



how we deliver

We design and deliver energy and water efficient systems that reduce our clients' carbon emissions and water consumption thereby helping them meet their sustainability goals.

We deliver our clients' requirements and achieve our financial targets through our three distinctive growth drivers...

Outstanding innovation

see page 2

Proven expertise

see page 4

Client and colleague partnerships

see page 6

Contents

Strategic report

IFC	What we do
1	How we deliver
8	Chairman's statement
12	Chief Executive Officer's statement
18	Chief Financial Officer's statement
22	The opportunity
26	Delivering our solutions
30	Section 172: How we consider stakeholder views
36	ESG Report
42	How we manage risk

Governance

50	Chairman's introduction to governance
52	Board of Directors
54	Governance at a glance
56	Nomination Committee report
57	Audit and Risk Committee report
59	Remuneration Committee report
64	Directors' report
67	Statement of Directors' responsibilities

Financial statements

70	Independent Auditor's report
74	Consolidated statement of comprehensive income
75	Statement of financial position
77	Statement of cash flow
79	Statement of change in equity
81	Notes to the financial information
108	Shareholder information
109	Forward-looking statements

How we deliver continued

outstanding innovat



ng
ion

75 litres

average water savings
per day per household

30,000

homes and
buildings in FY23

Our patented water saving technologies have delivered impressive reductions in water usage in both domestic and commercial premises.

Control Flow HL2024 technology is our family of patented products that eliminate flow variations caused by pressure fluctuations in the supply system and improve the performance of heating and hot water systems. This reduces carbon emissions and reduces environmental impact.

These exciting technologies are now available to consumers in certain UK regions.
For further information:

www.controlflow.co.uk

How we deliver continued

Our collaborative approach ensures a deep understanding of the industry, so clients get the right solution, on time and to budget, every time.

We are proud to be building a strong company culture based on delivering quality outcomes.

Our knowledge, expertise and technology-agnostic approach allows us to offer clients the best solution for their individual circumstances and to deliver our clients' net carbon zero strategies.

e

proven expertise

52%

increase in revenue

£10.1m

Adjusted PBT up by 79%

£1.8m

R&D Spend

How we deliver continued

We have invested heavily in people to enhance our ability to deliver.

95% of our colleagues would recommend the company as a great place to work.

96% of colleagues agree that the work we do is meaningful.

We aim to understand our clients fully to provide them the best solution for their needs.

We are consistently rated either exceptional or excellent in 95% of our customer satisfaction surveys¹.

**coll
part**

¹ Based on FY23 CSAT surveys across client based for water and energy.

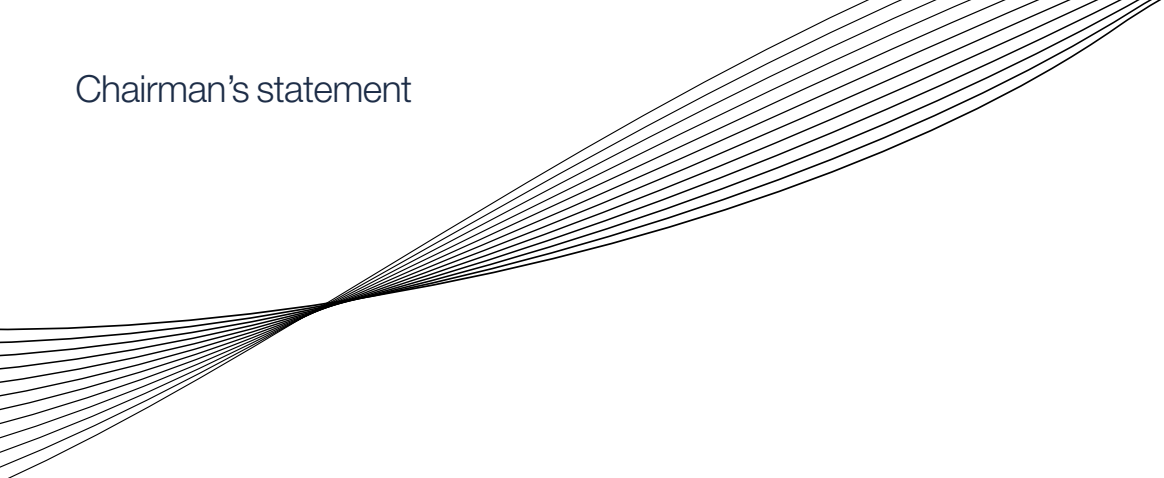
95%

of customers rate us
exceptional or excellent

48%

increase in the
number of colleagues

client and eague nerships



**“We are confident
of continuing to
deliver against
our clear growth
strategy.”**

Guy Stenhouse
Chairman





At the time of our IPO in November 2021, we set out our strategy for growth. Growth in scale and operating capability, geographic reach, technical excellence, customer base, revenue and profit.

Our strategy was predominantly based on organic growth, complemented by targeted acquisitions to enter new markets or secure key capabilities.

I am pleased to report that in the year ended 31 January 2023, our first full financial year as an AIM quoted company, we have delivered on that growth strategy notwithstanding the substantial inflation seen in the second half of the year and the inevitable impact on the scheduling of our clients' projects.

Revenues increased by 52% over the prior year, to £55.1m (FY22: £36.2m). Adjusted profit before tax was up by 79% to £10.1m (FY22: £5.6m) and adjusted EBITDA1 was up 76% to £11.9m (FY22: £6.7m) and the Group's order book has grown to £130.4m. This excellent performance was the result of strong executive leadership and outstanding effort and execution across the whole company. On behalf of the Board and shareholders I give every colleague our thanks.

Developing the business

We were determined that in addition to delivering excellent growth in FY23, we should continue building for the future, and with this in mind we have invested heavily in both people and R&D to enhance our ability to deliver for FY24 and beyond.

In the UK we won new clients for our energy and water products and services, while also gaining repeat orders from existing customers. In Leeds, we installed one of the first high temperature air source heat pump systems in a UK residential setting. This testifies to the technical skills of our people and underscores the demand for our technologies.

Our commercial energy work with new clients increased in the year, an example being Oxford County Council, for which we are helping deliver an ambitious decarbonisation project.

In Water, our products are now being recognised as a range of proven solutions for water efficiency and related areas, including water and nitrate neutrality and reducing utility bills.

In India, we continue to develop our offering, both commercially and technically. The high-quality engineering skills of our team in Kolkata have developed new water efficiency products for which patents have been applied. These new products build on our core HL2024 technology and create another new exciting growth opportunity in agritech.

Acquisitions

The addressable market in the UK and Europe continues to expand, supported by regulatory growth drivers. In line with our strategy, we continue to review opportunities with the objective of expanding our capabilities and reach through acquisition.

In August 2022 we acquired Mathewson Holdings, which has a technical capability that complements our own and a market presence in the health and commercial sectors, which is creating new market opportunities for the Group.

Post-period end, in April, we acquired Vriend, a business incorporated in the Netherlands. This exciting acquisition, of a highly skilled and well-established team, gives us a springboard for our Energy and Water solutions in the Netherlands, with the correct local accreditations which will enable us to access new tender opportunities and accelerate our growth strategy in continental Europe.

Further afield, we successfully established our new global manufacturing site in Spain, which will further support our drive into wider European markets by allowing us to expand the range of products that we offer, while enhancing our manufacturing capability and reducing production costs by some 12% per unit. This included reviewing the assets transferred from HGP in Holland. Our focus is on countries which have similar Net Zero and water stress issues as the UK and allow us to replicate our approach. For Energy, we are looking at countries in north-west Europe that are on a similar journey as the UK on heat pump deployment. For Water, we are focussing initially on expanding our offering in Europe and India but water stress is a global problem and the longer term opportunity is therefore much greater.

The drive towards Net Zero energy continues with the imperative of increased pace towards that goal becoming more obvious each year and creating significant, long-lasting opportunities for the Company.

Growing strength

The funds raised at IPO gave us the financial resources to accelerate growth. In what was a challenging year in terms of supply chain disruption, inflation and changes to the regulatory environment, we had the ability to invest in our own capabilities, ensuring we were able to support our customers and meet their needs while simultaneously improving the capabilities and capacities of our market leading solutions.

Being an AIM quoted company has given us other tangible benefits with existing and potential clients reacting positively to the transparency and governance required. In addition, we can use equity incentives throughout the business to motivate our people and align their interests with those of shareholders.

The capital raised enabled the Group to grow its headcount with a particular focus on sales and project management roles. The number of colleagues working for the Group was 168 at the year-end, compared with 113 the previous year, an increase of 48%. This places the Group in a strong position from which to support its growth ambitions.

A key factor in enabling us to realise opportunities both last year and those which lie ahead, is building and retaining a skilled and motivated workforce. We operate in fields where there is strong competition for talent. We have increased our Human Resources capabilities and focus on providing not only good financial rewards for our staff, but an exciting and enjoyable place to work where people can contribute all their talents in a diverse, team-orientated environment.

Shareholder value and dividend

We operate in an attractive growth market in which we believe we are doing good for society and the environment around us. These factors support our drive to create value for shareholders.

In FY22, we announced our maiden dividend, of 1 penny per share, which was paid in September 2022. We recognise the importance of income as a component of shareholder returns. The Board is, therefore, establishing a progressive dividend policy and recommending a dividend of 1.2 pence per share payable in September 2023, representing a 20% increase on the previous year.

The current year and outlook

The current year has seen work commence on a number of new projects for clients including the London Borough of Lambeth. As outlined above, the very high inflation seen towards the end of calendar 2022 impacted our client budgets and led them to re-prioritise, causing individual projects to move between financial years. As a result of the shift of larger, lower margin projects into the current year, the Group now expects revenues to be significantly ahead of its earlier expectations, with high-single digit PBT margins in FY24, before reverting to a more normal mix of projects and margin in FY25. Importantly, however, no contracts were cancelled or are expected to be cancelled, underscoring the strength of our client relationships and the value of the solutions we provide.

In the current financial year, we expect to extend both our geographical reach and our presence in new growth sectors, through both organic development and through further acquisitions.

This year we have delivered against the ambitious targets we set ourselves as we laid out our path to growth. Looking ahead, we are confident of continuing to deliver against our clear growth strategy and in being able to grasp successfully the opportunities ahead of us, which in turn will deliver increased value for our customers and shareholders.

Guy Stenhouse

Chairman
31 May 2023





“The opportunities for the Group remain significant and we are well placed to build on what has been achieved to date.”

Mitesh Dhanak
Chief Executive Officer

The year saw very encouraging progress as the Group successfully executed its growth strategy and delivering cutting edge cleantech technologies and solutions to our UK and international clients.

Strong performance across year

We saw substantial growth in revenue and adjusted PBT of 52% and 79% respectively with repeat orders, new client wins, geographic expansion and the entering of new markets. This growth underlines the strength of the technologies and solutions we offer our clients. Our products are now gaining acceptance as proven solutions to help clients meet their regulatory, climate change and cost reduction goals.

These outcomes were also pleasing given the significant inflationary, supply chain and labour market challenges during the year. Our success in managing these reflects the resilience of our business model.

As a result of the inflationary pressures in late calendar 2022, client budgets came under strain with some needing to reprioritise their project schedules to focus on the most urgent projects where heating systems had or were about to break down. This saw lower value, higher margin projects prioritised into FY23 with larger, lower margin projects pushed beyond the period end. The late changes affected overall cash conversion but this is recovering post year-end. By showing our ability to manage and support our clients, we were able to deepen our relationships as a trusted, agile partner.

Our markets

There is an increasing need, globally, for the solutions we provide. Governments and organisations are committed to reducing global carbon emissions as quickly as possible. It is this long-term commitment to the reduction of emissions that serves as our key growth driver as public and private bodies seek ways to meet the carbon reduction targets that have been set by international bodies.

COP27 saw the reaffirmation of the commitment, by nations from around the world, to limit the global temperature increase to 1.5°C above pre-industrial levels. To reach this target, greenhouse gas emissions need to be reduced by 45% compared to levels in 2010, by 2030¹.

Outside of the broader environmental commitments there is a growing financial imperative for carbon transition. The International Monetary Fund (IMF)² noted in September that UK households, as a result of the energy crisis brought on by the events in Ukraine, were the worst hit in western Europe. Both our Energy and Water solutions emerged in the period as effective options to help lower energy costs, cut carbon emissions and reduce water wastage.

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.

1 UN Africa Renewal: COP27 outcome: Reflections on the progress made, opportunities missed, Fazal Issa

2 IMF: Surging Energy Prices in Europe in the Aftermath of the War: How to Support the Vulnerable and Speed up the Transition Away from Fossil Fuels, Anil Ari et al.

“Our goal remains to be a leading clean energy and water specialist.”

Water stress remains a high profile, global issue and there are growing regulatory factors designed to ensure improved efficiency of water collection and usage. The effects are seen across the UK, Europe, India and North America and include inhibiting development and impacting economic growth.

This year also saw the emergence of another key growth driver, the cost of living crisis. Early in the year energy prices rose dramatically and the need to reduce energy costs both for consumers and organisations became imperative. Public and private organisations as well as consumers were forced to take action to reduce costs.

Financial performance

In FY23 the Group delivered a robust financial performance, with Group revenues up 52% to £55.1m (FY22: £36.2m) and adjusted profit before tax by 79% to £10.1m (FY22: £5.6m). Adjusted EBITDA was up 76% to £11.9m (FY22: £6.7m).

Gross margin improved to 41.7% due to the change in the planned mix of projects, with certain higher margin projects moving from FY24 into the latter part of FY23. It is also a reflection of tight control of direct costs and the pass through of costs to customers.

The order book remains strong at £130.4m with 62% due to occur in FY24. Our revenues remain second-half weighted reflecting client procurement processes. While wider market inflationary and cost pressures affected the capital budgets of clients leading them to focus on priority projects, it is important to note that no contracts have been cancelled, with delivery of other planned projects moving out.

The business remains well funded with a closing cash balance of £3.2m (FY22: £4.1m). Net debt at the year end was £4.7m (£3.0m excluding IFRS16 Lease Liabilities) (FY22 net cash £4.1m excluding IFRS16 Lease Liabilities) reflecting the investment in materials and working capital in Q4 combined with the deferral in client contract start dates. An enhanced assurance process introduced by the Government in November 2022 was initially under-resourced caused backlogs in the approval process of completed projects increasing the level of accrued income at the year end. The issue is now unwinding following additional resourcing by the Government in the approval process. Following the period end, 54% of accrued income has unwound and been received as cash by the Company.

Our debt facilities and improved working capital in the first few months of FY24 give us a good base from which to execute our investment roadmap, continuing to build out and integrate our acquired businesses and support growth, globally.

