Enabling the world's energy transition

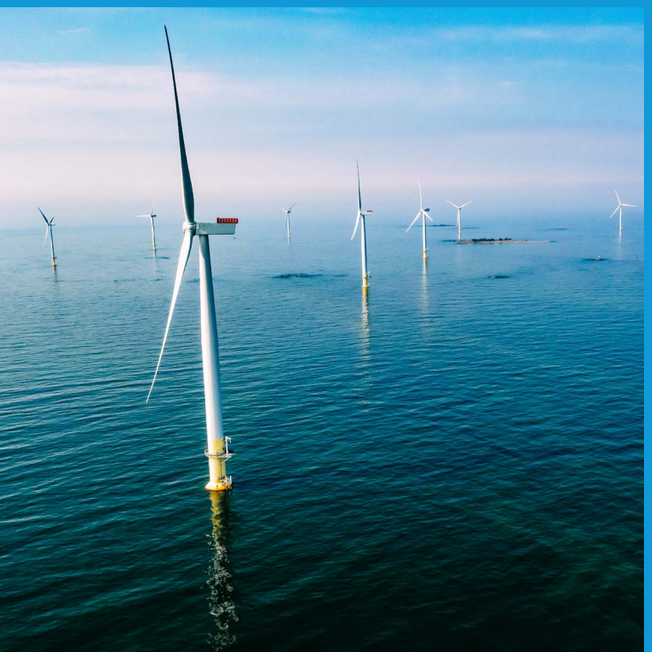
Tekmar Group plc

Annual Report 2023

Tekmar Group plc

Our vision

To enable the world's energy transition, reflecting our responsibility to future generations.



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Report Highlights

Financial Highlights

- Revenue of £39.9m (FY22: £30.2m) and Adjusted EBITDA loss of £0.3m (FY22: loss of £2.3m) highlights an improved financial performance.
- Gross profit of £9.3m (FY22: £7.0m) with gross profit margin of 23.3% consistent with prior year (FY22: 23.2%)
- On a statutory basis, the Group loss before tax for the Period was £9.9m (FY22: loss of £5.2m). This includes a non-cash impairment charge of £4.7m to the value of goodwill in the Group's Offshore Energy division.
- The Group was also impacted by foreign exchange losses for the Period of £0.9m (FY22: gain of £0.2m), accounted for within operating expenses.
- The Group held £5.2m of cash as at 30 September 2023 with net debt of £1.4m. Net debt included the drawdown of bank facilities from the £3.0m CBILS loan and £4.0m trade loan facility, available until at least July 2024. This cash position excludes the SCF Capital CLN facility. Net debt at 31 January 2024 was £1.2m.

Stategic Highlights

- During the year, the Group successfully completed the formal sales process and strategic review which culminated with the strategic investment and related equity fundraising by SCF Partners and existing shareholders. This exercise completed in April 2023 and raised £5.3m, net of expenses.
- In addition, SCF Partners committed, with conditions, an additional investment of £18.0m which is available through the convertible loan note facility (the "CLN facility"). The use of the CLN facility is targeted to drive growth including through acquisitions, in-line with the ambition of the Board to build a leading offshore wind services company over time.

Operational Highlights

- During the year, Pipeshield secured and delivered a combination of projects valued in excess of £8m for pipeline protection systems in the Middle East.
- The Group was also selected for Dogger Bank C Offshore Wind Farm (in continuation of the previously announced Dogger Bank A & B contracts), which, when completed, will be the largest global Offshore Wind Project to date.
- These contract awards have helped to support a Group orderbook of £19.7m at Jan-24 with a gross margin of 28%. The Board is encouraged by the opportunities for material order intake in the remainder of the current financial year.

Strategic Report

The Board has established a strategic plan that will see us capitalise on our strong foundations, diversifying further into the offshore wind industry by disciplined investment in new technology and innovation. We will do this through:

a) Leveraging our market advantage
b) Expanding and deepening our value proposition
c) Innovation in applied engineering
d) Disciplined investment
e) Operational excellence
f) Initiatives to return to profitability followed by high quality profitable growth
g) Sustainable shareholder returns

The strategy is supported by our core building blocks

a) Organic Growth: Ambition to double organic revenue growth
b) Business Improvement: Deliver a sustainable mid-to high teens EBITDA margin in the later years of the plan
c) Acquisition Strategy: Bolt-on technologies and services that align with our offshore wind focused growth plan

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Chairman's Statement

To the share holders of Tekmar Group plc

2023 was a pivotal year for Tekmar. We have stabilised the business and welcomed SCF Partners (SCF) to the Board as a highly respected strategic partner with a shared ambition to transform Tekmar as a leading, global offshore wind services company.

The underlying business is in much better shape than it was two years ago and the business is now on the path to deliver sustained and improving profitability. The hard work of my colleagues means we are more in control of our business. This is particularly important at the current time with uncertainty in energy markets but sets us up well for significant success ahead. Aligned with this, is the benefit we have as a balanced business, addressing the needs of the broad offshore energy market as it transitions to meet the evolving commitments to lower carbon intensity and net zero targets.

Instability in the offshore wind market has been a feature of 2023. The pressures created by fiscal and regulatory uncertainty, particularly in the UK and US, have been well trailed by the media but this has been exacerbated by supply chain constraints, inflationary pressure, permitting delays and grid connection and infrastructure shortage. We have been encouraged more recently to see Governments adjust their subsidy regimes to enable developers to proceed on a viable basis. Alongside this, projected demand for offshore wind over the longer-term remains strong with fixed seabed foundations expected to continue as the dominant technology through until mid-2030's with floating foundations with dynamic cabling solutions increasing market share from mid-2030's onwards.

