

Leadership through proven technology

Annual Report and Accounts 2024

Eneraqua's purpose

We are dedicated to supporting clients in reaching their net zero and sustainability goals through innovative solutions, driven by patented technology and expertise, for a more sustainable planet.

What we do

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



Investor and ESG information

www.eneraquatechnologies.com/investors/

www.eneraquatechnologies.com/esg/

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Market opportunity

Climate change, water stress and drought are major policy issues around the globe.

The need to reach net zero and reduce water stress is now widely understood.

The policy goal of reaching net zero remains unchanged. The past year has seen much greater understanding of the need to reduce water stress across the developed world.

Water stress is now recognised as a major policy issue in many countries. Whilst water is relatively cheap in price, it is an essential requirement and policy makers are under pressure to ensure there are no shortages. Control Flow HL2024® technologies are becoming increasingly accepted as offering a simple, reliable solution that can reduce domestic water consumption by an average of 23%. In addition, trials have shown that it also improves the performance of gas boiler systems, reducing energy bills by up to £360 a year.

Net zero targets require the decarbonisation of heating, moving away from using gas or oil. While hydrogen may represent the solution for certain applications, in the majority of cases we will see the greater adoption of air and ground source heat pumps. We are experts in the design and implementation of heat pump systems for commercial buildings and large apartment blocks, leveraging our Control Flow HL2024® technology to deliver high efficiency outcomes.

We remain confident that our technologies and solutions offer important tools for policy makers and clients in meeting their net zero and water sustainability goals.



[Read more about our ESG on page 32](#)

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We're delighted to partner with water and energy efficiency company Cenergist to install devices in all of our 5,000-plus social homes that will come at no extra cost to our tenants and leaseholders.

The installation of a patented Control Flow device will help save water by regulating the water flow and stabilising water pressure, resulting in water being heated more efficiently, leading to reduced water and energy bills.

Performance tests for the usage of Control Flow HL2024® in the UK and Europe has been shown to reduce water and energy bills by up to £360 per year, with a 98% customer satisfaction rating.

Furthermore, the initiative will also provide a long-term reduction in water wastage from council-owned homes as well as improve the performance of existing gas boilers.

It will also provide a water neutrality solution that will enable the building of 750 new council homes by offsetting future nutrient emissions."

Ashford Borough Council



23%

Our Control Flow HL2024[®] technology is becoming increasingly accepted as offering a reliable solution that can reduce domestic water consumption by an average of 23%. In addition trials have shown that it also improves the performance of gas boiler systems, reducing energy bills by up to £360 a year.



70%

We have helped reduce energy bills by up to 70% by improving heating and hot water systems.

Investment case

Our leadership in tackling water stress through Control Flow HL2024[®] together with our expertise in heat pump systems, allows us to offer clients proven technology solutions to help meet their goals.

Market opportunity (growth)

£6bn p.a.
Combined energy and water market opportunity.

- Strong technology performance driving demand.
- Growing international demand for our products.
- Secured new market sectors in NHS & custodial services.
- Increased demand from an expanding commercial sector.

Net zero opportunity (growth)

325,000 t/CO₂e
generated lifetime savings.
56% increase on FY23 activity.
Equivalent to the annual carbon output of 145,000 UK homes.

- We enable governments and businesses to meet their net zero targets
- UK target to reduce emissions by 78% by 2035.
 - Netherlands to reduce emissions by 49% by 2030.
 - UK water utilities 30% consumption reduction target.

Strong opportunities pipeline

Expanding into new markets

- Acquisition of Mathewson underfloor heating has created new sector opportunities for the Group.
- Vriend provides a springboard for expansion into North-West Europe.
- Expanding agritech market in India.
- Entry into new markets already underway.

We are market leaders

In delivering net zero solutions

- Recognised as a market leader and trusted advisor.
- One of the largest installers of low-carbon heating systems in the UK.
- Only flow control technology that meets highest performance standards for KIWA.

Strong Intellectual Property

Patented Technology

- Patent registrations in 31 countries.
- 5 new patent registrations.
- Continued R&D investment.
- Patented technologies in water and IT control systems.

We provide one of the leading solutions to delivering water efficient buildings and unlocking net nutrient development through our Control Flow HL2024[®] technologies.

Heat pump systems are regarded as an essential solution to reach Net Zero targets. We are one of the leaders in that area with strong experience of both air and ground source heat pump systems for homes, apartment blocks, schools, commercial buildings, and hospitals.

Our leading net zero solutions help clients towards achieving their net zero strategies. Our deep understanding of the industry and technology enables us to spot gaps in the market, giving us a strong reputation for providing innovative solutions to complex problems, utilising our knowledge, and expertise.

The Heat and Building Business Council (HBBC) is an advisory group established by a select group of market leaders to contribute to policy development for the decarbonisation and electrification of homes and buildings across the UK. Cenergist, recognised as a market leader and trusted advisor, was invited

to become a founding member; other members include Octopus Energy and Energy Saving Trust. The HBBC helps inform the development of cost-effective policies that support the UK's transition to the green economy. The Group engages across senior levels of industry and Government to help shape policy, objectives and leverage private investment where appropriate.

When the Government launched its Energy Efficiency Taskforce (EETF) in 2023, it appointed Mitesh Dhanak (CEO) as one of the 15 senior industry members, to advise and provide policy recommendations to assist the Government with achieving a 15% reduction in UK energy demand by 2030 across domestic homes, commercial buildings, and industrial processes. The appointment recognised Cenergist as a trusted advisor with considerable expertise as a market leader in designing and delivering net zero cost-effective solutions for reducing carbon emissions, energy and water bills.

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

Leadership

Recognised expertise in delivering proven solutions



Energy

95%

of customers rated us as exceptional or great.



Leading

A recognised leader in pressure independent water saving technology, making us a provider of choice for the water industry, commercial property sector, housing developers and providers, and consumers.

66

Having worked successfully with us for several years, Cenergist provided over 2,000 residents with a turnkey solution which provided them with a controllable, energy efficient way to heat their homes.

Cenergist’s approach to resident engagement has resulted in a successful project with strong customer satisfaction and substantial reductions in their energy bills.”

City Council Energy Client

Water

98%

of customers rated us as exceptional or great.



Leading

Leading innovation for sustainable Agritech solutions in India, designed to save energy and water whilst improving farmers’ livelihoods.

1,300+

homes switched to renewable heating, delivering energy bill savings of up to 70%.

We provide one of the leading solutions to delivering water efficient buildings and unlocking net nutrient development through our Control Flow HL2024[®] technology.

Our easy to install, proven Control Flow HL2024[®] technology enables clients to deliver their water efficiency targets more cost effectively due to the significant water savings our products deliver to homes around the UK.

Control Flow HL2024[®] offers consistent performance in delivering significant water savings, enabling clients to meet their Outcome Delivery Incentives and OFWAT targets in a timely cost-effective way.

Recognised by Natural England and Defra as a technology solution provider to the water and nutrient neutrality challenges. Cenergist enables developers to unlock planning permission by utilising its range of Control Flow HL2024[®] products.

Heat pump systems are regarded as an essential solution to reach Net Zero targets and Control Flow HL2024[®] can significantly improve the performance of these systems. We are one of the leaders in that area with strong experience of both air and ground source heat pump systems for homes, apartment blocks, schools, commercial buildings and hospitals.

During FY24, our energy and water efficiency client solutions were used to improve over 58,000 buildings, including homes, student accommodation and hospitals. Combined this delivered over 325,000 tCO₂e in lifetime carbon savings, an increase of 56% on the previous year.

Committed to driving innovation, we continue to invest in our R&D function to develop the technology solutions of tomorrow.

Further information:
www.controlflow.co.uk

proven technology

delivery of our clients' net zero strategies



New Market

Our strong reputation has enabled us to successfully expand our commercial energy offering into the healthcare sector via our partnership with Kingston NHS Trust.

60,000

sqm of underfloor heating, equivalent to six FIFA football pitches.

£2.1m

R&D spend

>58,000

During FY24 we improved over 58,000 buildings including homes, student accommodation and hospitals



Control Flow HL2024® saves homes on average

80 litres

of water per day, reducing household water consumption by an average of **23% a year** and **up to £360** per year off energy & water bills.

During FY24, Control Flow HL2024® has saved the equivalent of **681 Olympic size swimming pools**.

66

When our village was small, we never experienced any shortages in water supply. However, over the last five years, the number of households has significantly increased, leading to an increased demand for essential water supply. By installing Control Flow HL2024® in the homes of our villagers, we now have an equitable supply of water for homes irrespective of how far away they are from the distribution system.

I extend my heartfelt thanks to all involved and advocate for similar projects to be implemented in neighbouring villages to ensure fair water distribution to every household while conserving energy and water resources.”

Village resident in Arunachal Pradesh





The year ended 31 January 2024, the Company's second year quoted on AIM, was a most challenging one.

Turnover dipped only slightly relative to the previous year but a combination of lower margins and increased overheads meant that the Company reported an adjusted loss before tax of £6.0 million compared with an adjusted profit before tax of £10.1 million in the previous year.

Despite the significant loss in the year our balance sheet remained sound with net cash of £1.2m at the year end (2023: £3.0m net debt).

Energy

The main challenge was in our domestic Energy business in which to a large extent our customers are public bodies or funded, directly or indirectly, by public expenditure. As the year progressed our clients' expenditure plans were progressively disrupted by rising costs.

The general level of inflation in the economy affected our clients' operations but the greatest impact was on our clients' capital plans, where the cost of key activities, such as cladding, increased by far more than the rate of general inflation.

This inflation materially impacted capital programmes where budgets are fixed at the outset of each financial year. In response to these inflationary pressures clients were required to curtail their programmes to focus solely on essential works, for example those directly required by legislation.

As a consequence, Eneraqua experienced project deferrals reducing revenue which materially impacted profitability given the nature of the Group's cost base and the associated operational leverage due to lower levels of utilisation and associated efficiency.

An important point is that the projects we had expected to win, and in some cases had already won, are still required and are being rescheduled within clients' programmes in line with their budgets. Therefore, there remains a strong pipeline of available work.

Water

In our Water business the challenges we faced were of a different nature. Eneraqua's Control Flow HL2024® technology reduces water wastage and also associated nitrate emissions from existing homes. These emissions are a major issue in the U.K. and elsewhere which are blocking many new building projects. Fitting our technology to existing homes enables new homes to be built with no net increase in nitrate emissions.

The Company made good progress with pilot schemes which successfully demonstrated the effectiveness of its technology and had expected to be able to win more significant projects during the year to 31 January 2024. This progress was halted when the Government announced in August 2023 a review of its plans to achieve reductions in nitrate pollution, resulting in hiatus in project work.

The UK Government has since clarified its position and the Company believes the latest Government guidance will likely have a positive effect on the industry and, will enable the Company to develop its Water business albeit having caused a material delay in the Company's progress during the last financial year.

International

Our international activities continued to perform well. In Spain our factory which makes the Control Flow HL2024® products successfully started production. All of the Control Flow HL2024® products for the European market are now made in Spain and we are also making progress in selling our products in Spain especially in the Hotel and Student Accommodation markets.

In the Netherlands we acquired Vriend providing the Company with the necessary regulatory certificates to operate and an insight into the market to enable the Company to sell in the Netherlands and more widely across the EU. We have increased the strength of our Dutch sales capability and expect to make further progress this year.

Our Indian operation is a key element of the future of the Group. In addition to a sales and operating capability, we carry out high value research and development work at our subsidiary in Kolkata. We have applied for a number of patents in India based on our work there which will create new applications for our Control Flow HL2024® technology. There is very significant potential in India for the application of our technology both in the supply of drinking water and in agriculture and we have already secured contracts to deliver additional zero-carbon irrigation solutions and to undertake trials of Control Flow HL2024® in 3,000 homes.

People

The very challenging market conditions during the year impacted all of those who worked at Eneraqua. We had to reduce the size and scope of our operations in the UK to reflect the reduced activity which resulted in a number of redundancies, which we greatly regret, but could not sensibly be avoided. Our workforce has shown both resilience and loyalty in continuing to deliver high quality work for our customers throughout the year.

This year we appointed Bill Tame as our Senior Independent Non-Executive Director. Bill has been an effective and diligent board member since his appointment shortly prior to IPO, and he brings a wealth of experience to the Group.

Dividend

The board recognises the importance of dividend income to shareholders but concluded that in light of the loss made in the year to 31 January 2024 it would not be appropriate to propose a dividend for that year. The board will keep the payment of dividends under review as we return to profit.

Outlook

After a bruising year to 31 January 2024 we have started the current year with cautious optimism.

The need for the products and services which Eneraqua provides, as the world moves towards net zero carbon emissions and grapples with growing shortages and pollution of water, remains in place; the requirement for action grows rather than diminishes as each year passes.

In the UK, while there remains pressure on public sector domestic capital budgets, there is more stability in the non-domestic sector including hospitals, offices and schools. Stability is the key requirement for our clients to proceed with their expenditure plans of which what Eneraqua provides is part. The improving financial stability as well as certainty in policy underpinning our Water business in the UK means that we expect the projects which we had won or were well placed to win last year to start to be realised. The continued growth in Water is in line with our expectation that this will become the predominant part of the Group in the coming years.

Internationally, we signed a Memorandum of Understanding with the highly respected The Energy and Resources Institute (TERI) which sets out a framework for collaboration across a wide spectrum of water projects in India, where we expect to see substantial growth in the coming years.

The potential size of the markets we serve remains far greater than the scale of those markets today. We believe that through its unique technology and the skills of its people Eneraqua can grasp a significant share of the markets in which we operate.

Our plans for the current year are for significant growth in activity and a return to profitability and we are determined to deliver on those plans.

Finally, I would like to thank Iain Richardson, who served as a director of the Company and its Chief Financial Officer from before the Company's flotation on AIM and who steps down as a director on 31 May 2024, for his service to the Company. We all wish him well.



Guy Stenhouse

Chairman

23 May 2024.

Chief Executive Officer's statement



FY24 was one of the most difficult years for the Group, in which it had to navigate challenging market conditions as inflationary pressure on client budgets and policy decisions in the UK impacted the Group's project delivery timelines. Notwithstanding these challenges, demand for the Group's solutions remained strong, with no customers or projects being lost with project timelines being extended into FY25 and FY26.

Following the delays to domestic energy projects and the subsequent impact on the Group's performance, we responded by right sizing the business, and we remain confident in the structural drivers for our business, demand for our services and the role Eneraqua will play in supporting the transition to net-zero both in the UK and internationally. The delayed domestic projects remain in the pipeline for FY25 and FY26.

As a result of the challenges faced by some of our clients in the domestic sector, we have been focused on diversifying our client base, the sectors we sell into and international expansion. Importantly, our non-domestic energy projects have not been impacted in the same way as domestic energy projects, and we see strong opportunity for growth in this area.

Our appointment by Kingston NHS Trust has been followed up this year with 4-year appointments by the London Borough of Islington, the Royal Borough of Kingston upon Thames, Cardiff Council and Ceredigion County Council to reduce the carbon emissions from their public buildings. These four contracts involve work with a contract value of £14.8m in FY25 with further works in later years.

Clients both in the UK and internationally recognise the need for and benefits derived from our solutions. We have diversified our business over the last year in terms of clients, non-domestic sector and international expansion and we are confident we have the solutions, people, relationships and strategy in place to service this demand and drive growth across both Energy and Water.

Financial performance

In the year, the Group delivered revenues of £53.8m (FY23: £55.1m) and an adjusted LBT of (£6.0m) (FY23: PBT £10.1m).

With positive collection of receivables through the second half of the year, coupled with tight cost control, the Group closed the year with a stronger than anticipated cash position of £6.4m (FY23: £3.2m), representing a net cash position of £1.2m (FY23: net debt of £3.0m). We have a healthy order book of £101.7m of which 88% is expected to be delivered during FY25.

Over the year, and as previously disclosed, as part of our focus on right sizing the business we identified a number of cost reduction opportunities which have resulted in c. £1m of annualised operating cost being taken out of the business. We remain focussed on effective cost control while ensuring we are in the best position to grow as the market continues to normalise.

Operational and strategic progress

Despite the challenges during the year, we have continued to deliver key projects for our customers and we continued to see good progress in both energy and water. Whilst domestic energy is not expected to return fully to normal until FY26, the non-domestic sector offers significant growth opportunities. This has seen a rise in work and pipeline opportunities for non-domestic Energy projects and continued growth in Water.

A core reason for our listing over two years ago was to facilitate the buyout of the full intellectual property behind the technology which underpins our products. This technology led approach continues to differentiate our offering and its effectiveness is evidenced by the way we have successfully broadened our range of services and grown our customer base in the UK and overseas.

Our confidence in the Group's outlook reflects the stabilisation we are seeing across our target markets coupled with the intrinsic need for and ever-growing awareness around our products to meet net-zero and water-stress targets.

As well as optimising our operating costs through the year, we also continue to look at ways of driving down the costs of our solutions. Since completion of our production facility in Toledo, Spain we are starting to see the benefits flow through with manufacturing of key components commencing in Q4 of FY24. Through FY25 we expect to see a reduction in the manufactured costs of our products, as well as improvements in quality assurance, delivering both a financial payback and even higher client satisfaction scores.

Energy

In Energy, we continue to be committed to ensuring that our domestic-sector customers feel supported as we work with them to find solutions to the inflationary and other cost pressures on their budgets. Thanks to the hard work and flexibility of our team we did not lose any contracts during this challenging period, with projects instead being deferred into FY25 and FY26. Not only did this strengthen our existing customer relationships but it raised our profile as a trusted and capable partner.

While the domestic Energy sector has not yet returned to normal, during FY24 we continued to secure significant contracts including a £12.7m contract with the Royal Borough of Kensington & Chelsea for the replacement of an end-of-life gas fired district heating system with a low-carbon heat-pump based system. Our turnkey retrofit district and communal heating systems, including ground and air source heat pump solutions, are an important tool for clients in meeting their sustainability and net zero goals. We have continued to see a diversification of clients and growth in the non-domestic sector with new wins including local authorities, the NHS, education and public buildings.

We see continued and growing awareness of and demand for cleaner heating solutions to meet net-zero targets and reduce energy costs, both of which are core aspects of our growth strategy.

At the time of the Mathewson acquisition, we outlined the opportunity it opened in the NHS and I am delighted that we secured our first NHS contract, worth £11.3m with the Kingston NHS Trust. This project is on course with the client increasing the scope of works by an additional £1.1m reflecting the quality of service provided to date.

We were also awarded a £7.2m contract with a world-class museum, art gallery and leisure complex, again for the replacement of an old gas-fired system again with a new low-carbon heat pump solution.