Operational and Strategic Progress

Significant progress was achieved during the year towards our goal of being a recognised leader in the clean energy and water sectors. The performance of our product solutions for both energy and water in particular gaining greater recognition.

In the Energy sector we continued to see clients seeking a move to heat pump systems to reduce carbon emissions and exposure to fossil fuel markets. In late calendar 2022, an inflationary spike on other types of capital works such as building cladding created pressure on our clients' cash budgets.

Our clients responded by changing their planned project programmes to reduce their overall in-year cash spend. This saw a focus on the most urgent projects where heating systems had or were about to break down with other projects delayed into later years. This change resulted in lower value, higher margin projects moved into FY23 and higher value, lower margin projects moved into FY24. No contracts were cancelled in this process reflecting the need for the work to be completed and the strength of our relationships. The impact of this inflationary pressure has stabilised and we expect a return to a normal mix of projects in FY25.

We continued to secure new projects and clients during the year and in H2 FY23 the Group announced the award of multiple, multi-year contracts with both new and existing social housing and private sector clients to provide heat pump solutions, with a total contract value of up to £36m, to be phased across the next three years. These wins and the continued delivery of our energy projects, despite the wider macroeconomic conditions, underpin our confidence in our Energy offerings and the opportunities facing the Group.

Water saw substantial progress during the year. In India we secured and delivered our first agritech contract for £0.9m to provide clean energy, water efficient irrigation systems for the State of Uttarakhand. This is a major new sector that we highlighted at the time of IPO. Our products are also currently undergoing trials in Spain to confirm their performance on the types of irrigation systems used in the EU.

Chief Executive Officer's statement continued

In August, we completed a successful water neutrality pilot at Crawley. This was based on the long-term water savings offered by our Control Flow products, which allowed for the complete offset of demand from new build housing by improving water efficiency in existing homes. This is an important solution that could help unlock the c120,000 new build houses currently held in the planning phase, in the UK due to concerns on water and nitrate neutrality.

The pilot in Crawley also showed that the products significantly improved energy use and overall, reduced resident utility bills. Further trials are underway to determine the value of Control Flow in helping address the risks from fuel poverty. Separately we have an early-stage B2C offering in trial to determine the potential to offer the Control Flow solution directly to all householders.

The successes achieved in Energy were supported by our acquisition of Mathewson, in August 2022, which improved our access to the healthcare and commercial sectors. Since the Mathewson acquisition, we have seen an increased pipeline of opportunities in this area further supporting our confidence in this side of the business.

Post-period end we completed the acquisition of Vriend in the Netherlands. This is a small, targeted acquisition that provides us with the credentials and base to offer our apartment-block heat pump solutions to the Dutch market. Our choice of Holland was based on experience of working in the country and the similarity in approach on Net Zero. Holland has set a target of reducing carbon emissions by 49% by 2030 with a strong emphasis on using heat pump systems.

Our research and development work is also ongoing, with new patents applied for in connection with our agritech products. We also refined the design of some of our existing products to ease installation and improve performance. This ongoing effort ensures that we maintain our performance lead on competitors.

The global production facility is nearing completion at Toledo, Spain. Going forward this will be responsible for the assembly and supply of the Control Flow product range. Having a central facility, allows us better quality control and also reduces production costs by 12% per unit.

ESG

ESG remains at the heart of our business ethos and runs through the core of our strategy. Based on Scope 1 and 2 emissions, we are a Net Zero company.

As a company with a global presence our ESG approach is coordinated across the Group and focuses on the issues affecting our business and stakeholders to reinforce our commitment to responsible business practices.

We collaborate with our internal and external stakeholders to develop, implement, and refine our sustainability strategy. We are very proud of our London Stock Exchange Green Economy Mark, signposting that we, as a business, derived 83% of our FY23 revenues from products and services that contribute to environmental objectives such as climate change mitigation and adaptation, waste and pollution reduction, and the circular economy.

Working with an independent ESG consultancy, we have developed our ESG strategy, improving data collection to more accurately and consistently report our progress and credentials.

In FY23 we completed the measurement and reporting of our Scope 1 and 2 emissions across our global operations in the UK, Spain, India, and The Netherlands. Our total carbon emissions for the period were 714 tCO₂e.

In FY23 the Group saved over 209,000 tCO₂e through our Control Flow technology and renewable heating solutions designed to deliver our clients net carbon zero strategies. This is a significant saving and more than offsets the level of carbon generated by the Group in its Scope 1 and 2 activities.

We understand the importance of strong governance as a foundation for achieving our ESG objectives. We believe effective governance practices are essential to maintaining the trust and confidence of our stakeholders, including our customers, employees, shareholders, and the communities where we operate.

Our governance framework is designed to promote ethical conduct, accountability, and transparency across our operations.

People

Our employees are at the heart of our Company and are the reason for our success. During the year we continued to invest in the development of existing staff as well as recruiting people to meet the demand for our products and services. Our recruitment and development process strongly emphasises our corporate culture and we promote equal opportunities and diversity to create an inclusive working environment. Our last staff survey showed that 95% of our employees agree/strongly agree that Eraqua is a great place to work; a fact that underpins our low staff turnover of 7%, excluding those who left during their probation period.

Outlook

Our products and services offer proven solutions to help clients meet their climate change and water stress challenges. We continue to enter new territories with the recent acquisition of Vriend, now enabling us to offer our Energy and Water solutions in the Netherlands.

Our Water solutions, in particular, are attracting much international interest: for example in India with multiple states expressing strong interest in similar agritech projects to Uttarakhand. In Spain we are carrying out trials of the agritech product and also the domestic water saving products, opening up new markets.

Following the acquisition of Vriend, we plan to carry out trials to demonstrate the net water and net nitrate neutrality benefits of Control Flow. This builds on the experience of the net neutrality project in Crawley in unlocking development.

In Energy, we continue to be UK-focused with a strong public sector client emphasis. The recent contract wins show that our solutions and quality of work are widely recognised. With the acquisition of Vriend, we will expand our Energy offering into Holland as part of our wider strategy for northwest Europe. Our choice of Holland was based on long experience with the country and the fact that it is on a similar Net Zero journey as the UK.

Our R&D spend is expected to rise from £1.8m in FY23 to £2.4m in the coming year, reflecting the increased product development and trials planned which are essential to ensure our long-term growth. We also expect to expand our intellectual property portfolio. We expect to maintain this level of investment going forward in order both to meet the individual country certification requirements and also widen our range of product offerings.

As previously stated, the working capital position at year end is unwinding as expected with 54% of accrued income converting into cash post period end.

The order book for FY24 stands at £130.4m, of which we currently anticipate 62% to occur in the current year. As set out earlier, the unexpected inflation spike did create pressure on Energy client budgets and resulted in them re-phasing their project plans. The mix of Energy projects in FY24 are more heavily weighted towards higher value and lower margins with revenues to be ahead of our expectations with high-single digit PBT margins. Based on client programmes, we expect to revert to a more normal mix of projects and margins in FY25.

The opportunities facing the Group remain significant. We are in a strong position with proven products and solutions and our geographic expansion plans remain on course with growth in Water exceeding our original expectations at IPO. As a result, we are confident in the future prospects for the Group.

Mitesh Dhanak

CEO

31 May 2023



“FY23 was a year in which we achieved strong growth with a 52% increase in revenue to £55.1m.”



Iain Richardson
Chief Financial Officer



I am pleased to report on our first full financial year as an AIM quoted company, for the year to 31 January 2023.

2023 was a year in which we achieved strong growth with a 52% increase in revenue to £55.1m with the growth driven by strong operational and strategic process with strong growth in new business for both Energy and Water.

Strategy

The Group's strategy continues to be focused on developing and delivering profitable solutions and products which help our clients reduce their carbon consumption and improve their water efficiency.

KPI's

The Group's financial Key Performance Indicators, which are aligned with its growth strategy, are revenue growth, adjusted EBITDA, adjusted EBITDA margin, adjusted Profit before Tax, R&D spend, cash conversion and ROCE. These non-IFRS measures are consistent with how the Group measures trading and cash generative performance and are reported to the Board. Of these KPIs, five delivered well in the year to 31 January 2023.

Cash conversion was lower than anticipated due to a number of factors including:

- Increased lead times for key components, requiring these items to be purchased before projects started rather than during the life of a project.
- The enhanced assurance process introduced by the Government caused backlogs in the approval process of completed projects. This backlog resulted in an increase in accrued income at the year end, which is now unwinding.
- Inflationary price pressures across our supplier base, not all of which could be passed on to our customers.

- Cost pressures on the capital budgets of certain clients, causing certain projects to start later than anticipated, increasing the bias of Group project delivery weighting to H2. As a result we saw an increase in trade receivables at the year end.

	2023	2022
Revenue	£55.1m	£36.2m
Revenue growth	52%	148%
EBITDA¹	£11.7m	£5.6m
Adjusted EBITDA²	£11.8m	£6.7m
Adjusted EBITDA margin³	21.5%	18.6%
Adjusted PBT	£10.1m	£5.6m
R&D spend	£1.8m	£1.4m
Cash conversion⁴	(26%)	66%
ROCE⁵	34.5%	26.6%

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

Notes 1-5 are non-IFRS measures.

Revenue

Group revenues increased by 52% to £55.1m, (FY22: £36.2m). Excluding the Mathewson acquisition, UK revenues grew by 50% to £54.0m (2022: £35.9m). International revenues grew by 105% from £0.26m in 2022.

“We are well positioned to achieve our strategic objectives.”

Profits

The improvement in revenue supported strong growth in profits and profitability. Adjusted EBITDA² increased 76% to £11.8m, (2022: £6.7m), with the Group achieving Adjusted EBITDA margins³ of 21.5%, up from 18.6% in 2022. Adjusted PBT for the year was £10.1m an increase of 79% from 2022.

Statutory operating profit increased to £10.3m (2022: £4.4m) and statutory profit before tax was £9.9m (FY22: £4.1m).

Acquisitions

On 29 July 2022 the Group acquired Mathewson Holdings Limited (“Mathewson”). The total consideration for the acquisition, including deferred consideration, is £1.7m. The acquisition was the continuation of our clear growth strategy in the UK, laid out at the time of our IPO, to acquire bolt-on opportunities which provide access to new markets. For the period following acquisition, Mathewson recorded revenues of £0.6m and operating profit of £0.2m.

Following the successful completion of the HaGePe International B.V. acquisition last year and the transfer of its assets, including stock, to Cenergist Spain S.L., in November 2022 the Board reviewed the value of the assets transferred and, in particular, the provision made against stock and concluded that this provision was no longer required. The value of the provision released in the year was £0.7m.

I am pleased to announce that post-year end, on 3 April 2023, the Group acquired Vriend. The total consideration for the acquisition, is €521,928. The acquisition is part of our European growth strategy and now gives the Group delivery capabilities in the Netherlands. The Board considers that this acquisition delivers value to shareholders by accelerating the growth opportunity in continental Europe.

Adjusting Items

The total pre-tax adjusting items in the year were £0.1m. These were £0.1m of charges for share-based payments (2022: £0.3m).

Earnings per share

Basic earnings were 25.50p (2022: 18.28p) and diluted earnings per share were 25.25p (2022: 18.16p).

Dividends

For the financial year ended 31 January 2023, following a strong performance the Board is delighted to recommend a final dividend for the year of 1.2p per share, subject to shareholder approval. This is a 20% increase from 2022 and establishes the Board’s progressive dividend policy.

Headcount

The Group’s full time equivalent (FTE) employees at 31 January 2023 were 168 (FY22: 113). This increase reflects the acceleration in recruitment, to support the Group’s growth strategy.

Share capital and share options

No share options were issued during the year under the Long Term Incentive Plan with the total share options in issue at the yearend remaining at 332,673.

Intangible assets

Following the Group’s admission on AIM, the Board carried out a review of the Group’s accounting estimates to ensure that they were appropriate given the recent growth of the Company and the increased levels of compliance the Group is now subject to. As a result of this review, it was concluded that the previous useful economic life of 5-years assumed for patents was not appropriate for intangible assets of this nature. The Board believes that a useful economic life of 15 years is realistic, and the amortisation of these assets has been adjusted accordingly. The adjustment resulted in a positive impact to the profit & loss account of £0.4m.

Cash flow and net debt

Cash conversion declined significantly from last year with a cash outflow from operations of £3.4m (FY22: £3.0m inflow). This was as a result of a change in the working capital profile during the year. The lead times for key components on a number of projects increased significantly, requiring the Group to bulk purchase these items at the start of these projects, ahead of receiving funding from clients, rather than during the project life, to ensure project delivery timescales were met. In addition, a heavy Q4 bias on project delivery has seen an increased level of trade and other receivables at the year end (FY23: £29.2m, FY22: 12.4m), negatively impacting working capital. The Board is pleased that, post period end, 54% of the accrued income balance has been received by the Company as cash.

Total capital expenditure on property, plant and equipment amounted to £0.9m (FY22: £2.7m). In addition, there was a further outflow of £1.6m for the acquisition of Mathewson Holdings Limited.

The Group ended the year with net debt (excluding IFRS 16 liabilities) of £3.0m compared with £4.1m of net cash at 31 January 2022.

Post-year end the Group has secured £2.5m of additional banking facilities with HSBC UK Plc. 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 order book which stands at £130.4m of which we currently anticipate 62% to be delivered in the current year. The accrued income at January is unwinding as expected, with the majority of this having already converted into cash. We expect cash conversion to exceed 100% during the year and return to a net cash position by the year end.

Iain Richardson

CFO

31 May 2023



the opport

The need to reach
Net Zero and reduce
water stress is now
widely understood.



unity

The opportunity continued

Our expertise and technologies can help organisations meet these goals.

Our Control Flow technology allows developers, local authorities and businesses to tackle water consumption and address nitrate neutrality.

Control Flow technology can cut water consumption in homes by up to 22%, reducing environmental impact and cutting customers' bills.

22%

**average reduction
in water consumption**

70%

reduction in carbon emissions delivered
by Eneraqua Technologies

We have helped reduce carbon emissions for over 100 sites, including schools, libraries, and commercial premises by 50%–70% by improving heating and hot water systems.

Case study

Leeds City Council

First high temperature air source heat pumps in a UK residential setting.

As part of Leeds City Council's 'Clustering for Warmth' project, we designed and installed one of the first high temperature air source heat pump-powered district heating systems in the UK.

This heating system supplies heating and hot water to 497 homes, cutting residents' energy bills by up to 52% and carbon emissions by up to 64%.

Our Control Flow technology is incorporated into the system to ensure residents see the lowest possible energy bills.

52%

average reduction in residents' energy bills





Case study

Oxfordshire County Council

Decarbonisation of schools in Oxfordshire County Council.

We are working together with Oxfordshire County Council to deploy decarbonisation and energy efficiency measures in two primary schools: RAF Benson and Harwell Primary Schools.