As installations become more complex the attractiveness of our integrated offering becomes stronger. With the backing of SCF, we can, over time, transform the scale and breadth of our platform, to offer more strategic and commercial value to our infrastructure partners, the developers and tier one contractors.

Julian Brown, Non-Executive Chairman

As the offshore wind industry continues to develop, we are being disciplined in maintaining project margins, with the strong technology capability of Tekmar's services and products underpinned by our consultancy expertise. Alongside this, we value the ballast provided by our other energy division, anchored by Pipeshield, a leading provider of specialised subsea pipeline protection systems to oil and gas majors and offshore contractors.

We have made substantial progress over the last two years. There has been uncertainty along the way for our employees, industry partners and shareholders. This is now behind us and we are continuing to build a stronger business. We are doing this from a good position in terms or our competitive standing in the market and we look forward with real confidence given the scale of the opportunity ahead for Tekmar. On behalf of the Board, I would like to thank all our staff for their hard work and focus on improving the Group's performance. I am pleased they can see the fruits of these efforts coming through and look forward to our strengthened Group delivering on its full potential.

Chief Executive Officer's Review

Reflecting on our progress in 2023

Overall, the business made further progress in FY23 in improving operational and financial performance and delivered results in-line with market expectations. Importantly, we have stabilised the business, with near breakeven Adjusted EBITDA a significant improvement on FY22 and FY21 and the net current assets position strengthened.

We are confident we have established a clear and sustainable path to improving profitability, with the Group expected to be profitable at the Adjusted EBITDA level in FY24. The primary objective for the management team in FY24 is on driving consistent operational performance to deliver improved profitability and cash generation for the Group. We are doing this in a maturing market environment for offshore wind which we anticipate should support incremental market improvement in the current year. Our balanced portfolio across energy markets gives us valuable diversification as we work with developers and industry partners on de-risking the delivery of critical energy infrastructure projects and supporting the energy transition journey.

Review of near-term priorities

Return to sustained profitability.

A key feature of these results is the business mix reflected in the Group reporting an Adjusted EBITDA loss of £0.3m for the year. Marine Civils delivered Adjusted EBITDA of £3.5m on revenue of £18.3m. This represents a very strong performance for this division which has become an increasingly important part of the Group since the acquisition of Pipeshield in 2019. Marine Civils consistently generates profit and provides diversification for the Group, which has been particularly valuable given the headwinds and uncertainty in the offshore wind market over the last couple of years. Our expectation is for Marine Civils to deliver positive EBITDA in FY24, albeit we see it as unlikely that it will meet or exceed the contribution in the current financial year.

The Offshore Energy division by contrast generated an Adjusted EBITDA loss for the year of £2.1m, with a broadly similar loss across H123 and H223. This reflects market delays and uncertainties in offshore wind projects and masks the underlying improvements we have made in this part of the business, particularly in strengthening the commercial and operating model of our Tekmar Energy business. Supply chain cost escalation also impacted project margins for two material contracts, weakening H2 profitability in particular. Further detail on these legacy contracts is set out in the CFO Review. We are comfortable any residual exposure for these contracts has been appropriately addressed such that our expectation is for gross margin percentage for this division to recover to the mid to high 20s in FY24. This, together with the anticipated incremental volume growth in offshore wind projects supports our confidence that Offshore Energy will deliver positive EBITDA in 2024.

Improving the profitability of our Offshore Energy business is an important marker in demonstrating we are on track to deliver the trajectory of sustained profit improvement we are driving for the Group. When we then overlay the positive medium to long term fundamentals of the offshore wind industry, and our balanced portfolio, we believe Tekmar is well positioned to deliver sustainable profit growth for shareholders through the medium to long term.

Alasdair MacDonald, Chief Executive Officer

Building a better quality pipeline and order book.

Consistent with our profit improvement focus, we are focused on commercial discipline as we convert the enquiry book into firm orders. New contracts are being secured at more favourable gross margins at the outset and include more favourable cost escalation protection...

...and milestone payments to de-risk the projects for Tekmar.

Our current order book of £19.7m as at 31 January 2024, reflects this disciplined approach, with a gross margin of 26%. We are seeing the effects of legacy contracts on margin diminishing in the order book, with 86% of the January 2024 order book value represented by better forecasted margins on live projects at a blended 30% margin. There is more we can do here but we are more in control of our business than we were two years ago.

Our pipeline and enquiry book is healthy across the Group and we are in discussions with developers and Tier 1 contractors on a number of significant projects. The main risk to delivering on our expectations for FY24 is the market environment where delays with decisions, extended negotiations and project starts continues to be a feature.

On the offshore wind side, we secured an important contract win with an established Tier 1 contractor announced in January 2024. This contract award positions us well for future phases of this project, as and when they come to fruition. We were also selected to deliver our flagship cable protection systems (CPS) for the 1 GW Hai Long Offshore Wind Farm, situated in Taiwan, highlighting our presence in APAC. We see APAC as a key near-term growth market for our offshore wind division.

Our Marine Civils division continues to win significant and profitable contracts balancing our offshore wind opportunity. This includes building a strong capability in the Middle East in particular, where we secured £15m of order intake for FY23, including our grouting services, which we see as an attractive near-term growth opportunity, where in FY23, Tekmar won contracts worth over £1.5m.

Customer Engagement
With the strategic investment by SCF and related fundraise placing Tekmar on a stronger financial standing, there is encouraging alignment with our customers about the leadership role a stronger Tekmar can play in the industry - an industry which requires the delivery of larger projects requiring more complex engineering solutions that we are well set up to deliver. As part of this, an increased focus of the Group is on embedding the Group's engineering consultancy capability through the lifecycle of projects and on building more strategic partnerships with our clients. It is worth highlighting that SCF's diligence at the time they were appraising their investment highlighted the strength of Tekmar's standing in the industry and the scope to deepen and expand the services and technology we offer customers and partners. We have a significant opportunity ahead of us to grow with our customers and help them support energy transition and to manage the related risk of developing and managing major infrastructure projects.