The non-domestic sector provides substantial opportunities for growth. This year we have secured 4-year appointments with the London Borough of Islington, the Royal Borough of Kingston upon Thames, Cardiff Council and Ceredigion County Council to reduce the carbon emissions from their public buildings. These four contracts involve work with a contract value of £14.8m FY25 with further works in later years as the drive to meet Net Zero intensifies.

As mentioned, we continue to make progress internationally and see scope for growth across our key target geographies. Since our acquisition of Vriend in the Netherlands, we have been focused on integrating it within the business. Vriend adds a particular speciality in designing and installing hybrid gas/heat pump heating systems. We are on course to double revenues within a year of the acquisition, which reinforces our confidence in further growth in Europe.

Water

There is increasing global awareness of the risks from water scarcity in the UK and elsewhere together with the need to mitigate the impacts of nitrate pollution. While certain projects were impacted in FY24 by the UK governments policy review on net nutrient neutrality, this has since stabilised and opportunities are coming back on stream, underpinning our confidence for Water moving forward. Our Water offering is based on our patented Control Flow HL2024[®] technologies which reduce water wastage and improve the efficiency of heating and hot water systems. Clients include water companies, developers, hotels, schools and leisure centres, with the products installed in both domestic and commercial applications.

We signed our first nutrient neutrality contract with Ashford Borough Council, Kent, which will see Control Flow HL2024® products installed in some 5,000 existing homes which unlocks a new development of 1,000 homes that had been stalled for over 18 months.

International expansion continues with successes both in Europe and in India. In Spain we continue to see demand growing across a range of industries with installation of Control Flow HL2024® in four hospitals and a number of student accommodation and care home sites. We have a healthy pipeline of new projects with interested parties in a variety of sectors.

In India, we are undertaking residential pilots for water efficiency as part of that government's plans to improve urban water supply. We see the use of our technology in a domestic setting as a positive step and we are encouraged by the prospect of expanding these trials as the results come out.

The next steps in both residential and agritech in India are now not anticipated until H2 FY2025 as a result of the current General Elections which run until June.

Acquisition strategy

The Group is already seeing material benefits from the acquisition of both Vriend in the Netherlands and Mathewson in the UK. We approach our M&A activity with discipline and focus and the successes we are seeing since these two businesses became part of the group comes as a result of this approach.

We continue to focus on the integration of these two businesses into the Group and to drive growth in each.

Technologies and R&D

Our technologies and focus on innovation to develop and protect our IP is a key part of our strategy. R&D spend last year was £2.1m and we are expecting similar levels of spend in FY25. Our focus for the R&D during the year was towards enhancing our existing products as well as building the roadmap for new ones and has resulted in applications for new patents in India and Europe.

In the year we also signed a Memorandum of Understanding with The Energy and Resources Institute ('TERI') in India. This agreement is focused on introducing some of their technologies into Europe as well as working with them in India and while at the early stages, we look forward to exploring this avenue further.

Market

The underlying market drivers for our products remain stronger than ever as the climate crisis intensifies and the need for green energy solutions becomes more urgent. COP28 was the best attended climate conference in history, reflecting the increasing momentum and global recognition of climate change. The commitment to transitioning away from fossil fuels assumes doubling the annual rate of energy efficiency improvements by 2030 as these are more cost-effective solutions for many buildings.

At the same time water scarcity continues to be a growing global challenge. Directives and investment plans are in place in the EU and the UK to increase spending on water wastage and treatment, and governments and private companies around the world are increasingly recognising the need to focus spending on water infrastructure.

Our technologies offer proven solutions that can improve the efficiency of energy systems as well as reduce water wastage. These place us in a strong position to grow as we help our clients meet their goals.

ESG

ESG remains at the heart of our business and runs through the core of our strategy. We are a carbon neutral company and our technologies have saved the equivalent of 681 Olympic size swimming pools of water.

The environmental benefits derived from our technologies are clear and we are committed to protecting the environment across our operations.

In FY24 the Group saved over 325,000 tCO₂e through our Control Flow HL2024® technology and renewable heating solutions designed to deliver our clients net carbon zero strategies. This is an increase of 56% on the previous year and represents a significant saving more than offsetting the level of carbon generated by the Group in its Scope 1 and 2 activities.

As an AIM quoted 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.

Strong governance is at the core of everything we do and is central to our ESG and wider business practices. Our governance framework is designed to promote ethical conduct, accountability, and transparency across our operations.

People

In a difficult year our people have been instrumental in delivering for our customers, and I would like to thank each and every one of our team for their hard work and dedication. It is thanks to them that our clients were able to mitigate their problems and tailor their work with us to suit their needs in the face of challenging macro headwinds.

Unfortunately, the challenges in-year and project delays meant that we had to let go of some of our teams in order to right-size the business. This was a difficult but unavoidable decision given the delays in projects. I would like to thank those individuals for their contributions and to wish them success in the future.

With Iain Richardson stepping down as CFO, the search for his successor is underway and James Lamb, Group Financial Controller, will take over the role of interim CFO while we run the process to appoint a permanent successor.

Outlook

The first months of the current year have progressed as we planned and we are expecting a significant volume of work with a return to profit in H2. Our cash position is robust and we have returned to a revenue growth trajectory.


Our local authority domestic Energy clients continue to see the impacts of inflation and other cost pressures affecting capital budgets. Some have been able to navigate these issues, with others continuing to face challenges and while we continue to secure new wins, we do not expect activity in this area to return to normal levels until FY26.

In the non-domestic Energy sector we have secured several important new clients and projects and we expect to see continuing growth through the year. While margins are lower than for domestic projects, client capital budgets in this sector have stabilised and are likely to grow in the coming period.

Water continues to perform strongly as clients better understand and appreciate the benefits of the Control Flow HL2024[®] technologies. This is in both mitigating water stress as well as unlocking development held up by water and nutrient neutrality concerns. We see Control Flow HL2024[®] becoming one of the standard solutions for addressing these types of issues in the future.

Internationally we see strong growth in the Netherlands as we expand our energy offering and introduce our water solutions. In Spain and India we continue to see growth through our Control Flow HL2024[®] products and the diversification into residential as well as agricultural and non-domestic projects.

Overall, following a challenging year, we are confident in the capability of the business and encouraged by the traction we are now starting to see.



Mitesh Dhanak
Chief Executive Officer
23 May 2024

Case studies – International

**Cenergist India****Equitable Water Supply**

We are working with the Arunachal Pradesh Municipal Corporation to install our Control Flow HL2024® technology in homes across a hill top area as part of a future programme to deliver our technology into 3,000 homes in the region. Homes in the area, due to its hilly nature, don't have pressurised water supply systems, which means the flow of pressure is inconsistent. Control Flow HL2024® will provide an equitable flow of water supply to each home and reduce water consumption to help address water shortage issues.

**Cenergist Spain****Making hospitals more water efficient**

The medical care sector in Spain is recognising Control Flow HL2024® as a proven technology of choice to address the issue of water scarcity affecting parts of the country. In a drive to reduce water consumption levels and costs, Control Flow HL2024® has been installed by both local state and private hospitals in the regions of Madrid and Valencia.

Quirónsalud, one of the largest medical care providers in Spain, have an extensive network of hospitals and medical care facilities throughout the country. We have partnered with them to install our technology in two of their hospitals as part of their goal to improve water efficiency.

The Hospital Universitario La Fé and Hospital Universitario del Tajo are public hospitals located in Valencia and the Madrid municipality of Aranjuez. The Hospital Universitario La Fé is recognised as one of the largest and prestigious hospitals in Spain, setting the benchmark for care quality.

**Cenergist Spain****Resa**

Resa is the most extensive student accommodation group in Spain, with a portfolio of over 11,000 accommodation units in 40 buildings across 21 cities. By installing Control Flow HL2024® technology in 19 accommodation buildings, we are able to help them reduce their water consumption by over 52%. This has helped them achieve their target to reduce water consumption and costs. The project continues to expand its rollout to the rest of the portfolio during 2024.



Cenergist Spain

Micampus

Micampus is one of the largest student housing accommodation companies in Spain, and one of the oldest in Europe, with over 7,000 residential student units under their management, with plans to increase this by a further 36% over the next few years. We were asked to help them design and implement a solution to reduce their water and energy usage across 25 accommodation buildings throughout Spain. We installed our Control Flow HL2024® technology and delivered savings of over 58% on their water usage.



Vriend

Het Rietveld

Het Rietveld is a multi-functional centre located in Nagele, Holland which serves as a versatile facility for both large and small events and, plays a crucial role in connecting the surrounding villages and its neighbouring areas.

Over the years the usage levels of the Centre had declined due to the need for infrastructure improvements to make the facility more usable. We were asked to design and implement an efficient heating and water system which would reduce running costs and reduce the carbon footprint for the centre.

Utilising our heating and ventilation design, we installed an energy efficient air source heat pump solution which feeds heat into the centre via underfloor heating. The solution optimises the benefits of our Control Flow HL2024® technology to reduce water and energy costs further.

Using modern control technology, each room in the centre can have its heating and ventilation controlled independently to provide occupants with optimal comfort.



Vriend

Dr. A. Janssen Hospital

The facility, based in Emmeloord, Netherlands is used by local healthcare organisations to provide vital services to their community ranging from outpatient care, rehabilitation, youth assistance and even housing for Ukrainian citizens.

At the request of the Noordoostpolder municipality, we have installed our Control Flow HL2024® technology throughout the facility to help reduce its running costs for energy and water. The client recouped its investment in the project within the first 12 months due to the significant level of savings the technology delivered.

Case studies – UK



Mathewson Underfloor Heating Solution

Foss Park

Foss Park, York, is a new build mental healthcare facility for adults.

The solution optimises the use of air source heat pumps integrated with underfloor heating to improve the energy performance and reduce the cost of heating an area of over 7,500 sqm.



Cenergist Energy

Weedington

We're partnering with Camden Council to design and deliver an energy efficient upgrade to a district heating system to an estate of over 500 homes. The previous system was old, unreliable, expensive to maintain and couldn't be controlled individually by residents in their homes.

The improved heating and hot water solution will provide residents with greater control over their heating usage and comfort levels whilst reducing their energy bills.

When installing the new heating connections in residents' homes, we provided temporary heating to ensure no resident was left cold, during the hours we were working in their property.

The design solution has been future-proofed to enable it to integrate with a renewable heat pump system in the future. This approach will reduce the installation cost to the client and remove the need to undertake further works in residents' homes.



Cenergist Energy

UKRI British Geological Survey GSHP installation

We are working with the UK Research Institute to decarbonise two of their buildings at the British Geological Survey headquarters in Nottinghamshire. The project forms part of a strategy to decarbonise their portfolio by 2030 and achieve net zero by 2040.

We are delivering a ground source heat pump heating solution as well as upgrading and adapting the buildings' heating infrastructure to efficiently integrate with the new heating technology.



Cenergist Energy

Kingston NHS Trust

Kingston NHS Trust appointed Cenergist to design and install a new energy centre and heat network utilising a range of technologies including ground and air source heat pumps, combined heat and power engine and solar PV. The project will be integrating with the council's own district heat network.

The solution will be delivered over three years and will be undertaken on a live acute care hospital site. This forms part of a £12 million investment the client is making towards the decarbonisation of its facility.



Cenergist Water

Water and Nutrient Neutrality

The requirement by Natural England for property developments in some parts of England to meet water and nutrient neutrality has presented a problem to some of our clients.

Using our Control Flow HL2024® technology, we're able to assist clients such as Crawley Borough Council and Stonewater Housing to reduce resident utility bills and unlock previously delayed development. This prevents them having to draw down on more precious resource from the existing water network whilst reducing the nutrient output into our natural habitat.

Natural England has verified Control Flow HL2024® as a technology which will help councils and housing developers to meet their water and nutrient neutrality goals.



Cenergist Water

Locks Heath Junior School

We were asked to identify ways to improve the water efficiency of Locks Heath Junior School. By installing our Control Flow HL2024® technology, the school was able to reduce its annual water bill by 52%, reducing its water usage by the same amount it takes to fill an Olympic size swimming pool.



2024 was a challenging year with the Group being affected by a number of adverse macro-economic factors.

Strategy

Despite the challenges of 2024, 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.

KPIs

The Group's financial Key Performance Indicators, which are aligned with its growth strategy, are revenue growth, adjusted EBITDA, adjusted EBITDA margin, R&D spend, cash conversion and ROCE.

These are consistent with how the Group measures trading and cash generative performance and how these are reported to the Board.

Cash conversion improved significantly from 2023 as the business benefited from the unwind of the increased levels of accrued income at the end of H2 2023 and stringent working capital management as the business managed the impact of inflation and cost pressures on the capital budgets of certain clients.

| | 2024 | 2023 |
|-------------------------------------|----------------|---------|
| Revenue | £53.8m | £55.1m |
| Revenue growth | -2% | 52% |
| EBITDA ¹ | (£5.2m) | £11.7m |
| Adjusted EBITDA ² | (£3.3m) | £11.8m |
| Adjusted EBITDA margin ³ | (6.2%) | 21.5% |
| Adjusted PBT ⁴ | (£6.0m) | £10.1m |
| R&D spend | £2.1m | £1.8m |
| Net Cash/(Debt) ⁵ | £1.2m | (£3.0m) |
| ROCE ⁶ | (31.1%) | 33% |

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, share based payment charges, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

3 Adjusted EBITDA as a percentage of revenue.

4 Profit before tax prior to exceptional costs and share based payment charges.

5 Excluding IFRS 16 Liabilities.

6 Operating profit as a percentage of total assets less current liabilities.

Revenue

Group revenues decreased by 2% to £53.8m, (FY23: £55.1m). UK revenues decreased by 4% to £52.6m (2023: £54.5m). International revenues grew by 138% to £1.3m in 2024.

Profits

The unexpected delay on certain contracts and the impact of potential new legislation, resulted in revenues declining, and these, together with decline in gross margin and an increase in headcount ahead of the expected start of delayed contracts, adversely impacted profitability.

The adjusted EBITDA loss² was £3.3m, (2023: £11.8m profit), with Adjusted EBITDA margins³ of -6.2% (2023: 21.5%). Adjusted PBT was a loss of £6.0m (2023: £10.1m profit).

Statutory operating loss was £7.2m (2023: £10.3m profit) and statutory loss before tax was £7.9m (FY23: £9.9m profit).

Acquisitions

On 3 April 2023, the Group acquired Installatiebedrijf Vriend B.V. ('Vriend'). The total consideration for the acquisition was €0.5m. The acquisition is the first part of our geographic growth strategy and now gives the Group delivery capabilities in the Netherlands. For the period following acquisition, Vriend recorded revenues of £0.6m and an operating loss of £0.2m.

Further information on acquisitions can be found in note 26.

Adjusting and Exceptional Items

The total pre-tax adjusting items, excluding depreciation and amortisation, in the year were £1.9m. These were £0.3m of charges for share-based payments (2023: £0.1m) and £1.6m of exceptional costs. Of these exceptional costs £1.4m are in respect of salary and redundancy costs following the headcount reduction exercise undertaken by the Group, which included the break-up and cessation of the low-carbon solutions delivery team for private, domestic customers. The remaining £0.1m is in respect of those rectification costs incurred by the business, outside the normal course of operations, on one contract, where certain key components failed to perform to specified manufacturers' standards.

Earnings per share

Basic earnings were (18.98p) (2023: 25.50p) and diluted earnings per share were (18.98p) (2023: 25.25p).

Dividends

For the financial year ended 31 January 2024, the Board is not proposing a dividend for the year (2023: 1.2p per share).

Headcount

The Group's full time equivalent (FTE) employees at 31 January 2024 were 221 (FY23: 168). Due to the disappointing result for the year, the Group commenced a restructuring exercise during January and February 2024, which resulted in the disbanding of the low carbons services team and a reduction in headcount of 23.

Share capital and share options

Share options issued during the year under the Long-Term Incentive Plan were 748,595 with the total share options in issue at the year end 1,081,268.

Cash flow and net cash

Cash conversion improved significantly from last year with a cash inflow from operations of £7.7m (FY23: £3.4m outflow). This was as a result of the unwind of the heavy 2023 Q4 project delivery during 2024 which has seen a reduction in the level of trade and other receivables at the year end (FY24: £21.5m, FY23: £28.6m), together with an increased focus on supplier management and a reduction in the volume and value of key components which needed to be bulk purchased ahead of the start of project, all of which positively impacted working capital.

Total capital expenditure on property, plant and equipment amounted to £0.5m (FY23: £0.9m). In addition there was a further outflow of £0.4m for the acquisition of Vriend.

The Group ended the year with net cash (excluding IFRS 16 liabilities) of £1.2m compared with £3.0m of net debt at 31 January 2023.



Iain Richardson
Chief Financial Officer
23 May 2024

Alternative Performance Measures

Alternative performance measures and adjusted financial information have not been audited by the Group's auditors.

Adjusted results

The Board believes that evaluating the Group's ongoing results may not be as useful if it is limited to reviewing only IFRS financial measures, particularly because management uses adjusted financial information to evaluate its ongoing operations, for internal planning and forecasting purposes.

The Group does not suggest that investors should consider these adjusted financial results in isolation from, or as a substitute for, financial information prepared in accordance with IFRS.

The Group presents adjusted financial results when reporting its financial results to provide investors with additional performance measures to evaluate

the Group's results in a manner that focuses on what the Group believes to be its underlying business operations. The Group's management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports.

EBITDA

EBITDA is reported as an alternative measure of profit and is calculated by adding back interest, tax, depreciation and amortisation to (loss)/profit from continuing operations.

EBITDA loss from continuing operations was (£5.2m) (2023: £11.7m) and is reconciled to IFRS reported (loss)/profit from continuing operations as follows:

| | 2024 £'000 | 2023 £'000 |
|--|-----------------------------|-----------------------------|
| IFRS reported net (loss)/profit from continuing operations | (6,339) | 8,515 |
| Income tax | (1,560) | 1,420 |
| Interest payable and other similar expenses | 667 | 370 |
| Depreciation of property, plant and equipment | 824 | 655 |
| Depreciation of right-of-use assets | 412 | 196 |
| Amortisation of intangible assets | 788 | 573 |
| EBITDA from continuing operations | (5,208) | 11,729 |

Adjusted EBITDA

Adjusted EBITDA is also reported as an alternative measure of profit and is calculated by adding back share based payment charges and exceptional costs to EBITDA from continuing operations.

Adjusted EBITDA loss from continuing operations was (£3.3m) (2023: £11.8m) and is reconciled to EBITDA from EBITDA from continuing operations as follows:

| | 2024 £'000 | 2023 £'000 |
|---|----------------|---------------|
| EBITDA from continuing operations | (5,208) | 11,729 |
| Share based payment charge (see Note 23) | 279 | 117 |
| Restructuring costs (see Note 5) | 1,449 | – |
| Rectification costs (see Note 5) | 145 | – |
| Adjusted EBITDA from continuing operations | (3,335) | 11,843 |

Adjusted (loss)/profit before tax

Adjusted (loss)/profit before tax is the final alternative measure of profit that the Board use, and is calculated by adding back tax, share based payment charges and exceptional costs to (loss)/profit from continuing operations.