End of life boilers have been replaced with hybrid air source heat pumps and heating boiler solutions. The total cost of these projects, which were delivered during winter months while school was in progress with minimal impact on pupils and staff, was over £1m.

Case study

Agritech project in Uttarakhand

340

farms supplied
across Uttarakhand

Smart agricultural water solutions.

The agricultural sector in India accounts for about 80% of all fresh water consumed.

Through a smart technology-based irrigation solution, we are reducing water wastage and improving the incomes of farmers across 340 sites in Uttarakhand.

Using solar PV and soil moisture metering, this provides an efficient zero-carbon irrigation solution to support sustainable agriculture.





Case study

Crawley Borough Council

Meeting water efficiency goals.

New build development in Crawley was blocked due to net water neutrality concerns.

We worked with the Council and Natural England to solve the problem by installing the Control Flow technology in existing homes in the Borough. By reducing their water consumption, we created headroom for some new homes to be built. Existing resident saw lower water and energy bills (average savings of £350 per annum) with customer satisfaction in excess of 99%. At the same time, the Council could press ahead with their exciting growth and development plans.

Customer satisfaction¹
scores over

99%

¹ Based on customer satisfaction surveys undertaken during installation.

How we listen and respond

Section 172 (1) of the Companies Act 2006 requires company directors to act in the way they consider, in good faith, most likely to promote company success for the benefit of all their stakeholders.

In so doing, the Directors must have regard to the following factors:

a. the likely consequences of any decision in the long term:

Company purpose	Pages 1–7
Performance review	Pages 10–21
Dividend policy	Page 21
Sustainability	Pages 36–41

b. the interests of the company's employees:

Colleague engagement	Pages 6 and 38
Our colleagues	Pages 31–33
Our Values	Page 38
Diversity and inclusion	Page 39
Whistleblowing	Page 41
Internal controls	Page 44
Health and safety	Page 45

Modern Slavery – please refer to www.eneraquatechnologies.com

c. the need to foster the company's business relationships with customers, suppliers and others:

Performance review	Pages 10–21
Delivering our solutions	Pages 26–29
Stakeholder engagement	Pages 34 and 35
Sustainability	Pages 36–41
Our values	Page 38
Internal controls	Page 45
Health and Safety	Page 45

Modern Slavery – please refer to www.eneraquatechnologies.com

d. the impact of the company's operations on the community and the environment:

What we do	IFC
Company purpose	Pages 1–7
Stakeholder engagement	Pages 34 and 35
Sustainability	Pages 36–41
Internal controls	pages 43–47

e. the desirability of the company maintaining a reputation for high standards of business conduct:

Company Purpose	Pages 1–7
Sustainability	Pages 36–41
Internal controls	Pages 43–47
Whistleblowing	Page 41

f. the need to act fairly as between members of the company:

Dividend Policy	Page 21
Stakeholder Engagement	Page 35
Annual General Meeting	Page 66

Our colleagues



Our five stakeholder groups are essential to our future success, and the Board considers and balances all their interests in its decision-making.

We believe each stakeholder group requires individual engagement to foster effective relationships. We set out on the following pages the key priorities for each stakeholder group and how we engaged with them during the past year. This is not intended to be an exhaustive list of all stakeholder priorities and our engagement activity, but provides a summary to illustrate the importance of each group.

Why we engage

Our colleagues are our most valuable asset and their health, safety and wellbeing are of paramount importance.

How we engage

We undertake a variety of communication methods through all-staff communications, including town hall briefings with the CEO and CFO. We communicate open job opportunities across the business and track our performance through our annual staff survey and ad hoc pulse surveys.

Key actions over the year

In FY23, we held workshops with colleagues across the Group to develop an understanding of the Group's values and ensure all colleagues are committed to our vision. Further information on our values is on page 38. We have ensured that colleague salary increases reflect the impact of the high cost of living and have improved colleague benefits in the UK with additional health cover. Equivalent benefits are being developed for our colleagues outside the UK. All UK colleagues can now have our Control Flow technology installed for free to help them reduce their water and energy bills. We are also enhancing our succession planning and undertaking a new approach to developing talent.

Our colleagues continued

Nilanjan Bose,
General Manager Energy Services, India



Our culture is incredibly important to our success: our people work hard as a team, with a can-do and do-it-right attitude. They are absolutely focused on partnership with our clients and exceeding the clients' expectations. We want to encourage this by ensuring that working for the Group is engaging and fulfilling.

We know our 168 people are engaged and rate our culture from the positive responses to our annual employee engagement survey (see page 38 for more information). We value their feedback and input and, in FY23, we asked them to contribute to articulating the Group's values for the first time, which they feel best represent who we are and what we do.

“I love that my job challenges me every day in different ways.

“Creative thinking and self-development is actively encouraged, which is reflected in our client handling and a constant flow of work providing Group-wide services and solutions.”

Simone Davidson
Programme Manager, Water



“Not only do I feel valued within the work I carry out – it’s great to be an integral part of successful company growth.

“We have a fantastic working culture; and it is a great place to work and progress in your career.”

Stakeholder

Our partners

Including suppliers and sub-contractors



Why we engage

Working in partnership with our suppliers and sub-contractors is critical to our supply chain and ensures we can deliver for our clients.

How we engage

We ensure an open two-way dialogue with our suppliers and hold regular review meetings to provide feedback to improve service. We review all suppliers and sub-contractors to ensure that they can meet our high standards of services and follow all policy requirements.

Key actions over the year

We have consolidated some of our supplier base, focusing on value, quality and local sourcing where possible. We have also improved our procurement practices, hiring an expert in procurement who has reviewed the supplier processes and is focused on delivering sustainable procurement practices. We also work with distributors to secure key components for long-term demand. Further information can also be found in the ESG report on pages 38–41.

Stakeholder

Communities and the environment



Why we engage

We want to understand the communities where we operate, to build trust and to understand and support important local issues. We also aim to help them minimise their impact on the environment.

How we engage

We recruit locally where possible and have developed apprenticeship schemes in some of the areas where we work. We ensure that people are aware that we are working in the area through targeted social media adverts and to give people the opportunity to engage and feedback.

Key actions over the year

We have supported local charitable initiatives in the locations we work. We have improved local services and recreational facilities in our clients' areas through the provision of children's play facilities and improved toilet facilities. We have been involved in community support initiatives through the provision of warm home packs during the recent cost of energy crisis. We encourage our colleagues to volunteer through allowing them to work flexibly so that they have time to support their local charity and also providing volunteering opportunities in the areas where we work. Further information can also be found in the ESG Report on pages 38–41.

Our investors



Why we engage

We aim for transparent engagement with our investors to ensure they have a clear understanding of how we perform in key areas, including financial performance, governance and long-term strategy.

How we engage

Our CEO and CFO have regular sessions with existing and prospective investors following interim and full-year results. We produce an online video for investors unable to attend face-to-face sessions. Our Investor Relations team is a key contact point for all shareholders. We also ensure our Company website is updated regularly.

Key actions over the year

We increased reporting to investors and now provide additional updates on contract wins and new business channels. We have increased the number of sessions that we have with existing and prospective investors.

Our clients and their customers



Why we engage

We work closely with our clients and their customers utilising innovative design solutions to help reduce clients' costs while delivering benefits to their customers. Through our technology and product-agnostic turnkey engineering, we select the best solution for our clients and their customers.

How we engage

By working directly with individual clients to understand their needs and requirements, we create innovative design solutions. Throughout a project, we have continuous dialogue with our clients, including weekly meetings where we feed back on delivery solutions and discuss any issues. Our clients' customers complete satisfaction surveys to ensure that we can continually improve our service levels.

Key actions over the year

We act dynamically to expedite resolution of issues and/or improvement in services. This is borne out by customer satisfaction scores of over 95%. More information can be found on page 7.

Sustainability is at the heart of our business model. Our patent-protected technically advanced technologies, ability to design and deliver complex projects and programmes and highly skilled workforce, combine to deliver solutions that help our clients meet their Net Zero and water efficiency targets.

We are committed to understanding, managing, and reducing the environmental impacts of our activities, as well as promoting a flexible and diverse working environment as we expand and grow our business. We collaborate with our internal and external stakeholders to develop, implement, and refine our relationship with sustainability to meet their requirements.

At a Group level, we are at Net Zero based on our Scope 1 and 2 emissions. We continue to develop and improve our environmental, social and governance (ESG) approach, recognising their contribution to our business performance.

We use an established external ESG consultancy to report our progress and credentials accurately and consistently, and to inform our ESG strategy. The data has shown that during FY23 the Group generated a 50% increase in lifetime savings for clients through our Control Flow technology and renewable heating solutions, designed to help them deliver their net carbon zero strategies.



Environment

We recognise that our operations have an impact on the environment and we are committed to reducing our emissions and promoting sustainable practices. Over FY23, we have taken several significant steps towards achieving this and this is illustrated by the level of carbon savings we have generated.

Carbon emissions

During FY23, we completed the measurement and reporting of our Scope 1 and 2 emissions for the first time across our operations in the UK, Spain, India, and The Netherlands. Our total carbon emissions for FY23 were 710.93 tCO₂e. This will form the baseline against which we monitor our progress in the future.

Carbon savings

During FY23, we generated lifetime savings of over 209,000 tCO₂e through our Control Flow technology and renewable heating solutions. This is an increase of 50% on the previous year, due to increased levels of activity across the Group, and serves to offset carbon generated in our Scope 1 and 2 activities.

Waste management

We recognise the importance of responsible waste management and to reducing our waste and promoting circular economy practices. We are collecting data on our global waste and recycling across our locations to better understand our waste generation and disposal patterns.

Colleague approach to environment

Our colleagues play a critical role in promoting sustainable practices both at work and at home. To raise awareness of environmental issues and to encourage sustainable practices, we implemented an environmental training programme in FY23 to cover energy conservation, waste reduction and sustainable transportation. This formed part of our regular 'Toolbox Talks' engagement programme.

Biodiversity

As part of our approach to biodiversity, we conduct biodiversity assessments at relevant sites to identify and manage any potential impacts on local ecosystems. We recognise the importance of protecting biodiversity and are committed to promoting sustainable practices that support the conservation of natural resources.

Utility and Scope	UK only Energy Consumption (KWh)	UK only Emissions (tCO ₂ e)	Global (excluding UK) Energy Consumption	Global (excluding UK) Emissions (tCO ₂ e)	UK & Global Energy Consumption (KWh)*	UK & Global Emissions (tCO ₂ e)
Scope 1	2,873,627	689.59	43,613	8.99	2,916,241	698.58
Gaseous and other fuels	51,452	9.39	15,527	2.83	66,979	12.23
Transportation	2,822,176	680.20	27,086	6.15	2,849,262	686.35
Scope 2	23,918	4.63	22,338	7.72	46,256	12.35
Grid-supplied electricity	23,918	4.63	22,338	7.72	46,256	12.35
Transportation	365,770	84.37	57,466	13.07	423,235	97.43
TOTAL	2,897,545	694.22	64,951	16.71	2,962,497	710.93

* Scope 1, and 2 consumption and CO₂e emissions data has been developed and calculated using the GHG Protocol, A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019a); and Environmental Reporting Guidelines.

Government Emissions Factor Database 2022 version 1 has been used, using the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting period February 2022 to January 2023.

Social

We're committed to promoting social sustainability, covering our colleagues, local operations, and communities across all aspects of our operations, and looking after their welfare, and mental and physical wellbeing.

Colleague engagement

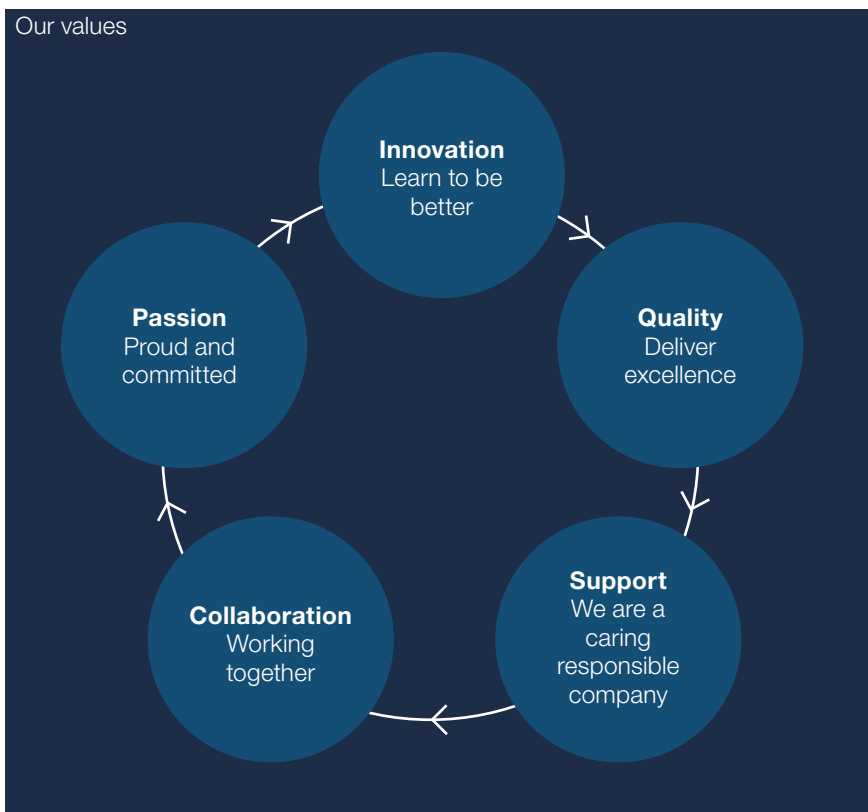
Our colleagues are at the heart of our Company and are the reason for our success. Our annual colleague engagement survey provides a valuable insight into their views and invites their input. Our results for FY23 showed that:

- 97% agree/strongly agree we have good work atmosphere.
- 95% agree/strongly agree the Group is a great place to work.
- 92% agree/strongly agree we have a good company culture.
- 96% agree/strongly agree the work we do is meaningful.

We are delighted with the positive engagement and feedback from our colleagues, which we will use to identify key areas to focus during FY24. We have already increased opportunities for colleague training and development, including career progression at all levels throughout the business.

Our values

During FY23, we asked our global colleagues to collaborate and develop our values. As part of the process. We conducted focus groups with diverse colleagues across each of the Group's locations to provide a cross-section of views and inputs and particular values that accurately represent who we are and what we do. See diagram below.



The values form part of our global culture, performance measurement, recruitment, and stakeholder engagement. We will be monitoring the effectiveness of our values during FY24 through updated recruitment practices, performance development reviews and colleague satisfaction surveys.