As previously reported, we are continuing to support our industry partners to assess and address some issues relating to legacy Offshore Wind Systems installed at offshore wind farms. As we have previously highlighted, the precise cause of the issues are not clear and could be as a result of a number of factors, such as the absence of a second layer of rock to stabilise the cables. We remain committed to working with relevant installers and operators, including directly with customers who have highlighted any issues, to investigate the root cause and assist with identifying potential remedial solutions. Whilst this consumes company resource and senior management attention, it is consistent with our responsible approach to supporting the industry to resolve these legacy issues.

Strengthening the Business
During FY23, we continued to implement our programme of organisational efficiency and targeted cost reductions. Across the Group there is a continued focus on improvement and simplification, including full integration of Group support functions. We also consolidated our early stage design and engineering resources creating a more efficient base to grow our engineering consulting offering which is a key focus for the current year. We streamlined the cost base removing annualised cost of £0.8m, which has helped offset against staff inflation costs and investment for growth in FY24. In addition, as part of our discipline to maintain a tight control on costs, we are targeting additional cost saving benefits in the current year in the region of £500,000 from supply chain initiatives.

We continue to look for opportunities to further strengthen the business through more efficient resource allocation.

Targeted investment and capex
We are also adopting a measured approach to capex and investment in the core business, aligning our resources to opportunities which provide the greatest near-term benefits. We expect capex for the current financial year to be in the region of £2m, with approximately half of that covered by investment in strategic initiatives including product development for our core Teklink cable protection system and investment in our grouting services in support of near-term revenue growth with Pipeshield including in the Middle East. We have identified a number of other strategic investment opportunities, with funding of these initiatives subject to phasing as cashflow builds to support the required investment.

M&A to strengthen and broaden the portfolio
With the path to profitability established, we considering M&A opportunities to complement organic growth, including opportunities to build scale and strengthen the technology and services we offer to our customers. The ambition is to build a leading global offshore wind services company over time, and consistent with this, we are alert to the potential value in acquiring capability that can transition to servicing the needs of the offshore wind industry over time. Building a stronger platform should, in turn, create a business which the stock market can value more highly.

We benefit significantly in this M&A context from having SCF as a strategic partner, where we can leverage their complementary industry knowledge and investment expertise to help source and execute value-enhancing acquisitions. We also benefit from SCF's committed £18m funding through the Convertible Loan Notes, which are targeted to be deployed primarily for value-enhancing M&A and strategic growth. Having this committed funding in place puts Tekmar at a distinct advantage, particularly given the current financing environment for M&A.

Market Environment
The current instability in offshore wind investment has been a theme that has been well trailed in the media. Looking beyond the media headlines, 2023 was actually a record year for offshore wind investment, with market analysts highlighting Final Investment Decisions ("FID") on projects totalling 12.3 GW during the year globally (excluding China and cancelled projects). This followed only 0.8 GW of FID in 2022, the lowest level since 2012 and highlighting the volume constraints in the market. (Source: TGS – 4C Offshore, 3 January 2024).

The rebound in FID approval for 2023 is clearly a positive for Tekmar. With the lead-time typically 12-months between a project receiving FID approval and the contractors and suppliers being awarded contracts, this should support the return to volume growth for Tekmar over the next 12–18 months. The headline data does require some caution, however, given the prevailing environment for ongoing delays to project starts and contract awards post-FID and the residual risk of subsequent cancellations post-FID. Overall, we see the market moving in the right direction in 2024 with a more balanced approach to developers and contractors in managing project risk leading to incremental but sustained improvement in demand. Longer-term, we see demand for offshore wind remaining strong with fixed seabed foundations continuing as the dominant technology through until mid-2030's.

Following a period of underinvestment, the Oil & Gas industry is entering a new capex cycle, with market conditions expected to remain supportive of an upturn in global spend over the medium term. Tekmar is well positioned to take advantage of this forecast growth.

Current trading and outlook
The Board anticipates the Group should return to profitability at the Adjusted EBITDA level for the current financial year. The absolute level of profitability will be determined by conversion of the material opportunities in our pipeline and by the timing of project awards and starts. Whilst timing remains the key risk to our financial performance in the current environment, we also remain focused on managing the delivery of existing contracts to budget and on maintaining a tight control of costs and cash across the business. Our near-term plans and targeted investments support the opportunity we have to grow organically across our core markets.

We are alert to the opportunities to complement organic growth through M&A that can increase our scale and strengthen our services offering across our end-markets, all consistent with building a leading, global offshore wind services platform over time. We are fully committed to delivering on the opportunity ahead for Tekmar to build a platform for sustainable growth and creating significant value for shareholders.

Alasdair MacDonald
CEO
3 March 2024

Chief Financial Officer's Review

2023 was a transformative year

Following my appointment to the role of CFO in April 2023, having held the role on an interim basis since December 2022, I am pleased to present the Financial Review for the Group for the year ended 30 September 2023.