Adjusted loss before tax was £6.0m (2023: £10.1m profit) and is reconciled to (loss)/profit from continuing operations as follows:

| | 2024 £'000 | 2023 £'000 |
|--|----------------|---------------|
| (Loss)/Profit from continuing operations | (6,339) | 8,515 |
| Income tax | (1,560) | 1,420 |
| Share based payment charge (see Note 23) | 279 | 117 |
| Restructuring costs (see Note 5) | 1,449 | – |
| Rectification costs (see Note 5) | 145 | – |
| Adjusted EBITDA loss from continuing operations | (6,026) | 10,052 |

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 | Inside front cover |
| Performance review | Pages 10-23 |
| Dividend policy | Page 81 |
| Sustainability | Pages 32-37 |

b_ the interests of the company's employees:

| | |
|-------------------------|-----------------|
| Employee engagement | Pages 26 |
| Our employees | Pages 26 |
| Our values | Page 34 |
| Diversity and inclusion | Page 34 |
| Whistleblowing | Page 52 |
| Internal controls | Page 38-43 |
| Health and safety | Pages 35 and 41 |

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 10-23 |
| Delivering our solutions | Pages 16-19 |
| Stakeholder engagement | Pages 25-31 |
| Sustainability | Pages 32-37 |
| Our values | Page 34 |
| Internal controls | Page 38-43 |
| Health and safety | Pages 35 and 41 |

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 | Inside front cover |
| Company purpose | Inside front cover |
| Stakeholder engagement | Pages 25-31 |
| Sustainability | Pages 32-37 |
| Internal controls | Pages 38-43 |

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

| | |
|-------------------|--------------------|
| Company purpose | Inside front cover |
| Sustainability | Pages 32-37 |
| Internal controls | Pages 38-43 |
| Whistleblowing | Page 52 |

f_ the need to act fairly as between members of the company:

| | |
|------------------------|------------|
| Dividend policy | Page 81 |
| Stakeholder engagement | Page 25-31 |
| Annual General Meeting | Page 60 |

Our stakeholders

Our future success hinges on productive engagement with our five core stakeholder groups. Nurturing positive relationships with each group is a Board priority and we consider each of their interests in our decision-making.

In the following sections, we outline our engagement priorities for each stakeholder group and summarise our engagement initiatives over the past year, to give an overview of the different levels of interaction and their impact.

Stakeholder groups



Our stakeholders — continued

Our employees

Why we engage

Our employees 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 employee 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 employee survey and ad-hoc pulse surveys.

Key actions over the year

In FY24, we continued to focus on employee wellbeing, running at least 10 different wellbeing awareness initiatives, covering a range of topics from stress awareness to World Menopause Day. We encourage employees to access any support they may need, while promoting openness around mental health discussions to help reduce the stigma around mental health in the workplace.

We continued to build on our diversity programmes, running awareness initiatives for International Women’s Day and International Women in Engineering. We strive to create an environment that embraces the opportunity that diversity brings.

Globally the Group has a gender split of 33% female to 67% male and at a senior management level we continue to hold gender parity with a 50:50 female to male ratio.

Throughout the year, our employees participated in a range of community initiatives, such as running coffee mornings, lunches and support for vulnerable and elderly in our operational community locations. They also had hands-on involvement in upgrading and improving community facilities, including decorating and installing new flooring and security systems into community facilities as part of our local improvement initiatives.

We also engaged with our overseas employees to understand what employee benefits mean to them and which benefits would be most meaningful in their location. We have subsequently introduced a tailored benefits programme for each country where we operate.



Q&A

Tanushree Hansda
Engineer
Cenergist, India

Which aspects of your role do you enjoy?

I have the opportunity to gain experience in a collaborative work environment while maintaining a work-life balance in this position.

What is Cenergist like as a company to work for?

As a company, Cenergist is well known in today’s fast-paced business environment for its commitment to its employees and their professional advancement. We are supported to acquire new skills and knowledge through a positive workplace culture and encouraged to be productive and innovative at work.

Why do you enjoy working for Cenergist?



I have been associated with this organisation for the past three years and have found the work environment to be supportive. My contribution to the Company is valued and respected.”



Q&A

Antonio Monteiro
Product Manager
Cenergist, Spain

What is your role at Cenergist?

My role is to develop new solutions for our range of Control Flow HL2024® technology products.

Water is a necessity for life in a world which is faced with water scarcity within our lifetime. Cenergist enables me to develop new ways to utilise our technology to manage our water supply and contribute towards caring for the planet.

Why do you enjoy working for Cenergist?



It's great to work here, we feel like a family where everyone respects each other, and we all follow the same goal."

Q&A

Wim Vlot
Installation Engineer
Vriend, Netherlands

What is your role at Vriend?

I am a heating and ventilation engineer with a strong customer-centric approach to delivering our solutions right first time.

My role enables me to deliver renewable heating solutions designed to reduce carbon emissions, and contribute towards a more environmentally sustainable future.

My commitment to growth and improvement makes me an asset to the team, ensuring that I stay at the forefront of my field. Whether it's solving complex installation problems or finding innovative solutions, I embrace each challenge with enthusiasm and dedication.

Why do you enjoy working for Vriend BV?



I appreciate the technical challenges and responsibilities Vriend BV gives me. These opportunities allow me to continually develop myself in my day-to-day activities."

Our stakeholders — continued



Q&A

David Brissenden
Head of Public Affairs
Cenergist

Which aspects of your role do you enjoy?

My role involves understanding and helping industry and government to simplify what is a quite complex policy area in the UK. I've always enjoyed highlighting to key stakeholders, barriers we have experienced as a company to deliver cost-effective technologies that decarbonise buildings, save water, and reduce bills. In particular when we're able to provide senior stakeholders with solutions that sculpt policy in a way that reduces the overall cost of their ambitions whilst maintaining a technology agnostic approach. Ultimately, seeing our delivery teams put this into action and help the people who need it most have dramatically lower bills in the main pay off for me.

Why do you enjoy working for Cenergist?

Cenergist has always been an enjoyable company to work for as the culture is always to, 'do the right thing'. This obviously relates to our work where we endeavour to make our clients more comfortable in their homes and businesses whilst saving them money.

It also extends into our internal culture where every member of the business is valued and given the space and time to perform at their best. And, in the event they are not at their best due to the pressures and strains of life in general, there's an open and honest relationship between employees and management to make sure that person is supported.

What is Cenergist like as a company to work for?

〰

The Group as a whole is a rewarding place to be. We operate on the basis that there's no ego in what we do. From the top down it's incredibly open and you'll always be listened to."



Q&A

Warren Robinson
Drilling Operations Manager
Welltherm

Which aspects of your role do you enjoy?

I enjoy the opportunities the role brings which enables me to not only be a key team member, but which has the excitement of addressing new challenges, driving innovation whilst being empowered to lead and implement positive change.

Why do you enjoy working for Welltherm?

With the knowledge I bring to Welltherm I feel like I can share ideas and structure to improve the process along with working as a team enables me to bring new ideas that are listened to and implemented.

What is Welltherm like as a Company to work for?

〰

In a company that is constantly growing, employees are always listened to and I feel whatever you put in you will always get back."



Q&A

Liam Iddon

Pre-Construction Manager
Mathewson

Which aspects of your role do you enjoy?

I really enjoy working and building successful relationships with clients and companies. I meet and work alongside a lot of bright people through the course of a project from consultants, contractors, all the way to the end user. I get an enormous sense of wellbeing working together with them to deliver a successful, quality product. I relish learning about new technologies and thinking about ways of improving what we deliver. Over the last few months, I've been building on the foundations of the existing pre-construction team, recruiting the right people, and aiding in their development has been a great opportunity and has advanced my managerial style. I still have a lot to learn but this is an exciting prospect. I'm looking forward to developing new processes and ideas with the team that encourages a balanced work life. The growth of my role over the last few years has been challenging but extremely rewarding and I'm proud of my achievements.

Why do you enjoy working for Mathewson?

I enjoy the diversity of working within Mathewson's, no day is ever the same. I am able to be creative and tackle new challenges and situations which helps me to stay focused and interested. I get to travel to various places across the country and meet lots of new and interesting people in both a site and office environment. I feel I am appreciated and trusted to take initiative to get the job done and manage my own time. Working for Mathewson has allowed me to be honest and learn from my mistakes as I've developed in the industry. I believe my personal values align with those of the company. I work with an amazing group of people that care about the product we deliver.

Why do you enjoy working for Mathewson?



"I've been given lots of support over the last year from the company and recognition for my hard work. The company has lots of development opportunities and encourages employees to learn and expand their knowledge."



Q&A

Lisa Hodges

Operations Manager
Cenergist

Which aspects of your role do you enjoy?

I enjoy the opportunity to constantly grow and learn; I get to see direct results of my efforts which is incredibly rewarding. The autonomy and trust I receive from higher management allows me to take ownership and find solutions.

What is Cenergist like as a Company to work for?

Cenergist holds a special place in my professional journey, far reaching beyond mere employment — it's a nurturing company where I have built a meaningful career. The company's genuine concern for every employee has made me feel valued as an individual, not just a faceless number. This unique blend of work along with fellow colleagues has transformed my experience at Cenergist into a fulfilling meaningful career.

Why do you enjoy working for Cenergist?



"In a predominantly male-dominated industry, I have been fortunate to find inspiration in accomplished female leaders. My goal is to follow in their success, and with valuable coaching and mentoring throughout my career, I have not only grown professionally but also personally."

Our stakeholders — continued



Our partners

Including suppliers and sub-contractors

Why we engage

Building close working relationships with a trusted network of suppliers and sub-contractors is vital for our in-depth understanding of their requirements, ways of working and for our own future planning, so that we can continue to provide high-quality, bespoke solutions for our clients.

How we engage

We encourage open two-way direct dialogue and close collaboration with our suppliers and contractors throughout the product lifecycle so that we can build strong, long-term relationships with them. For example, we work directly with contractors and supply chain partners in the planning stages for new projects to secure capacity and identify potential risks.

We regularly review our suppliers and sub-contractors to ensure that they meet our high standards, and provide the resilience we need to ensure we can operate our global operations uninterrupted.

Our Sustainable Procurement Policy promotes social and environmental awareness, and we support many small and medium-sized suppliers that are at the start of their sustainability journey.

Key actions over the year

We have consolidated our supplier base, focusing on value and quality, and we continue to engage local companies where possible and source locally. We are continuing to work towards delivering sustainable procurement practices.



Communities and the environment

Why we engage

We nurture positive relationships with our local communities and engage in initiatives that support sustainability, economic development, and social inclusivity. Understanding the communities where we work is key to a successful relationship which enables us to support local issues where we can.

How we engage

We engage directly with the communities where we work, encouraging direct engagement and feedback where appropriate. We recruit locally where possible and seek to deliver social value to the local community in areas where we work. We engage local companies where we can so we can generate a positive impact in the communities where our operations are rooted.

Key actions over the year

Our social value commitments promote sustainable practices and social wellbeing. We consider how our work affects the local environment and use our resources to make a positive social impact in the communities where we operate. We continue to support local charitable initiatives in the locations where we work. Our employees and partners directly support and engage in local initiatives important to the community such as improving local resident facilities, environmental clean-up programmes and important services such as food banks.

We encourage our employees to volunteer their time to local charities, community groups and improvement initiatives with the goal of making a positive difference no matter how big or small it is. We provide employees with flexibility in their work time to facilitate this commitment.

We are committed to building relationships with local educational establishments and training providers to promote the Group. We offer our expertise and advice by attending local career fairs and employment workshops and provide career opportunities where possible.

In FY24, through our community initiatives we:

- Supplied and installed new flooring, kitchen, decoration, and security cameras in a local facility for local residents and the community to use.
- Donated employee time, food, and support to local community foodbanks
- Engaged in community clean-up programmes.
- Local apprenticeship programme.
- Ran coffee mornings and support for vulnerable and elderly in our operational community locations.
- Provided residents at a sheltered housing accommodation with a Good Friday lunch.
- Supported St Mungo's Charity to address homelessness in London.

Projects are selected through Social Value Commitments and consultation with the communities where we work.

Further information can also be found in the ESG Report on pages 32 to 37.



Our clients and their customers

Why we engage

Our clients and their customers influence our approach to innovative solution design, R&D and entrance into new sectors. Our passion to deliver net zero solutions and services is driven by our clients' desire to achieve their own net zero goals by reducing their energy and water costs.

How we engage

As specialists in energy and water efficiency, we engage with our clients on multiple angles when designing a solution that not only meets their own requirements, but also the needs of their customers.

Our bespoke solutions are developed through a process of continuous dialogue with clients and their customers. Our dedicated implementation teams work alongside clients to ensure we maintain two-way communication, with regular reviews to facilitate open discussion. We value our clients and their customers' feedback, which ensures that we are continually improving our standards of service delivery and exceeding customer expectations.



Our investors

Why we engage

Our investors require a clear view of our performance across key areas, such as financial results, governance and long-term strategy. We continue to increase opportunities to communicate with current and prospective investors, using new channels, formats and technology.

How we engage

Our CEO and CFO directly engage with existing and prospective investors following interim and full-year results. Our Board Chairman also proactively engages with investors to discuss their thoughts and the Company strategy.

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, while our website has up-to-date reports, presentations, webcasts and announcements.

Key actions over the year

We continue to provide increased reporting to investors and updates on contract wins and new business channels. We proactively engage with existing and prospective investors to provide any additional information as appropriate.

Key actions over the year

We continue to improve our services for our clients and their customers, taking on board and responding to client and customer feedback, and resolving any issues quickly and fairly. The success of our client strategy is reinforced by our customer satisfaction scores, which remain consistently above 95%.

Our initiatives with our global clients to help them achieve their sustainability goals and deliver their net zero targets through our innovative solutions was recognised in the Small Cap Network Awards 2023, where we won ESG Company of the Year.

As a company committed to reducing our own and our clients' carbon emissions, ESG is not only important to our investors and clients, but also to our employees and the Company. ESG forms the heart of our business ethos, runs through the core of our global strategy, and reinforces our commitment to responsible business practices.

Sustainability lies at the core of our business model. Leveraging our patent-protected, technically advanced technologies, along with our proficiency in designing and executing complex projects and programmes, bolstered by our highly skilled employees, we are able to deliver innovative solutions that empower our clients to achieve their net zero and water efficiency objectives. This holistic approach underscores our commitment to driving positive environmental impact and advancing sustainability goals across industries.

We recognise the importance of ESG for long-term success for the Company and we are committed to understanding, managing, and improving our ESG performance through the development of our environmental, social and governance (ESG) approach. By proactively addressing environmental impacts, promoting a flexible and diverse working environment, and fostering social responsibility, we seek to drive ESG within the business operations as we expand and grow.

A key strength of our ESG strategy is the collaboration of our internal and external stakeholders who assist with development and implementation of our goals, refine our relationship with sustainability to meet their requirements, and ensure our operations are resilient, ethical and contribute positively to the communities we operate in.

During FY24, we generated lifetime savings of over 325,000 tCO₂e through our Control Flow HL2024® technology and renewable heating solutions. This is an increase of 56% on the previous year and highlights the positive role the Company plays in helping its clients towards achieving their net zero strategies.

We are proud to say the carbon savings delivered by our products and services exceed and off set our carbon emissions for Scopes 1 to 3, demonstrating our dedication to environmental sustainability through comprehensive strategies.

We are continuing to work with our specialist external ESG consultants, to report our progress and credentials accurately and consistently and to inform our ESG strategy.

Scope 1 measures our direct emissions from the operation of assets owned or controlled by the Company, and Scope 2 is the measurement of our indirect emissions that reflect the energy we purchase. Scope 3 emissions are the emissions associated with all upstream and downstream activities in a company's value chain.



Cenergist Water

Ashford

To address the requirement to deliver nutrient neutrality necessary to unlock planning permission, Ashford Borough Council has appointed us to supply and install over 5,000 Control Flow HL2024® technologies across their housing stock. Not only will Control Flow HL2024® help residents reduce their water and energy bills, but it will also deliver the nutrient savings the client needs.



Cenergist Spain

City Council, Sant Cugat

In January 2024 the Catalan government declared a state of emergency, triggered in response to a severe drought after reservoirs fell to 16% of their capacity. The introduction of water restrictions across the region are affecting over 6 million people. Cenergist completed a project with the City Council of Sant Cugat to install Control Flow HL2024® technology in homes to measure the positive impact this will have on reducing water usage as part of its water management programme to address the ongoing drought environment.

Environment – A Carbon Neutral Company

Sustainability is at the heart of our operations, and we recognise the environmental impact of our activity. Therefore, we are motivated in advocating and implementing sustainable practices within our business model and taking action to reduce our emissions and manage our environmental impact.

The carbon balance sheet shows the Group's total greenhouse gas emissions increased by 248% between FY23 and FY24. The heightened delivery operations throughout the Group have led to a rise in Scope 3 emissions. This increase is primarily driven by the growing demand for renewable heating solutions and Control Flow HL2024® technology. Consequently, the fuel consumption for our support infrastructure equipment, including drill rigs, generators, and compressors used for commercial and domestic ground source heat pump projects, experienced greater demand in tandem with the increased project deliveries.

At the same time our products and services delivered carbon savings of 325,000 t/CO₂e.



Carbon balance sheet

The Carbon Balance Sheet contains Enerqua's full greenhouse gas (GHG) emissions inventory for February 2023-January 2024.

| Emissions Scope | FY24 GHG emissions tCO ₂ e | FY23 GHG emissions tCO ₂ e |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Scope 1 | 807 | 699 |
| Scope 2 (location-based) | 18 | 12 |
| Scope 2 (market-based) ¹ | 28 | N/A ² |
| Scope 3 | 73,425 | 20,618 |
| Total GHG emissions (location-based) | 74,250 | 21,329 |

1 Market-based emissions are reported in tCO₂ only.

2 Market-based calculations not completed in FY23.

Our FY24 client solutions generated lifetime savings of 325,000 t/CO₂e.

Waste management

We also have an impact on the environment through the waste we produce. In FY24, we collected data across our global locations to ascertain our waste patterns and disposal patterns better. We are able to utilise this data to develop plans to minimise waste and enhance waste management practices across several of our locations including implementing improved waste segregation, recycling practices and embracing the circular economy in the long term.

We prioritise effective communication with our employees to underpin the significance of waste management. This proactive approach ensures that our employees are engaged and committed to our waste reduction efforts. Now we know our baseline, in FY25, we will be setting targets to reduce our waste.