Diversity and inclusion

Our colleagues reflect the communities in which we operate. We are committed to creating a working environment in which individual differences and the contributions of all our colleagues are recognised and valued.

We promote diversity and inclusion across all levels of the Group and throughout our operations, and it is embedded in our governance practices, recognising the importance that a diverse and inclusive culture has in delivering our ESG goals.

Our Board and senior managers are tasked to ensure they:

- promote diversity and inclusion to all colleagues and consultants.
- actively demonstrate our Diversity policy and practices.
- develop new practices to ensure inclusion for colleagues, contractors, and customers.
- demonstrate continuous improvement in diversity and equal opportunities for all.

Our Equal Opportunities policy ensures that all colleagues, customers, contractors, and those who we come into contact with are always treated equally, and with fairness and consistency. We provide guidance and training to all colleagues about diversity awareness and equality, to ensure we are both an inclusive employer and service provider.

All our recruitment processes are aimed to ensure fairness, equality, and consistency for all candidates, removing any potential barriers to employment. Eneaqua Technologies globally employs 168 colleagues, comprising of a gender split of 33% female to 67% male. We are pleased to note that in senior management positions, the gender balance for FY23 was 50% female and 50% male.

Training, development, mental health and wellbeing

We invest in the training and development of our colleagues to support their personal and professional growth, and mental as well as physical health, which includes training on mental health and wellbeing. Our 'Recovery4Life' mental health programme ensures everyone at Eneaqua Technologies receives mental health assistance when they need it. Mental health and wellbeing have a special focus each quarter on our global intranet site, when we discuss key topics.

We also encourage flexible working for colleagues to create a healthy working environment and offer a range of benefits for our UK colleagues, including access to a medical cash plan, carer's leave, and enhanced maternity pay for those with over two years' service. Equivalent benefits are being developed for our colleagues outside the UK.

All colleagues are helped and encouraged to develop their full potential and we support them to use their talents and resources to maximise our efficiency.

Prioritising health and safety

We prioritise health and safety across our areas of operations and provide training for our colleagues. Our 'Toolbox Talks' for colleagues focus on topics such as health and safety, risk management, and emergency procedures, ensuring our colleagues are equipped with the knowledge and skills to work safely and effectively.

Local

Where we can, we aim to recruit locally in the areas where we operate. Across our global family, 84% of our colleagues were recruited locally, with 16% working at a national level. We continue to support our local approach through our apprenticeship programme and in FY23, we recruited two colleagues from the areas where we are operating to gain experience in areas of IT and operational services.

Social

Communities

Our success and growth are closely tied to the success of the communities in which we operate. We consider how our work affects the local environments we work in, and we use our resources to make a positive social impact in the communities where we operate, as well as reducing their CO₂ emissions.

Our support covers a range of initiatives that promote sustainable practices and social wellbeing, and we are proud to be actively involved in local community projects. In FY23, our initiatives included:

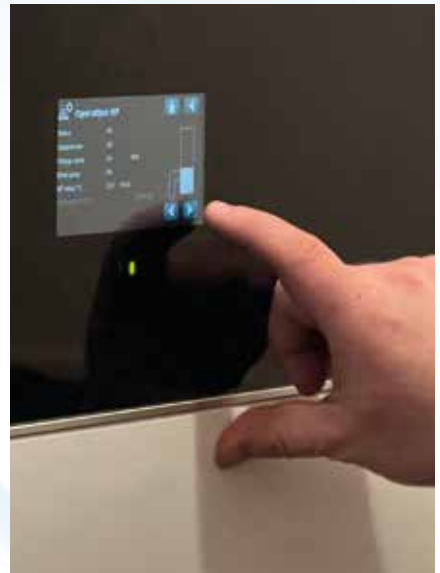
- installing defibrillators in local communities.
- donations to an outreach centre for a children's trim trail.
- providing winter warm packs for vulnerable residents in sheltered accommodation.
- improving a local sports club to reduce utility bills.

We encourage our colleagues and partners to volunteer their time to support local community projects, which are selected through consultation with communities. Over the past year, some of our colleagues have supported improvements to a local nursery and primary schools where they work, as well as gifts for local charities at Christmas.

In the Netherlands, we work with a local company that proactively employs people with a range of abilities, some of whom face day-to-day challenges which may affect their ability to secure employment elsewhere. The company provides a safe learning environment in which valuable work experience is obtained, providing a steppingstone into future employment.

Collaborating with suppliers

We work with multiple small and medium sized suppliers, many of whom are only starting their sustainability journey. At present we are engaging with them to improve understanding and help them identify emissions and consider how to reduce their impacts. Our Sustainable Procurement policy is designed to promote this approach to social and environmental awareness.



Governance

As an AIM-listed company, we align with the QCA Corporate Governance Code, which sets out our commitment to ethical values and behaviours, including our responsibilities to our stakeholders, the environment, and society.

This is reinforced by a range of policies and procedures applied to areas such as modern slavery, remuneration, and whistleblowing and anti-bribery and corruption, while ensuring compliance with relevant laws, regulations, and industry standards.

Awards

We were shortlisted for an Association of Decentralised Energy award for Heat and Efficiency Design Innovation for the Clustering for Warmth project, in partnership with Leeds City Council and Arup. The £24m project involves design and installation of decarbonisation retrofit heating and hot water systems to 26 high rise blocks, moving to GSHP and ASHP communal systems.

We have been shortlisted for ESG Company of the Year at this year's Small Cap Awards. The awards celebrate the best and reward the finest in the sub-£350m market cap quoted company sector each year.

Accreditations

We have the following accreditations for our UK business:

- Green Economy Mark, awarded by the London Stock Exchange
- ISO 9001: Quality Management (UK)
- ISO 14001: Environmental Management (UK)
- ISO 45001: Occupational Health and Safety (UK)
- Micro Generation Certification Scheme (MCS) for Ground Source/ Air Source Heat Pump.
- Renewable Energy Consumer Code (RECC)

During FY24, we will start preparing for ISO accreditation for our businesses in India, Spain, and The Netherlands.



Our approach to managing risk has continued to evolve and improve this year.

The Board recognises the importance of identifying and actively monitoring the major risks we face. Our approach to managing risk is simple and practical.

We have designed our risk management and internal control systems to help us meet our 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 has overall responsibility for establishing and maintaining a system of internal controls and risk management. The Audit and Risk Committee, under delegated authority from the Board, oversees our risk management framework and is responsible for facilitating the effective identification and evaluation of risks, and reviewing the controls in place. The Audit and Risk Committee has delegated responsibility for reviewing our internal financial controls

and monitoring the integrity of our financial statements, including annual and interim accounts, and results announcements.

The Chief Financial Officer (CFO) manages our financial procedures and controls and, together with our 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.

Identification and evaluation of risks

Each functional area tasked with monitoring emerging or changing risks in their field. These are challenged by the Executive team and the principal risks are reviewed regularly by the Audit and Risk Committee.

We use a risk scoring matrix to ensure risks are evaluated consistently. Our matrix considers the likelihood and impact, and we consider the inherent risk (before any mitigating action) and the residual risk (the risk that remains after mitigating actions and controls). From this, we identify the highest risk areas that require regular reporting to the Board. In FY23, we have enhanced our risk register and added a risk footprint, which shows immediately the main areas of high risk.

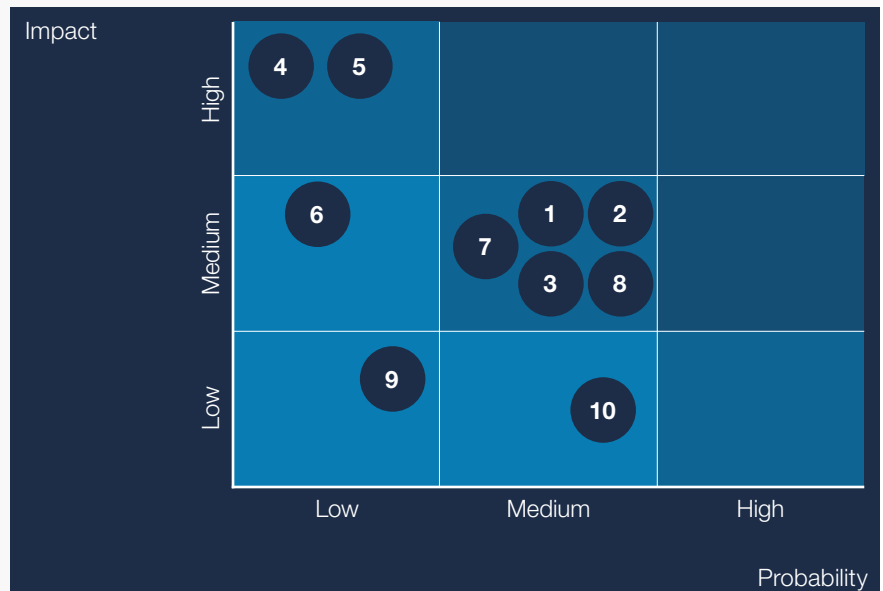
We have also enhanced the level of reporting to the Board, which receives presentations from areas that the Audit and Risk committee recommends should be considered in greater depth. During FY23, in-depth reviews included IT security systems, people management and government policy.

Risk footprint

Position is after taking account of mitigating controls in place. All high-risk areas require regular reporting to the Board.

Risk description

- 1 People and resources
- 2 Intellectual property
- 3 Supply chain and third-party dependency
- 4 Health and safety
- 5 Change in government policy
- 6 Data protection and security
- 7 Acquisitions and integration
- 8 Liquidity and capital risk
- 9 Competition and industry consolidation
- 10 Overseas markets



We update the Risk Register as changes to the nature of risks emerge, or when we implement or amend mitigating actions.

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

Principal risks and uncertainties

Over the following pages, the Board has set out the principal risks and uncertainties that it believes could impact the business. Following a review of our risks during FY23, additional risks were identified as principal risks, and these are included in the following pages. This is not an exhaustive list of all the risks we face, as the Board recognises that the nature and scope of risks can change and that there are other risks to which we are exposed.

Principal risk

People and resources

Risk description

- Failure to successfully recruit, develop and retain the right colleagues with suitable capabilities.
- Potential consequences include the inability to deliver key strategic initiatives, increased cost of recruitment and training, and increased strain on our managerial and operational resources.

Mitigating actions

- Developing a robust people plan, which includes improved recruitment processes and talent progression.
- Improved succession planning and identification of key positions required to deliver our strategy.
- Continual engagement with colleagues to gain insight into the resources they require to undertake their roles effectively, and to understand their views on different benefits.
- Enhancing colleague benefits package.
- Recognising the impact of the rising cost of living on our colleagues.
- Monitoring colleague satisfaction and engagement levels across the Group.

Principal risk

Intellectual Property (IP)

Risk description

- Challenges to patent applications for existing and future Control Flow HL2024 technology could delay or deny patent award and prevent us from realising our strategic initiatives.
- Potential consequences include third parties asserting infringement claims, and risk of cost to us for requiring to assert intellectual property rights.

Mitigating actions

- Appointing experienced advisers.
- All patents, copyright and trademarks filed in current and future prospective countries.
- Monitoring and tracking IP applications.
- All research and design carried out 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 applications.

Principal risk

Supply chain and third-party dependency

Risk description

- Key suppliers and sub-contractors fail to meet contractual obligations, causing disruption to project delivery.
- Potential consequences impact our client relationships and our ability to deliver to budget, due to factors such as availability, disputes with contractors, material price increases, shortage of materials or unforeseen difficulties.

Mitigating actions

- Robust and established project management procedures, which are applied to the overall project in addition to the individual elements.
- A network of experienced contractors with whom we have long-standing relationships. New projects are planned in conjunction 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 performance monitoring.
- Working 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.
- Regular review of key projects by senior management to mitigate any risks.
- Targeted acquisitions, which can mitigate against the potential risk of a shortage of capacity for certain contracts.
- Robust due diligence applied to all contractors (new and existing) to monitor financial, operational and service performance.

Principal risk

Health and safety

Risk description

- Failure to comply with health and safety laws and regulations, and to prevent or deal effectively with a major safety incident.
- Potential consequences include injury or loss of life, operation disruption, loss of customer trust, damage to reputation and civil or criminal litigation.

Mitigating actions

- Dedicated colleagues assigned responsibility for health and safety (H&S) management.
- Comprehensive safety management system with stringent H&S policies and procedures, and annual external validation via ISO 45001.
- H&S training and awareness for all colleagues.
- Engagement of experienced Health & Safety advisers.
- Robust onboarding procedures for sub-contractors, to ensure their colleagues hold up-to-date, relevant qualifications and adhere to relevant H&S standards.
- 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.
- Monitoring changes in legislation and regulation to ensure we comply with all obligations.
- Targeted internal business incident testing to ensure robust policies and procedures are in use by colleagues.
- Reviewing lessons learned and implementing necessary changes immediately.

Principal risk

Change in Government policy

Risk description

- Changes or delays in Government policy relevant to climate change, energy and water sustainability goals could impact our investment decisions and performance.
- Potential consequences include loss of revenue and constrained growth.

Mitigating actions

- Engaging with Government policymakers and stakeholders to understand issues and ensure they are aware of the importance of a stable policy environment for investment purposes.
- Work with key clients to ensure they are aware and can adapt to any potential policy changes.
- Ensure awareness of the impacts of climate change and potential options to address the risks.

Principal risk

Data protection and security

Risk description

- A data breach involving unauthorised access to or loss of Group, client or colleague data.
- Potential consequences include operational disruption, adverse media coverage, regulatory fines/sanctions, loss of client or colleague trust.

Mitigating actions

- Protecting data is a key priority. We do 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.
- Reviewing regularly our data processing and destruction policies and procedures for compliance.
- All colleagues receive data protection training.
- Comprehensive IT processes, encryption and software.
- Conducting risk assessment when implementing new processes.
- Proactively monitoring changes in legislation and regulation to ensure we comply with all obligations.
- Targeted internal business incident testing ensures robust policies and procedures are in use by colleagues.
- Reviewing lessons learned and implementing necessary changes immediately.
- Robust processes for all IT equipment and stress testing of IT operations.
- Recruitment of IT specialist and outsourced IT support brought in-house to enhance IT service.

Principal risk

Acquisitions and integration

Risk description

- Failure to integrate acquired operations or technologies effectively to realise benefits of acquisition.
- Potential consequences include delays in integration, increased cost, loss of colleagues or loss of clients.

Mitigating actions

- The Board challenges and reviews the rationale for any acquisition, robustly assessing the investment case, to ensure any acquisition adds value.
- Oversight for acquisitions and integration sits under the CFO, with support from colleagues who are experts in integrating operations and technologies.
- Regular performance monitoring to ensure integration is on schedule, on budget and benefits are realised.
- Employing external advisers to ensure the appropriate level of skill and expertise, especially in due diligence.
- Board oversight and evaluation of full cost/benefits analysis before completion of acquisition.