A summary of the Group's financial performance is as follows:

	Audited 12M ended Sep -23 £m	Audited 12M ended Sep-22 £m
Revenue	39.9	30.2
Gross Profit	9.3	7.0
Adjusted EBITDA(1)	(0.3)	(2.3)
(LBT)	(9.9)	(5.2)
EPS	(10.7p)	(9.0p)
Adjusted EPS(2)	(4.5p)	(8.1p)

1. *Adjusted EBITDA is a key metric used by the Directors. 'Earnings before interest, tax, depreciation and amortisation' are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Details of the adjustments can be found in the adjusted EBITDA section below. Adjusted EBITDA might not be comparable to other companies.*

2. *Adjusted EPS is a key metric used by the Directors and measures earnings are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Earnings for EPS calculation are adjusted for share-based payments, £508k (£nil FY22), amortisation on acquired intangibles £168k (£605k FY22), Impairment of goodwill £4,745k (£nil FY22).*

On a statutory basis, the Group loss before tax was £9.9m (FY22: £5.2m loss).

Overview

The Group delivered revenue of £39.9m for the 12-month reporting period, a 32% increase from prior year and continued growth per half year with £22.2m in revenue delivered in the second half from the £17.7m reported for the first half. The adjusted EBITDA loss of (£0.3m) was largely in line with our expectations of being around break-even at this level of trading profitability. This is a much-improved position from the previous two reporting years where adjusted EBITDA losses of (£2.3m) and (£2.0m) were reported for the twelve-month period to September 2022 and the eighteen-month period to September 2021 respectively. FY23 continued to be a transition year for the Group as expected, particularly whilst some lower margin backlog projects continued to be worked through and business improvement measures continued. The cost base has been carefully managed with further efficiencies achieved through wider group integration.

Leanne Wilkinson, Chief Financial Officer

Revenue by operating segment

£m	Audited 12M FY23	Audited 12M FY22	Unaudited LTM(1) FY21
Offshore Energy	21.6	17.4	21.9
Marine Civils	18.3	12.8	9.9
Total	**39.9**	**30.2**	**31.8**

Revenue by market

£m	Audited 12M FY23	Audited 12M FY22	Unaudited LTM(1) FY21
Offshore Wind	17.7	14.7	16.8
Other Offshore	22.2	15.5	15.0
Total	**39.9**	**30.2**	**31.8**

(1) LTM – Last twelve months

It has been encouraging to see revenues grow in both Offshore Energy and Marine Civils divisions in FY23, by 24% and 43% respectively during the reporting period.

The Offshore Energy division, incorporating Tekmar Energy, Subsea Innovation, AgileTek and Ryder Geotechnical, all of which operate largely as a single unit, has achieved a revenue increase of £4.2m. The growth in offshore wind contributed to £3m of this increase and was underpinned by revenues from windfarm developments across a number of key regions for the Group including Europe and emerging regions in offshore wind such as Asia Pacific and the United States. The remaining increase in revenue of £1.2m was largely from work in the Middle East, whereby the Group's brands and track record which has been established, has enabled further work to be secured with key clients in the region.

Marine Civils, comprising Pipeshield, saw continued revenue growth for the 12-month period at £18.3m, which is £5.5m higher compared with revenue of £12.8m for the previous 12-month period. Consistent with prior year, this growth was achieved through securing and delivering further contracts for both the core Pipeshield product line as well as a diversified grouting service line offering, in the Middle East, which continues to be a growth market for Pipeshield and the wider group demonstrating our regional expansion strategy is delivering.

Gross profit by operating segment

£m	Audited 12M FY23	Audited 12M FY22	Unaudited LTM[1] FY21
Offshore Energy	4.0	4.4	4.4
Marine Civils	5.3	2.6	2.1
Total	**9.3**	**7.0**	**6.5**

Gross profit by market

£m	Audited 12M FY23	Audited 12M FY22	Unaudited LTM[1] FY21
Offshore Wind	4.8	4.2	4.8
Other Offshore	6.1	4.4	3.3
Unallocated Costs	(1.6)	(1.6)	(1.6)
Total	**9.3**	**7.0**	**6.5**

(1) LTM – Last twelve months

The gross profit increase of £2.3m reported for the period is driven from the increase in revenue which is £9.7m higher than the prior 12 months. The gross profit percentage of 23% remains consistent with the prior year as the opening order book for FY23 included two, sizable, lower margin offshore wind contracts awarded in prior periods and have subsequently experienced material cost escalations from wider macro-economic factors since they were awarded in 2021. This impacted gross profit margin in Offshore Energy division which fell to 18% from 25% in FY22. Regarding the two Offshore Energy projects noted above, one was significantly progressed for revenue recognition in FY23 and the other project which runs into early FY25 has appropriate contract loss provisioning (£0.4m) included in FY23. Management continue to explore opportunities for margin improvement on this contract over the remaining life of the project.

Gross profit margin within Marine Civils increased to 29% from 20% in FY22 from the additional scale within the Pipeshield business coupled with capturing the value of contract variations in the year.

The focus on margin improvement in Offshore Energy remains. Although there has continued to be pricing pressure on some contracts from opening backlog delivered in the year, newer contracts, some of which have been delivered across FY23, have been awarded at improved margins which have been maintained or improved through contract execution. This expected improved commercial and operational performance, coupled with increased volume in the market and the recent improvement in energy strike prices across the industry, paves the way for the Offshore Energy division to track back to a 30% gross margin in the next 3 years.

Operating expenses

Operating expenses for the 12-month period to 30 September 2023 were £18.6m compared to £11.6m for the equivalent 12-month period ending 30 September 2022. The increase of £7.0m relates largely to several one-off items; £4.7m goodwill impairment relating to the offshore energy CGU as detailed below, £1.2m foreign exchange differences, a bonus payment of £0.4m was made to staff upon the successful completion of the Group's strategic review and share based payments increased by £0.5m, primarily as a result of share awards to management on the completion of the Group's strategic review. In addition, there were £0.3m of restructuring costs incurred. The share awards were approved by shareholders when approving the investment by SCF.