Employees' approach to the environment

Our employees are at the centre of our operations and they actively champion sustainable practices both at work and at home to raise awareness of environmental issues and encourage responsible behaviours. We prioritise empowering our employees by providing opportunities to engage in environmental improvement programmes, ensuring their contributions have a meaningful impact.

Biodiversity

We are committed to preserving biodiversity and managing potential impacts stemming from our operations. We understand there is a global threat to biodiversity from climate change and human activity, so we seek to mitigate any negative impacts caused by our business. We recognise that ecosystem services play a crucial role in supporting life on Earth, providing essential benefits, and that preserving biodiversity is integral to upholding this balance.

Our approach integrates biodiversity considerations into every project, including conducting environmental and biodiversity assessments on the local area to identify and address potential impacts on local ecosystems. Once we've completed a site-based project, we restore the landscapes used in our projects to an original or improved state to safeguard the local biodiversity and ecosystems. This holistic approach reflects our dedication to environmental stewardship and corporate governance.

Social

Social sustainability is a commitment we make to our colleagues, our local operations, and our local communities. Taking care of their welfare, and mental and physical wellbeing is fundamental to our culture.

Ongoing employee engagement

Our employees are at the heart of our Company and are the reason for our success. Employee engagement is key to maintaining and developing our vibrant and inclusive workplace culture.

Our recognition and rewards programmes celebrate employee and team achievements, reinforcing our collaborative value, as well as individual successes.



Read more in our Key Actions section of Our Employees on page 26

Living our values

Our employees created our core values. The employee and stakeholder processes reflect our approach and enable us to create a global culture built on our principles. It is these principles in which our employees genuinely believe. All our employees, from recruitment and onboarding to performance and development, align with these values and these are demonstrated via their actions throughout the year.

Our values

Innovation
Learn to be better

Quality
Deliver excellence

Support
We are a caring responsible company

Collaboration
Working together

Passion
Proud and committed

Driving diversity and inclusion

Through collaboration, education, and a shared commitment to equality, we aim to create a workplace where everyone feels a sense of belonging, and where diversity and inclusion are not just goals but lived realities, shaping the success and vitality of our organisation.

Diversity and inclusion are integral to our core values; driving innovation, fostering creativity, and enriching our culture, while ensuring all colleagues feel supported, valued and respected. We believe that a diverse workforce brings together unique perspectives, experiences and talents, and together they create a dynamic environment that drives us forward.

We are dedicated to creating a workplace that embraces differences, including (but not limited to) race, ethnicity, gender, sexual orientation, age and religion. Our commitment to diversity is not just a statement — it is an honest and continuous journey. We actively seek to challenge biases, remove barriers and promote equality and fairness at every level of our Company.

Inclusion is intrinsic to the Company to ensure all our employees feel valued, heard, and empowered to contribute their best work. We drive our efforts in inclusion to ensure we have a workplace where we not only welcome diverse voices, but also that we actively seek them; and where everyone has equal access to opportunities for professional growth and advancement.

Our Equal Opportunities Policy ensures that all employees, clients, contractors and those we encounter are treated equally, with fairness and consistency. We design our ongoing diversity initiatives to raise awareness and promote cultural competency, unconscious bias awareness and inclusive leadership throughout the Group.

Awareness initiatives we ran during FY24 include International Women in Engineering Day, and International Women’s Day.



Underfloor heating

Hospital heating improvement

Working with the CEDAR redevelopment programme to design and deliver underfloor heating solution to 3 hospitals in the Northeast of England. The project once concluded will provide efficient underfloor heating to over 6,000m² of the healthcare facilities.

Our HR function

We regularly assess and monitor our policies and procedures to identify areas for improvement, striving to create an environment that is free from discrimination and embraces the opportunity that diversity brings. All recruitment processes aim to ensure fairness, equality and consistency for all candidates, removing any potential barriers to employment.

The Group globally employs 221 employees, an increase of 31%, from FY23, comprising of a gender split of 33% female to 67% male. We are pleased to note that at senior management level, we have retained gender parity with a 50:50 female and male split in FY24.

Training, development and wellbeing

We recognise how crucial employee mental health and wellbeing is for both personal and professional success. We are committed to ensuring we have an environment that prioritises the mental health and overall wellbeing of our

employees, as well as encouraging professional growth through training and development.

All employees have access to our employee assistance programmes, which provide professional guidance on physical, mental and financial wellbeing. We encourage employees to access any support they may need, while promoting an openness around mental health discussions to help reduce the stigma around mental health in the workplace.

These are just a few of the wellbeing awareness initiatives that we have run during FY24:

- Employee Appreciation
- Stress Awareness
- World Health
- Learning at Work
- Men's Health
- World Wellbeing
- International Safe Place to Work
- National Wellness
- World Mental Health
- World Menopause Day.

These themes and campaigns help create a supportive environment where individuals can thrive both personally and professionally and feel able to actively seek support.

We design our training and development programmes to empower our employees with the skills, knowledge and resources they need to excel in their roles and help them to reach their full potential. We invest in continuous learning, coaching, career advancement pathways and leadership development initiatives, so our employees are agile, adaptable and equipped for future succession and challenges.

Employees receive training, some of which is mandatory, across a multitude of essential areas such as diversity, environmental, health and safety, cyber security and data protection.

Prioritising health and safety

The health and safety of our employees is a key priority for us. We reinforce our

approach to health and safety across the Group via awareness initiatives and mandatory health and safety training for all our employees when they join the Group. Our Internal Audit function regularly inspects our operational facilities, equipment, emergency plans, welfare and working practices to ensure we provide a safe working environment for employees. Our Safety Health Environment and Quality Committee comprises representatives across the Group and focuses on topics including health and safety, risk management, emergency procedures, accident and incident reporting and reviews, data protection, IT security and environmental waste reporting. The Committee also evaluates changes in regulations which may affect the Group, communicating these changes and collating and reviewing feedback from across the Group.

Our 'Toolbox Talks' programme for employees address key areas throughout the year to ensure that we equip our employees with the right knowledge and skills for them to be able to work safely and effectively every day.

Supporting local communities

Our social value commitments promote sustainable practices and social wellbeing. We nurture positive relationships with our local communities and engage in initiatives that support sustainability, economic development and social inclusivity.

We aim to recruit local to the areas in which we operate and support emerging talent with their career aspirations through the increasing number of apprenticeships within our teams. Across our global family,



Employee food bank donations and time support for a local community project.

we recruited 83% of our employees locally, with 17% working at a national level.

We engage local companies where we can to support our goal to source locally. This approach underscores our commitment to generating positive impact in the communities where our operations are rooted.

We are committed to building relationships with local educational establishments and training providers to promote the Group. We offer our expertise and advice by attending local career fairs and employment workshops and provide career opportunities where possible.

We encourage our employees and partners to volunteer their time to support different local community projects, which are selected by the Group in consultation with our local communities. In FY24, our community initiatives included:

- Supplied and installed new flooring, kitchen, decoration, and security cameras in a local facility for local residents and the community to use.
- Donated employee time, food, and support to local community foodbanks
- Engaged in community clean-up programmes
- Ran apprenticeship programme
- Ran coffee mornings and support for vulnerable and elderly in our operational community locations.
- Provided residents at a sheltered housing accommodation with a Good Friday lunch.
- Supported St Mungo's Charity to address homelessness in London.

Collaborating with suppliers

We have designed our Sustainable Procurement Policy to promote social and environmental awareness. We work with many small and medium-sized suppliers that are at the start of their sustainability journey. We regularly review the robustness of our supply chain resilience to ensure we can operate our global operations uninterrupted.

Governance

As an AIM quoted 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.

The Group implements a range of policies and procedures which reinforce our governance approach on subjects such as modern slavery, whistleblowing, remuneration, anti-bribery and corruption, while ensuring compliance with relevant laws, regulations and industry standards.

We have started the process of ensuring we are aligned with the revised QCA Corporate Governance Code 2023, which will apply to our next financial year beginning on 1 February 2025. We will update our corporate governance disclosures to reflect the revised code in the Annual Report and Accounts released in respect of that financial year.

Awards

Eneraqua Technologies won ESG Company of the Year at the Small Cap Network Awards 2023. The award recognises our work with our global clients to help them achieve their sustainability goals and deliver their net carbon zero targets – using our Control Flow HL2024[®] technology and renewable heating solutions. It reflects the passion our employees share to deliver innovative solutions to help our global clients meet their decarbonisation goals.



We were recognised for our role in the social housing decarbonisation programme with Leeds City Council, which won the Best Initiative to Combat the Fuel Poverty Crisis Award from the The Association of Safety and Compliance Professionals (ASCP) Safety & Compliance Conference in Housing & Communities.

- During FY24 we were also shortlisted for:
- Energy Saving Awards
 - Highly Commended for Best Water-Saving Domestic Product: Control Flow HL2024[®]
 - Highly Commended for Best Domestic Installation of the Year: Clustering for Warmth, a large renewable district heating programme in Leeds
 - edie Net Zero Awards for Built Environment Project of the Year: Finalist

Accreditations

- We hold the following accreditations:
- Cyber Essentials Plus (Group-wide)
 - ISO 9001: Quality Management for UK and India
 - ISO 14001: Environmental Management for UK and India
 - ISO 45001: Occupational Health and Safety Management (UK)
 - WRAS approval for Control Flow HL2024[®] technology (UK)
 - Kiwa accreditation for Control Flow HL2024[®] technology
 - Micro Generation Certification (MCS) for Ground Source/Air Source Heat pumps (UK)
 - Renewable Energy Consumer Code (RECC) (UK)



Streamlined Carbon and Energy Savings Report

The below table shows the consumption and associated emissions for the financial year ended 31 January 2024¹.

| 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 Total | 3,286,060 | 781.38 | 116,855 | 25.52 | 3,402,915 | 806.91 |
| Gaseous and other fuels (Scope 1) | 2,304,792 | 547.59 | 9,783 | 1.79 | 2,314,575 | 549.38 |
| Transportation (Scope 1) | 981,268 | 233.79 | 107,072 | 23.73 | 1,088,340 | 257.53 |
| Scope 2 Total | 27,463 | 5.69 | 40,876 | 12.31 | 68,339 | 18.00 |
| Grid-supplied Electricity (Scope 2) | 27,463 | 5.69 | 40,876 | 12.31 | 68,339 | 18.00 |
| Scope 3 Total | 302,796 | 68.10 | 21,975 | 4.87 | 324,771 | 72.97 |
| Transportation (Scope 3) | 302,796 | 68.10 | 21,975 | 4.87 | 324,771 | 72.97 |
| Total | 3,616,319 | 855.17 | 179,706 | 42.71 | 3,796,025 | 897.88 |

¹ This has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Scope 1 consumption and emissions include direct combustion of natural gas, and fuels utilised for transportation operations, for example, company vehicle fleets.

Scope 2 consumption and emissions cover indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions cover emissions resulting from sources not directly owned by Eneaqua, i.e., grey fleet business travel undertaken in employee-owned vehicles only.

Our FY24 client solutions generated lifetime savings of 325,000 t/CO₂e.

Intensity metric

The Table below shows the Group's Total Emissions Intensity Metric. An intensity metric of tCO₂e per full time employee has been applied for the annual total consumption of the Group.

| Intensity Metrics | Location-based tCO ₂ e | |
|---------------------------------------|-----------------------------------|------|
| | FY24 | FY23 |
| Total FTE | 221 | 168 |
| All Scopes tCO ₂ e per FTE | 4.06 | 4.81 |
| Year on Year Percentage Change | -15.53% | |

Energy efficiency improvements and carbon savings

We recognise the importance of reducing our overall emissions and achieving carbon savings, so we can contribute to global efforts of combatting climate change. This is currently focused on our Scope 1 and 2 emissions, which are those from our operations and which are under our direct control, by improving energy efficiency, use and conservation.

In FY24, business travel rose due to a shift from virtual to face-to-face meetings as the country gradually reopened offices. Additionally, ongoing train strikes contributed to an increase in car travel. A survey on employee commuting conducted during FY24 offered a clearer picture of our global employees'

commuting patterns. The surge in employee commuting was fuelled by a 31% growth in our workforce compared to FY23, coupled with more employees returning to office-based work.

During FY24, we have undertaken projects to reduce energy usage including raising employee awareness via global initiatives such as:

- World Environment Day
- Water Saving Week
- World Clean and Green Week
- Earth Day

The Group will continuously review options to reduce its Scope 1 and 2 emissions via a range of initiatives while working with its suppliers to explore ways to reduce its Scope 3 emissions.

We view risks
as positive
opportunities for
innovation, growth
and strengthening
business resilience
for the future.

A decorative graphic at the bottom of the page consisting of multiple thin, light blue lines that flow and curve across the width of the page, creating a sense of movement and modernity.

How we manage risk

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 is 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.

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 FY24, in-depth reviews included health and safety, people and resources and government policy.

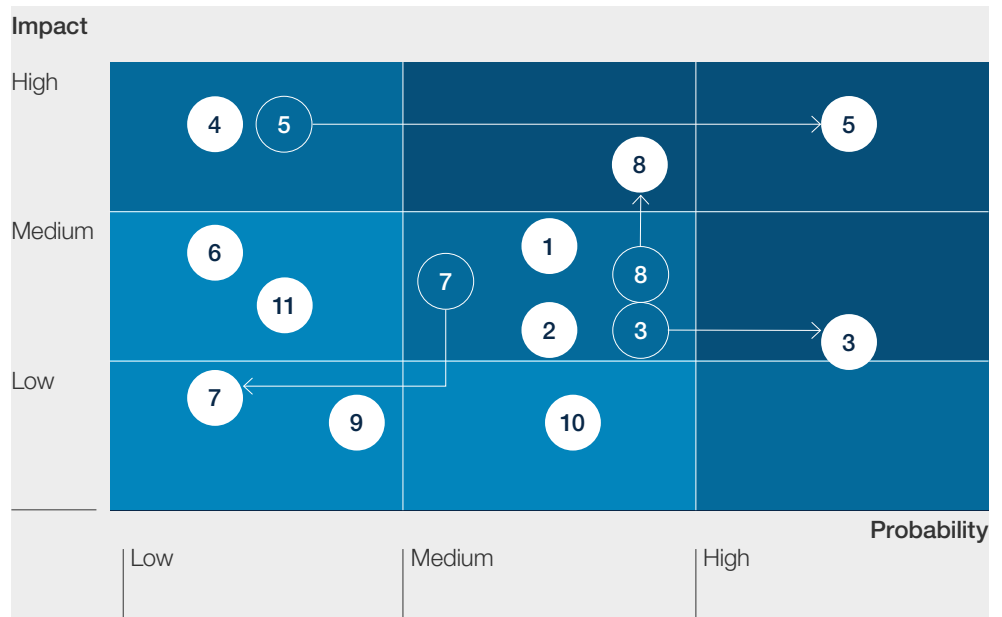
We update the Risk Register as changes to the nature of risks emerge, or when we implement or amend mitigating actions. The Board has considered the need for an internal audit function and concluded that the existing internal control system is the most appropriate solution based on the Group's size and complexity. The Board will periodically review this position.

Risk footprint

The risk position after taking account of the mitigating controls in place. All high-risk areas require regular reporting to the board and are reviewed by the Audit and Risk Committee.

Principal risks footprint




- Risk description**
[Read more on pages 40 to 43](#)
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 cyber security
 7. Acquisitions and integration
 8. Liquidity and capital risk
 9. Competition and industry consolidation
 10. Overseas markets
 11. Financial control



Principal risks and uncertainties

The Board has set out the principal risks and uncertainties that it believes could impact the business. This reflects our ongoing risk review process. While not an exhaustive list, these are the principal risks that have been identified. The nature and scope of risks can change over the period and the Board maintains a continuous review process.

Risk key

| | |
|----------------|---|
| Risk reduced |  |
| Risk increased |  |
| Risk unchanged |  |

1. People and resources

Risk description

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

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 and talent progression including implementation of psychometric testing techniques and review of labour pools e.g. UK Visa Sponsorship.
- Improved succession planning and identification of key positions to deliver our strategy.
- Continual engagement with employees to gain insight into the resources they require to undertake their roles effectively and to understand their views on different benefits.
- Enhancement of employee benefits package.
- Monitoring employee satisfaction and engagement levels across the Group.
- Introduction of share incentive scheme for performing employees across the Group.
- New employee induction programmes and performance reviews to include value alignment.
- Improved management training to include values and employment best practice.

Changes during FY24



2. Intellectual property

Risk description

Risk of challenge to intellectual property applications for existing and future Control Flow HL2024® technology.

Potential consequences

Include third parties asserting infringement claims, and risk of cost to the Company to assert our intellectual property rights.

Mitigating actions

- Engagement of experienced advisors.
- All patents, copyright and trademarks filed in current and future prospective countries.
- Monitoring and tracking IP applications.
- Conduct all research and design in house to prevent loss of competitive advantage associated with new technology.
- Continuous improvement in materials, designs, and product range.

Changes during FY24



3. Supply chain and third-party dependency

Risk description

Loss of IT service provider, of key contractors and supply chain partners.

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.
- Enhanced due diligence applied to all contractors (new and existing) to monitor financial, legal, operational, and service performance.
- Developed supply chain contingency planning.

Changes during FY24



4. Health and Safety

Risk description

The Group must comply with numerous regulations relating to safety & health of its employees, clients, and the public. Failure to comply could jeopardise business and operations.

Potential consequences

Injury or loss of life, operational 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.

Changes during FY24



5. Change in government policy

Risk description

Changes in Government policy could impact on client investment decisions and thereby the performance of the business.

Potential consequences

Loss of revenue and constrained growth.

Mitigating actions

- Engaging with Government policy makers 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.
- Reduction of dependency on a single market.

Changes during FY24



6. Data protection and cyber security

Risk description

Risk of data breach and or failing to comply with data protection laws and regulations.

Potential consequences

May result in operational disruption, fines, loss of contract, negative publicity, and reputational damage.

Mitigating actions

- Limited personal data held.
- Implementation of system by system back up and testing schedule.
- Restricted use of cloud-based storage to mainstream providers for all key documents to ensure retention.
- Data processing and destruction policies and procedures.
- Ongoing programme of data protection training extended for all sites.
- 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.
- Implementation of multi-factor authentication across all systems.

Changes during FY24



7. Acquisitions and integration

Risk description

Risk of failing to integrate acquired operations or technologies effectively to realise benefits of acquisition. Risk of failure to identify risks or issues in due diligence and risk of delays in integration.

Potential consequences

Include delays in integration, increased expenses, loss of employees or loss of clients.