Principal risk

Liquidity and capital risk

Risk description

- Insufficient funds to meet our financial obligation as they fall due.
- Potential consequences include insufficient cash, weakening of supplier relationships and reputational risk.
- Delay in significant projects.

Mitigating actions

- Treasury activity is reported to the Board monthly.
- Regular assessment of banking facilities.
- Detailed financial planning process allowing forecasting of ongoing liquidity requirements.

Principal risk

Competition and industry consolidation

Risk description

- Increased competition from other companies providing similar services.
- Potential consequences include reduction of market share, profitability and cost increases to retain market share.

Mitigating actions

- Differentiation of our business through innovation and expertise.
- Focus on client satisfaction and monitor other companies both locally and globally.

Principal risk

Overseas markets

Risk description

- Failure to understand legal, regulatory and political environments of overseas markets.
- Potential consequences include increased cost of recruitment and training and increased strain on our managerial and operational resources.

Mitigating actions

- Employing suitably qualified colleagues with local market knowledge.
- Engaging external advisers where required.
- Monitoring changes in policy and legislation.
- Monitoring and engaging with relevant Governmental policy makers.

Governance

**Chairman's introduction
to governance**
Pages 50–51

**Audit and Risk
Committee report**
Pages 57–58

Board of Directors
Pages 52–53

**Remuneration
Committee report**
Pages 59–63

**Governance
at a glance**
Pages 54–55

Directors' report
Pages 64–66

**Nomination
Committee report**
Page 56

**Statement
of Directors'
responsibilities**
Page 67

“I am pleased to present the Corporate Governance Report for 2023. The first full-year report since Eneraqua Technologies plc listed on AIM in November 2021.”

During the year, the Board has been kept regularly informed with reports from the CEO and management team. The non-executive members of the Board also regularly engage with senior management and colleagues at all levels outside Board meetings and visit company operational sites. As part of our governance agenda, we conducted an internal Board and Committee evaluation and further information on the actions we agreed can be found on page 55.

The following pages describe additional governance highlights and include details of the Board and Committee membership.

I would like to thank my fellow Board members for their contribution, commitment and dedication throughout the year.

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 we feel it is appropriate for our size. The following statement details how we comply with the QCA Code and explains any areas of non-compliance as appropriate.

Guy Stenhouse
Chairman



**Independent
Non-Executive Chairman**

Guy Stenhouse



**Appointed to the Board on
16 November 2021.**

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 of Scottish Business UK and advises a range of private companies. Guy brings substantial financial services knowledge and experience to the Board, together with a strong understanding of the requirements of listed companies. With extensive city experience, Guy draws on his prior knowledge to contribute both strategic and practical insights to Board discussions and debate.

Committee membership

Guy is Chairman of the Nomination Committee.

External appointments

- Executive Chairman of Shancastle Investments Ltd
- Independent Non-Executive Chairman of Ebico Ltd

**Independent
Non-Executive Director**

Sarah Cope



**Appointed to the Board on
16 November 2021.**

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 now holds several non-executive director roles for listed companies. Sarah's broad background enables her to make a valuable contribution to Board discussions and her extensive city experience also provides valuable insight and knowledge for the Board.

Committee membership

Sarah is Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

External appointments

- Independent Non-Executive Director, and Chairman of the Audit and Risk Committee for Helium One Global Ltd
- Non-Executive Director of Medcaw Investments plc
- Partner of Orana Corporate LLP
- Director of Northcote Energy Limited
- Director of Helium One (UK) Limited
- Non-Executive Director of Directa Plus plc
- Non-Executive Director of Smarttech247 plc
- Director of Oak Lea Consulting Services Ltd

Non-Executive Director

David Routledge



**Appointed to the Board on
16 November 2021.**

Skills and experience

Dave has considerable experience as an Executive and Non Executive Director in private and listed companies. He was an Executive Director at Eaga plc, a FTSE250-listed green support services business. Dave was appointed to Cenergist's Board in February 2013 before transferring to Eneraqua Technologies' Board in November 2021.

Dave is a chartered member of the Institute of Personnel and Development and the Institute of Directors and brings extensive HR and OD expertise to the Board. Dave is not considered an independent Director, but it is felt that Dave's particular skills, combined with his extensive industry experience makes him the most appropriate and stand out Director to chair the Remuneration Committee.

Committee membership

Dave is Chairman of the Remuneration Committee.

External appointments

- Independent Non-Executive Chairman for WCF Limited, Saltire Motorcycles Ltd, CRL Foods Ltd
- Independent Non-Executive Director for Gripple Limited, Research & Development Systems Limited, Segrapak Ltd, Loadhog Limited and Glide

**Independent
Non-Executive Director**

Bill Tame



**Appointed to the Board on
16 November 2021.**

Skills and experience

Bill's extensive career includes global industrial and engineering companies. Before joining Eneaqua Technologies plc, he was a Non-Executive Director at Aston Martin Lagonda plc. He was Group Financial Director and subsequently CEO of the International division at Babcock International Group plc for 17 years and was Chairman of Southern Water Services Ltd from 2017 to 2019. Bill is also a Fellow of the Institute of Chartered Accountants. Bill brings a wealth of relevant industry experience to the Board as well as substantial financial expertise and plc experience to the Board.

Committee membership

Bill is a member of all three Board committees.

External appointments

— Senior Advisor at Dial Partners LLP.

Chief Executive Officer (CEO)

Mitesh Dhanak



**Appointed to the 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, including 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.

Mitesh has recently become a member of the Department for Energy Security & Net Zero's Energy Efficiency Taskforce Steering Group.

Chief Financial Officer (CFO)

Iain Richardson



**Appointed to the 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 was appointed to Cenergist's Board on 21 June 2021 before transferring to Eneaqua Technologies' Board in November 2021. Iain is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales.

The Board is responsible for leading the Group. To assist in providing effective oversight and leadership, the Board has established several committees. The following diagram shows the role of the Board, its Committees and senior management.



There have been no changes to the Board, Committees, structure or Committees' membership during the year.

The Company Secretary, Kate Smith, is the secretary of each Committee.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibility. Further information on the Committees' roles are in each of their reports and a copy of the Committees' Terms of Reference are on our website (www.eneraquatechnologies.com) or on request from the Company Secretary. Details of the responsibilities of the Chairman, CEO, CFO and the Company Secretary can also be found here.

Board Meetings

Board meetings are generally held monthly. There were 11 scheduled Board meetings during 2022. As well as scheduled meetings, additional ad hoc Board meetings can be held throughout the year to receive updates and deal with time-critical matters. There were no additional Board meetings held in FY23.

When Directors were unable to attend any convened meetings, they received the papers and had the opportunity to provide their feedback in advance.

Board and Committee Attendance

The table on the right sets out attendance at all Board and Committee meetings held during the year to 31 January 2023.

Board Meetings, Committees and Attendance

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

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Guy Stenhouse	11/11	–	1/2	3/3
Sarah Cope	11/11	3/3	1/2	3/3
David Routledge	11/11	–	2/2	–
Bill Tame	11/11	3/3	2/2	3/3

Information and Support

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers and these are generally circulated to Directors at least five days prior to meetings. Kate Smith was appointed as Company Secretary in September 2022.

Directors have access to independent professional advice at the Group's expense. In addition, they have access to the advice and services of the Company Secretary, who is responsible for advice on corporate governance matters to the Board. The Company Secretary provides minutes of each meeting.

Board and Committee Evaluation

It is intended that this will be conducted annually. This year's evaluation was conducted internally by an anonymous questionnaire. The Company Secretary summarised feedback from the evaluation and shared it with the Board for discussion. Separate meetings were held by the Chairman with each of the Board members to understand their feedback in further detail.

Overall, the feedback from the evaluation was very positive. It was clear from the evaluation that Directors feel that the Board is effective in carrying out its role and functions well with each Director able to contribute openly and effectively. On the basis of the findings of the evaluation, the Board agreed to put a particular focus on succession and people planning, to undertake quarterly risk deep dives and to increase the emphasis of Board meetings towards strategy. In addition, given the appointment of a new Company Secretary, there will be a focus on the timing and content of the information required to the Board to enable it to carry out its role.

External Advisors

The following advisors have been appointed by the Group:

- Liberum Capital Limited, broker and nominated adviser.
- Singer Capital Markets, joint broker.
- PKF Littlejohn LLP, External Auditors.
- Memery Crystal LLP, legal advisor.
- EY, tax advisor.
- Alma PR Limited, financial PR advice and services.
- FIT Remuneration Consultants LLP, independent advice to the Remuneration Committee.
- Banking partners: Santander UK plc and HSBC UK Bank plc.
- Registrars: Link Group.



“Given our rapid growth, ensuring that there are robust succession plans in place is fundamental to our long-term success.”

Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 31 January 2023.

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board in relation to any changes.

The Committee's principal duties are set out in the Committee's Terms of Reference, which are available on our website or on request from the Company Secretary can be summarised as follows:

- Review the structure, size and composition of the Board;
- Consider succession planning for the Board and senior management;
- Evaluate the balance of skills, knowledge, experience, and diversity on the Board;
- Review and act upon the results of the Board evaluation process;
- Keep the leadership needs of the Group, both executive and non-executive, with a view to ensuring continued ability of the organisation to compete effectively in the marketplace; and
- Identify and nominate, for Board approval, candidates to fill Board vacancies as and when they arise.

The Terms of Reference were last reviewed and updated in March 2023.

Members of the Nomination Committee

During the year, the Committee consisted of Guy Stenhouse, Sarah Cope and Dave Routledge. All but Dave are classified as independent Non-Executive directors. Their biographies are on pages 52 and 53.

There were no changes to the Committee membership during the year.

Committee meeting and attendance

The Nomination Committee met formally three times during the year. Details of attendance are on page 55.

The Company Secretary acts as secretary to the Nomination Committee. Although only members of the Committee have the right to attend meetings, other individuals, such as other Board members, senior management and external advisers may be invited to attend for all or part of any meeting.

Key actions over the year

Board evaluation

- During the year, we carried out an internal evaluation of the Board and its Committees, which reflected that the Board is functioning well and provided some areas of focus for 2023. Further details are set out on page 55 in the Governance report.

Succession planning

- Given our rapid growth, ensuring that there are robust succession plans in place at Board and senior management level is fundamental to our long-term success. The Committee conducted a review of the succession plans during the year, in relation to both critical succession planning as well as our long-term succession plan. As a result, we agreed next steps for the Critical Personnel Plan and approved a long-term Succession Plan. The Committee will continue to monitor progress of both the Critical Personnel Plan and the long-term Succession Plan in 2023.

Nomination Committee in 2023

The Committee is scheduled to meet at least twice in 2023. The Committee will continue to monitor the Board composition to ensure it has the appropriate skills and experience to provide effective support and governance. The Committee will also continue to monitor progress of both the Critical Personnel Plan and the long-term Succession Plan.

Guy Stenhouse

Chairman, Nomination Committee
31 May 2023



“We continue to develop our risk management processes, to ensure they remain relevant to the changing environment.”

Dear Shareholder

On behalf of the Board, I am pleased to present the Audit and Risk Committee report for the year ended 31 January 2023.

The role of the Audit and Risk Committee is to monitor and review the integrity and adequacy of the Group’s financial statements and reporting, the effectiveness of its internal control and risk management procedures; recommending the appointment of the External Auditors and the audit fee to the Board; monitoring the performance, independence and effectiveness of External Auditors, and assessing their recommendations.

The main responsibilities of the Audit and Risk Committee are set out in its Terms of Reference, at www.eneraquatechnologies.com or are available on request from the Company Secretary. The Terms of Reference were last reviewed and updated in March 2023.

The Committee reviewed the interim results announcement, including the interim financial statements, the Annual Report and associated preliminary results announcement, focusing on key areas of judgement and complexity, critical accounting policies, disclosures, viability and going concern assessments, provisioning and any changes required in these areas or policies.

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

The Committee also reviewed the Group’s prospects and viability, and recommended to the Board the adoption of the going concern basis of accounting in preparing the Group’s financial statements.

Members of the Audit Committee

Sarah Cope is Chairman of the Audit Committee and Bill Tame is a member. Their biographies are on pages 52 and 53.

All 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 I have relevant financial experience to chair the Audit and Risk Committee.

There were no changes to the Committee membership during the year.

Committee meeting and attendance

The Committee met formally three times during the year. Details of attendance are on page 55.

The Chief Financial Officer and PKF, the External Auditor, regularly attend the meetings of the Committee.

The Company Secretary acts as secretary to the Audit and Risk Committee. Other individuals, such as other Board members, senior management and external advisers may be invited to attend for all or part of any meeting.

Committee activities during the year

In relation to the integrity of the full-year financial statements and interim and preliminary reporting, the Committee:

- Reviewed reports from management and the External Auditor, and discussed key matters, including the appropriateness and consistent application of accounting policies.

Audit and Risk Committee report continued

- Assessed the financial statements' compliance with applicable accounting standards and statutory and listing requirements.
- Reviewed the approach adopted to account for the acquisition of Matthewson.
- Focused on significant areas of accounting judgement and estimation in preparing the financial statements, noting the key area of revenue recognition.
- Considered the Group's quality of the earnings and cash flow.
- Considered whether the review of tangible and intangible assets across the Group had considered the depreciation or amortisation adjustments correctly, and in particular the assessment of the useful economic life of key capital items and the impact of depreciation and amortisation rates.

The Committee did not report on any major issues or raise any material concerns in respect of the above matters.

Key actions over the year

Effectiveness of the risk management and internal control systems

The Board has delegated responsibility to review adequacy and effectiveness of the Group's risk management framework and system of internal controls to the Committee. We have an established framework of risk management and internal control systems, policies and procedures, as described on pages 42–47.

During the year, the Committee reviewed the processes for identifying, evaluating and managing the principal and emerging business risks that we face, including our operational risk register. We continue to develop our risk management processes, to ensure they remain relevant to the changing environment.

Our review included an assessment of our principal and emerging risks, and changes in these risks levels during the year. We considered the potential impact and probability of such events or circumstances happening. We continue to review our financial and operating internal controls to ensure we comply with best practice, while also having regard to the Company's size and the resources available. PKF, our External Auditor, obtained an understanding of our internal controls to form its audit opinion (on pages 70–73), and reported no significant deficiencies in our internal controls.

Our whistleblowing policy sets out the formal process by which a colleague may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. This policy is kept under review.

The Committee's review of the effectiveness of the systems of internal control and risk management was based on the activities and engagement above. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Committee reported to the Board on that basis.

