**11,327**
Current liabilities		
Trade and other payables	26	**16**
Total current liabilities		**16**
Total liabilities		**16**
TOTAL EQUITY AND LIABILITIES		**11,343**

A separate income statement for the parent entity has not been presented, as permitted by section 408 of the Companies Act 2006. The Company's loss for the period was £392,000.

These financial statements were approved and authorised for issue by the Board on 24 June 2022 and were signed on its behalf by:

Mitesh Dhanak
Chief Executive Officer

Iain Richardson
Chief Financial Officer

Statement of cash flow
As at 31 January 2022

Group	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
Profit for the financial year		**4,059**	911
Adjustments for:			
Amortisation of intangible assets		**381**	75
Depreciation of property, plant and equipment		**618**	46
Depreciation on right-of-use assets		**113**	30
Loss on disposal of property, plant and equipment		**–**	1
Interest payable		**330**	375
Lease liability finance charge		**36**	8
Interest receivable		**–**	(4)
Taxation charge/(credit)	12	**8**	(119)
Corporation tax received/(paid)		**380**	(248)
Foreign exchange		**(38)**	59
Share-based payment charge	24	**333**	69
Changes in working capital:			
Increase in inventory		**(295)**	(458)
Increase in trade and other receivables		**(9,540)**	(710)
Increase/(decrease) in trade and other payables		**7,278**	(30)
Net cash inflow from operating activities		**3,663**	5
Cash flow from investing activities			
Purchase of intangible assets		**(549)**	(338)
Purchase of property, plant and equipment		**(2,722)**	(1,429)
Acquisition of businesses – net of cash acquired		**(5,111)**	–
Interest received		**–**	3
Net cash outflow from investing activities		**(8,382)**	(1,764)
Cash flows from financing activities			
Proceeds from borrowings		**–**	5,135
Repayment of borrowings		**(4,972)**	(2,283)
Net proceeds from issue of shares		**9,998**	–
Interest paid		**(330)**	(375)
Repayment of lease liabilities		**(191)**	(51)
Net cash inflow from financing activities		**4,505**	2,426
Net (decrease)/increase in cash and cash equivalents		**(214)**	667
Cash and cash equivalents at beginning of period		**4,284**	3,617
Cash and cash equivalents at the end of the period	19	**4,070**	4,284

The accompanying notes on pages 77 to 101 form part of the financial statements.

Statement of cash flow

As at 31 January 2022
continued

Company	Note	2022 £'000
Cash flow from operating activities		
Loss for the financial year		**(392)**
Changes in working capital:		
Increase in trade and other receivables		**(8,082)**
Increase in trade and other payables		**16**
Net cash outflow from operating activities		**(8,458)**
Cash flows from financing activities		
Net proceeds from the issue of shares		**11,464**
Net cash inflow from financing activities		**11,464**
Net increase in cash and cash equivalents		**3,006**
Cash and cash equivalents at beginning of period		**-**
Cash and cash equivalents at the end of the period	19	**3,006**

Statement of change in equity
As at 31 January 2022

Group	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
At 1 February 2020	3	456	–	(3)	850	1,306
Profit for the year	–	–	–	–	911	911
Other comprehensive income	–	–	–	(10)	–	(10)
Total comprehensive income for the year attributable to equity holders of the parent	–	–	–	(10)	911	901
Equity settled share-based payments	–	–	–	69	–	69
Total transaction with owners	–	–	–	69	–	69
Balance at 31 January 2021	3	456	–	56	1,761	2,276
At 1 February 2021	**3**	**456**	**–**	**56**	**1,761**	**2,276**
Profit for the year	**–**	**–**	**–**	**–**	**4,059**	**4,059**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year attributable to equity holders of the parent	**–**	**–**	**–**	**–**	**4,059**	**4,059**
Merger reserve	**(3)**	**(456)**	**(5,490)**	**–**	**5,949**	**–**
Issue of shares	**344**	**11,996**	**–**	**–**	**–**	**12,340**
Share issue costs	**–**	**(1,883)**	**–**	**–**	**–**	**(1,883)**
Other	**–**	**–**	**–**	**(350)**	**–**	**(350)**
Total transaction with owners	**341**	**9,657**	**(5,490)**	**(350)**	**5,949**	**10,107**
Balance at 31 January 2022	**344**	**10,113**	**(5,490)**	**(294)**	**11,769**	**16,442**

The accompanying notes on pages 77 to 101 form part of the financial statements.

Statement of change in equity
As at 31 January 2022
continued

Company	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
At incorporation	**–**	**–**	**–**	**–**
Loss for the year	–	–	**(392)**	**(392)**
Other comprehensive income	–	–	–	–
Total comprehensive income for the year attributable to equity holders of the parent	–	–	**(392)**	**(392)**
Issue of shares	**344**	**11,996**	–	**12,340**
Share issue costs	**–**	**(621)**	–	**(621)**
Total transaction with owners	**344**	**11,375**	–	**11,719**
Balance at 31 January 2022	**344**	**11,375**	**(392)**	**11,327**

Notes to the financial information

For the year ended 31 January 2022

1 General information

Eneraqua Technologies plc ('the Company') was incorporated and registered in England and Wales on 19 August 2021 as a private limited company Eneraqua Technologies Limited with its registered office at 2 Windmill Street, Fitzrovia, London, W1T 2HX. On 8 November 2021 the company was re-registered as a public limited. The Company's registered number is 13575021.

The Group's principal activity is the provision of turnkey solutions for water efficiency and decarbonisation, the latter through district heating and ground source heat pump systems for social housing, commercial clients, and the residential sector. These activities are underpinned by our proprietary Control Flow HL2024 technologies, which improve the efficiency of heating and water systems for customers across the UK and Europe.

The consolidated financial information was approved for issue by the Board of Directors on 24 June 2022.

2 Accounting policies

IAS 8 *requires that management shall* use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

2.1 Basis of preparation

The consolidated and company financial statements are for the year ended 31 January 2022. They have been prepared in accordance with UK-adopted International Accounts Standards ("IFRS").

The financial statements have been prepared under the historical cost convention as modified by financial assets at fair value through profit or loss, and the recognition of net assets acquired under the reverse acquisition at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 2.25.

The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently in the financial statements. The consolidated financial statements are prepared in Pounds Sterling, which is the Group's functional and presentation currency, and presented to the nearest £'000.

2.2 Basis of consolidation and acquisitions

The financial statements consolidate the financial information of the Group and companies controlled by the Group (its subsidiaries) at each reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the financial information from the effective date of acquisition or up to the effective date of disposal, as appropriate. Acquisition costs expensed to the Statement of Comprehensive Income are included within exceptional Costs.

Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

The Company's shares were admitted to trading on AIM, a market operated by the London Stock Exchange, on 22 November 2021. These financial statements are the Company's first subsequent to its admission to AIM. In connection with the admission to AIM, the Group undertook a Group reorganisation of its corporate structure which resulted in the Company becoming the ultimate holding company of the Group.

Prior to the reorganisation Cenergist Limited ('Cenergist') was the ultimate holding company of the subsidiaries, (collectively the 'Cenergist Group'). The transaction was accounted for as a capital reorganisation since it did not meet the definition of a business combination under IFRS 3. In a capital reorganisation, the consolidated financial statements of the Group reflect the predecessor carrying amounts of the Cenergist Group with comparative information of the Cenergist Group presented for all periods since no substantive economic changes have occurred. The difference arising on acquisition has been accounted for with the recognition of a merger reserve on the balance sheet following the reorganisation of the share capital of the Group at the point of completion of the transaction.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Please refer to note 3 for information on the Group reorganisation.

Notes to the financial information

For the year ended 31 January 2022
continued

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

2.3 New standards, amendments and interpretations

There has been no impact on the Group as a result of adopting any of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 1 February 2021.

2.4 New standards and interpretations not yet adopted

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2022 and have not been early adopted are:

- IFRS 17 Insurance Contracts, including Amendments to IFRS 17(i) – effective date 1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (i) – effective date 1 January 2023
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions,
- Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020(i) – effective date 1 January 2022
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 – effective date 1 January 2021
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice statement 2: Disclosure of Accounting policies(i) – effective date 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

2.5 Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 5 to 39.

The Group is cash generative and generated £3,663,000 from operating activities (2021: £5,000), illustrating the strong underlying operating model of the Group. Furthermore, the Group settled all outstanding borrowings during the current year.

Whilst the company has experienced some exposure to the impact of the COVID-19 global pandemic, including short-term delays to project activity, actions have been taken to mitigate the financial impact and appropriate measures have been taken to allow the continuation of all significant contract activity. Notwithstanding any further potential ongoing impact on the Group's financial performance and position beyond that already anticipated by the forecasts, the Group maintains significant net funds and working capital which the Directors consider are sufficient to fully mitigate the risks which remain due to the current economic environment.

The Group has prepared financial forecasts and projections for a period of 12 months from the date of approval of this financial information (the "going concern assessment period"), which take into account any further impact of COVID-19 on the operations.

These forecasts show that the Group will have sufficient levels of financial resources available both to meet its liabilities as they fall due for that period and comply with requirements on its working capital facilities.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of this financial information and therefore have prepared the financial statements on a going concern basis.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in £ Sterling, which is the Company's presentation and functional currency. The individual financial statements of each of the Company's wholly-owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency). IAS 21 The Effects of Changes in Foreign Exchange Rates requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation is recognised in other comprehensive income.

(ii) Transactions and balances

Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to the functional currency at rates of exchange ruling at the date of the statement of financial position. Gains or losses arising from settlement of transactions and from translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income for the period.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at the average exchange rate; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The segments for this purpose are geographical segments. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Board of Directors.

2.8 Impairment of non-financial assets

Non-financial assets and intangible assets not subject to amortisation are tested annually for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment review is based on discounted future cash flows. If the expected discounted future cash flow from the use of the assets and their eventual disposal is less than the carrying amount of the assets, an impairment loss is recognised in profit or loss and not subsequently reversed.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units or 'CGUs').

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions and bank overdrafts.

2.10 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Group classifies its financial assets in the following measurement category:

- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

d) Impairment
The Group assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In response to increased risk of credit losses due to Covid-19, the Group has included the following procedures:
- Performing credit checks on existing, new or prospective customers; and
- Maintaining regular dialogue with senior staff of existing customers to discuss payments of invoices.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group's most significant clients are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the client. These customers are not considered to have been significantly impacted by Covid-19.

Expected credit losses are assessed on an individual customer basis, based on the historical payment profiles of the customers, the current and historic relationship with the customer, and the industry in which the customer operates. There have been no impairments of trade receivables in the periods.

2.11 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Leases
Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In all instances the leases were discounted using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right-of-use assets are measured at cost which comprises the following:
- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (term less than 12 months) and all leases of low-value assets (generally less than £5k) are recognised on a straight-line basis as an expense in profit or loss.

2.13 Equity
Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

The Reverse Acquisition reserve includes the accumulated losses incurred prior to the reverse acquisition, the share capital of Cenergist Limited at acquisition, the value of the shares issued to acquire all of the share capital of Cenergist Limited as well as the reverse acquisition share-based payment expense.

Other reserves include share-based payment and foreign currency reserves.

For the purposes of presenting consolidated financial statements, the assets and liabilities of Group's foreign operations are translated at the exchange rates prevailing at the balance sheet date and items of income and expenditure are translated at the average exchange rate for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in the Foreign Currency Reserve within equity.

Retained losses includes all current and prior period results as disclosed in the statement of comprehensive income other than those transferred to the Reverse Acquisition reserve.

2.14 Revenue
Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) a Group entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group, and specific criteria have been met for each of the Group's activities, as described below.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

The Group bases its estimates on all available information including historical results and experience taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'accrued expenses and deferred income' in the statement of financial position.

The Group derives revenue from the transfer of goods and services over time or at a particular point in time in the major product and service lines detailed below.

Energy and water efficiency contract services
The Group designs, supplies and installs energy and water efficiency systems for clients. The Group delivers these services over the term of a contract which vary in length, but are typically 6, 9 or 12 months. Revenue is recognised for these services over time as the benefit is transferred to the client, in line with the provisions of IFRS 15 para 35 (b) as the work performed creates an asset that the customer controls as the asset is created. The Group uses certified valuations to measure progress. The value of work certified is then applied to the total expected contract revenue to determine the revenue to be recognised up to a particular date.

Third-party funded services
In some circumstances, external third parties provide funding in return for the transfer of certain economic benefits arising from works undertaken on behalf of the Group's clients. Where this occurs, the Group contracts with the third parties for the sale of the related economic benefits and, separately, passes agreed amounts to the Group's clients either in the form of a discounted contract price or a direct contribution. The revenue to the Group from these contracts is recognised once the third party is in a position to take ownership of the economic benefits being transferred; associated costs for amounts due to the Group's client are recognised at the same time.

Energy and water efficiency products
Energy and water efficiency products can be sold direct to a customer, outside of contract services and in these circumstances the Group recognises revenue at the time it sells these products to the customer, upon the dispatch of the products from the Group's warehouse.

2.15 Exceptional costs
Exceptional costs are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are items that are material, either because of their size or their nature, or that are non-recurring.