Mitigating actions

- Board challenges and reviews rationale.
- Oversight sits under CFO with support from key employees.
- Regular performance monitoring to ensure integration is on schedule, on budget and benefits are realised.
- External advisors review due diligence.
- Board oversight and evaluation of full cost/benefits analysis before completion of acquisition.
- Development and improvement of risk registers for all acquired companies.

Changes during FY24



8. Liquidity and capital risk

Risk description

Insufficient funds to meet financial obligations; weakening of supplier relations and delays in significant projects or loss of key customers.

Potential consequences

Include significant delays on key projects, insufficient cash, weakening of supplier relationships and reputational risk.

Mitigating actions

- Treasury activity is reported to the Board monthly and forecast weekly.
- Regular assessment of banking facilities.
- Detailed financial planning process allowing forecasting of ongoing liquidity requirements.
- Proactive engagement programme with customers and potential customers.

Changes during FY24



9. Competition and industry consolidation

Risk description

The Group faces competition from other companies.

Potential consequences

Include reduction of market share, profitability, and cost increases to retain market share.

Mitigating actions

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

Changes during FY24



10. 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 employees with local market knowledge.
- Engaging external advisers where required.
- Monitoring changes in policy and legislation.
- Monitoring and engaging with relevant Government policy makers.

Changes during FY24



11. Financial control

Risk description

Risk of fraud.

Potential consequences

- Misappropriation of funds.
- Loss of financial information.
- Impact financial standing and reputation.

Mitigating actions

- Key fraud prevention controls policies, procedures and training is in place across the Company.
- Additional staff recruited.
- Additional financial controls implemented around invoicing, supply payments and supplier onboarding.

Changes during FY24

This is a new risk identified during FY24.

Governance

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introduction
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Board of Directors

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**Statement
of Directors'
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Chairman's introduction to governance

06

I am pleased to present the Corporate Governance Report for the year ended 31 January 2024."



The Board meets regularly, with 11 scheduled meetings during the year and further ad-hoc meetings to deal with specific issues. Board Committees meet regularly, with their minutes circulated to the full Board. Reports from the Chairman of each Committee are a standing item on the main Board agenda, as is Governance and Compliance with AIM and other regulatory requirements. We also conduct a formal annual review of the effectiveness of the Board. Further information can be found on pages 49 and 50.

The following pages describe additional governance highlights and include details of the Board and Committees membership. I would once again 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 ('QCA') Corporate Governance Code. The QCA Code sets out a framework of 10 principles to corporate governance and we feel this approach is appropriate for our size. The following report details how we comply with the current QCA Code and explains any areas of non-compliance as appropriate.

Guy Stenhouse
Chairman
23 May 2024



Guy Stenhouse

Independent
Non-Executive Chairman

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. He 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, he 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



Bill Tame

Senior Independent Director

Appointed to the Board on
16 November 2021.

Skills and experience

Bill's extensive career includes global industrial and engineering companies. Before joining Eneraqua 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. He brings a wealth of relevant industry experience to the Board as well as substantial financial expertise and plc experience.

Committee membership

Bill is a member of the Audit and Risk Committee and the Remuneration Committee.

External appointments

- Senior Advisor at Dial Partners LLP



Sarah Cope

Independent
Non-Executive Director

Appointed to the Board on
16 November 2021.

Skills and experience

Sarah has over 25 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. She 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 and Risk Committee, and a member of the Remuneration Committee and the Nomination Committee.

External appointments

- Senior 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
- Non-Executive Director and Chairman of the Remuneration and Audit and Risk Committees of Directa Plus plc
- Non-Executive Director and Chairman of the Audit and Risk Committee of Smarttech247 plc
- Director of Oak Lea Consulting Services Ltd



David Routledge
Non-Executive Director

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 Organisational Development expertise to the Board.

Dave is not considered an independent director, but it is felt that his particular skills, combined with his extensive industry experience, makes him the most appropriate director to chair the Remuneration Committee.

Committee membership

Dave is Chairman of the Remuneration Committee and a member of the Nomination Committee.

External appointments

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



Mitesh Dhanak
Chief Executive Officer (CEO)

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 was a member of the Department for Energy Security & Net Zero's Energy Efficiency Taskforce Steering Group.



Iain Richardson
Chief Financial Officer (CFO)

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.

He has over ten 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 Eneraqua Technologies' Board in November 2021.

Iain is a Chartered Accountant and fellow of the Institute of Chartered Accountants in England and Wales.

Board roles and responsibilities

The Board is responsible for promoting the long-term success of 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.

Eneraqua Technologies plc Board

The Board is collectively responsible for promoting the long-term success of Eneraqua Technologies plc. Company business is managed by the Board, and matters reserved for the Board's decision-making are available on the Eneraqua website. Although the Board retains overall responsibility, it delegates certain matters to the Board Committees. The detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business are delegated to the Executive Directors.

Board Chairman

The Chairman provides leadership and direction to the Board, promotes high standards of governance, and ensures the effectiveness of the Board in directing the Company. The Chairman also sets the Board's agenda, promotes a culture of openness, constructive debate, and challenge, and makes sure all Directors contribute effectively.

Committees

The Board Committees consist of Non-Executive Directors. Each Committee Chairman reports to the Board on matters discussed at Committee meetings and highlights any significant issues requiring Board attention. The terms of reference for each Board Committee are reviewed annually and are available on the Eneraqua website. The reports of each Board Committee are in this Annual Report.

Audit and Risk Committee

Reviews and reports to the Board on our financial reporting, internal control, and risk management systems. Monitors the independence and effectiveness of the external auditor and oversees the management of risks.

Nomination Committee

Provides succession planning for the Board and leads the process for all Board appointments. Keeps under review the membership and composition of the Board, including the combination of skills, experience, and diversity, and ensures it remains appropriate.

Remuneration Committee

Determines the remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors. The Committee also determines the Chairman's and senior management remuneration.

Executive Directors

Mitesh Dhanak (CEO) and Iain Richardson (CFO).

The Board has delegated the day-to-day running of the Group to the Executive Directors. The Executive Directors make and implement operational decisions to run the Group's business on a day-to-day basis.

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

The Company Secretary, Kate Smith, resigned in August 2023 and we appointed Prism Cossec to provide Company Secretariat services to the Board, its Committees and the Group. Richard Butts was appointed Company Secretary from January 2024.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibility. Further information on the Committees' roles is in each of their reports and a copy of the Committees' Terms of Reference are on our website 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

There were 11 scheduled and four ad-hoc Board meetings during FY24. Board meetings are generally held monthly, and can be in-person or virtual. The Board delegates matters for review to the appropriate Board Committee if they are deemed to be time critical. The Committee then presents its recommendations to the Board. If Directors are unable to attend any convened meetings, they receive the relevant Board and Committee papers and have the opportunity to provide their feedback in advance.

Information and support

The Chairman, aided by the Company Secretary, is responsible for ensuring 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.

Board and Committee attendance

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

The attendance at all Board and Committee meetings held during the year to 31 January 2024.

| | Board | Audit and Risk Committee | Remuneration Committee | Nomination Committee |
|------------------------|-------|--------------------------|------------------------|----------------------|
| Guy Stenhouse | 15 | n/a | n/a | 1/1 |
| Sarah Cope | 13 | 3/3 | 2/2 | 1/1 |
| David Routledge | 13 | n/a | 2/2 | 1/1 |
| Bill Tame | 15 | 3/3 | 2/2 | n/a |

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

Board and Committee evaluation

The FY24 Board evaluation was conducted internally via 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 we received from the evaluation was very positive. It is clear that Directors feel that the Board is effective in carrying out its role and functions, with each Director able to contribute openly and effectively.

External advisors

The following advisors have been appointed by the Group:

- Liberum Capital Limited: broker and nominated advisor
- Singer Capital Markets: joint broker
- PKF Littlejohn LLP: external auditors
- Memery Crystal LLP: legal advisor
- EY: tax advisor
- Alma Strategic Communications Limited: financial PR advice and services
- FIT Remuneration Consultants LLP: independent advice to the Remuneration Committee
- HSBC UK Bank plc: banking partner
- Registrars: Link Group

Nomination Committee report



Nomination Committee

Membership 2023-24

Guy Stenhouse, Chairman
Sarah Cope
Dave Routledge

Their biographies are on pages 46 and 47.

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As we expand our operations and increasingly trade in international markets, a key requirement is to ensure we have a sufficiently deep and diverse pool of talented people.”

Guy Stenhouse

Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination Committee's (the Committee) report for the year ended 31 January 2024.

The Committee's key duties are set out in the Committee's Terms of Reference, which are available on our website and on request from the Company Secretary. Key duties include:

- 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, under review; and
- Identify and nominate, for Board approval, candidates to fill Board vacancies.

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

Members of the Nomination Committee

Throughout the year, the Committee consisted of Guy Stenhouse, Sarah Cope and Dave Routledge. Guy and Sarah are classified as independent non-executive directors. Biographies of all members of the Committee are on pages 46 and 47.

Committee meeting and attendance

The Committee met formally once during the financial year and a further two times between year end and the date of the accounts. Details of attendance are on page 49.

The Company Secretary acts as secretary to the 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. Our evaluation concluded that overall the Board is functioning well, and we identified specific areas of focus for the year to 31 January 2025.

- Refinements to the timing and content of reports to the Board to strengthen governance oversight.
- A rebalancing of the Board's agenda to ensure strategy and longer-term plans were given appropriate weight.
- The development of a specific plan to ensure the Board had increased direct contact with employees at all levels within the Company.

Succession and critical personnel planning

The Company operates in demanding and high growth markets. As it expands operations and increasingly trade in international markets, a key requirement is to ensure it has a sufficiently deep and diverse pool of talented people who can take on positions of greater seniority and responsibility within the business. For FY24, the Committee monitored the development of, and then reviewed, both a Critical Personnel Plan and a Long-Term Succession Plan. We will continue to monitor these plans as they are refined and developed.

Governance reporting

The Committee reviewed the governance reporting required in relation to equality and diversity, which is determined by company size, to ensure the Company met its reporting obligations. We will continue to monitor reporting requirements as the Group continues to grow.

Guy Stenhouse

Chairman, Nomination Committee

23 May 2024

Audit and Risk Committee report



Audit and Risk Committee

Membership 2023-24

Sarah Cope, Chairman

Bill Tame

Their biographies are on pages 46 and 47.

All members of the 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.



The risks and challenges facing Eneraqua are constantly evolving. The Audit and Risk Committee's focus is to ensure the risk management processes are adaptable and relevant in this changing environment."

Sarah Cope

Dear Shareholder

On behalf of the Board, I am pleased to present the Audit and Risk Committee's (the Committee) report for the year ended 31 January 2024.

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- The integrity of the Group's financial and narrative statements and other financial information provided to shareholders;
- The effectiveness of its internal control and risk management procedures;
- Recommending the appointment of the External Auditors and the audit fee to the Board;
- The Company's attitude to and appetite for risk and its future risk strategy; and
- Monitoring the performance, independence and effectiveness of External Auditors, and assessing their recommendations.

The main responsibilities of the Committee are set out in its Terms of Reference, which can be found on our website or are available on request from the Company Secretary. The Terms of Reference were last reviewed and updated in March 2023.

We have reviewed the contents of this Annual Report, and consider it to be fair, balanced, and understandable. We believe the report provides 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. We recommended to the Board the adoption of the going concern basis of accounting in preparing the Group's financial statements.

Committee meetings and attendance

The Committee met formally three times during the year. Details of attendance are on page 49.

The Chief Financial Officer and 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 completed the following activities during the year:

- Reviewed the announcements of the Company's financial results, including the interim financial statements and preliminary results announcement. We focused 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.
- Reviewed and approved the FY23 Annual Report and Accounts for submission to the Board.
- Reviewed the financial statements to ensure compliance with applicable accounting standards and statutory and listing requirements.
- Considered reports from management and the External Auditor, discussing key matters, including the appropriateness and consistent application of accounting policies.
- 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 earnings and cash flow. The Committee assessed whether the review of tangible and intangible assets across the Group had considered the depreciation or amortisation adjustments correctly. We also reviewed the assessment of the useful economic life of key capital items and the impact of depreciation and amortisation rates.

- Assessed the independence and effectiveness of the External Auditor.
- Reviewed the Audit Planning Report with the External Auditor, approving the audit fees for FY24.
- Considered and approved the 2023 Risk Register, reviewing the associated controls and mitigating actions. We agreed key risk areas the Committee would like a detailed review of in 2024.
- Kept under review key policies for Whistleblowing Policy and Anti-bribery and Corruption; and
- Considered whether there was a requirement to develop an internal audit function.

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 for risk management and internal control systems, policies, and procedures, described on pages 38 to 43. We continue to develop and review our risk management processes to ensure they remain relevant in an ever-changing environment.

The Committee reviewed the Group's Corporate and Operational Risk Registers, including an assessment of our principal and emerging risks, and any changes to risk levels. We deliberated the potential impact and probability of such events occurring. We then requested an in-depth review of key risks during the period to evaluate the effectiveness of the risk management system and the internal controls in place. The Committee approved the Risk Register.

PKF, our External Auditor, obtained an understanding of our internal controls as part of its audit process (pages 63 to 67) and reported no significant deficiencies in our internal controls.

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.

IT security

The Committee reviewed the progress made in the delivery of the IT Security Roadmap across the Group's systems and IT solutions. The roadmap focuses on potential emerging risks and the mitigating actions being or to be taken by the Group to prevent such a risk from materialising.

Internal audit function

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 management can be confident of the adequacy and effectiveness of its internal controls and risk management procedures, without the need for an internal audit function. However, we will keep this under ongoing review.

External Audit independence and effectiveness

The Committee assesses the ongoing effectiveness and quality of the External Auditor (PKF) and audit process through several methods, including a review of the detailed audit plan presented to the Committee at the start of the audit cycle, the external audit strategy and PKF's audit findings of the consolidated financial statements for FY23.

The Committee and PKF reviewed the key audit risks we had identified as part of the external audit. We used the work performed by the External Auditor to test management's assumptions and estimates relating to such risks.

PKF highlighted no major areas of concern during the current financial year that required bringing to the Committee's attention.

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

Sarah Cope

Chairman, Audit and Risk Committee
23 May 2024

Remuneration Committee report



Remuneration Committee

Membership 2023-24

David Routledge, Chairman
Sarah Cope
Bill Tame

Their biographies are on pages 46 and 47.

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

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We aim to operate a transparent, simple, and effective remuneration structure, to best motivate and retain people of the highest calibre.”

David Routledge

Annual Statement

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 31 January 2024.

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 FY24, and the operation of the Remuneration Policy for FY25.
- The Remuneration Policy report, which summarises our Remuneration Policy.
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented 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 is 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.

Committee meeting and attendance

The Committee met formally two times during the year. Details of attendance are on page 49. 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 Consultations 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

- We reviewed the Committee's performance as part of the Board evaluation. Details are on page 49. It was felt that the Committee was operating effectively.
- We agreed LTIP grant levels and performance targets for the July 2023 LTIP awards.
- We reviewed the performance of the CEO and CFO against the annual bonus targets for FY24.

Performance and reward for FY24

Despite significant progress being made against the ESG and personal performance objectives by the Executive Directors, no annual bonus is payable to the Executive Directors for the year ended 31 January 2024.

Implementing the FY25 Remuneration Policy

- No base salary increases were awarded to the CEO and CFO.
- 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 2024, 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
23 May 2024.

Remuneration Policy report

This section sets out the Directors' Remuneration 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. | – |
| Annual bonus | To reward performance against annual targets that 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. | 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. | 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 and 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. | – | – |

Annual report on remuneration

Implementation of the Policy for year ended 31 January 2024

During the year ended 31 January 2024, the Directors received the following remuneration and pension contributions:

| Director | | Salary/fees | Taxable benefits ¹ | Pension contributions | Annual bonus ² | Total |
|--------------------------------|------|-----------------|-------------------------------|-----------------------|---------------------------|-----------------|
| Executive Directors | | | | | | |
| Mitesh Dhanak | 2024 | £293,550 | £8,009 | £1,761 | £0 | £303,320 |
| | 2023 | £285,000 | £474 | £1,761 | £142,500 | £429,735 |
| Iain Richardson | 2024 | £195,700 | £946 | £1,761 | £0 | £198,407 |
| | 2023 | £190,000 | £270 | £1,761 | £95,000 | £287,031 |
| Non-Executive Directors | | | | | | |
| Guy Stenhouse | 2024 | £75,000 | – | – | – | £75,000 |
| | 2023 | £75,000 | – | – | – | £75,000 |
| Sarah Cope | 2024 | £45,000 | – | £1,550 | – | £46,550 |
| | 2023 | £45,000 | – | £1,550 | – | £46,550 |
| David Routledge | 2024 | £45,000 | – | – | – | £45,000 |
| | 2023 | £45,000 | – | – | – | £45,000 |
| Bill Tame | 2024 | £45,000 | – | – | – | £45,000 |
| | 2023 | £45,000 | – | – | – | £45,000 |
| Total | 2024 | £699,250 | £8,955 | £5,072 | £0 | £713,277 |
| | 2023 | £685,000 | £744 | £5,072 | £237,500 | £928,316 |

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 employee retention, Learning & Development strategy and health and safety) and ESG-related targets (based on the Company's net zero commitment and local community initiatives) ended 31 January 2024, the decision was made to not award the Executive Directors with annual bonus.

Share awards vesting in the year

No share awards vested during the year ended 31 January 2024.

Share awards granted in the year

The following LTIP awards were granted to the Executive Directors on 5 July 2023:

| Director | Basis of award | Number of shares under award |
|---|----------------|------------------------------|
| Mitesh Dhanak (Chief Executive Officer) | 100% of salary | 219,231 |
| Iain Richardson (Chief Financial Officer) | 100% of salary | 146,154 |

The awards were granted as options, with an option price per share of nil. The awards will vest on the third anniversary of the grant of the awards, subject to continued service and to the extent to which the performance conditions set for the awards are satisfied.

| | |
|---------------|---|
| 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 AIM100. |
| 50% of awards | 25% of this part of awards will vest for EPS of 19p, increasing pro-rata to 100% of this part of awards vesting for EPS of 24p for the financial year ending 31 January 2026. |

In respect of each of the above measures, an environmental, social and governance (ESG) related underpin measure also applies, with a commitment on reducing the level of the Company's Scope 1 emissions over the three-year period.

Share awards outstanding

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

| | Award | Date of Grant | 31/01/2023 | Granted | Lapsed | Exercised | 31/01/2024 | Vesting Date |
|-----------------|-------------------|---------------|------------|---------|--------|-----------|------------|--------------|
| Mitesh Dhanak | LTIP ¹ | 22/11/2021 | 102,888 | – | – | – | 102,888 | 22/11/2024 |
| | LTIP ² | 05/07/2023 | – | 219,231 | – | – | 219,231 | 05/07/2026 |
| Iain Richardson | LTIP ¹ | 22/11/2021 | 68,592 | – | – | – | 68,592 | 22/11/2024 |
| | LTIP ² | 05/07/2023 | – | 146,154 | – | – | 146,154 | 05/07/2026 |

1 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.