External Audit independence and effectiveness

During the year, the Committee reviewed the external audit strategy and the findings of the External Auditor from its audit of the consolidated financial statements. The Committee assesses the ongoing effectiveness and quality of the External Auditor and audit process through several methods, starting with a review of the detailed audit plan presented to the Committee at the start of the audit cycle.

The key audit risks identified by PKF were then reviewed by the Committee. The work performed by the External Auditor was used to test management's assumptions and estimates relating to such risks.

The effectiveness of the audit process in addressing these matters was assessed through reports presented by the External Auditor to the Committee, which were discussed by the Committee. PKF highlighted no major areas of concern during the current financial year.

The External Auditor did not provide any non-audit services.

Internal audit function

- Considering our continuing growth, the Committee also considered whether it was appropriate to develop an internal audit function. We considered the nature of operations, the experience and skill of the management team. The Committee believes that management can be assured of the adequacy and effectiveness of internal controls and risk management procedures, without the need for an internal audit function, but this will continue to be actively reviewed by the Committee.

Sarah Cope

Chairman, Audit and Risk Committee
31 May 2023



“We aim to attract, motivate and retain people of the highest calibre. Our corporate culture and remuneration practices are key to delivering short and long term results for our shareholders.”

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 31 January 2023. The Company is quoted on AIM and therefore not required to provide all 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 FY23, and the operation of the Remuneration Policy for FY24.
- The Remuneration Policy report, which summarises our Remuneration Policy.
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented for FY23 and how it will operate for FY24.

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 Chairman's fee and senior management remuneration.

Further information on the Committee responsibilities are set out in the Terms of Reference, at www.eneraquatechnologies.com or available on request from the Company Secretary. The Terms of Reference were last reviewed and updated in March 2023.

Members of the Remuneration Committee

David Routledge chairs the Remuneration Committee, and Bill Tame and Sarah Cope are members. Their biographies are on pages 52 and 53. There were no changes to the Committee membership during the year.

Committee meeting and attendance

The Committee met formally two times during the year. Details of attendance are on page 55.

Additional attendees can include the Chief Executive Officer, the Chief Financial Officer and FIT Remuneration Consultations LLP (the Committee's independent adviser) although no Director is involved in discussions in respect of their own remuneration.

Advisors to the Committee

FIT Remuneration Consultants LLP was appointed in 2021 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.

Key actions over the year

- Reviewed the Committee's performance as part of the Board evaluation. Details are on page 55. It was felt that the Committee was operating effectively.
- Reviewed the performance of the CEO and CFO against the annual bonus targets for FY23.

Performance and reward for FY23

As set out in the front section of the Annual Report, the Company has continued to deliver on its growth strategy, with both revenue and profit well ahead of FY22, reflecting the strength of our decarbonisation and water efficiency solutions.

Following the Committee's assessment of the year-on-year growth in Revenue, EBITDA and PBT delivered, the progress made against the Company's strategic and ESG-related targets and the CEO and CFO's personal performance for the year ended 31 January 2023, the Executive Directors earned an annual bonus award of 50% of salary (i.e. 50% of the maximum potential). No long-term incentive awards vested in the year or are due to vest in respect of performance to 31 January 2023.

Implementing the FY24 Remuneration Policy

- The CEO and CFO's base salaries were increased by 3% from 1 February 2023 (to £293,550 and £195,700 respectively).
- Pension provision will continue to align to the workforce at 3% of qualifying earnings.
- Annual bonus potential will continue to be capped at 100% of base salary, based on a sliding scale of financial, operational, strategic and ESG-based performance measures.
- Long-Term Incentive Plan (LTIP) awards will continue to be capped at 100% of salary (with a 200% of salary exceptional limit), with vesting subject to continued service and stretching three-year, sliding scale, performance targets. A two-year post-vesting holding period will normally apply. To the extent that LTIPs are granted in 2023, the grant population, award levels and performance targets will be agreed and published in due course.
- Shareholding guidelines of 100% of salary will continue to operate for Executive Directors.

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

David Routledge

Chairman, Remuneration Committee
31 May 2023

Remuneration Committee report continued

Remuneration Policy report

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

- Operate a transparent, simple and effective remuneration structure, which encourages the delivery of our targets in accordance with our business plan;
- Motivate and retain people of the highest calibre, providing appropriate short- and long-term variable pay (dependent upon challenging performance conditions);

- Promote our long-term success, and ensure our policy aligns with the interests of, and feedback from, our shareholders; and
- Offer 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 Chairman 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. Not less than six months' notice is required from the Chairman and three months' notice for Non-Executive Directors. The CEO and CFO's service contracts 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.	100% of salary (50% of salary at on-target).	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 at least 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 Chairman's fee and fees for the Non-Executive Directors are agreed by the Chairman 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 year ended 31 January 2023

During the year ended 31 January 2023, the Directors received the following remuneration and pension contributions (with prior period comparatives based on the period from Admission to 31 January 2022):

Director		Salary/fees	Taxable benefits ¹	Pension contributions	Annual bonus ²	Total
Executive Directors						
Mitesh Dhanak	2023	£285,000	£474	£1,761	£142,500	£429,735
	2022	£71,250	£139,759	£2,053	£57,000	£270,061
Iain Richardson	2023	£190,000	£270	£14,039	£95,000	£299,309
	2022	£45,125	£9,030	£1,321	£95,000	£150,476
Non-Executive Directors						
Guy Stenhouse	2023	£75,000	–	–	–	£75,000
	2022	£19,153	–	–	–	£19,153
Sarah Cope	2023	£45,000	–	£1,550	–	£46,550
	2022	£11,250	–	£517	–	£11,767
David Routledge	2023	£45,000	–	–	–	£45,000
	2022	£10,750	–	–	–	£10,750
Bill Tame	2023	£45,000	–	–	–	£45,000
	2022	£11,250	–	–	–	£11,250
Total	2023	£685,000	£744	£17,350	£237,500	£940,594
	2022	£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 Following the Committee's assessment of the year-on-year growth in Revenue, EBITDA and PBT delivered, the progress made against the Company's strategic targets (based on staff retention, Learning & Development strategy and health and safety) and ESG-related targets (based on the Company's Net Zero commitment and local community initiatives) and the CEO and CFO's personal performance for the year ended 31 January 2023, the Executive Directors earned an annual bonus award of 50% of salary (i.e. 50% of the maximum potential).

Share awards vesting in the year

No share awards vested during the year ended 31 January 2023.

Share awards granted in the year

No LTIP awards were granted to Executive Directors during the year ended 31 January 2023.

Share awards outstanding

A summary of outstanding share awards held by Executive Directors is as follows:

	Award	Date of Grant	31/01/2022	Granted	Lapsed	Exercised	31/01/2023	Vesting Date*
Mitesh Dhanak	LTIP	22/11/2021	102,888	–	–	–	102,888	22/11/2024
Iain Richardson	LTIP	22/11/2021	68,592	–	–	–	68,592	22/11/2024

* 50% of awards: 25% of this part of awards will vest for absolute TSR of 5% a year, increasing pro-rata to 100% of this part of awards for absolute TSR of 15% a year or above over the three years from AIM Admission. 50% of awards: 25% of this part of awards will vest for median TSR increasing pro-rata to 100% 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' interests in shares

The interests of the Directors as at 31 January 2023 (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 31 January 2023	Number of ordinary shares 31 January 2022
Mitesh Dhanak	5,772,427 ¹	6,382,621 ²
Iain Richardson	31,500	31,500
Guy Stenhouse	73,818	73,818
Sarah Cope	3,550	3,550
David Routledge	3,725,485	4,119,300
Bill Tame	1,000	1,000

1 Includes the shareholding for Anila Dhanak of 4,147,427 shares.

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

The market price of the Company's shares at 31 January 2023 was 300p. The highest and lowest price in the year to 31 January 2023 was 225p and 360p respectively.

David Routledge

Chairman, Remuneration Committee
31 May 2023

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 January 2023. The Corporate Governance statement on pages 48–63 also forms part of this Directors' report.

Dividends

The Board is pleased to recommend a final dividend of 1.2 pence per share.

Directors

The Directors of the Group during the period and to the date of this report are:

- Guy Stenhouse
- David Routledge
- Sarah Cope
- Bill Tame
- Mitesh Dhanak
- Iain Richardson

Their brief biographical details are on pages 52 and 53.

Directors' interests

The Directors' interests in the Company's shares and options over ordinary shares are in the Remuneration Committee report on pages 59–63. 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 purchased and maintained Directors' and Officers' liability insurance throughout the financial period for the Company and our 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 themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Financial instruments

Our financial risk management objectives, including capital, credit, currency, liquidity and interest rate risk are in note 27 to the consolidated financial statements on pages 102–104.

Subsidiaries

The Company has 15 subsidiaries; a complete list is provided at note 15 to the consolidated financial statements on page 94.

Share capital structure

At 31 January 2023, the Company's issued share capital was £332,221.30 divided into 33,222,130 ordinary shares of 1p each. Further details of the Company's issued share capital are in note 21 on page 97.

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 our Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, on our 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

At the 2022 Annual General Meeting, the Directors were granted the authority to allot 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) up to an aggregate nominal amount of £16,611.06 and (ii) 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. No ordinary shares were allotted or purchased by the Company during the year under these authorities.

Significant shareholders

As of 31 January 2023, we are aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Shareholder	Number	%
Anila Dhanak¹	4,147,327	12.48
David Routledge	3,725,485	11.21
Ian McLeod	3,491,065	10.51
Joseph Johnson	3,125,485	9.41
James Waring	2,485,339	7.48
Charles Stanley Group	1,865,393	5.61
Gary Copeland	1,675,613	5.04
Slater Investments Ltd	1,685,920	5.07
Mitesh Dhanak	1,625,100	4.89
Hayley Peters	1,003,122	3.02

1. Anila Dhanak is the spouse of Mitesh Dhanak.

Share option schemes

Details of employee share schemes are on pages 99 and 100 in note 23 to the consolidated financial statements.

Share Based Payment Charges

There have been no new options this year.

Appointment and retirement of Directors

The rules for appointing and replacing Directors are set out in our 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

Our 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, 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 12 months following approval of these financial statements.

The order book remains strong with revenues remaining second-half weighted reflecting client procurement processes. While wider market inflationary and cost pressures have affected the capital budgets of clients leading them to focus on priority projects, it is important to note that no contracts have been cancelled, with delivery of other planned projects moving out.

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 that the Directors consider are sufficient to fully mitigate the risks 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 82 for details.

Significant events since the end of the financial year

There have been no material events affecting the Group since 1 February 2023.

Strategic report

This is on pages 1–47 and includes a review of how we engage with our 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 our position and performance, business model and strategy.

The Directors have carried out a robust assessment of our 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 its willingness to continue in office as Auditor and a resolution to reappoint will be proposed at the forthcoming Annual General Meeting (AGM).

AGM

The AGM will be held on 5 July 2023 at 12 noon. The Notice of AGM and the ordinary and special resolutions to be put to the meeting will be separately announced.

Approval

This Directors' report was approved by the Board and was signed on its behalf on 31 May 2023.

Mitesh Dhanak

Chief Executive Officer
31 May 2023



Statement of Directors' responsibilities

Statement of Directors' responsibilities

This Directors' report was approved by the Board and was signed on its behalf on 31 May 2023.

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.

Financial statements

**Independent
Auditor's report**
Pages 70–73

**Statement
of cash flow**
Pages 77–78

**Consolidated
statement of
comprehensive income**
Page 74

**Statement of
change in equity**
Pages 79–80

**Statement of
financial position**
Pages 75–76

**Notes to
the financial
information**
Pages 81–106

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 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows 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 2023 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 threshold 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 £827,000. 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

Group
Materiality £827,000
(2022: £542,641)
Performance
materiality £579,000
(2022: 379,849)

Basis for materiality and rationale for the benchmark applied

1.5% 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.

70 per cent of Group materiality to ensure sufficient coverage for Group and parent company reporting purposes.

Parent company
Materiality £142,000
(2022: £390,770)
Performance
materiality £100,000
(2022: £273,539)

An average of two benchmarks, 4% of gross assets and 10% of profit before tax were considered the most appropriate benchmarks for the parent entity. The holding company holds investments and loans to subsidiaries. It also incurs expenditure relating to the administration of the entity, so an average of the two ensures sufficient coverage.

70% of the overall parent materiality has been set as the performance materiality to ensure sufficient coverage for 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. 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 by the centralised finance function and audited by the group audit team 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 six 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 judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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 15)

Included in the financial statements are intangible assets relating to goodwill, development costs, customer relationships, patents and licences with a carrying value of £8,853k.

The acquisitions and development costs which have given rise to these material intangible assets are key to the future success of the Group as management seeks to integrate the new businesses and use the developments made to offer new options to customers and ensure that they remain competitive. The process required to assess the carrying values of these assets requires significant levels of estimation and judgement by management.

Due to the level of judgements and estimation involved in undertaking the value in use calculations and impairment reviews as well as the material nature of the balance, 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;
- Checking the mathematical accuracy of management's models;
- 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)

The Group works on a variety of contracts with its customers including those that are long term in nature. There is a risk that revenue has not been recorded appropriately for each contract and that revenue has been recorded in the incorrect period.

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 revenue recognition is considered 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;
- Performing substantive testing to ensure the accuracy and existence of sales;
- 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 IFRS 15.

Based on our procedures we did not identify any matters to indicate that revenue was not appropriately stated within the financial statements.

Key Audit Matter

How our scope addressed this matter

Carrying value of the investment in subsidiaries (parent company only – refer to note 17)

The parent Company holds material investments in its subsidiaries totalling £5,973k.

Whilst the underlying entities in which the investments are held are profitable they are key to the future success of the Group as management seeks to scale up its business to offer new options to customers and ensure that the Group to which the Company is parent remains competitive. The process required to assess the carrying values of these investments requires significant levels of estimation and judgement by management.

Due to the quantum of the balance and 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;
- Evaluating and challenging management's assumptions used in its value in use calculations;
- Checking the mathematical accuracy of management's models;
- 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;
- 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.
 - 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)



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

31 May 2023

Consolidated statement of comprehensive income

For the year ended 31 January 2023

	Note	2023 £'000	2022 £'000
Continuing operations			
Revenue	4	55,074	36,176
Cost of sales		(31,995)	(21,572)
Gross profit		23,079	14,604
Administrative expenses		(12,774)	(10,171)
Other operating income		–	–
Included within administrative expenses are:			
– Exceptional costs	5	–	(1,178)
– Share-based payment charge	23	(117)	–
– Depreciation of property, plant and equipment		(655)	(618)
– Depreciation of right-of-use assets		(196)	(113)
– Amortisation of intangible assets		(573)	(381)
Adjusted administrative expenses		(11,233)	(7,881)
Adjusted EBITDA¹		11,846	6,723
Operating profit	6	10,305	4,433
Interest receivable and similar income		–	–
Interest payable and other similar expenses	10	(370)	(366)
Profit before taxation		9,935	4,067
Income tax	11	(1,420)	(8)
Profit for the year from continuing operations		8,515	4,059
Total profit for the year attributable to equity holders of the parent			
Other comprehensive income		–	–
Total comprehensive profit for the year attributable to equity holders of the parent		8,515	4,059
Basic earnings per share from continuing operations – pence	12	25.50	18.28
Diluted earnings per share from continuing operations – pence	12	25.25	18.16

The accompanying notes on pages 86–106 form part of the financial statements.