Other cost increases in the year included higher professional fees of £0.2m which have been offset by staff cost savings of £0.2m (net of inflationary increase of £0.5m) and £0.3m benefit from lower amortisation expense year on year.

Adjusted EBITDA

Adjusted EBITDA is a primary measure used across the business to provide a consistent measure of trading performance. The adjustment to EBITDA removes material items of a one-off nature or of such significance that they are considered relevant to the user of the financial statements as it represents a useful milestone that is reflective of the comparable performance of the business. Foreign exchange losses and gains form part of the adjustment to EBITDA, this is due to the significant influence of exchange rate fluctuations versus the group's reporting currency (GBP) in the first quarter of FY23.

EBITDA Reconciliation (£m)	Sep-23	Sep-22	Sep-21
Reported operating (loss)/profit	(9.3)	(4.6)	(5.4)
Amortisation of intangible assets	0.1	0.6	0.8
Amortisation of other intangible assets	0.6	0.5	0.9
Depreciation on tangible assets	0.8	0.9	1.4
Depreciation on ROU assets	0.5	0.5	0.6
EBITDA	**(7.1)**	**(2.1)**	**(1.7)**
Adjusted items:			
Share Based Payments	0.5	-	(0.4)
Impairment of goodwill	4.7	-	-
Exceptional items - Bonus	0.4	-	-
Foreign exchange losses & gains	0.9	(0.2)	(0.2)
Restructuring costs	0.3	-	-
Adjusted EBITDA	**(0.3)**	**(2.3)**	**(2.3)**

The £0.3m adjusted EBITDA loss for the 12 months ended 30 September 2023 was an improvement of £2.0m when compared to the £2.3m adjusted EBITDA loss for the 12 months to September 2022 and is a result of the increased gross profit as above.

£m	6m Sep-23	6m Mar-23	6m Sep-22	6m Mar-22	6m Sep-21	6m Mar-21
Revenue	22.2	17.7	17.2	13.0	17.9	13.9
EBITDA	(0.5)	0.2	(0.3)	(1.8)	(1.8)	(1.1)

H2 23 reported an increase revenue of £5m versus the prior 6-month period, however, adjusted EBITDA (net of fx impacts) was £0.7m lower due to the gross margin on two offshore energy projects and higher overhead costs of £0.4m versus H1 23 due to £0.3m professional costs and £0.1m bank charges.

As we work through the remaining lower margin backlog contracts, coupled with the increased volume in the offshore wind sector, the profitability of the Group's Offshore Energy division has opportunity to improve going forward, in support of management's medium-term target of 30% gross margin. The recent pricing resets starting to be seen in the industry are also likely to support this direction of travel, however, we are mindful this will take time to fully take effect.

Adjusted EBITDA by division

£m	Audited 12M FY23	Audited 12M FY22	Unaudited LTM[1] FY21
Offshore Energy	(2.1)	(1.8)	(2.7)
Marine Civils	3.6	1.0	0.9
Group costs	(1.8)	(1.3)	(1.1)
Total	**(0.3)**	**(2.1)**	**(2.9)**

(1) LTM – Last twelve months

Result for the year

The result after tax is a loss of £10.1m (FY22: Loss of £5.2m). The profit and loss account is on page 84 and the loss includes an impairment charge of £4.7m to the value of the goodwill in the Group's Offshore Energy division. Trading forecasts for the Offshore Energy division have been reviewed and continue to grow inline with market expectations for the offshore wind market , however changes in economic conditions and specifically increases in interest rates have led to a substantial increase in the group's Weighted average cost of capital (WACC), increasing from 13.5% FY22 to 15.5% FY23. The increase

in the group's WACC resulted in a deterioration in the future expected cashflows leading to the impairment being recognised.

Although the Group reports an improvement in adjusted EBITDA of £2.0m and £0.4m lower depreciation and Amortisation between FY22 and FY23, this is offset by impacts of one-off items; Share based payments £0.5m, bonus £0.4m, restructuring costs of £0.3m and the movement in FX impacts of £1.2m.

Foreign currency

The Group has continued to see growth in international markets and, as a result, this growth increases the Group's exposure to fluctuations in foreign currency rates. During the year the Group were impacted by foreign exchange losses of £0.9m. These losses have been accounted for within operating expenses. In comparison, FY22 had a foreign currency gain of £0.2m.

The Group mitigates exposure to fluctuations in foreign exchange rates by the use of derivatives, mainly forward currency contracts and options. At the year end the Group held forward currency contracts to mitigate the risk of receivables balances for both Euros and Dollars. Any gains or losses on derivative instruments are accounted for in cost of sales. At the year end the group had a derivative liability of £20k.

The Group predominately trades in pounds sterling with approximately 17% of revenue denominated in Euros, 23% denominated in US dollars, and significant trading in Chinese RMB. On certain overseas projects the Group can create a natural hedge by matching the currency of the supply chain to the contracting currency, this helps to mitigate the Group's exposure to foreign currency fluctuations.

Cash and Balance Sheet

The Group's balance sheet was stabilised in April 2023 following the conclusion of the strategic review. New capital investment from SCF Partners and related parties of £4.3m alongside a placing and retail fund raise of £2.1m raised cash proceeds of £5.3m, net of expenses. In addition, SCF Partners have committed, with conditions, an additional investment of £18.0m available through the convertible loan note facility.

The gross cash balance at 30 September 2023 was £5.2m with net debt being (£1.4m). The Group has extended its CBILs facility of £3.0m for a further 12 months to October 2024 and the trade loan facility of £4.0m, which is available until at least July 2024, aligning with the annual review date of the facilities with Barclays Bank. These facilities continue to support the working capital requirements of the Group in delivering the projects the Group undertakes. The expected continued renewal of the banking facilities form part of the directors going concern assumptions which are detailed on page 88.