2 See Share awards granted in the year section above in respect of the performance targets attached to the awards.

Directors' interests in shares

The interests of the Directors as at 31 January 2024 (including the interests of their families and related trusts), all of which were beneficial, in the ordinary shares of the Company were:

| Interests | Number of ordinary shares 31 January 2024 | Number of ordinary shares 31 January 2023 |
|-----------------|--|--|
| Mitesh Dhanak | 6,137,327 ¹ | 5,772,427 ¹ |
| Iain Richardson | 31,500 | 31,500 |
| Guy Stenhouse | 148,818 | 73,818 |
| Sarah Cope | 9,721 | 3,550 |
| David Routledge | 3,725,485 | 3,725,485 |
| Bill Tame | 8,142 | 1,000 |

1 Includes the shareholding for Anila Dhanak of 4,147,427 shares (31 January 2024) and 4,147,427 shares (31 January 2023).

The market price of the Company's shares at 31 January 2024 was 42p. The highest and lowest price in the year to 31 January 2024 was 380p and 35.50p respectively.

David Routledge

[Chairman, Remuneration Committee](#)

23 May 2024

Directors' report

The Directors present their report, together with the audited financial statements for the year ended 31 January 2024. Our Corporate Governance statement (on pages 44 to 57) also forms part of this report.

Dividends

The Board recognises the importance of dividend income to shareholders but concluded that in light of the loss made in the year to 31 January 2024 it would not be appropriate to propose a dividend for that year (FY23 1.2p per share). The Board will keep the payment of dividends under review and intends dividend payments will re-start as soon as an annual profit is achieved.

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

View their brief biographical details on pages 46 and 47.

Directors' interests

You can find the Directors' interests in the Company's shares and options over ordinary shares in the Remuneration Committee report on pages 53 to 57. 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 year for the Company and its Directors.

Political donations

The Group made no political donations in the financial period.

Disclosure of information to External Auditor

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's External Auditor in connection with preparing their report) of which the Group's External Auditor is unaware. Each Director has taken all reasonable steps to make themselves

aware of any relevant audit information, and to establish that the Group's External 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 95 to 97.

Subsidiaries

The Company has 17 subsidiaries. We provide a complete list of subsidiaries at note 15 to the consolidated financial statements on page 88.

Share capital structure

At 31 January 2024, 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 92.

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 unaware 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 2023 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% 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 2024, we are aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

| Shareholder | Number | % |
|---------------------------|-----------|-------|
| Anila Dhanak ¹ | 4,147,327 | 12.48 |
| David Routledge | 3,725,485 | 11.21 |
| Ian McLeod | 3,691,065 | 11.11 |
| Joseph Johnson | 3,125,485 | 9.41 |
| James Waring | 2,485,339 | 7.48 |
| Mitesh Dhanak | 1,990,000 | 5.99 |
| Gary Copeland | 1,675,613 | 5.04 |
| Slater Investments Ltd | 1,625,920 | 4.89 |

¹ Anila Dhanak is the spouse of Mitesh Dhanak.

Share option schemes

Details of employee share schemes are on page 93 in note 23 to the consolidated financial statements.

Share-based payment charges

The Company granted 748,595 options during the 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 and an overdraft facility. Further details of our working capital requirements are provided in the notes to these financial statements.

The Directors have prepared financial forecasts. These forecasts 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. Wider market inflationary and cost pressures have affected the capital budgets of clients leading them to focus on priority projects. However, 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 effectively mitigate the risks due to the current economic environment.

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

Refer to note 2.5 of the financial statements on page 76 for details.

Significant events since the end of the financial year

There have been no material events affecting the Group since 1 February 2024.

Strategic report

The strategic report can be found on pages 1 to 43 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. They have also assessed 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 3 July 2024 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 23 May 2024.



Mitesh Dhanak
Chief Executive Officer
23 May 2024

Statement of Directors' Responsibilities

This Directors' report was approved by the Board and was signed on its behalf on 23 May 2024.

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

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Independent Auditor's report

Opinion

We have audited the financial statements of Eraqua Technologies Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flow, the Consolidated and Parent Company Statements of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2024 and of the group's loss 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 £711,000. 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 | Basis for materiality and rationale for the benchmark applied |
|---|--|
| Group Materiality £711,000 (2023: £827,000) Performance materiality £498,000 (2023: 579,000) | 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% of group materiality set a the performance materiality to ensure sufficient coverage for group reporting purposes. |
| Parent company Materiality £694,000 (2023: £142,000) Performance materiality £485,000 (2023: £100,000) | 4% of gross assets is considered the most appropriate benchmark for the parent entity. The holding company holds investments and loans to subsidiaries. 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 four components were considered to be significant due to their identified size and risk. The parent company and Cenergist Limited have been subject to full scope audits by the audit team in London. An audit of material balances has been performed for Welltherm Drilling Limited, HGP International BV and Mathewson Holdings Limited.

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****Revenue recognition – Completeness and cut-off** (refer to note 4)

Under ISA (UK) 240, there is a rebuttable presumption that revenue recognition is a significant fraud risk.

The group has three distinct revenue streams:

- Energy and water efficient contract services;
- Energy and water efficiency products; and
- Third party funded services.

The revenue recognition policies differ for these streams and the risk exists that revenue across all revenue streams is being recognised incorrectly or would be incomplete, whether that be at a point in time or over time.

The risk of improper revenue recognition is particularly focused on long term contracts where revenue is recognised over time and therefore includes significant management estimation and judgement with respect to stage of completion.

A cut off risk arises where key milestones are achieved over the period straddling the year end and few weeks post year end. We therefore consider this to be a key audit matter.

In addition to the procedures required by ISA (UK) 240, our work in this area included:

- Updating our understanding of the information system and related controls relevant to each material income stream;
- Evaluating the appropriateness of the information system and the effectiveness of the design and implementation of the related controls;
- Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end;
- Reviewing post-year end receipts to ensure completeness of income recorded in the accounting period;
- Ensuring revenue is recognised in line with IFRS 15 and contractual performance obligations;
- Reviewing post year-end credit notes to ensure revenue has not subsequently been reversed;
- Cut off testing based on stage of completion around the year-end; and
- Evaluating the disclosures in the financial statements as they relate to IFRS 15.

| Key Audit Matter | How our scope addressed this matter |
|---|--|
| <p>Carrying value and recoverability of intangible assets (refer to note 13)</p> <p>The Group carries material intangible assets (£9.1m as at 31 January 2024) in respect of costs capitalised for the development of products and in respect of acquisitions made. The risks attached to these balances are:</p> <p>Development costs (including patents and licences) There is a risk that the carrying value of the development costs included within the intangible assets are not accurate and should not be capitalised per IAS 38.</p> <p>Goodwill and customer relationships There is the risk that the impairment triggers of IAS 36 have been met and that the carrying value of these assets should be impaired.</p> <p>The consideration of the capitalisation and carrying values of these balances requires significant judgement and estimation by management and as a result was identified as a key audit matter.</p> | <p>Our work in this area included:</p> <ul style="list-style-type: none"> – Ensuring that the development costs capitalised during the period meet the recognition requirements of IAS 38; – Obtaining and reviewing the Board approved impairment papers in respect of intangible assets; – Checking the mathematical accuracy of the discounted cash flow forecast models used within the impairment papers; – Challenging management on the key assumptions underlying the cash flow forecasts used in the impairment assessments (basis of future cash flow estimates, growth rates and discount rate); – Performing sensitivity 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. |
| <p>Carrying value of the investment in subsidiaries (parent entity only – refer to note 15)</p> <p>The parent company holds investments in subsidiaries at the year end.</p> <p>The valuation of these investments relies on the continued underlying performance of the subsidiaries. There is a risk that the carrying values of the investments are impaired.</p> <p>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.</p> | <p>Our work in this area included:</p> <ul style="list-style-type: none"> – Ensuring the parent company has full title to the investments held; – Considering the recoverability of the investment by reference to underlying net asset values; – 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 the discounted cash flow forecasts used within the impairment papers; – Performing sensitivity analysis on the models prepared by management to assess impact on headroom for changes in cash flows, growth rates and discount rates; and – Ensuring the appropriate disclosures surrounding the estimates, including a review of how these estimates were arrived at, are made in respect of any valuation. |

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.

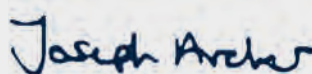
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management
 - A review of board minutes
 - 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)
15 Westferry Circus

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

23 May 2024

Consolidated statement of comprehensive income

For the year ended 31 January 2024

| | Note | 2024 £'000 | 2023 £'000 |
|--|------|-----------------|---------------|
| Continuing operations | | | |
| Revenue | 4 | 53,818 | 55,074 |
| Cost of sales | | (41,591) | (31,995) |
| Gross profit | | 12,227 | 23,079 |
| Administrative expenses | | (17,865) | (12,774) |
| Exceptional costs | 5 | (1,594) | – |
| Operating (loss)/profit | 6 | (7,232) | 10,305 |
| Interest payable and other similar expenses | 10 | (667) | (370) |
| (Loss)/Profit before taxation | | (7,899) | 9,935 |
| Income tax | 11 | 1,560 | (1,420) |
| (Loss)/profit for the year from continuing operations | | (6,339) | 8,515 |
| Total profit for the year attributable to equity holders of the parent | | (6,339) | 8,515 |
| Items that will or may be reclassified to profit or loss | | | |
| Exchange losses arising on translation of foreign operations | | (680) | (398) |
| Other comprehensive income | | (680) | (398) |
| Total comprehensive (loss)/profit for the year attributable to equity holders of the parent | | (7,019) | 8,117 |
| | | | |
| Basic (loss)/earnings per share from continuing operations – pence | 12 | (18.98) | 25.50 |
| Diluted (loss)/earnings per share from continuing operations – pence | 12 | (18.98) | 25.25 |

The accompanying notes on pages 83 to 85 form part of the financial statements.

Statement of financial position

For the year ended 31 January 2024

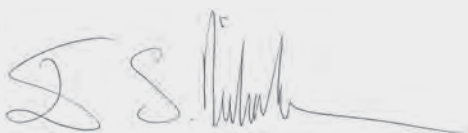
| Group | Note | 2024 £'000 | 2023 £'000 |
|--|------|---------------|---------------|
| Non-current assets | | | |
| Intangible assets | 13 | 9,122 | 8,703 |
| Property, plant and equipment | 14 | 2,991 | 3,441 |
| Right-of-use assets | 19 | 1,152 | 1,213 |
| Deferred tax asset | 20 | 720 | – |
| Total non-current assets | | 13,985 | 13,357 |
| Current assets | | | |
| Inventory | 16 | 3,349 | 2,557 |
| Contract assets | 17 | 1,493 | 459 |
| Trade and other receivables | 17 | 21,526 | 28,622 |
| Current tax asset | | 701 | 145 |
| Cash and cash equivalents | 18 | 6,364 | 3,224 |
| Total current assets | | 33,433 | 35,007 |
| TOTAL ASSETS | | 47,418 | 48,364 |
| Equity attributable to owners of the parent | | | |
| Called up share capital | 21 | 332 | 332 |
| Share premium account | 21 | 10,113 | 10,113 |
| Merger reserve | 22 | (5,490) | (5,490) |
| Other reserves | 22 | 784 | 104 |
| Retained earnings | | 13,226 | 19,956 |
| Total equity | | 18,965 | 25,015 |
| Current liabilities | | | |
| Borrowings | 24 | 1,913 | 1,469 |
| Trade and other payables | 25 | 21,756 | 13,632 |
| Current tax liability | | – | 1,522 |
| Lease liabilities | 19 | 487 | 543 |
| Total current liabilities | | 24,156 | 17,166 |
| Non-current liabilities | | | |
| Borrowings | 24 | 3,288 | 4,732 |
| Lease liabilities | 19 | 1,009 | 1,183 |
| Deferred tax liability | 20 | – | 268 |
| Total non-current liabilities | | 4,297 | 6,183 |
| Total liabilities | | 28,453 | 23,349 |
| TOTAL EQUITY AND LIABILITIES | | 47,418 | 48,364 |

The accompanying notes on pages 86 to 94 form part of the financial statements.

These financial statements were approved and authorised for issue by the Board on 23 May 2024 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 2024 — continued

| Company | Note | 2024 £'000 | 2023 Restated ¹ £'000 | 1 Feb 2022 Restated ¹ £'000 |
|-------------------------------------|------|---------------|--|--|
| Non-current assets | | | | |
| Investments | 15 | 254 | 254 | 254 |
| Deferred tax asset | 20 | 151 | — | — |
| Total non-current assets | | 405 | 254 | 254 |
| Current assets | | | | |
| Trade and other receivables | 17 | 12,519 | 12,286 | 8,083 |
| Cash and cash equivalents | 18 | 32 | 95 | 3,006 |
| Total current assets | | 12,551 | 12,381 | 11,089 |
| TOTAL ASSETS | | 12,956 | 12,635 | 11,343 |
| Equity | | | | |
| Called up share capital | 21 | 332 | 332 | 344 |
| Share premium account | 21 | 10,113 | 10,113 | 10,113 |
| Retained earnings | | 899 | 579 | (392) |
| Total equity | | 11,344 | 11,024 | 10,065 |
| Current liabilities | | | | |
| Trade and other payables | 25 | 1,612 | 1,611 | 1,278 |
| Total current liabilities | | 1,612 | 1,611 | 1,278 |
| Total liabilities | | 1,612 | 1,611 | 1,278 |
| TOTAL EQUITY AND LIABILITIES | | 12,956 | 12,635 | 11,343 |

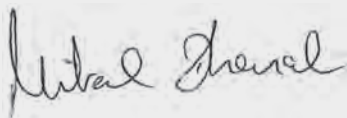
¹ Refer to note 34 for details on the prior year adjustment.

A separate income statement for the parent entity has not been presented, as permitted by section 408 of the Companies Act 2006. The Company's loss for the period was £489,000 (2023: loss £401,000).

These financial statements were approved and authorised for issue by the Board on 23 May 2024 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 2024

| Group | Note | 2024 £'000 | 2023 £'000 |
|---|-------|----------------|---------------|
| Cash flow from operating activities | | | |
| (Loss)/profit for the financial year | | (6,339) | 8,515 |
| <i>Adjustments for:</i> | | | |
| Amortisation of intangible assets | 13 | 788 | 573 |
| Depreciation of property, plant and equipment | 14 | 824 | 655 |
| Depreciation on right-of-use assets | 19 | 412 | 196 |
| Interest payable | | 535 | 313 |
| Lease liability finance charge | 19 | 132 | 57 |
| Taxation (credit)/charge | 11 | (1,560) | 1,420 |
| Corporation tax (paid)/received | | (1,299) | 25 |
| Foreign exchange | | 318 | 113 |
| Share-based payment charge | 23 | 279 | 117 |
| <i>Changes in working capital:</i> | | | |
| Increase in inventory | | (792) | (1,371) |
| Decrease/(increase) in trade and other receivables | | 5,505 | (16,837) |
| Increase in trade and other payables | | 8,124 | 3,685 |
| Net cash inflow/(outflow) from operating activities | | 6,927 | (2,539) |
| Cash flow from investing activities | | | |
| Purchase of intangible assets | | (852) | (713) |
| Purchase of property, plant and equipment | | (541) | (882) |
| Sale of property, plant and equipment | | – | 3 |
| Acquisition of businesses – net of cash acquired | | (378) | (1,681) |
| Net cash outflow from investing activities | | (1,771) | (3,273) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 427 | 7,249 |
| Repayment of borrowings | | (1,001) | (1,369) |
| Reduction of share capital | | – | (12) |
| Interest paid | | (535) | (313) |
| Repayment of lease liabilities | | (516) | (261) |
| Dividends paid | | (391) | (328) |
| Net cash (outflow)/inflow from financing activities | | (2,016) | 4,966 |
| Net increase/(decrease) in cash and cash equivalents | | 3,140 | (846) |
| Cash and cash equivalents at the beginning of period | | 3,224 | 4,070 |
| Cash and cash equivalents at the end of the period | 18,29 | 6,364 | 3,224 |

The accompanying notes on pages 85 to 99 form part of the financial statements.

Statement of cash flow
For the year ended 31 January 2024 — continued

| Company | Note | 2024 £'000 | 2023 £'000 |
|---|------|---------------|---------------|
| Cash flow from operating activities | | | |
| Loss for the financial year | | (489) | (401) |
| <i>Changes in working capital:</i> | | | |
| Increase in trade and other receivables | | (384) | (4,203) |
| Increase in trade and other payables | | 1 | 333 |
| Net cash outflow from operating activities | | (872) | (4,271) |
| Cash flows from investing activities | | | |
| Dividends received | | 1,200 | 1,700 |
| Net cash inflow from investing activities | | 1,200 | 1,700 |
| Cash flows from financing activities | | | |
| Reduction in share capital | | – | (12) |
| Dividends paid | | (391) | (328) |
| Net cash inflow from financing activities | | (391) | (340) |
| Net decrease in cash and cash equivalents | | (63) | (2,911) |
| Cash and cash equivalents at the beginning of period | | 95 | 3,006 |
| Cash and cash equivalents at the end of the period | 18 | 32 | 95 |

Statement of changes in equity For the year ended 31 January 2024

| Group | Share Capital £'000 | Share Premium £'000 | Merger Reserve £'000 | Foreign Exchange Reserve £'000 | Retained Earnings £'000 | Total Equity £'000 |
|--|------------------------|------------------------|-------------------------|-----------------------------------|----------------------------|-----------------------|
| 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 in share capital | (12) | – | – | – | – | (12) |
| Dividends paid ¹ | – | – | – | – | (328) | (328) |
| Exchange differences arising on translation of foreign operations | – | – | – | 398 | – | 398 |
| Total transaction with owners | (12) | – | – | 398 | (328) | 58 |
| Balance at 31 January 2023 | 332 | 10,113 | (5,490) | 104 | 19,956 | 25,015 |
| At 1 February 2023 | 332 | 10,113 | (5,490) | 104 | 19,956 | 25,015 |
| Loss for the year | – | – | – | – | (6,339) | (6,339) |
| Total comprehensive income for the year attributable to equity holders of the parent | – | – | – | – | (6,339) | (6,339) |
| Reduction of share capital | – | – | – | – | – | – |
| Dividends paid | – | – | – | – | (391) | (391) |
| Exchange differences arising on translation of foreign operations | – | – | – | 680 | – | 680 |
| Total transactions with owners | – | – | – | 680 | (391) | 289 |
| Balance at 31 January 2024 | 332 | 10,113 | (5,490) | 784 | 13,226 | 18,965 |

1 Prior to the payment of Eneraqua's dividend amounting to £328,000 in September 2022 (1.0p per share), the directors reviewed the level of distributable reserves available for that payment. When making their assessment of the distributable reserves position the directors noted that Cenergist Limited, the Company's wholly owned trading subsidiary, had declared a dividend of £1,700,000 on 10 June 2022. The directors were satisfied that there were distributable reserves in Eneraqua Technologies from which the dividend could properly be made.