2.16 Taxation
The taxation expense for the year comprises current and deferred tax and is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'temporary differences'. Deferred tax is recognised in respect of all temporary differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date that are expected to apply to the reversal of the temporary differences.

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For the year ended 31 January 2022
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2.17 Property, plant and equipment
Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Buildings	– 2% straight line
Fixtures and fittings	– 20% straight line
Office equipment	– 33% straight line
Plant and machinery	– 20% straight line
Motor vehicles	– 33% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

2.18 Intangible assets
Intangible assets acquired as part of a business combination or asset acquisition, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Intangible asset impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intangible assets with an estimated useful life are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation charges are included within administration expenses in the statement of comprehensive income and are provided on all intangible assets with a definite life so as to write off the cost of an asset over its estimated useful life as follows:

Development assets	– 20% straight line
Customer relations	– 10% straight line
Licences	– 20% straight line
Patents	– 20% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The effect of any change is accounted for prospectively.

2.19 Borrowings and borrowing costs
Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the loan to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability or at least 12 months after the end of the reporting period.

2.20 Government grants
Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.21 Fixed asset investments
In the Company statement of financial position, investments in subsidiaries are measured at cost less accumulated impairment losses.

2.22 Distributions to equity holders
Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of change in equity.

2.23 Research and development
Research and development expenditure in the United Kingdom is written off to the statement of comprehensive income in the period in which it is incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets where the following criteria are met:
- It is technically feasible to complete the asset so that it will be available for use
- Management intends to complete the asset and use or sell it
- There is an ability to use or sell the asset
- It can be demonstrated how the asset will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- The expenditure attributable to the asset during its development can be reliably measured.

Development expenditure incurred by the Group's subsidiaries in the Netherlands, Spain and India is capitalised and amortised in accordance with intangible asset policy (note 2.18).

2.24 Employee benefits
Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan
The Company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the statement of financial position.

The assets of the plan are held separately from the Company in independently administered funds.

Share-based payments
The Group provides share-based payment arrangements to certain employees. Equity-settled arrangements are measured at fair value at the date of the grant. To the extent material, the fair value (excluding the effect of non-market based vesting conditions) is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that are expected to vest.

Where equity-settled share-based payments are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to the date of vesting. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the statement of comprehensive income.

The Company has no cash-settled arrangements.

2.25 Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
Accounting estimates, by definition, will seldom equal the related actual results. 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 addressed below:

Carrying value of intangible assets – determining whether development costs, customer relations, patents or licences are impaired requires estimation of the value in use of the cash generating units to which the assets relate. The value in use calculation requires the entity to estimate the value and timing of future cash flows expected to arise from each cash generating unit and apply a suitable discount rate, in order to calculate the present value of the present value of those future cash flows. Calculations use cash flow projections based on financial budgets approved by management which are built 'bottom up' for the next three years. The annual discount rate applied to the cash flows is 12% (2021: 12%) ; this is based on an average of rates used by similar listed businesses.

The carrying amount of the development costs, patents and licences is £1,457,000, £293,000 and £428,000 respectively. See note 14 for further detail.

Other estimates include the fair value of intangible assets acquired on acquisitions, depreciation and asset impairments (for example provisions against stock and debtors). None of the estimates made in the preparation of the financial information are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Approach to account for the acquisition of the Cenergist Group
The acquisition of the Cenergist Group during the period via a share for share agreement, as detailed in note 3, falls outside of the scope of IFRS 3 as the Cenergist Group at the time of the transaction did not meet the definition of a business. The acquisition constituted a group reorganisation since the two entities were under common control at the date of acquisition.

As such, the Directors were required to apply judgement in deciding the most appropriate way to account for this acquisition. The Directors decided to adopt the predecessor value approach which requires the assets and liabilities acquired being accounted for using their carrying values at the date of acquisition and the difference between the cost of the acquisition and the net assets of the legal subsidiary at the date of acquisition being taken to the merger reserve.

Furthermore, the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and the consolidated statement of cash flows have been presented to show the Group as if it were in existence since the beginning of the comparative period.

Notes to the financial information

For the year ended 31 January 2022
continued

3 Group re-organisation under common control

The acquisition met the definition of a group re-organisation due to the Company and the Cenergist Group being under common control at the date of acquisition. As a result, and since the Company did not meet the definition of a business per IFRS 3, the acquisition fell outside the scope of IFRS 3 and the predecessor value method was used to account for the acquisition.

These consolidated financial statements represent a continuation of the consolidated financial statements of the Cenergist Group and include:
- The assets and liabilities of the Cenergist Group at their pre-acquisition carrying amounts and the results for both periods; and
- The assets and liabilities of the Company as at 5 October 2021 and its results for the period from 5 October 2021 to 31 January 2022.

On 5 October 2021, pursuant to a Share Exchange Agreement, the Company acquired all of the shares in Cenergist Limited through the issue of 25,404,900 ordinary shares to the shareholders of Cenergist Limited.

The net assets of the Cenergist Group as at 5 October 2021 were as follows:

	£'000
Property, plant and equipment	1,492
Right-of-use assets	148
Investments	1,213
Current assets	14,033
Current liabilities	(11,011)
Non-current liabilities	(131)
Net assets	5,744

The merger reserve that arose from the reverse takeover is made up as follows:

	Year ended 31 January 2022 £'000
As at start of year	–
Cost of the investment in the Cenergist Group	**254**
Less:	
Net assets of the Cenergist Group	**(5,744)**
As at the end of the year	**(5,490)**

The difference between the cost of the investment in the legal subsidiaries and the carrying value of the net assets acquired has been recorded in a merger reserve within equity.

4 Segment reporting

The following information is given about the Group's reportable segments:

The Chief Operating Decision-Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the Group. Management has determined the operating segment based on the reports reviewed by the Board.

The Board considers that during the year ended 31 January 2022, the Group operated in the three business segments according to the geographical location of its operations, those being:
- United Kingdom;
- Europe; and
- India.