Of the £4.0m trade loan facility, £3.5m was drawn against supplier payments at the year end and is repayable within 90 days of drawdown. The FY22 comparative is £4.0m. This balance and the CBILS loan of £3.0m is reported within current liabilities.

The decrease in operational cashflows of £5.7m were primarily driven by the increase in the year end trade receivables of £6.4m. This position contributed to a net decrease in cash and cash equivalents of £3.3m in the year.

Inventories reduced by £2.5m in the year, however, net working capital increased by £3.7m due to a £6.4m increase in trade and other receivables which rose to £19.7m (FY22: £13.4m). This was driven by specific overdue debtor receipts in the Middle East and China. The ageing of debtors has increased across the group due to the specific debts in the Middle East and China. The group has not provided for any credit loss provisions as these debts are considered to be recoverable in full based on prior trading history with these customers.

The Group has continued to enhance its contracting terms and cash collection processes however, the year-end position was impacted by the timing of certain material receipts at the year-end related to these regions.

Cash generation continues to be a major focus for the Group. We maintain our disciplined approach to commercial management and debtor collections whilst adopting a cautious and considered approach to ongoing organic investment to support the growth plans of the underlying business.

The business continuously invests in research and development activity. The highlight during the financial year was the continued development of the next generation TekLink product in the offshore wind division. A total of £353,000 of Research and Development costs were incurred in year. All costs have been capitalised as intangible assets under IAS36.

The annual impairment review of the goodwill on the balance sheet has resulted in an impairment charge of £4.7m which related to the offshore energy division. As detailed in the P&L commentary, this was predominantly due to a substantial increase in the Group's weighted average cost of capital (WACC) which has increased from 13.5% in FY22 to 15.5% in FY23 due to changes in economic conditions and especially increases in interest rates.

During the year, Tekmar Energy Limited renewed a property lease relating to its manufacturing facility. The lease value was £1.1m and is accounted for as a right of use asset under IFRS16, within fixed assets. To preserve cash during the year a cautious approach has been taken regarding wider investments and therefore other fixed asset investments were largely in line with depreciation charges within the year.

A provision of £0.5m has been recognised in the year for onerous contracts. The group has assessed that the unavoidable costs of fulfilling the contract obligations exceed the economic benefits expected to be received from the contract. The provision relates to two contracts in the offshore energy division which are expected to be largely completed in the year ending September 2024

A summary balance sheet is presented below:

Balance sheet

£m	FY23	FY22
Fixed Assets	6.8	5.9
Other non-current assets	19.4	24.6
Inventory	2.1	4.6
Trade & other receivables	19.7	13.4
Cash	5.2	8.5
Current liabilities	(16.9)	(16.9)
Other non-current liabilities	(1.7)	(0.8)
Equity	34.6	39.2

Summary

The Group has achieved the planned stepped improvement in financial results for FY23 and our expectations of returning to profitability in FY24 remain. The completion of the strategic review which culminated in the new capital investment has reset the balance sheet and allowed the business to move forward with the organic growth plans previously set out and supported by the wider opportunity within the energy markets we operate.

The hard work and improvements undertaken by the Group in the last 3 years provides for a stronger foundation and I look forward with optimism in supporting the business in its continued growth and return to sustainable profitability.

Leanne Wilkinson
Chief Financial Officer
3 March 2024

Strategic Review

Tekmar's strategy has been refreshed to reflect the renewed ambition and opportunity for the Group following the watershed investment by SCF completed in April 2023.

In recommending the strategic investment by SCF and related fundraise with existing shareholders, the Board outlined how SCF and Tekmar have developed a shared vision to use Tekmar as a platform to build a globally pre-eminent offshore wind services business, focusing on delivering value-added engineering and technology led services to the offshore wind market across the project lifecycle.

In delivering this ambition, the Tekmar Board remain focused on:

- the near-term priority of establishing sustained profit improvement and stronger cash generation
- doing business the right way, embedding the right values and behaviour across the business
- building a sustainable business and investing in and growing the capabilities of the team
- growing with our customers and developing the solutions that meet their needs today and anticipating and meeting their future needs
- expanding Tekmar's portfolio to address the changing requirements of a maturing offshore wind industry to support energy transition whilst also supporting the energy industry's near-term needs that enable security and efficiency of energy supply
- strengthening Tekmar's value proposition as an engineering solutions-led business which offers integrated and differentiated technology, services and products to its global customer base
- continuous business improvement including streamlining our business and a relentless focus on costs and business efficiency
- identifying and exploring M&A opportunities to strengthen Tekmar's value proposition, broaden the portfolio and achieve greater scale as an industry counter-party

The Board is confident that by focusing on these areas, Tekmar is positioned to:

- capitalise on the increase in investment in offshore wind and the continued expenditure on broader energy supply
- strengthen its competitive market position as a stronger partner with developers and OEMs
- generate consistent and enhanced economic returns for shareholders.

Section 172 Statement
The Directors consider that they have acted in good faith in the way they consider would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to decisions taken during the year ended 30 September 2023. This is a period of transition for the business and the focus on a Strategy Review covering the next five years will position the Group for success.

Particular attention has been paid to key areas to ensure sustainability:

- Liquidity
- Disciplined investment
- People development
- ESG strategy

The Group Strategy has been developed to have a long-term beneficial impact on the Group for both its shareholders and employees. The details were provided to shareholders in the Group's Capital Markets Day in July 2021 and can be found on our website. Since the Group's Capital Markets Day, the Group has reviewed its plans with the underlying strategy remaining unchanged.