When making this dividend payment the Company had not filed its interim accounts for the six-month period ended 31 July 2022. These accounts were subsequently filed on 24 January 2024.

Details of Other Reserves can be found in note 22.

The accompanying notes on pages 75 to 100 form part of the financial statements.

Statement of changes in equity
For the year ended 31 January 2024 — continued

| Company | Share Capital £'000 | Share Premium £'000 | Retained Earnings £'000 | Total Equity £'000 |
|---|---------------------------|---------------------------|-------------------------------|--------------------------|
| At incorporation | | | | |
| Loss for the year | – | – | (392) | (392) |
| 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 restated ¹ | – | (1,883) | – | (1,883) |
| Total transaction with owners | 344 | 10,113 | – | 10,457 |
| Balance at 31 January 2022 Restated² | 344 | 10,113 | – | 10,065 |
| At 1 February 2022 Restated² | 344 | 10,113 | (392) | 10,065 |
| Loss for the year | – | – | (401) | (401) |
| Other comprehensive income ¹ | – | – | 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) |
| Dividend payable | – | – | (328) | (328) |
| Total transaction with owners | (12) | – | (328) | (340) |
| Balance at 31 January 2023 Restated² | 332 | 10,113 | 579 | 11,024 |
| At 1 February 2023 | 332 | 10,113 | 579 | 11,024 |
| Loss for the year | – | – | (489) | (489) |
| Other comprehensive income ¹ | – | – | 1,200 | 1,200 |
| Total comprehensive income for the year attributable to equity holders of the parent | – | – | 711 | 711 |
| Dividend payable | – | – | (391) | (391) |
| Total transaction with owners | – | – | (320) | (320) |
| Balance at 31 January 2024 | 332 | 10,113 | 899 | 11,344 |

1 Other comprehensive income relates to dividends received from a wholly owned subsidiary.

2 Refer to note 34 for details on the prior year adjustment.

Notes to the financial statements

For the year ended 31 January 2024

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 23 May 2024.

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 2024. The consolidated financial statements have been prepared in accordance with International accounts standards in conformity with the requirements of the Companies Act 2006 (UK-adopted IAS). The Company financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006.

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.

In preparing the Company financial statements together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of profit and loss and related notes that form part of these approved financial statements.

The Company has applied the following exemptions in the preparation of its financial statements:

- Disclosures in respect of new standards and interpretation that have been issued but which are not yet effective have not been provided;
- Disclosures in respect of transactions with wholly-owned subsidiaries have not been made;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments have not been provided; and
- Disclosures in respect of share-based payments as required by IFRS 2 Share-based Payments have not been provided.

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 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

The following new and amended Standards and Interpretations have been issued and are effective for the current financial period for the Group:

- Amendments to IAS 1: Presentation of Financial Statements: Disclosure of Accounting Policies

The IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'.

The Company has adopted the amendments to IAS 1 for the first time in the current year.

- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'.

The definition of a change in accounting estimates was deleted.

The effect of these new and amended Standards and Interpretations has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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 2024 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: Non-current Liabilities with Covenants

- 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 to 43.

The Group had a cash inflow from operating activities of £6,927,000 in the year (2023: £2,539,000 outflow), largely due to a reduction in trade receivables and increased payables due to timing of project accruals.

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. In addition, the Group had headroom on its banking facilities at the year end and throughout the forecast period.

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 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, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. 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').

In the case of the Europe CGU, and its acquisition of HGP, management judgement based on factors such as market potential and customer interest are also used to form the basis for assessing the recoverable amount.

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, 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 period.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

2.12 Leases

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

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the

Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In all instances the leases were discounted using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

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

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

2.13 Equity

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

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

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 paragraph 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 delivers these products to the customer.

Contract assets and liabilities

Contract assets represent amounts for which the Group has a conditional right to consideration in exchange for goods or services that the Group has transferred to the customer. Contract liabilities represent the obligation to transfer

goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Payment terms are set out in the contract and reflect the timing and performance of service delivery. For substantially all contracts the payment terms are broadly in line with satisfaction of performance obligations, and therefore recognition of revenue, such that each contract has either a contract asset or contract liability, however these are not overly material in the context of the contract.

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.

Exceptional costs are those of significant size and of a non-recurring nature that require disclosure in order that the underlying business performance can be identified.

In determining whether an item should be presented as exceptional, the Group considers items that are significant, because of, either, their size or nature and that are non-recurring. In order for an item to be presented as exceptional, it should, typically, meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition or divestment, or arises from a major business change or restructuring programme.
- It is unusual in nature or outside the normal course of business.

The separate reporting of items, which are presented as exceptional within the relevant category in the consolidated statement of comprehensive income, helps provide an indication of the Group's trading performance in the normal course of business.

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 |
| Motor vehicles | 33% straight line |

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

2.18 Intangible assets

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

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

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

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

| | |
|------------------------|---------------------------------|
| Development assets | – 20% straight line (note 2.23) |
| 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.

Borrowing costs are recognised in the income statement in the period in which they are incurred.

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 Investments in subsidiaries

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 United Kingdom, Netherlands, Spain and India is capitalised and amortised in accordance with intangible asset policy (note 2.18).

2.24 Employee benefits

Short-term benefits

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

Defined contribution pension plan

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

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

Share-based payments

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

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

The Company has no cash-settled arrangements.

2.25 Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

Accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Carrying value of intangible assets – determining whether goodwill, 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% (2023: 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 £1,586,000, £549,000 and £283,000 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). Other than the carrying value of intangible assets, 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

With the exception of Cenergist Limited, the Company's active subsidiaries detailed in note 15 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 2024 the Group operated in the three business segments according to the geographical location of its operations, those being:

- United Kingdom,
- Europe; and
- India.

| | United Kingdom £'000 | Europe £'000 | India £'000 | 2024 £'000 |
|--|-------------------------|-----------------|----------------|----------------|
| 2024 | | | | |
| Revenue | 52,561 | 675 | 581 | 53,818 |
| Cost of sales | (41,204) | (322) | (65) | (41,591) |
| Gross profit | 11,357 | 354 | 516 | 12,227 |
| Administrative expenses | (14,971) | (2,409) | (485) | (17,865) |
| Exceptional costs | (1,594) | – | – | (1,594) |
| Operating profit/(loss) | (5,208) | (2,055) | 31 | (7,232) |
| Interest receivable and similar income | – | – | – | – |
| Interest payable and similar expenses | (335) | (333) | 1 | (667) |
| Profit/(loss) before tax | (5,543) | (2,388) | 32 | (7,899) |
| Taxation | 1,538 | 28 | (6) | 1,560 |
| Profit/(loss) after tax | (4,005) | (2,360) | 26 | (6,339) |
| Net Assets | | | | |
| Assets: | 35,998 | 11,060 | 360 | 47,418 |
| Liabilities | (18,105) | (10,054) | (294) | (28,453) |
| Net assets | 17,893 | 1,006 | 66 | 18,965 |
| | | | | |
| | United Kingdom £'000 | Europe £'000 | India £'000 | 2023 £'000 |
| 2023 | | | | |
| 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) |
| 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 |

¹ Europe cost of sales in 2023 includes £0.7m credit relating to release of a stock provision.

4 Revenue

| | 2024 £'000 | 2023 £'000 |
|-------------------|---------------|---------------|
| United Kingdom | 52,562 | 54,546 |
| Europe | 675 | 77 |
| Rest of the World | 581 | 451 |
| | 53,818 | 55,074 |

Within the sales revenue, there were two customers in the United Kingdom that accounted for greater than 10% of total revenue of the Group contributing £32,573,000 (2023: 1 customer – £20,197,000).

5 Exceptional costs

| | 2024 £'000 | 2023 £'000 |
|---------------------|---------------|---------------|
| Restructuring costs | 1,449 | – |
| Rectification costs | 145 | – |
| | 1,594 | – |

Exceptional costs are those of significant size and of a non-recurring nature that require disclosure in order that the underlying business performance can be identified. The exceptional costs in these financial statements include restructuring costs of £1,449,000 (2023: £nil), in respect of salary and redundancy costs following the headcount reduction exercise undertaken by the Group, which included the break-up and cessation of the low-carbon solutions delivery team for private, domestic customers. The rectification costs of £145,000 (2023: £nil) were incurred by the business, outside the normal cause of operations, on one contract, where certain key components failed to perform to specified manufacturers' standards.

6 Operating loss/profit

Operating loss/profit from continued operations is stated after charging:

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|---------------|---------------|
| Depreciation of property, plant and equipment | 14 | 824 | 655 |
| Depreciation of right-of-use assets | 19 | 412 | 196 |
| Amortisation of intangible assets | 13 | 788 | 573 |
| Share-based payments | 23 | 279 | 117 |

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:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the parent company and the Group's consolidated financial statements | 42 | 37 |
| Fees payable to the Company's auditor for the audit of the subsidiary accounts | 52 | 45 |
| | 94 | 82 |

No other services were provided by the Company's auditors.

8 Employees

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

| Group | 2024 £'000 | 2023 £'000 |
|-------------------------------------|---------------|---------------|
| Wages and salaries | 9,300 | 7,009 |
| Social security costs | 1,122 | 851 |
| Share-based payments (note 23) | 279 | 117 |
| Cost of defined contribution scheme | 307 | 209 |
| | 11,008 | 8,186 |

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

| Group | Group 2024 Number | Group 2023 Number |
|----------------|-------------------------|-------------------------|
| Administrative | 186 | 143 |

9 Directors' remuneration

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Directors' emoluments | 687 | 827 |
| Company contributions to defined contribution scheme | 17 | 17 |
| Employers' national insurance on Directors' remuneration | 87 | 105 |
| Amounts paid to Directors in respect of third-party services | — | — |
| | 791 | 949 |

Directors are considered to be the key management personnel.

During the year retirement benefits were accruing to 3 Directors (2023: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £294,000 (2023: £342,000)

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,761 (2023: £1,761).

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 55 to 57.

10 Interest payable and similar expenses

| | 2024 £'000 | 2023 £'000 |
|--------------------------------|---------------|---------------|
| Interest payable | (535) | (313) |
| Lease liability finance charge | (132) | (57) |
| | (667) | (370) |

11 Taxation

| | 2024 £'000 | 2023 £'000 |
|---|---------------|----------------|
| The credit/(charge) for year is made up as follows: | | |
| Corporation tax | | |
| Corporation taxation on the results for the year | 919 | (1,317) |
| Adjustments in respect of previous periods | – | – |
| | 919 | (1,317) |
| Deferred tax | | |
| Origination and reversal of temporary differences | 641 | (183) |
| Changes to tax rates | – | – |
| Adjustments in respect of previous periods | – | 80 |
| | 641 | (103) |
| Taxation credit/(charge) on profits on ordinary activities | 1,560 | (1,420) |

Factors affecting tax credit/(charge) for the year

The tax assessed for the year is lower than (2023: lower than) the standard rate of corporation tax in the UK of 24% (2023: 19%).

The differences are explained below:

| | 2024 £'000 | 2023 £'000 |
|---|----------------|----------------|
| (Loss)/profit on ordinary activities before tax | (7,899) | 9,935 |
| Tax on ordinary activities at the standard rate of corporation tax in the UK of 24% (2023: 19%) | 1,896 | (1,888) |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | (194) | 164 |
| Additional R&D tax relief | 310 | 371 |
| Adjustments to tax charges in respect to prior periods ¹ | (47) | 77 |
| Losses carried forward not recognised | (186) | (79) |
| Difference in tax rate between current and deferred tax | (219) | – |
| Tax rate changes | – | (65) |
| Taxation charge on profits on ordinary activities | 1,560 | (1,420) |

There are total tax losses of £2,668,000 available for carry forward against future tax liabilities in the UK and overseas (2023: £1,053,000).

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, except when there is a loss, in which case the basic measure is used.

| | 2024 | 2023 |
|---|-------------------|------------|
| (Loss)/profit for the year from continuing operations – £'000 | (6,339) | 8,515 |
| Weighted number of ordinary shares in issue | 33,388,788 | 33,388,788 |
| Weighted number of fully diluted ordinary shares in issue | 33,985,502 | 33,721,461 |
| Basic (loss)/earnings per share from continuing operations – pence | (18.98) | 25.50 |
| Diluted (loss)/earnings per share from continuing operations – pence | (18.98) | 25.25 |

Further information on ordinary shares can be found in note 21.

13 Intangible assets

| | Goodwill £'000 | Development costs £'000 | Customer relationships £'000 | Patents £'000 | Licences £'000 | Total £'000 |
|-----------------------|-------------------|-------------------------------|------------------------------------|------------------|-------------------|----------------|
| Cost | | | | | | |
| 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 |
| Additions | 306 | 523 | 102 | 174 | 155 | 1,260 |
| Disposals | – | – | – | (53) | – | (53) |
| At 31 January 2024 | 5,859 | 2,614 | 934 | 724 | 902 | 11,033 |
| Amortisation | | | | | | |
| 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 |
| Charge for the year | – | 482 | 89 | 67 | 150 | 788 |
| At 31 January 2024 | – | 1,028 | 89 | 175 | 619 | 1,911 |
| Net book value | | | | | | |
| 31 January 2023 | 5,553 | 1,545 | 832 | 495 | 278 | 8,703 |
| 31 January 2024 | 5,859 | 1,586 | 845 | 549 | 283 | 9,122 |

Amortisation of patents commence once they are granted.

Goodwill additions relates to goodwill generated through one acquisition in the current year (refer Note 26)
– Acquisition of Installatiebedrijf Vriend B.V. ('Vriend') (April 2023) = £0.3m.

During the year, the Group incurred research and development costs of £2,119,709 (2023: £1,756,000) of which £523,000 were capitalised (2023: £444,000).

Impairment testing

Goodwill arising on business combinations is assessed separately under IFRS 3 in the period of acquisition.

The Group allocates goodwill to groups of CGU's based on their operating segment as set out in note 3. The operating segments therefore represent the lowest level at which goodwill is monitored by the Board.

Goodwill has been assessed as follows:

| | 2024 £'000 | 2023 £'000 |
|----------------|---------------|---------------|
| United Kingdom | 1,521 | 1,521 |
| Europe | 4,338 | 4,032 |
| | 5,859 | 5,553 |

Under IAS 36 the Group is required to test goodwill for impairment at least annually or more frequently if indicators of impairment exist.

The recoverable amount of a CGU has been calculated with reference to its value in use, using financial forecasts approved by the Board covering a 5 year period with the final period taken into perpetuity.

In each case the key assumption is the rate of growth of gross profit (primarily driven by volume growth). In the case of the UK CGU and its two acquisitions, Welltherm Drilling Limited and Mathewson Holdings Limited, the Company has assumed a 5% growth rate throughout the 5 year period. In the case of the European CGU and its Dutch acquisition, HaGePe International B.V., in which in certain markets the absolute sales volumes were very low, and therefore percentage increases can be misleading, the Company made an assessment to arrive at specific growth targets in each of the years.

The Board considers these growth rates to be prudent. In all cases a nil growth rate assumption has been made on the terminal value in the impairment calculation.

Each of the CGUs has headroom under the annual impairment review. The Directors believe that no reasonable change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

14 Property, plant and equipment

| | Land & buildings £'000 | Plant & machinery £'000 | Motor vehicles £'000 | Fixtures & fittings £'000 | Office equipment £'000 | Total £'000 |
|-----------------------|---------------------------|----------------------------|-------------------------|------------------------------|---------------------------|----------------|
| Cost | | | | | | |
| 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 |
| Additions | 12 | 105 | 177 | 63 | 184 | 541 |
| Disposals | (5) | (59) | (136) | – | – | (200) |
| Exchange impact | – | – | – | – | – | – |
| At 31 January 2024 | 206 | 4,441 | 381 | 219 | 395 | 5,642 |
| Depreciation | | | | | | |
| At 31 January 2022 | 6 | 1,010 | 71 | 34 | 66 | 1,187 |
| Charge for the year | 34 | 475 | 86 | 22 | 38 | 655 |
| Disposals | – | – | (4) | – | – | (4) |
| Exchange impact | 2 | 19 | – | 1 | – | 22 |
| At 31 January 2023 | 42 | 1,504 | 153 | 57 | 104 | 1,860 |
| Charge for the year | 48 | 549 | 61 | 47 | 119 | 824 |
| Disposals | – | (8) | (25) | – | – | (33) |
| Exchange impact | – | – | – | – | – | – |
| At 31 January 2024 | 90 | 2,045 | 189 | 104 | 223 | 2,651 |
| Net book value | | | | | | |
| At 31 January 2023 | 157 | 2,891 | 187 | 99 | 107 | 3,441 |
| At 31 January 2024 | 116 | 2,396 | 192 | 115 | 172 | 2,991 |

15 Investments

| Company only | 2024 £'000 | 2023 £'000 |
|---------------------------|-----------------------|-----------------------|
| Opening balance | 254 | 254 |
| Additions during the year | – | – |
| Closing balance | 254 | 254 |

Company subsidiary undertakings

As at 31 January 2024, the Company owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements.

| Name | Holding 2024 | Holding 2023 | 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% | 100% | Holding Company | England & Wales | 8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH |
| Mathewson Limited | 100% | 100% | Trading Company | England & Wales | 8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH |
| LCS Renewables Limited | 100% | 100% | Trading Company | England & Wales | 8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH |
| Luxe Lights Ltd | 100% | 100% | Dormant | England & Wales | 7 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH |
| Control Flow Technologies Limited | 100% | 100% | Trading Company | England & Wales | 7 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH |
| Cenergist Scotland Limited | 100% | 100% | Dormant | Scotland | Brodies LLP Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP |
| Energy Water Services Ltd | 100% | 100% | Dormant | England & Wales | 8 Bede House, Glover Industrial Estates, Washington, Tyne & Wear, NE37 2SH |
| Installatiebedrijf Vriend B.V. | 100% | – | Trading Company | Netherlands | Constructieweg 21 A, 8305AA Emmeloord, Netherlands |
| Cenergist BV | 100% | 100% | Trading Company | Netherlands | Huizermaatweg 15, Kantoor 6, 1273NA Huizen, Netherlands |
| Cenergist Spain SL | 100% | 100% | Trading Company | Spain | Calle Juan De Mena, 10-Piso 1IZ, Madrid 28014, Spain |
| HGP International BV | 100% | 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 | 2024 £'000 | 2023 £'000 |
|-------------------------------------|-----------------------------|-----------------------------|
| Finished goods and goods for resale | 3,349 | 2,557 |
| | 3,349 | 2,557 |

No impairment loss was recognised in cost of sales during the year (2023: £nil). The stock provision at the year end totalled £nil (2023: £nil), as the Group increased inventory levels in order to satisfy expected orders in financial year 2025.