2022	United Kingdom £'000	Europe £'000	India £'000	2022 £'000
Revenue	**35,918**	**216**	**42**	**36,176**
Cost of sales	**(21,350)**	**(187)**	**(35)**	**(21,572)**
Gross profit	**14,568**	**29**	**7**	**14,604**
Administrative expenses	**(8,974)**	**(1,079)**	**(118)**	**(10,171)**
Included within administrative expenses are:				
– Exceptional costs	**(1,178)**	**–**	**–**	**(1,178)**
– Depreciation of property, plant and equipment	**(132)**	**(485)**	**(1)**	**(618)**
– Depreciation of right-of-use assets	**(113)**	**–**	**–**	**(113)**
– Amortisation of intangible assets	**(339)**	**(42)**	**–**	**(381)**
Adjusted administrative expenses	**(7,212)**	**(552)**	**(117)**	**(7,881)**
Adjusted EBITDA[1]	**7,356**	**(523)**	**(110)**	**6,723**
Operating profit/(loss)	**5,594**	**(1,050)**	**(111)**	**4,433**
Interest receivable and similar income	**–**	**–**	**–**	**–**
Interest payable and similar expenses	**(366)**	**–**	**–**	**(366)**
Profit/(Loss) before tax	**5,228**	**(1,050)**	**(111)**	**4,067**
Taxation	**(7)**	**(1)**	**–**	**(8)**
Profit/(Loss) after tax	**5,221**	**(1,051)**	**(111)**	**4,059**
Net Assets				
Assets:	**24,847**	**3,245**	**109**	**28,201**
Liabilities	**(9,208)**	**(2,538)**	**(13)**	**(11,759)**
Net assets	**15,639**	**707**	**96**	**16,442**

2021	United Kingdom £'000	Europe £'000	India £'000	2021 £'000
Revenue	14,510	33	44	14,587
Cost of sales	(7,824)	(33)	(15)	(7,872)
Gross profit	6,686	–	29	6,715
Administrative expenses	(5,475)	(96)	(85)	(5,656)
Other operating income	113	–	–	113
Included within administrative expenses are:				
– Depreciation of property, plant and equipment	(45)	–	(1)	(46)
– Depreciation of right-of-use assets	(27)	(3)	–	(30)
– Amortisation of intangible assets	(75)	–	–	(75)
Adjusted administrative expenses	(5,328)	(93)	(84)	(5,505)
Adjusted EBITDA[1]	1,471	(93)	(55)	1,323
Operating profit/(loss)	1,324	(96)	(56)	1,172
Interest receivable and similar income	4	–	–	4
Interest payable and similar expenses	(383)	–	–	(383)
Profit/(Loss) before tax	944	(96)	(57)	792
Taxation	105	17	(2)	119
Profit/(Loss) after tax	1,049	(79)	(59)	911
Net Assets				
Assets:	8,745	2,824	54	11,623
Liabilities	(8,026)	(1,315)	(6)	(9,347)
Net assets	719	1,509	48	2,276

1 As noted on page 16, adjusted EBITDA is considered to be a Key Performance Indicator and consistent with how the Group measures trading and cash generative performance. Note this is an Alternative Performance Measure and is a non-IFRS measure.

Notes to the financial information

For the year ended 31 January 2022
continued

5 Revenue

	2022 £'000	2021 £'000
United Kingdom	**35,918**	14,510
Europe	**216**	33
Rest of the World	**42**	44
	36,176	14,587

Within the sales revenue, there were two customers in the United Kingdom that accounted for greater than 10 per cent of total revenue of the Group contributing between them £24,049,000 (2021: four customers – £10,310,000).

6 Exceptional costs

Exceptional costs of £1,178,000 (2021: nil) relate to non-incremental costs associated with the initial public offering of the Group.

7 Operating profit

Operating profit from continued operations is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation of property, plant and equipment	**618**	46
Depreciation of right-of-use assets	**113**	30
Amortisation of fixed assets	**381**	75
Inventories recognised as an expense	**1**	2
Research and development costs	**–**	494
Share based payments	**17**	69
Exchange differences	**(20)**	(37)
Loss on disposal of tangible fixed assets	**–**	1

Research and development costs in 2021 relate to the development of new applications for HL2024 products. These were incurred in the United Kingdom and were written off to the statement of comprehensive income.

8 Auditors' remuneration

Fees payable to the Company's auditors in respect of the audit of the financial statements and for other services provided to the Company are as follows:

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the parent company and the group's consolidated financial statements	**69**	30
	69	30

Current year fees relate to the Company's current auditor, with comparative figures relating to the Company's predecessor auditor. No other services were provided by the Company's auditors.

9 Employees

Staff costs, including Directors' remuneration is set out below:

Group	2022 £'000	2021 £'000
Wages and salaries	**4,586**	3,074
Social security costs	**448**	365
Share-based payments (note 24)	**17**	69
Cost of defined contribution scheme	**108**	51
	5,159	3,559

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

Group	Group 2022 Number	Group 2021 Number
Administrative	**78**	51

10 Directors' remuneration

	2022 £'000	2021 £'000
Directors' emoluments	**521**	989
Company contributions to defined contribution scheme	**4**	5
Employers' national insurance on Directors' remuneration	**67**	31
Amounts paid to Directors in respect of third-party services	**27**	235
	619	1,260

During the year, retirement benefits were accruing to three Directors (2021: three) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £320,000 (2021: £204,000)

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £2,000 (2021: £2,000).

Directors are considered to be the key management personnel of the Company. A detailed breakdown of the Director's total emoluments is included within the Remuneration Committee report.

11 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest payable	**(330)**	(376)
Lease liability finance charge	**(36)**	(8)
	(366)	(384)

12 Taxation

	2022 £'000	2021 £'000
The (charge)/credit for year is made up as follows:		
Corporation tax		
Corporation taxation on the results for the year	**(99)**	(246)
Adjustments in respect of previous periods	**233**	346
	134	100
Deferred tax		
Origination and reversal of temporary differences	**(336)**	23
Changes to tax rates	**–**	(2)
Adjustments in respect of previous periods	**194**	(2)
	(142)	19
Taxation (charge)/credit on profits on ordinary activities	**(8)**	119

Factors affecting tax (charge)/credit for the year
The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19 per cent (2021: 19 per cent). The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	**4,067**	792
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	**(773)**	(150)
Effects of:		
Expenses not deductible for tax purposes	**(192)**	(79)
Additional R&D tax relief	**371**	–
Adjustments to tax charges in respect to prior periods[1]	**429**	344
Losses carried forward not recognised	**(175)**	–
Effect of profits subject to tax in a previous period	**352**	6
Tax rate changes	**(20)**	(2)
Taxation (charge)/credit on profits on ordinary activities	**(8)**	119

There are total tax losses of £649,000 available for carry forward against future tax liabilities in the UK and overseas (2021: £236,000). A deferred tax asset has been recognised on these losses to the extent that they are expected to be utilised in future periods.

1 Primarily relates to the effect of a prior year R&D tax claim.

13 Earnings per share

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the period.

	2022	2021
Profit for the year from continuing operations – £'000	**4,059**	911
Weighted number of ordinary shares in issue	**22,204,677**	253,774
Weighted number of fully diluted ordinary shares in issue	**147,183**	11,500
Basic earnings per share from continuing operations – pence	**18.28**	358.87
Diluted earnings per share from continuing operations – pence	**18.16**	343.31

Prior to the acquisition, the number of shares is based on Cenergist Limited. From the date of acquisition, the number of shares is based on the Company.