In terms of our shareholders, it is important for the Board to maintain a good understanding of their interests, and keep shareholders informed regarding the strategy and objectives of the Group. The CEO and other Directors communicate regularly with shareholders and meet at least bi-annually, where practicable. The Board recognises its responsibility to act fairly between all shareholders of the Company and ensures up-to-date information is available on the Group Investor website - (investors.tekmar.co.uk) and the Group business website (www.tekmargroup.com), the latter brings together the Group's portfolio of companies into one site, promoting a greater understanding of the breadth of our product and service offering, which supports the global offshore wind, oil and gas, interconnectors, telecommunications, marine civils, and wave and tidal sectors.

During the period the directors made key decisions in relation to concluding the strategic review of the group. This resulted in the recommendation of SCF Partners investment in Tekmar Group Plc. The recommendation was voted on and approved by shareholders.

Our people are fundamental to the delivery of the strategy and we have developed a detailed People Strategy setting out the key areas of focus and deliverables over the next few years. In addition to providing the right training and development to our teams we will focus on diversity and inclusion as we grow, to ensure the workplace represents the communities in which we thrive. More details are included in our Sustainability Report this year.

We regularly provide our people with information on matters of concern to them, consulting them regularly, so that their views can be factored in when making decisions that are likely to impact them. Employee involvement in the Group is encouraged, as achieving a shared awareness of the part that all employees play in the financial and economic factors affecting the Group plays a major role in its performance. We have a Business Integrity Policy that communicates the expected business behaviours of all employees and this policy incorporates guidance on employee's responsibilities should they become aware of inappropriate business behaviours or any similar concern. Apart from its shareholders and employees, the Group's main stakeholders are customers and suppliers. The Group has several contracts with customers that relate to longer term technology development and supply. The Group has a dedicated Legal function that operates with the Group's commercial, project and production teams and those of the Group's key customers and suppliers.

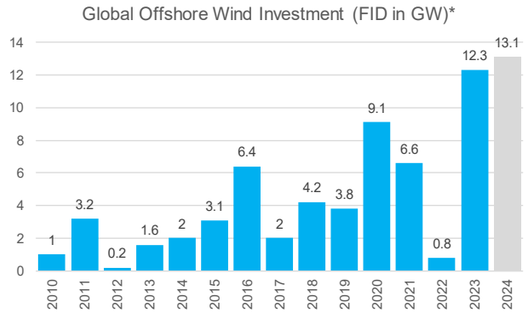
As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance and in doing so, will contribute to the delivery of the plan. We adhere to the QCA Code and set out how we apply the ten governance principles in our Corporate Governance Statement, included in this report and on our website.

The offshore wind market reported a record-breaking year following a difficult 2022[1] and the wider offshore energy and marine civils market have remained buoyant, supporting Tekmar Group's growth plan and ambition.

Market Review

An evolving offshore energy market

The last 12 months saw the offshore energy market continue to evolve. The fallout from the invasion of Ukraine, a conflict in the Middle East compounding the ongoing energy crisis, and offshore wind projects being postponed or cancelled, have dominated the headlines. The supply chain still sees logistical, labour and supply-constraints. Despite this, the offshore wind market reported a record-breaking year following a difficult 2022[1] and the wider offshore energy and marine civils market have remained buoyant, supporting Tekmar Group's growth plan and ambition.



Offshore Wind is now considered a solution to energy security and affordability, not just climate change. This is reflected in the rapid expansion of offshore wind ambitions, with governments around the world accelerating their offshore wind targets due to market conditions.

As timeframes to achieve carbon reduction targets shorten, countries' have begun looking at regulatory reform to streamline processes. The tighter timeframe will no doubt increase pressure on supply chains and transmission grids, and heighten the risk associated with variable market dynamics and inflation.

The EU formally adopted an update of the Renewable Energy Directive in October 2023 that, among other measures, increases the binding 2030 target from 32% to 42.5%, with the aim of achieving 45%. Each Member State will contribute to this common target, while no targets were introduced for individual countries. However, meeting the new target of 42.5% for 2030 will demand more than doubling the rates of renewables deployment seen over the past decade, and requires a deep transformation of the European energy system[2].
To de-risk new projects, the British Government has increased the subsidies available to offshore wind developers by up to two-thirds in a sector that is struggling with surging costs. This follows the last UK auction round which did not see a single bid submitted for a new project. Developers said that the maximum strike price of £44 per MWh was too low to offset a surge in costs which has impacted the market globally.
The UK Government wants to increase UK offshore wind capacity almost fourfold to 50GW by 2030, requiring rapid development of projects[3].

The US roadmap has seen its successes and failures in recent months. Several offshore wind projects were delayed or cancelled due to inflated costs. However, Vineyard Wind and South Fork Wind have started successfully, and Empire Wind 1 has begun awarding contracts to its supply chain. Offshore wind remains an exciting opportunity in the US, with President Biden's administration aiming for 30GW by the end of the decade.

Market momentum is increasing around the rest of the world, with countries such as, South Korea, Vietnam, India, and Brazil committing to ambitious targets, whilst Australia has designated its first six offshore wind development zones off the State of Victoria[4]. These newer markets will be looking to the more mature markets for skills and expertise presenting significant opportunity for the Group.