¹ As noted on page 20, 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 2023

Group	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	13	8,703	7,218
Property, plant and equipment	14	3,441	3,095
Right-of-use assets	19	1,213	243
Deferred tax asset	20	–	–
Total non-current assets		13,357	10,556
Current assets			
Inventory	16	2,557	1,186
Trade and other receivables	17	29,226	12,389
Cash and cash equivalents	18	3,224	4,070
Total current assets		35,007	17,645
TOTAL ASSETS		48,364	28,201
Equity attributable to owners of the parent			
Called up share capital	21	332	344
Share premium account	21	10,113	10,113
Merger reserve	22	(5,490)	(5,490)
Other reserves	22	269	(294)
Retained earnings		19,791	11,769
Total equity		25,015	16,442
Current liabilities			
Borrowings	24	2,793	–
Trade and other payables	25	15,154	11,426
Lease liabilities	19	543	82
Total current liabilities		18,490	11,508
Non-current liabilities			
Borrowings	24	3,408	–
Provisions		–	–
Lease liabilities	19	1,183	109
Deferred tax liability	20	268	142
Total non-current liabilities		4,859	251
Total liabilities		23,339	11,759
TOTAL EQUITY AND LIABILITIES		48,364	28,201

The accompanying notes on pages 86–106 form part of the financial statements.

These financial statements were approved and authorised for issue by the Board on 31 May 2023 and were signed on its behalf by:

M Dhanak
Chief Executive Officer



I Richardson
Chief Financial Officer



Statement of financial position
As at 31 January 2023
continued

Company	Note	2023 £'000	2022 £'000
Non-current assets			
Investments	15	254	254
Total non-current assets		254	254
Current assets			
Trade and other receivables	17	12,286	8,083
Cash and cash equivalents	18	95	3,006
Total current assets		12,381	11,089
TOTAL ASSETS		12,635	11,343
Equity attributable to owners of the parent			
Called up share capital	21	332	344
Share premium account	21	11,375	11,375
Retained earnings		579	(392)
Total equity		12,286	11,327
Current liabilities			
Trade and other payables	25	349	16
Total current liabilities		349	16
Total liabilities		349	16
TOTAL EQUITY AND LIABILITIES		12,635	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 profit for the period was £1,299,000 (2022: loss of £392,000).

These financial statements were approved and authorised for issue by the Board on 31 May 2023 and were signed on its behalf by:

M Dhanak
Chief Executive Officer

I Richardson
Chief Financial Officer




Statement of cash flow

As at 31 January 2023

Group	Note	2023 £'000	2022 £'000
Cash flow from operating activities			
Profit for the financial year		8,515	4,059
<i>Adjustments for:</i>			
Amortisation of intangible assets		573	381
Depreciation of property, plant and equipment		655	618
Depreciation of right-of-use assets		196	113
Interest payable		313	330
Lease liability finance charge		57	36
Taxation charge	11	1,420	8
Corporation tax received		25	380
Foreign exchange		(392)	(38)
Share-based payment charge	23	117	333
<i>Changes in working capital:</i>			
Increase in inventory		(1,371)	(295)
Increase in trade and other receivables		(16,837)	(9,540)
Increase in trade and other payables		3,685	7,278
Net cash inflow from operating activities		(3,044)	3,663
Cash flow from investing activities			
Purchase of intangible assets		(269)	(549)
Purchase of property, plant and equipment		(882)	(2,722)
Sale of property, plant and equipment		3	–
Acquisition of businesses – net of cash acquired		(1,620)	(5,111)
Net cash outflow from investing activities		(2,768)	(8,382)
Cash flows from financing activities			
Proceeds from borrowings		7,249	–
Repayment of borrowings		(1,369)	(4,972)
Net proceeds from issue of shares		–	9,998
Reduction of share capital		(12)	–
Interest paid		(313)	(330)
Repayment of lease liabilities		(261)	(191)
Dividends paid		(328)	–
Net cash inflow from financing activities		4,966	4,505
Net decrease in cash and cash equivalents		(846)	(214)
Cash and cash equivalents at beginning of period		4,070	4,284
Cash and cash equivalents at the end of the period	18	3,224	4,070

The accompanying notes on pages 81–106 form part of the financial statements.

Statement of cash flow
As at 31 January 2023
continued

Company	Note	2023 £'000	2022 £'000
Cash flow from operating activities			
Profit/(loss) for the financial year		1,299	(392)
<i>Changes in working capital:</i>			
Increase in trade and other receivables		(4,203)	(8082)
Increase in trade and other payables		333	16
Net cash outflow from operating activities		(2,571)	(8,458)
Cash flows from financing activities			
Reduction in share capital		(12)	–
Net proceeds from the issue of shares		–	11,464
Dividends paid		(328)	–
Net cash (outflow)/inflow from financing activities		(324)	11,464
Net (decrease)/increase in cash and cash equivalents		(2,911)	3,006
Cash and cash equivalents at beginning of period		3,006	–
Cash and cash equivalents at the end of the period	18, 29	95	3,006

Statement of change in equity

As at 31 January 2023

Group	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
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 transactions 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
At 1 February 2022	344	10,113	(5,490)	(294)	11,769	16,442
Profit for the year	–	–	–	–	8,515	8,515
Total comprehensive income for the year attributable to equity holders of the parent	–	–	–	–	8,515	8,515
Reduction of share capital	(12)	–	–	–	–	(12)
Dividends paid	–	–	–	–	(328)	(328)
Other	–	–	–	398	–	398
Total transactions with owners	(12)	–	–	398	(328)	58
Balance at 31 January 2023	332	10,113	(5,490)	104	19,956	25,015

Details of Other Reserves can be found in note 22.

The accompanying notes on pages 81–106 form part of the financial statements.

Statement of change in equity
As at 31 January 2023
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 transactions with owners	344	11,375	-	11,719
Balance at 31 January 2022	344	11,375	(392)	11,327
At 1 February 2022	344	11,375	(392)	11,327
Loss for the year	-	-	(401)	(401)
Other comprehensive income	-	-	1,700	1,700
Total comprehensive income for the year attributable to equity holders of the parent	-	-	1,299	1,299
Cancellation of shares	(12)	-	-	(12)
Share issue costs	-	-	-	-
Dividend payable	-	-	(328)	(328)
Total transactions with owners	(12)	-	(328)	(340)
Balance at 31 January 2023	332	11,375	579	12,286

Notes to the financial statements

For the year ended 31 January 2023

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 company. The Company’s registered number is 13575021.

The Group’s principal activities are 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 water savings technology, Control Flow HL2024, which improves 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 31 May 2023.

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 2023. They have been prepared in accordance with International accounts standards in conformity with the requirements of the Companies Act 2006 (UK-adopted IAS).

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. 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.

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

Notes to the financial statements

For the year ended 31 January 2023

continued

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 2022.

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 2023 and have not been early adopted are:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendment to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

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 1–47.

The Group had a cash outflow from operating activities of £3,044,000 in the year (2022: £3,663,000 inflow), largely due to an increase in trade receivables. This specifically related to an enhanced assurance process introduced by the Government in November 2022, causing delays in invoicing. These issues are now easing and the backlog is being cleared.

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"). 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.

The order book remains strong with revenues remaining second-half weighted reflecting client procurement processes. While wider market inflationary and cost pressures have affected the capital budgets of clients leading them to focus on priority projects, it is important to note no contracts have been cancelled, with delivery of other planned projects moving out.

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 are 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 categories:

- 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 the impact of the current cost of living crisis and Covid-19, the Group has included the following procedures:

- Performing credit checks on existing, new or prospective customers.
- 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.

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.

Notes to the financial statements

For the year ended 31 January 2023

continued

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 £5,000) 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 the 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 defined as expenses that arise from events or transactions that are clearly distinct from the normal activities of the Group and therefore are not expected to recur frequently or regularly.

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.

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

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.

Notes to the financial statements

For the year ended 31 January 2023

continued

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 relationships	– 10% straight line
Licences	– 20% straight line
Patents	– 15 years 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.

As the business has grown significantly and become more established, the business has gained larger and longer contracts. With effect from 1 February 2022, the estimated useful life of patents was extended to 15 years straight line to better reflect the higher value and more complex nature of the benefits of such patents.

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 Changes 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.

During the year, management have undertaken a detailed review of inventories held by Cenergist Spain, which were acquired as part of the acquisition of HGP Group in 2021. At the time of acquisition, a provision of £0.7m was recognised in the financial statements. Due to Covid-19 implications, the UK team were not able to visit the site until late 2022. A detailed review of both inventories and the underlying accounting records was taken, together with the future anticipated sales pipeline, where it was concluded that the inventories provided for could be utilised on a variety of potential contracts. Accordingly, it was established that this provision was not required and was therefore released in the current financial year.

As noted in note 2.18, the estimated useful life of patents was extended from 5 years to 15 years straight line to better reflect the longer-term nature of the benefits of such patents. This has resulted in a like-for-like reduction in amortisation by £0.4m.

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 relationships, 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% (2022: 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 £1,549,000, £495,000 and £278,000 respectively. See note 13 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.

2.26 Subsidiary Companies audit exemption

The Company's active subsidiaries GS Drilltech Ltd, Welltherm Drilling Ltd, Mathewson Holdings Limited, Mathewson Limited and Control Flow Technologies Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of their individual accounts by virtue of section 479A of the Companies Act 2006.

3 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 2023 the Group operated in the three business segments according to the geographical location of its operations, those being:

- United Kingdom;
- Europe; and
- India.

Notes to the financial statements
For the year ended 31 January 2023
continued

2023	United Kingdom £'000	Europe £'000	India £'000	2023 £'000
Revenue	54,546	77	451	55,074
Cost of sales ¹	(32,525)	718	(188)	(31,995)
Gross profit	22,021	795	263	23,079
Administrative expenses	(11,249)	(1,232)	(293)	(12,774)
Included within administrative expenses are:				
– Share-based payment charge	(117)	–	–	(117)
– Depreciation of property, plant and equipment	(350)	(288)	(17)	(655)
– Depreciation of right-of-use assets	(196)	–	–	(196)
– Amortisation of intangible assets	(505)	(68)	–	(573)
Adjusted administrative expenses	(10,081)	(876)	(276)	(11,233)
Adjusted EBITDA²	11,940	(81)	(13)	11,846
Operating profit/(loss)	10,772	(437)	(30)	10,305
Interest payable and similar expenses	(98)	(271)	(1)	(370)
Profit/(loss) before tax	10,674	(708)	(31)	9,935
Taxation	(1,378)	(40)	(2)	(1,420)
Profit/(loss) after tax	9,296	(748)	(33)	8,515

Net Assets

Assets:	36,995	10,840	529	48,364
Liabilities	(12,869)	(9,955)	(525)	(23,349)
Net assets	24,126	885	4	25,015

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 EBITDA²	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

¹ Europe cost of sales in 2023 includes £0.7m credit relating to release of a stock provision. Further details can be found in note 2.25.

² As noted on page 20, 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.

4 Revenue

	2023 £'000	2022 £'000
United Kingdom	54,546	35,918
Europe	77	216
Rest of the World	451	42
	55,074	36,176

Within the sales revenue, there was one customer in the United Kingdom that accounted for greater than 10% of total revenue of the Group contributing them £20,197,000 (2022: two customers – £24,049,000).

5 Exceptional costs

There were no exceptional costs in the current year. Exceptional costs of £1,178,000 in the prior year relate to non-incremental costs associated with the initial public offering of the Group.

6 Operating profit

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

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	655	618
Depreciation of right-of-use assets	196	113
Amortisation of fixed assets	573	381
Inventories recognised as an expense	–	1
Share-based payments	117	–
Exchange differences	–	(20)

7 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:

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the parent company and the Group's consolidated financial statements	37	29
Fees payable to the Company's auditor for the audit of the subsidiary accounts	45	40
	82	69

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.

Notes to the financial statements
For the year ended 31 January 2023
continued

8 Employees

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

Group	2023 £'000	2022 £'000
Wages and salaries	7,009	4,586
Social security costs	851	448
Share-based payments (note 23)	117	17
Cost of defined contribution scheme	209	108
	8,186	5,159

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

Group	Group 2023 Number	Group 2022 Number
Administrative	143	78

9 Directors' remuneration

	2023 £'000	2022 £'000
Directors' emoluments	827	521
Company contributions to defined contribution scheme	17	4
Employers' national insurance on Directors' remuneration	105	67
Amounts paid to Directors in respect of third-party services	–	27
	949	619

During the year retirement benefits were accruing to three Directors (2022: three) in respect of defined contribution pension schemes. The highest paid Director received remuneration of £342,000 (2022: £320,000).

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 (2022: £2,000).

Directors are considered to be the key management personnel of the Company. A detailed breakdown of the Directors' total emoluments is included within the Remuneration Committee report on pages 59–63.

10 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable	(313)	(330)
Lease liability finance charge	(57)	(36)
	(370)	(366)

11 Taxation

	2023 £'000	2022 £'000
The (charge)/credit for the year is made up as follows:		
Corporation tax		
Corporation taxation on the results for the year	(1,317)	(99)
Adjustments in respect of previous periods	–	233
	(1,317)	134
Deferred tax		
Origination and reversal of temporary differences	(183)	(336)
Changes to tax rates	–	–
Adjustments in respect of previous periods	80	194
	(103)	(142)
Taxation (charge)/credit on profits on ordinary activities	(1,420)	(8)

Factors affecting tax (charge)/credit for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	9,935	4,067
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19% (2022: 19%)	(1,888)	(773)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	164	(192)
Additional R&D tax relief	371	371
Adjustments to tax charges in respect to prior periods ¹	77	429
Losses carried forward not recognised	(79)	(175)
Effect of profits subject to tax in a previous period	–	352
Tax rate changes	(65)	(20)
Taxation charge on profits on ordinary activities	(1,420)	(8)

There are total tax losses of £1,053,000 available for carry forward against future tax liabilities in the UK and overseas (2022: £649,000). A deferred tax asset has not 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.

12 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/diluted ordinary shares in issue during the period.