Further information on ordinary shares can be found in note 22.

14 Intangible assets

	Goodwill £'000	Development costs £'000	Customer relations £'000	Patents £'000	Licences £'000	Total £'000
Cost						
At 1 February 2020	–	–	–	32	377	409
Additions	–	–	–	338	–	338
At 31 January 2021	–	–	–	370	377	747
Additions	4,369	1,647	671	–	370	7,057
Disposals	–	–	–	(36)	–	(36)
At 31 January 2022	4,369	1,647	671	334	747	7,768
Amortisation						
At 1 February 2020	–	–	–	–	94	94
Charge for the year	–	–	–	–	75	75
At 31 January 2021	–	–	–	–	169	169
Charge for the year	–	190	–	41	150	381
At 31 January 2022	–	190	–	41	319	550
Net book value						
31 January 2021	–	–	–	370	208	578
31 January 2022	**4,369**	**1,457**	**671**	**293**	**428**	**7,218**

Amortisation of patents commence once they are granted. The additions to the patents in the prior year related to the capitalisation of costs associated with applying for patents which were granted in the current year, hence no amortisation charge was incurred during the prior year.

Goodwill additions relates to goodwill generated through the two acquisitions during the year (refer to note 27) being:
- Acquisition of HaGePe International B.V. = £4,032k; and
- Acquisition of Welltherm Drilling Limited = £337k

15 Property, plant and equipment

	Land & Buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Office equipment £'000	Total £'000
Cost						
At 1 February 2020	–	105	–	32	54	191
Additions	–	2,708	12	–	23	2,743
Disposals	–	–	–	–	(1)	(1)
Exchange impact	–	(70)	–	–	–	(70)
At 31 January 2021	–	2,743	12	32	76	2,863
Additions	48	1,030	216	81	44	1,419
At 31 January 2022	48	3,773	228	113	120	4,282
Depreciation						
At 31 January 2020	–	27	–	18	33	78
Charge for the year	–	21	1	7	17	46
Disposals	–	–	–	–	–	–
Exchange impact	–	(2)	–	–	–	(2)
At 31 January 2021	–	46	1	25	50	122
Charge for the year	7	565	17	10	19	618
Additions	–	399	53	–	–	452
Exchange impact	(1)	–	–	(1)	(3)	(5)
At 31 January 2022	6	1,010	71	34	66	1,187
Net book value						
At 31 January 2021	–	2,697	11	7	26	2,741
At 31 January 2022	**42**	**2,763**	**157**	**79**	**54**	**3,095**

Notes to the financial information

For the year ended 31 January 2022
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16 Investments

Company only	2022 £'000	2021 £'000
Opening balance	–	–
Additions during the year:	254	–
Closing balance	254	–

Company subsidiary undertakings

As at 31 January 2022, the Company owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements, whilst the comparison figures for 2021 relate to the subsidiary undertakings for Cenergist Limited:

Name	Holding 2022	Holding 2021	Business Activity	Country of Incorporation	Registered Address
Direct subsidiary undertaking					
Cenergist Limited	100%	–	Trading Company	England & Wales	7 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Indirect subsidiary undertakings					
GS Drilltech Ltd	100%	–	Trading Company	England & Wales	Unit 13, Millshaw Park Avenue, Leeds, LS11 0LR
Welltherm Drilling Ltd	100%	–	Trading Company	England & Wales	Westgate House, Faverdale Industrial Estate, Darlington DL3 0PZ
Luxe Lights Limited	100%	100%	Trading Company	England & Wales	7 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Control Flow Technologies Ltd	100%	100%	Dormant	England & Wales	Westgate House, Faverdale Industrial Estate, Darlington DL3 0PZ
Energy Water Services Ltd	100%	–	Trading Company	England & Wales	Westgate House, Faverdale Industrial Estate, Darlington DL3 0PZ
Cenergist BV	100%	100%	Trading Company	Netherlands	Huizermaatweg 15, Kantoor 6, 1273NA Huizen, Netherlands
Cenergist Spain SL	100%	100%	Trading Company	Spain	Calle Juan De Mena, 10-Piso 1IZ, Madrid 28014, Spain
HGP International BV	100%	–	Holding Company		Huizermaatweg 27, 1273NA Huizen, Netherlands
HL2024 Shop BV	100%	–	Trading Company		Huizermaatweg 16, 1271NM Huizen, Netherlands
HGP Exploitatie BV	100%	–	Trading Company		Huizermaatweg 27, 1273NA Huizen, Netherlands
Cenergist Energy Private Ltd	100%	100%	Trading Company	India	30 New Road, Kolkata 700 027, India.

17 Inventory

Group	2022 £'000	2021 £'000
Work in progress	–	12
Finished goods and goods for resale	**1,186**	879
	1,186	891

No impairment loss was recognised in cost of sales during the year (2021: nil). The stock provision at the year end totalled £nil (2021: £nil).

18 Trade and other receivables

Group	2022 £'000	2021 £'000
Trade receivables	**5,606**	2,148
Other debtors	**472**	42
Prepayments and accrued income	**6,189**	528
Tax recoverable	**122**	131
	12,389	2,849

All trade receivables fall within their due date. Accordingly, no provisions have been made.

Company	2022 £'000	2021 £'000
Receivable from subsidiary	**8,000**	–
Other debtors	**28**	–
Tax recoverable	**55**	–
	8,083	–

19 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits held with banks with a A-1+ rating. The carrying value of these approximates to their fair value. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts.

Group	2022 £'000	2021 £'000
Cash and cash equivalents	**4,070**	4,284
	4,070	4,284

Company	2022 £'000	2021 £'000
Cash and cash equivalents	**3,006**	–
	3,006	–

Notes to the financial information

For the year ended 31 January 2022
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20 Leases

The Group had the following lease assets and liabilities:

Group	2022 £'000	2021 £'000
Right-of-use assets		
Properties	**205**	210
Motor vehicles	**38**	11
	243	221
Lease liabilities		
Current	**82**	82
Non-current	**109**	129
	191	211

	2022 £'000	2021 £'000
Maturity on the lease liabilities are as follows:		
Current	**82**	82
Due between 1-2 years	**82**	78
Due between 2-5 years	**27**	51
Due beyond 5 years	**–**	–
	191	211

Right-of-use assets

A reconciliation of the carrying amount of the right-of-use asset is as follows:

	2022 £'000	2021 £'000
Properties		
Opening balance	**210**	46
Additions	**98**	194
Depreciation	**(103)**	(30)
	205	210
Motor vehicles		
Opening balance	**11**	–
Additions	**36**	16
Depreciation	**(9)**	(5)
	38	11
	243	221

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities is as follows:

	2022 £'000	2021 £'000
Opening balance	**211**	44
Additions	**135**	210
Payment made	**(191)**	(51)
Finance charge	**36**	8
	191	211

The Group also incurred the following expenses during the year of £69,000 (2021: £3,000) which related to property leases that were either short term in nature (12 months of less) or of low value in nature (less than £2,000 per annum), thus being excluded from treatment under IFRS 16: Leases.