17 Trade and other receivables and contract assets

Trade and other receivables

| Group | 2024 £'000 | 2023 £'000 |
|--------------------------------|-----------------------------|-----------------------------|
| Trade receivables | 4,491 | 3,492 |
| Other debtors | 2,039 | 2,352 |
| Prepayments and accrued income | 14,997 | 22,778 |
| | 21,526 | 28,622 |

| Group | 2024 £'000 | 2023 £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Due within one year | 18,206 | 26,019 |
| Due after more than one year | 3,320 | 2,603 |
| | 21,526 | 28,622 |

Included in prepayments and accrued income are retention balances of £1,870,000 (2023: £1,153,000).

| Company | 2024 £'000 | 2023 £'000 |
|--------------------------------|-----------------------------|-----------------------------|
| Receivable from subsidiary | 12,405 | 12,074 |
| Other debtors | 34 | 165 |
| Prepayments and accrued income | 80 | 47 |
| | 12,519 | 12,286 |

| Company | 2024 £'000 | 2023 £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Due within one year | 114 | 212 |
| Due after more than one year | 12,405 | 12,074 |
| | 12,519 | 12,286 |

Trade and other receivables are stated at amortised cost. Details of any expected credit losses on trade and other receivables are provided in note 27.

Contract assets

Contract assets represent revenue in excess of amounts billed and at 31 January 2024 amounted to £1,493,000 (2023: £459,000).

Significant changes in contract assets during the year are as follows:

| | £'000 |
|---|--------------|
| At 31 January 2022 | – |
| Increase due to work done not transferred from contract assets | 459 |
| At 31 January 2023 | 459 |
| Transfers from contract assets recognised at the beginning of the year to trade receivables | (459) |
| Increase due to work done not transferred from contract assets | 1,493 |
| At at 31 January 2024 | 1,493 |

The Group typically satisfies performance obligations in line with contractually agreed milestones and through acceptance by the customer of agreed upon work performed which will create an obligation for payment.

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 | 2024 £'000 | 2023 £'000 |
|---------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | 6,364 | 3,224 |
| | 6,364 | 3,224 |

| Company | 2024 £'000 | 2023 £'000 |
|---------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | 32 | 95 |
| | 32 | 95 |

19 Leases

The Group had the following lease assets and liabilities:

| Group | 2024 £'000 | 2023 £'000 |
|----------------------------|-----------------------|-----------------------|
| <i>Right-of-use assets</i> | | |
| Properties | 487 | 656 |
| Motor vehicles | 640 | 535 |
| Office equipment | 25 | 22 |
| | 1,152 | 1,213 |
| <i>Lease liabilities</i> | | |
| Current | 487 | 543 |
| Non-current | 1,009 | 1,183 |
| | 1,496 | 1,726 |

| | 2024 £'000 | 2023 £'000 |
|---|-----------------------|-----------------------|
| Maturity on the lease liabilities are as follows: | | |
| Current | 580 | 544 |
| Due between 1-2 years | 435 | 798 |
| Due between 2-5 years | 586 | 420 |
| Due beyond 5 years | – | – |
| | 1,601 | 1,762 |

Right-of-use assets

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

| | 2024 £'000 | 2023 £'000 |
|-------------------------|---------------|---------------|
| <i>Properties</i> | | |
| Opening balance | 656 | 205 |
| Additions | 49 | 692 |
| Disposals | – | (97) |
| Depreciation | (218) | (144) |
| | 487 | 656 |
| <i>Motor vehicles</i> | | |
| Opening balance | 535 | 38 |
| Additions | 287 | 541 |
| Depreciation | (182) | (44) |
| | 640 | 535 |
| <i>Office equipment</i> | | |
| Opening balance | 22 | – |
| Additions | 15 | 30 |
| Depreciation | (12) | (8) |
| | 25 | 22 |
| | 1,152 | 1,213 |

Lease liabilities

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

| | 2024 £'000 | 2023 £'000 |
|-----------------|---------------|---------------|
| Opening balance | 1,726 | 191 |
| Additions | 339 | 1,263 |
| Adjustments | (185) | 482 |
| Payment made | (516) | (261) |
| Finance charge | 132 | 51 |
| | 1,496 | 1,726 |

The Group also incurred the following expenses during the year of £9,000 (2023: £66,000) 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

| Group | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Deferred tax asset/(liability) | | |
| Other temporary differences net of tax losses ¹ | 720 | (268) |
| Net recognised in statement of financial position | 720 | (268) |

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| <i>Movement in net deferred tax liabilities in the year:</i> | | |
| Income statement – other | 641 | (104) |
| Tax related to items credited outside statement of financial performance | – | (22) |
| | 641 | (126) |

| Company | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Deferred tax asset/(liability) | | |
| Other temporary differences net of tax losses ¹ | 151 | – |
| Net recognised in statement of financial position | 151 | – |

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| <i>Movement in net deferred tax liabilities in the year:</i> | | |
| Income statement – other | 151 | – |
| | 151 | – |

21 Share capital

| | Number of shares | Share Capital £'000 | Share Premium £'000 |
|---|---------------------|---------------------------|---------------------------|
| Ordinary shares | | | |
| As at 1 February 2022 | | | |
| TOTAL ORDINARY AND DEFERRED SHARES | 34,438,730 | 344 | 10,113 |
| Deferred shares | | | |
| Cancellation of deferred shares | (1,216,600) | (12) | – |
| TOTAL ORDINARY AND DEFERRED SHARES | 33,222,130 | 332 | 10,113 |
| As at 1 February 2023 | | | |
| TOTAL ORDINARY AND DEFERRED SHARES | 33,222,130 | 332 | 10,113 |
| TOTAL ORDINARY AND DEFERRED SHARES | 33,222,130 | 332 | 10,113 |

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

The Group has in place an LTIP whereby the options are expected to be settled by physical delivery of shares.

| | Date of grant | Employees entitled | Number of shares granted | Principal vesting conditions | Contractual life |
|--|---------------|---|--------------------------|---|--------------------|
| Long Term Incentive Plan | November 2021 | Selected senior employees | Nil | Service during vesting period | 3 years |
| | | | | EPS performance hurdle | |
| Long Term Incentive Plan | July 2023 | Selected senior employees | Nil | Service during vesting period | 3 years |
| | | | | EPS performance hurdle | |
| | | Weighted average exercise price (pence) 2024 | Number 2024 | Weighted average exercise price (pence) 2023 | Number 2023 |
| Outstanding at beginning of year | | – | 332,673 | – | 332,673 |
| Granted on Admission during the year – LTIP scheme | | – | 748,595 | – | – |
| Outstanding at the end of the year | | – | 1,081,268 | – | 332,673 |

Under the LTIP the participants are offered the opportunity to acquire shares in Eneaqua Technologies plc at nil cost subject to achieving the principal vesting conditions.

The vesting period for the LTIP is 3 years. Executive Directors have a two year post vest holding period for awards under this scheme.

The fair value of these LTIP share options being amortised over the vesting period.

| | 2024 £'000 | 2023 £'000 |
|-----------------------------------|---------------|---------------|
| Charge for the year – LTIP Scheme | 279 | 117 |

24 Borrowings

| | 2024 £'000 | 2023 £'000 |
|-------------|---------------|---------------|
| Current | 1,913 | 1,469 |
| Non-current | 3,288 | 4,732 |
| | 5,201 | 6,201 |

Analysis of maturity of loans is given below:

| | 2024 £'000 | 2023 £'000 |
|-------------------------------------|---------------|---------------|
| Amounts falling due within one year | | |
| Other loans | 1,913 | 1,469 |
| Amounts falling due 1-2 years | | |
| Other loans | 2,348 | 1,821 |
| Amounts falling due 2-5 years | | |
| Other loans | 940 | 2,911 |
| | 5,201 | 6,201 |

Other loans relate to a £6,000,000 facility provided by HSBC to Cenergist Limited, a €1,500,000 facility provided to Cenergist Spain SL by Instituto De Finanzas De Castilla-La Mancha S.A.U. ('CLM') and a €500,000 facility provided to Cenergist Spain SL by BankInter SA ('Bank Inter') 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 an all-in-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 an all-in-rate of 3.50% with the repayment period being 84 months from date of individual tranche drawdown.

Interest on the Bank Inter facility is at a rate of 8.77% with the repayment period being 18 months from date of individual tranche drawdown.

25 Trade and other payables

| Group | 2024 £'000 | 2023 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 5,818 | 7,584 |
| Other taxation and social security | 2,239 | 728 |
| Other creditors | 114 | 104 |
| Deferred consideration | 66 | 366 |
| Accruals | 13,519 | 4,850 |
| | 21,756 | 13,632 |

| Company | 2024 £'000 | 2023 £'000 | 2022 £'000 |
|-----------------|---------------|---------------|---------------|
| Trade creditors | 95 | 96 | 16 |
| Accruals | 255 | 253 | – |
| Intercompany | 1,262 | 1,262 | 1,262 |
| | 1,612 | 1,611 | 1,278 |

26 Business combination

Acquisition of Installatiebedrijf Vriend B.V. ('Vriend')

On 3 April 2023 Cenergist Spain SL acquired all of the share capital of Installatiebedrijf Vriend B.V. ('Vriend'). Vriend provides low-carbon solutions to customers in the Netherlands.

Consideration

The total consideration for the acquisition was €0.522 million. The consideration was structured as follows:

- Initial consideration, payable in cash on completion of €0.485 million; and
- Working capital adjustment of €0.037 million, paid within three months of acquisition.

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

| | £'000 |
|--|-------|
| Tangible assets | 50 |
| Inventory | 68 |
| Cash at bank | 70 |
| Other receivables | 56 |
| Trade and other payables | (117) |
| Total identifiable net assets acquired | 127 |
| Fair value adjustments | (87) |
| Customer relationships | 102 |
| Goodwill | 306 |
| | 448 |
| Consideration | |
| Initial consideration | 416 |
| Working capital adjustment | 32 |
| Total consideration | 448 |

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.

The net cash outflow of £378,000 in the year reported in the statement of cash flow represents total consideration of £448,000 less cash at bank of £70,000.

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 ring-fenced banks.

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

At the Statement of Financial Position date there were no significant concentrations of credit risk.

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

| 2024 | Gross £'000 | Provision £'000 | Net £'000 |
|-------------------------|------------------------|----------------------------|----------------------|
| Current | 3,484 | – | 3,484 |
| 31-60 days from invoice | 86 | – | 86 |
| 61-90 days from invoice | 188 | – | 188 |
| 90+ days | 733 | – | 733 |
| | 4,491 | – | 4,491 |

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

| Group | 2024 Carrying Value £'000 | 2024 Maximum Exposure £'000 | 2023 Carrying Value £'000 | 2023 Maximum Exposure £'000 |
|---------------------------|--|--|--|--|
| Cash and cash equivalents | 6,364 | 6,364 | 3,224 | 3,224 |
| Trade receivables | 4,491 | 4,491 | 3,492 | 3,492 |
| | 10,855 | 10,855 | 6,716 | 6,716 |

| Company | 2024 Carrying Value £'000 | 2024 Maximum Exposure £'000 | 2023 Carrying Value £'000 | 2023 Maximum Exposure £'000 |
|---------------------------|--|--|--|--|
| Cash and cash equivalents | 32 | 32 | 95 | 95 |
| Trade receivables | – | – | – | – |
| | 32 | 32 | 95 | 95 |

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 is also exposed to adverse foreign currency movements on translation of net assets and income statements of foreign subsidiaries. It is not the Group's policy to hedge through the use of derivatives the translation effect of exchange rate movements on the income statements or statements of financial positions of overseas subsidiaries.

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 2024.

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:

| | 2024 £'000 | 2023 £'000 |
|----------------------------------|---------------|---------------|
| Cash and cash equivalents | | |
| Sterling | 6,007 | 3,040 |
| Euro | 437 | 239 |
| Indian Rupee | (80) | (55) |
| | 6,364 | 3,224 |

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:

| | 2024 £'000 | 2023 £'000 |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | 6,364 | 3,224 |
| | 6,364 | 3,224 |

The following are the contractual maturities of financial instruments, including estimated interest payments and excluding the effect of netting arrangements.

| | Contractual cash flows | | | | | | |
|------------------------------|--------------------------|----------------|-----------------------------|------------------------|-------------------------|-----------------------|-----------------------|
| | Carrying amount £'000 | Total £'000 | 1 month or less £'000 | 1-3 months £'000 | 3-12 months £'000 | 1-2 years £'000 | 2-5 years £'000 |
| 2024 | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade payables | 5,818 | 5,818 | 5,227 | 564 | 26 | - | - |
| Secured bank loans | 5,201 | 5,534 | 147 | 294 | 1,538 | 2,768 | 787 |
| Lease liabilities | 1,496 | 1,601 | 52 | 103 | 425 | 435 | 586 |
| Deferred consideration | 66 | 66 | - | 33 | 33 | - | - |
| | 12,581 | 13,019 | 5,426 | 994 | 2,022 | 3,203 | 1,373 |

| | Contractual cash flows | | | | | | |
|------------------------------|--------------------------|----------------|-----------------------------|------------------------|-------------------------|-----------------------|-----------------------|
| | Carrying amount £'000 | Total £'000 | 1 month or less £'000 | 1-3 months £'000 | 3-12 months £'000 | 1-2 years £'000 | 2-5 years £'000 |
| 2023 | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade payables | 7,584 | 7,584 | 7,405 | 128 | 50 | - | - |
| Secured bank loans | 6,201 | 6,684 | 142 | 284 | 1,280 | 2,276 | 2,702 |
| Lease liabilities | 1,726 | 1,762 | 50 | 95 | 399 | 798 | 420 |
| Deferred consideration | 366 | 366 | - | 75 | 225 | 66 | - |
| | 15,877 | 16,396 | 7,597 | 582 | 1,954 | 3,140 | 3,122 |

As disclosed in Note 24 the Group has a secured bank loan that contains loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis to ensure compliance with the agreement.

The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.

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:

| | 2024 £'000 | 2023 £'000 |
|----------------------------------|----------------|---------------|
| Variable rate instruments | | |
| Bank balances | 6,364 | 3,224 |
| Financial liabilities | (3,777) | (4,778) |
| | 2,587 | (1,554) |
| | | |
| Fixed rate instruments | | |
| Financial liabilities | (1,423) | (1,423) |
| | (1,423) | (1,423) |

Sensitivity analysis

An increase of 25 basis points in interest rates throughout the period would have affected the statement of profit and loss by the amounts shown below. This calculation assumes that the charge occurred at all points in the period and had been applied to the average risk exposures throughout the period:

| | 2024 £'000 | 2023 £'000 |
|---------------------------------------|---------------|---------------|
| Profit or loss decreases or increases | 37 | 12 |

28 Financial assets and financial liabilities

| | Financial assets at amortised cost £ | Financial liabilities at amortised cost £ | Total £ |
|---|---|--|---------------|
| 2024 – Group | | | |
| Financial assets/liabilities | | | |
| Trade and other receivables and contract assets | 23,019 | – | 23,019 |
| Cash and cash equivalents | 6,364 | – | 6,364 |
| Trade and other payables | – | (21,756) | (21,756) |
| Lease liabilities (current and non-current) | – | (1,496) | (1,496) |
| Borrowings | – | (5,201) | (5,201) |
| | 29,383 | (28,453) | 930 |
| | | | |
| 2024 – Company | | | |
| Financial assets/liabilities | | | |
| Trade and other receivables | 12,519 | – | 12,519 |
| Cash and cash equivalents | 32 | – | 32 |
| Trade and other payables | – | (350) | (350) |
| | 12,551 | (350) | 12,201 |

| | Financial assets at amortised cost £ | Financial liabilities at amortised cost £ | Total £ |
|---|---|--|------------|
| 2023 – Group | | | |
| Financial assets/liabilities | | | |
| Trade and other receivables and contract assets | 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 |
| 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) |
| | 12,381 | (349) | 12,032 |

29 Reconciliation of movement in net debt

| | At 1 February 2023 £'000 | Non-cash changes £'000 | Cash flow £'000 | At 31 January 2024 £'000 |
|---|-----------------------------------|------------------------------|--------------------|-----------------------------------|
| 2024 | | | | |
| Cash at bank | 3,224 | – | 3,140 | 6,364 |
| Borrowings – current | (1,469) | 427 | (871) | (1,913) |
| Borrowings – non-current | (4,732) | – | 1,445 | (3,287) |
| Lease liabilities – current and non-current | (1,726) | 745 | (516) | (1,497) |
| Net Debt | (4,703) | 1,172 | 3,198 | (333) |
| 2023 | | | | |
| | At 1 February 2022 £'000 | Non-cash changes £'000 | Cash flow £'000 | At 31 January 2023 £'000 |
| Cash at bank | 4,070 | – | (846) | 3,224 |
| Borrowings – current | – | (321) | (1,148) | (1,469) |
| Borrowings – non-current | – | – | (4,732) | (4,732) |
| Lease liabilities – current and non-current | (191) | (1,274) | (261) | (1,726) |
| Net Debt | 3,879 | (1,595) | (6,987) | (4,703) |

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 £306,000 (2023: £209,000). £39,000 (2023: £21,000) 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 2024 or 31 January 2023.

32 Contingent liabilities

There were no contingent liabilities at 31 January 2024 or 31 January 2023.

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.

At the year end the Group had a loan outstanding from the Enequa Employee Benefit Trust of £1,471,798 (2023: £1,471,798).

34 Prior year adjustment

The impact of the prior year restatement in respect of total equity in the Company only is as follows.

| | 1 Feb 2022 As presented £'000 | Restatement £'000 | 1 Feb 2022 As restated £'000 |
|--------------------------|--|------------------------------|---|
| Share premium account | 11,375 | (1,262) | 10,113 |
| Trade and other payables | 16 | 1,262 | 1,278 |

This restatement aligns the share premium account in the Company account with the consolidated accounts. This arose as a result of share issue costs being settled in the subsidiary due to the timing of the opening of the Plc's bank account and the linked intercompany adjustment not being processed. There was no impact to the Statement of Comprehensive Income and as there was no impact to the Statement of Comprehensive Income and as the amounts were non-cash items the Cash Flow Statement was not impacted either.

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
Senior Independent Non-Executive
Director

Dave Routledge
Non-Executive Director

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Forward-looking Statement

This Annual Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of Enequa 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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