	2023	2022
Profit for the year from continuing operations – £'000	8,515	4,059
Weighted number of ordinary shares in issue	33,388,788	22,204,677
Weighted number of fully diluted ordinary shares in issue	332,673	147,183
Basic earnings per share from continuing operations – pence	25.50	18.28
Diluted earnings per share from continuing operations – pence	25.25	18.16

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 21.

Notes to the financial statements
For the year ended 31 January 2023
continued

13 Intangible assets

	Goodwill £'000	Development costs £'000	Customer relationships £'000	Patents £'000	Licences £'000	Total £'000
Cost						
At 1 February 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
Additions	1,184	444	161	269	–	2,058
Disposals	–	–	–	–	–	–
At 31 January 2023	5,553	2,091	832	603	747	9,826
Amortisation						
At 1 February 2021	–	–	–	–	169	169
Charge for the year	–	190	–	41	150	381
At 31 January 2022	–	190	–	41	319	550
Charge for the year	–	356	–	67	150	573
At 31 January 2023	–	546	–	108	469	1,123
Net book value						
31 January 2022	4,369	1,457	671	293	428	7,218
31 January 2023	5,553	1,545	832	495	278	8,703

Amortisation of patents commence once they are granted.

Goodwill additions relates to goodwill generated through one acquisition in the current year (refer to note 26) and two acquisitions during the prior year being:

- Acquisition of Mathewson Holdings Limited (July 2022) = £1,184k;
- Acquisition of HaGePe International B.V. (June 2021) = £4,032k; and
- Acquisition of Welltherm Drilling Limited (September 2021) = £337k.

14 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 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
Additions	147	480	118	42	95	882
Disposals	–	–	(6)	–	–	(6)
Exchange impact	4	142	–	1	(4)	143
At 31 January 2023	199	4,395	340	156	211	5,301
Depreciation						
At 1 February 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
Charge for the year	34	475	86	22	38	655
Additions	–	–	(4)	–	–	(4)
Disposals	–	–	(4)	–	–	(4)
Exchange impact	2	19	–	1	–	22
At 31 January 2023	42	1,504	153	57	104	1,860
Net book value						
At 31 January 2021	42	2,763	157	79	54	3,095
At 31 January 2022	157	2,891	187	99	107	3,441

Notes to the financial statements
For the year ended 31 January 2023
continued

15 Investments

Company only	2023 £'000	2022 £'000
Opening balance	254	–
Additions during the year:	–	254
Closing balance	254	254

Company subsidiary undertakings

As at 31 January 2023, the Company owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements, whilst the comparison figures for 2022 relate to the subsidiary undertakings for Cenergist Limited:

Name	Holding 2023	Holding 2022	Business Activity	Country of Incorporation	Registered Address
Direct subsidiary undertaking					
Cenergist Limited	100%	100%	Trading Company	England & Wales	8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Indirect subsidiary undertakings					
GS Drilltech Ltd	100%	100%	Trading Company	England & Wales	Unit 13, Millshaw Park Avenue, Leeds, LS11 0LR
Welltherm Drilling Ltd	100%	100%	Trading Company	England & Wales	8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Mathewson Holdings Limited	100%	Nil	Holding Company	England & Wales	8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Mathewson Limited	100%	Nil	Trading Company	England & Wales	8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Luxe Lights Ltd	100%	100%	Trading Company	England & Wales	7 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Control Flow Technologies Limited	100%	100%	Dormant	England & Wales	7 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH
Cenergist Scotland Limited	100%	Nil	Dormant	Scotland	Brodies Llp Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP
Energy Water Services Ltd	100%	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 11Z, Madrid 28014, Spain
HGP International BV	100%	100%	Holding Company	Netherlands	Huizermaatweg 27, 1273NA Huizen, Netherlands
HL2024 Shop BV	100%	100%	Trading Company	Netherlands	Huizermaatweg 16, 1271NM Huizen, Netherlands
HGP Exploitatie BV	100%	100%	Trading Company	Netherlands	Huizermaatweg 27, 1273NA Huizen, Netherlands
Cenergist Energy Private Ltd	100%	100%	Trading Company	India	30 New Road, Kolkata 700 027, India.

16 Inventory

Group	2023	2022
	£'000	£'000
Finished goods and goods for resale	2,557	1,186
	2,557	1,186

No impairment loss was recognised in cost of sales during the year (2022: nil). The stock provision at the year end totalled £nil (2022: £734k).

17 Trade and other receivables

Group	2023	2022
	£'000	£'000
Trade receivables	3,492	5,606
Contract assets	459	–
Other debtors	2,352	472
Prepayments and accrued income	22,778	6,189
Tax recoverable	145	122
	29,226	12,389

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

Company	2023	2022
	£'000	£'000
Receivable from subsidiary	12,074	8,000
Other debtors	165	28
Prepayments and accrued income	47	–
Tax recoverable	–	55
	8,083	8,083

18 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	2023	2022
	£'000	£'000
Cash and cash equivalents	3,224	4,070
	3,224	4,070

Company	2023	2022
	£'000	£'000
Cash and cash equivalents	95	3,006
	95	3,006

Notes to the financial statements
For the year ended 31 January 2023
continued

19 Leases

The Group had the following lease assets and liabilities:

Group	2023 £'000	2022 £'000
<i>Right-of-use assets</i>		
Properties	656	205
Motor vehicles	535	38
Office equipment	22	–
	1,213	243
<i>Lease liabilities</i>		
Current	543	82
Non-current	1,183	109
	1,726	191
	2023 £'000	2022 £'000
Maturity on the lease liabilities are as follows:		
Current	543	82
Due between 1-2 years	468	82
Due between 2-5 years	715	27
Due beyond 5 years	–	–
	1,726	191

Right-of-use assets

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

	2023 £'000	2022 £'000
<i>Properties</i>		
Opening balance	205	210
Additions	692	98
Disposals	(97)	–
Depreciation	(144)	(103)
	656	205
<i>Motor vehicles</i>		
Opening balance	38	–
Additions	541	16
Depreciation	(44)	(5)
	535	11
<i>Office equipment</i>		
Opening balance	–	–
Additions	30	–
Depreciation	(8)	–
	22	–
	1,213	243

Lease liabilities

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

	2023 £'000	2022 £'000
Opening balance	191	211
Additions	1,263	135
Adjustments	482	–
Payment made	(261)	(191)
Finance charge	51	36
	1,726	191

The Group also incurred the following expenses during the year of £66,000 (2022: £69,000) which related to property leases that were either short term in nature (12 months or less) or of low value in nature (less than £2,000 per annum), thus being excluded from treatment under IFRS 16: Leases.

20 Deferred tax

	2023 £'000	2022 £'000
Deferred tax liability		
Other temporary differences net of tax losses ¹	(268)	(142)
	(268)	(142)
Net recognised in statement of financial position	(268)	(142)

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

	2023 £'000	2022 £'000
<i>Movement in net deferred tax assets in the year:</i>		
Income statement – other	(104)	(142)
Tax related to items credited outside statement of financial performance	(22)	–
	(126)	(142)

21 Share capital

	Number of shares	Share Capital £'000	Share Premium £'000
Ordinary shares			
As at 1 February 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

Notes to the financial statements

For the year ended 31 January 2023

continued

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 4) and the share capital of Enequa 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. On 22 March 2022, 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 shares raising a total of £12m before costs.

22 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 include share-based payments, foreign exchange and other items.

Retained earnings

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

23 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) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at beginning of year	-	332,673	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- 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	-	332,673

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:

	2023		2022	
	LTIP	EMI	EMI	EMI
Weighted average share price (pence)	-	-	290	2,917
Exercise price (pence)	-	-	-	100
Weighted average contractual life (years)	-	-	3.01	5.50
Expected volatility	-	-	41.77%	39.6%
Expected dividend growth rate	-	-	Nil	Nil
Risk-free interest rate	-	-	0.48%	0.40%

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

Notes to the financial statements
For the year ended 31 January 2023
continued

	2023	2022
	£'000	£'000
Charge for the year – EMI Scheme	–	316
Charge for the year – LTIP Scheme	117	17
	117	333

Following the acquisition of the Cenergist 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 note 22).

24 Borrowings

	2023	2022
	£'000	£'000
Current	2,793	–
Non-current	3,408	–
	6,201	–

Analysis of maturity of loans is given below:

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Other loans	3,408	–
Amounts falling due 1-2 years		
Other loans	1,574	–
Amounts falling due 2-5 years		
Other loans	1,219	–
	6,201	–

Other loans relate to a £6,000,000 facility provided by HSBC to Cenergist Limited and a €1,500,000 facility provided to Cenergist Spain SL by Instituto De Finanzas De Castilla-La Mancha S.A.U. ("CLM") and are secured by fixed and floating charges over the assets of the Company and by cross guarantees from the Company's subsidiary undertakings.

Interest on the HSBC facility is at a rate of 3.450% over the Bank of England Base Rate with the repayment period being 48 months from date of individual tranche drawdown.

Interest on the CLM facility is at a rate of 3.50% with the repayment period being 84 months from date of individual tranche drawdown.

25 Trade and other payables

Group	2023	2022
	£'000	£'000
Trade creditors	7,584	3,921
Corporation tax	1,522	229
Other taxation and social security	728	1,636
Other creditors	104	147
Deferred consideration	366	2,726
Accruals	4,850	2,767
	15,154	11,426

Company	2023	2022
	£'000	£'000
Trade creditors	96	16
Accruals	253	–
	349	16

26 Business combination

Acquisition of Mathewson Holdings Limited (“Mathewson”)

On 29 July 2022 Cenergist Limited acquired all of the share capital of Mathewson. Mathewson provides a complete service in underfloor heating solutions from original specification, planning and drawings through to final surface finish.

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

Background and Rationale

Mathewson and its subsidiary, Mathewson Limited are an established provider of underfloor heating solutions in the health and commercial sectors.

The acquisition extends the Group’s low carbon offering into the healthcare sector and strengthens its offering in other commercial sectors where Mathewson provides underfloor heating solutions.

For the 10 months ended 30 June 2022, Mathewson recorded revenues of £813,000 with a net profit before tax of £205,000.

Consideration

The total consideration for the acquisition, assuming all earn-out payments are made, will be £1.7 million. The consideration is structured as follows:

- Initial consideration, payable in cash on completion of £1.3 million; and
- Contingent consideration of £0.4 million, payable over the course of 24 months, in quarterly instalments. The first instalment was paid on 30 September 2022.

Notes to the financial statements

For the year ended 31 January 2023

continued

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

	£'000
Tangible assets	16
Inventory	60
Cash at bank	313
Other receivables	661
Trade and other payables	(353)
Total identifiable net assets acquired	697
Fair value adjustments	(301)
Customer relationships	161
Goodwill	1,184
	1,741
Consideration	
Initial consideration	1,311
Deferred consideration	429
Total consideration	1,741

Goodwill relates to the accumulated 'know how' and expertise of the business and its staff. The acquisition will significantly enhance the customer service offering provided by the Group, and help the Group expand into new markets. None of the goodwill is expected to be deducted for income tax purposes.

Fair value adjustments include provisions for significantly aged retentions, accrued income, inventories and tangible fixed assets.

27 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 Changes of 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 ringfenced 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:

	2023 Carrying Value £'000	2023 Maximum Exposure £'000	2022 Carrying Value £'000	2022 Maximum Exposure £'000
Group				
Cash and cash equivalents	3,224	3,224	4,070	4,070
Trade receivables	3,492	3,492	5,606	5,606
	6,716	6,716	9,676	9,676
	2023 Carrying Value £'000	2023 Maximum Exposure £'000	2022 Carrying Value £'000	2022 Maximum Exposure £'000
Company				
Cash and cash equivalents	95	95	3,006	3,006
Trade receivables	-	-	-	-
	95	95	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 Company's functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange risk through its foreign currency denominated cash balances and a portion of the Group's costs being incurred in Euro Dollars and Indian Rupee. 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 2023.

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:

	2023 £'000	2022 £'000
Cash and cash equivalents		
Sterling	3,408	4,014
Euro	239	17
Indian Rupee	(55)	39
	3,224	4,070

Notes to the financial statements
For the year ended 31 January 2023
continued

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:

	2023	2022
	£'000	£'000
Cash and cash equivalents	3,224	4,070
	3,224	4,070

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

	2023	2022
	£'000	£'000
Due in less than one month	(8,405)	(4,232)
Due between one and three months	(462)	(1,447)
Due between three months and one year	(3,083)	(334)
Due between one and two years	(2,289)	(82)
Due between two and five years	(3,626)	(27)
	(17,865)	(6,122)

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:

	2023	2022
	£'000	£'000
Bank balances	3,224	4,070
	3,224	4,070

28 Financial assets and financial liabilities

	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
2023 – Group			
Financial assets/liabilities			
Trade and other receivables	29,226	–	29,226
Cash and cash equivalents	3,224	–	3,224
Trade and other payables	–	(9,938)	(9,938)
Lease liabilities (current and non-current)	–	(1,726)	(1,726)
Borrowings	–	(6,201)	(6,201)
	32,450	(17,865)	14,585
	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
2023 – Company			
Financial assets/liabilities			
Trade and other receivables	12,286	–	12,286
Cash and cash equivalents	95	–	95
Trade and other payables	–	(349)	(349)
	12,243	(349)	12,147
	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
2022 – Group			
Financial assets/liabilities			
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
	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
2022 – Company			
Financial assets/liabilities			
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

Notes to the financial statements
For the year ended 31 January 2023
continued

29 Reconciliation of movement in net debt

	At 1 February 2022 £'000	Non-cash changes £'000	Cash flow £'000	At 31 January 2023 £'000
2022				
Cash at bank	4,070	–	(846)	3,224
Borrowings – current	–	–	(2,793)	(2,793)
Borrowings – non-current	–	–	(3,408)	(3,408)
Lease liabilities – current & non-current	(191)	(1,274)	(261)	(1,726)
Net Debt	3,879	(1,274)	(7,308)	(4,703)

	At 1 February 2021 £'000	Non-cash changes £'000	Cash flow £'000	At 31 January 2022
2022				
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

30 Pension commitments

The Group operates a defined 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 £209,000 (2022: £108,000). £21,000 (2022: £19,000) was payable to the fund at the Statement of Financial Position date and is included with creditors.

31 Capital commitments

There were no capital commitments at 31 January 2023 or 31 January 2022.

32 Contingent liabilities

There were no contingent liabilities at 31 January 2023 or 31 January 2022.

33 Related-party transactions

No Related Party transactions other than trading within the Group took place in the year.

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

34 Events subsequent to period end

On 3 April 2023, Cenergist Spain acquired 100% share capital of Installatiebedrijf Vriend B.V., a business incorporated in the Netherlands, for consideration of €0.485 million.

35 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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Company Secretary

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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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