21 Deferred tax

	2022 £'000	2021 £'000
Deferred tax asset		
Tax losses	–	59
	–	59
Deferred tax liability		
Other temporary differences net of tax losses[1]	(142)	–
	(142)	–
Net recognised in statement of financial position	(142)	59

1 Other temporary differences predominantly includes temporary differences arising on property, plant and equipment.

	2022 £'000	2021 £'000
Movement in net deferred tax assets in the year:		
Income statement – other	(142)	19
Tax related to items credited outside statement of financial performance	–	–
	(142)	19

22 Share capital

	Number of Shares	Share Capital £'000	Share Premium £'000
Ordinary Shares			
As at 31 January 2020	253,774	3	456
Issue of shares	–	–	–
As at 31 January 2021	253,774	3	456
Transfer of Cenergist Limited paid up capital to merger reserve	(253,774)	(3)	(456)
Issue capital of Company at incorporation	1	–	–
Issue of capital upon acquisition of Cenergist Group[1]	25,404,900	254	–
Issue of shares upon exercise of options[3]	2,401,700	24	39
Issue of shares[4]	1,083,400	11	–
Issue of shares[5]	4,332,129	43	11,957
Cost associated with the issue of shares	–	–	(1,883)
TOTAL ORDINARY SHARES	**33,222,130**	**332**	**10,113**
A Ordinary Shares			
Issue of A Ordinary shares[2]	1,000	23	–
Conversion of A Ordinary shares[4]	(1,000)	(23)	–
Deferred Shares			
Issue of shares[4]	1,216,600	12	–
TOTAL ORDINARY AND DEFERRED SHARES	**34,438,730**	**344**	**10,113**

The issued capital for the Group for the period 1 February 2021 to 5 October 2021 is that of Cenergist Limited. Upon completion of the acquisition of the share capital of Cenergist Limited was transferred to the Acquisition reserve (refer to note 3) and the share capital of Eneraqua Technologies plc was bought to account.

1 On 5 October 2021, pursuant to the Share Exchange Agreement, 25,404,900 Ordinary Shares were issued (credited as fully paid) in consideration for the exchange of shares in the capital of Cenergist Limited, which were transferred by the relevant transferor to the Company.
2 On 9 November 2021, 1,000 options over A Ordinary Shares of £23 each in the capital of the Company were exercised at an exercise price of £1,000 and as a result the Company issued 1,000 A Ordinary Shares. The outstanding nominal amount was paid by the Employee Benefits Trust.
3 On 16 November 2021, 2,401,700 options over Ordinary Shares were exercised at an exercise price of between £0.01 and £0.0661, and as a result the Company issued and allotted 2,401,700 Ordinary Shares.
4 On 16 November 2021, the A Ordinary shares were converted into 1,083,400 Ordinary Shares and 1,216,600 Deferred Shares of £0.01. Subsequent to year end, the Deferred Shares were cancelled by the Company.
5 Between 19 and 22 November 2021, 4,332,129 Ordinary Share were issued at a price of £2.77 per share raising a total of £12 million before costs.

Notes to the financial information
For the year ended 31 January 2022
continued

23 Reserves
Share premium account
The share premium account represents the premium arising on the issue of shares, net of issue costs.

Merger reserve
Reserve created in accordance with the acquisition of the Cenergist Limited Group on 5 October 2021.

Other reserves
Other reserves includes share based payments, foreign exchange and other items.

Retained earnings
Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

24 Share-based payments
Prior to the acquisition of the Cenergist Group, an EMI scheme was operated under which share options, settled by the issue of ordinary shares in Cenergist Limited, have been granted to key executives. The options may only be exercised if the key executives remain in employment with Group and with the achievement of certain conditions (non-market vesting conditions). The options expire 10 years after the issue date.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at beginning of year	**443.00**	**11,500**	443.00	11,500
Granted during the year – EMI Scheme	**100.24**	**12,517**	–	–
100:1 bonus split post-acquisition	**2.37**	**2,377,683**	–	–
Converted into Ordinary Shares pre-AIM Admission	**(2.37)**	**(2,401,700)**	–	–
Granted on Admission during the year – LTIP scheme	**–**	**332,673**	–	–
Outstanding at the end of the year	**–**	**332,673**	443.00	11,500

Post the acquisition of the Cenergist Group by the Company, there were three tranches of options outstanding with exercise prices of £1.00. £1.03 and £6.61 respectively. Subsequently, the total options were expanded on a 100:1 basis and the exercise prices were altered to £0.0100, £0.0103 and £0.0661 respectively.

The fair value of the services received in return for the share options granted are measured by reference to the fair value of the share options granted. Additionally, upon Admission, the Company awarded share options under the Company's Long-Term Incentive Plan ('LTIP'), which vest three years from Admission, subject to various performance obligations. The fair value of these LTIP share options being amortised over the vesting period.

The estimate of the fair value of the share options granted is measured based on the Black-Scholes valuation model. Measurement inputs and assumptions are as follows:

	2022		2021
	LTIP	**EMI**	EMI
Weighted average share price (pence)	**290**	**2,917**	441
Exercise price (pence)	**–**	**100**	443
Weighted average contractual life (years)	**3.01**	**5.50**	10
Expected volatility	**41.77%**	**39.6%**	54%
Expected dividend growth rate	**Nil**	**Nil**	Nil
Risk-free interest rate	**0.48%**	**0.40%**	1%

The expected volatility is based on the volatility of comparable listed companies.

	2022 £'000	2021 £'000
Charge for the year – EMI Scheme	**316**	69
Charge for the year – LTIP Scheme	**17**	–
	333	69

Following the acquisition of the Cenergist Limited Group by the Company, and prior to the admission to AIM, the outstanding EMI options were converted into options to subscribe for shares in the Company on a 100:1 basis, whereby the 24,017 EMI options in Cenergist converted into 2,401,700 options in the Company. These options were all exercised before the AIM admission and converted into Ordinary Shares (refer to note 22).

25 Borrowings

	2022 £'000	2021 £'000
Current	**–**	891
Non-current	**–**	4,081
	–	4,972

Analysis of maturity of loans is given below:

	2022 £'000	2021 £'000
Amounts falling due within one year		
Other loans	**–**	891
Amounts falling due 1-2 years		
Other loans	**–**	769
Amounts falling due 2-5 years		
Other loans	**–**	3,312
	–	4,972

In November 2021, the Group settled its outstanding borrowings ahead of expiry of their term, with the details of the borrowings at the date of settlement being:

Month of initial drawdown	Month for repayment	Interest rate	Drawdown amount
December 2020	December 2024	7.75%	£3,500,000
December 2020	December 2024	7.75%	£1,500,000
			£5,000,000

Other loans are secured by fixed and floating charges over the assets of the Company and by cross guarantees from the Company's subsidiary undertakings.

The Group settled all outstanding borrowings during the current financial year.

Notes to the financial information
For the year ended 31 January 2022
continued

26 Trade and other payables

Group	2022 £'000	2021 £'000
Trade creditors	**3,921**	1,347
Corporation tax	**229**	2
Other taxation and social security	**1,636**	921
Other creditors	**147**	1,354
Deferred consideration	**2,726**	–
Accruals	**2,767**	524
	11,426	4,148

Company	2022 £'000	2021 £'000
Trade creditors	**16**	–
	16	–

27 Business combination
Acquisition of HaGePe International B.V. ('HGP')
On 23 June 2021, Cenergist SL acquired all of the share capital of HaGePe International B.V. ('HGP'). HGP designs and develops the HL2024 range of water efficiency products.

The total consideration for the acquisition, assuming all earn-out payments are made, is £5.94 million.

Background and Rationale
HGP and its subsidiaries, HGP Exploitatie B.V. and HL2024 Shop B.V., designed and developed the HL2024 range of products used by the Cenergist Group, under an exclusive licence arrangement, in the design and installation of its energy and water efficiency products.

The acquisition of HGP ensures that all of the intellectual property and know how associated with the HL2024 products are owned and controlled by the Cenergist Group, enabling it to utilise these products on an unrestricted, global basis.

Consideration
The total consideration for the acquisition, assuming all earn-out payments are made, will be £5.94 million. The consideration, is structured as follows:

Initial consideration, payable in cash on completion of £2.27 million; and contingent consideration of £3.67 million, payable in the event of an initial public offering of the overall group; 25 per cent of the outstanding balance of the contingent consideration to be paid immediately following the completion of such a listing; and the remaining 75 per cent of the outstanding balance to be paid within 12 months of the completion date of a listing.

The initial estimates of the fair value of the assets acquired and liabilities assumed of HGP at the date of acquisition are as follows:

	£'000
Intangible – development costs	1,468
Intellectual Property	208
Cash at bank	267
Trade and other payables	(36)
Total identifiable net assets acquired	1,907
Goodwill	4,032
	5,939
Consideration	
Initial consideration	2,267
Contingent consideration	3,672
Total consideration	5,939

Costs incurred that were related to the acquisition of HGP of £14,500 were expensed at the acquisition date.

Goodwill relates to the accumulated know how and expertise of the business and its staff. None of the goodwill is expected to be deducted for income tax purposes.

Acquisition of Welltherm Drilling Limited
On 20 September 2021, Cenergist Limited acquired all of the share capital of Welltherm Drilling Limited ('Welltherm'). Welltherm drills boreholes for renewable heating and water supply.

The total consideration for the acquisition, assuming all earn-out payments are made, is £1,175,000, *which is to be paid to the existing* shareholder of Welltherm ('Seller') entirely in cash.

Background and Rationale
Welltherm Drilling Limited drills boreholes for ground source heat pump heating systems, and private water supply.

The acquisition of Welltherm ensures that Cenergist has access to drilling equipment and operational know-how to service its pipeline of ground source heat pump installation projects.

Consideration
The total consideration for the acquisition will be £1,175,000. The consideration, is structured as follows:

Initial consideration, payable in cash on completion of £880,000; and deferred consideration of £295,000, payable over the course of 24 months, in three-monthly instalments. The first instalment is payable three months from completion date.

The initial estimates of the fair value of the assets acquired and liabilities assumed of Welltherm at the date of acquisition are as follows:

	£'000
Intangibles – customer relations	671
Property, plant and equipment	184
Cash at bank	87
Inventory	7
Other receivables	172
Trade and other payables	(175)
Borrowings	(108)
Total identifiable net assets acquired	838
Goodwill	337
	1,175
Consideration	
Initial consideration	880
Contingent consideration	295
Total consideration	1,175

Goodwill represents operating and other synergies.

28 Financial instruments and risk management

Capital Risk Management

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, foreign exchange reserves and retained earnings as disclosed in the consolidated statement of change in equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange, and liquidity risks. The management of these risks is vested to the Board of Directors.

Credit Risk

Credit risk arises on financial instruments such as trade receivables and short-term bank deposits.

Policies and procedures exist to ensure that customers have an appropriate credit history. The Group's most significant clients are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the client.

Short-term bank deposits are made only with UK ring-fenced banks.

Counterparty exposure positions are monitored regularly so that credit exposures to any one counterparty are within acceptable limits.

At the statement of financial position date there were no significant concentrations of credit risk.

Trade and other receivables and contract assets included in the statement of financial position are stated net of expected credit loss (ECL) provisions which have been estimated on a customer-by-customer basis, based on the relationship with the customer and its historical payment profile. There are no provisions held against trade receivables at the statement of financial position date.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

Group	**2022 Carrying Value £'000**	**2022 Maximum Exposure £'000**	2021 Carrying Value £'000	2021 Maximum Exposure £'000
Cash and cash equivalents	**4,070**	4,070	4,284	4,284
Trade receivables	**5,606**	5,606	2,148	2,148
	9,676	9,676	6,432	6,432

Company	**2022 Carrying Value £'000**	**2022 Maximum Exposure £'000**	2021 Carrying Value £'000	2021 Maximum Exposure £'000
Cash and cash equivalents	**3,006**	3,006	–	–
Trade receivables	**–**	–	–	–
	3,006	3,006	–	–

Currency Risk

The Group operates in a global market with income and costs possibly arising in a number of currencies and is exposed to foreign currency risk primarily in respect of entities within the Group entering into commercial transactions arising from sales or purchases in currencies other than the Companies' functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange risk through their foreign currency denominated cash balances and a portion of the Group's costs being incurred in Euro Dollars and Indian Rupees. Accordingly, movements in the Sterling exchange rate against these currencies could have a detrimental effect on the Group's results and financial condition. Such changes are not considered likely to have a material effect on the Group's financial position at 31 January 2022.

Currency risk is managed by maintaining some cash deposits in currencies other than Sterling. The table below shows the currency profiles of cash and cash equivalents:

	2022 £'000	2021 £'000
Cash and cash equivalents		
Sterling	**4,014**	4,191
Euro	**17**	81
Indian Rupee	**39**	12
	4,070	4,284

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at period end as below:

	2022 £'000	2021 £'000
Cash and cash equivalents	**4,070**	4,284
	4,070	4,284

The table below sets out the maturity profile of the financial liabilities at 31 January:

	2022 £'000	2021 £'000
Due in less than one month	**(4,232)**	(3,306)
Due between one and three months	**(1,447)**	–
Due between three months and one year	**(334)**	(891)
Due between one and two years	**(82)**	(886)
Due between two and five years	**(27)**	(3,364)
	(6,122)	(8,447)

Interest Rate Risk
The Group is exposed to interest rate risk whereby the risk can be a reduction of interest received on cash surpluses held and an increase in interest on borrowings the Group may have. The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	2022 £'000	2021 £'000
Bank balances	**4,070**	4,284
	4,070	4,284

Given the extremely low interest rate environment on bank balances, any probable movement in interest rates would have an immaterial effect.

Notes to the financial information

For the year ended 31 January 2022
continued

29 Financial assets and financial liabilities

2022 – Group Financial assets/liabilities	**Financial assets at amortised cost £'000**	**Financial liabilities at amortised cost £'000**	**Total £'000**
Trade and other receivables	**12,389**	**–**	**12,389**
Cash and cash equivalents	**4,070**	**–**	**4,070**
Trade and other payables	**–**	**(5,933)**	**(5,933)**
Lease liabilities (current and non-current)	**–**	**(191)**	**(191)**
Borrowings	**–**	**–**	**–**
	16,459	**(6,124)**	**10,335**

2022 – Company Financial assets/liabilities	**Financial assets at amortised cost £'000**	**Financial liabilities at amortised cost £'000**	**Total £'000**
Trade and other receivables	**8,083**	**–**	**8,083**
Cash and cash equivalents	**3,006**	**–**	**3,006**
Trade and other payables	**–**	**(16)**	**(16)**
	11,089	**(16)**	**11,073**

2021 – Group Financial assets/liabilities	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
Trade and other receivables	2,190	–	2,190
Cash and cash equivalents	4,284	–	4,284
Trade and other payables	–	(3,224)	(3,224)
Lease liabilities (current and non-current)	–	(211)	(211)
Borrowings	–	(4,972)	(4,972)
	6,474	(8,407)	(1,933)

2021 – Company Financial assets/liabilities	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
Trade and other receivables	–	–	–
Cash and cash equivalents	–	–	–
Trade and other payables	–	–	–
	–	–	–

30 Reconciliation of movement in net debt

2022	At 1 February 2021 £'000	Non-cash changes £'000	Cash flow £'000	At 31 January 2022 £'000
Cash at bank	**4,284**	**–**	**(214)**	**4,070**
Borrowings – current	**(4,081)**	**–**	**4,081**	**–**
Borrowings – non-current	**(891)**	**–**	**891**	**–**
Lease liabilities – current & non-current	**(211)**	**(171)**	**191**	**(191)**
Net Debt	**(899)**	**(171)**	**4,949**	**3,879**

2021	At 1 February 2020 £'000	Non-cash changes £'000	Cash flow £'000	At 31 January 2021 £'000
Cash at bank	3,617	(13)	680	4,284
Borrowings – current	(1,645)	–	(2,436)	(4,081)
Borrowings – non-current	(475)	–	(416)	(891)
Lease liabilities – current & non-current	(44)	(218)	51	(211)
Net Debt	1,453	(231)	(2,121)	(899)

31 Pension commitments
The Group operates a defined benefit contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £108,000 (2021: £51,000). £19,000 (2021: £nil) was payable to the fund at the statement of financial position date and is included with creditors.

32 Capital commitments
There were no capital commitments at 31 January 2022 or 31 January 2021.

33 Contingent liabilities
There were no contingent liabilities at 31 January 2022 or 31 January 2021.

34 Related-party transactions
During the year, the following disclosable related-party transactions occurred:
- G J Copeland, a former Director and current shareholder, provided services to the Group totalling £nil (2021: £10,000);
- J A Johnson, a former Director and current shareholder, provided services to the Group totalling £nil (2021: £79,000);
- D A Routledge, a Director and current shareholder, provided services to the Group totalling £nil (2021: £78,000);
- I D McLeod, a former Director and current shareholder, provided services to the Group totalling £nil (2021: £78,000); and
- AMAP Consulting LLP, a company which has a common Director, provided services to the Group totalling £nil (2021: £370,000).

Certain Directors have loaned money to the Company in the form of loans on an arm's length basis, which were included within other creditors. These loans were fully repaid during the year ended 31 January 2022. Interest has been paid on the monies outstanding at a rate of 8 per cent. Interest paid to Directors during the year was £nil (2021: £8,000).

The Executive and Non-Executive Directors are the Key Management and as such there are no other Related Parties disclosures.

35 Events subsequent to period end
On 4 February 2022, Cenergist Spain SL drew down a loan of €1.5 million to provide investment in Toledo manufacturing facilities in Spain.

On 2 March 2022, Cenergist Limited drew down a loan of £6 million to allow for payment of deferred consideration on the HGP acquisition.

36 Control
In the opinion of the Directors as at the year end and the date of the financial information there is no single ultimate controlling party.

Shareholder information

Directors
Guy Stenhouse
(Independent Non-Executive Chairman)

Mitesh Dhanak
(Chief Executive Officer)

Iain Richardson
(Chief Financial Officer)

Sarah Cope
(Independent Non-Executive Director)

Bill Tame
(Independent Non-Executive Director)

Dave Routledge
(Non-Executive Director)

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Forward-looking statements

This Annual Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of Eneraqua Technologies plc (the 'Company') and its subsidiaries (the 'Group'). The words 'believe', 'expect', 'anticipate', 'intend', 'estimate', 'forecast', 'project', 'will', 'may', 'should' and similar expressions or, in each case, their negative or other variations or comparable terminology, or discussions of or statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Group operates, identify forward-looking statements. Others can be identified from the context in which they are made. By their nature, forward-looking statements involve risks and uncertainties, and such forward-looking statements are made only as of the date of this Annual Report. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors. Accordingly, no assurance can be given that the forward-looking statements will prove to be accurate and you are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty therein. Subject to the requirements of applicable law or regulation (including MAR and the AIM Rules), the Group undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document. Any forward-looking statement in this Annual Report based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. Past performance of the Company cannot be relied on as a guide to future performance. Nothing in this Annual Report should be construed as a profit forecast.

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