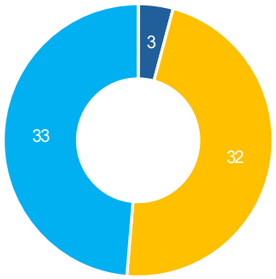
Tekmar Group at Global Offshore Wind, London

Global Offshore Wind Outlook

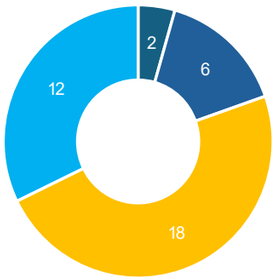
In the third quarter of 2023, the global offshore wind build-out forecast was reduced for the next 4 years by 25% compared to previous forecasts. This was in response to an extraordinary period for offshore wind, and with some substantial projects being cancelled or delayed. Regardless of the setback, the global offshore wind outlook to 2030 still shows credible growth of an additional 163GW by 2030, with a CAGR of 14.4%, taking the total global offshore activity (operational and underway) to 267GW by the end of 2030 – an additional 17GW more than reported in our last annual report. At time of writing, 37.1GW of global capacity is either under construction or has reached FID (Financial Investment Decision). China also has the most under construction (7.9 GW), which is up on last quarter, followed by the UK (5.2 GW).

China has installed 32GW of capacity, matching Europe (4), and has the most under construction (7.2GW), which is up on last quarter, followed by the UK (5.2GW). Our presence in Asia extends to Taiwan, South Korea, and Japan, where Tekmar has supplied CPS or engineering services to the countries' first wind farms. We are well prepared to support Asia in the future, including embryonic markets such as Vietnam and the Philippines.

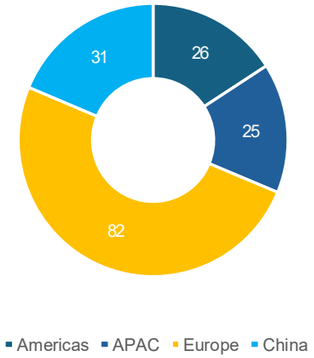
67GW fully commissioned

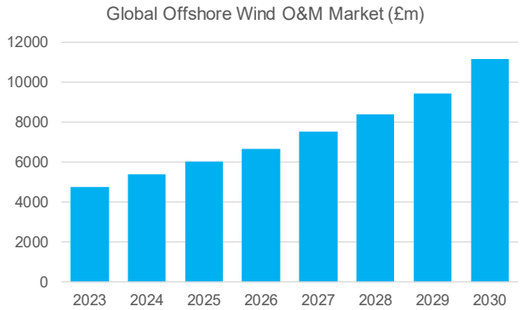


37GW under construction / FID made



163GW entering construction by 2030

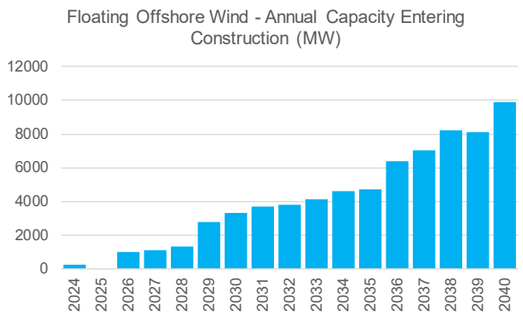




Operations & Maintenance (O&M)

The offshore wind O&M market continues to accelerate as the offshore wind market matures and more assets are installed. The overall scale of the global market is valued at €11.2bn per year by 2030. The UK market alone is valued at €1.9bn per year by 2030[7]. Europe remains the biggest O&M market by region, with expanding markets in Asia and US.

The growth in O&M provides a significant opportunity for Tekmar to grow in this OPEX market by deploying our complementary technologies and leveraging existing customer relationships to support their asset management during the project's operational phase. Securing a larger section of this market is a key part of our strategy going forward.



Floating Offshore Wind

The total worldwide pipeline of planned floating wind projects will reach a capacity of 31GW by 2035, over a 3000% increase from 0.3GW currently commissioned. The market is supported by ambitious government growth targets and high supply and demand activities as countries look to increase domestic energy output, reduce energy imports, and cut carbon emissions.

By 2040, 32GW of the planned 70GW floating capacity will be developed or in development in Europe followed by 15.4GW in Asia-Pacific, 11GW in the Americas and 7GW in China.

The floating market has parallels with the fixed-bottom market, where Tekmar enjoys strong relationships with key operators and installers and has a solid global track record, specifically in analysis and support. We are active in all the regions' where floating wind is happening and have already supported several floating wind projects in Europe, Asia, and the US. We are positioned to benefit from this exciting market.

Other Offshore

Upstream oil and gas still dominate the energy landscape, and the energy crisis highlights the world's ongoing need for large volumes of fossil fuels.

Offshore oil and gas markets are enjoying a flurry of investment following the stabilisation of the Brent spot price. Markets are also set for robust growth as countries increase output to counter supply issues, high energy costs and dependency on Russian fossil fuels.

We see a sustained upcycle in the offshore EPC (Engineering, Procurement and Construction) forecast through 2023 - 2028, with EPC spending expected to total $91bn. This is a 21% increase compared to the preceding five-year period[5].

A concern in the energy markets is that the ongoing energy crisis will derail the energy transition, but data suggest that spending on green energy will still grow faster than on fossil fuels. Operators are committed to the transition. We see many of these customers moving into the offshore renewable market and there is a significant presence of several large European oil and gas companies investing in floating offshore wind. The offshore fossil fuel and carbon reduction market will continue to provide a balanced portfolio and foundation for growth for Tekmar[6].

Source:
(1) 4COffshore report a record year for FID in offshore wind projects. 12.3GW awarded versus 6.6GW in 2022 and lowest since 2012.
(2) https://www.eea.europa.eu/
(3) https://www.ft.com/content/cb351788-377b-4ea7-aa0a-9bcc28293e7d
(4) 4C Offshore POP Database
(5) Westwood SubseaLogix Q3 Update
(6) https://www.offshore-energy.biz/oil-gas-alongside-green-and-low-carbon-energy-will-such-a-compass-lead-the-world-astray-or-steer-it-in-the-right-direction/

We have a clear strategy focused on strengthening Tekmar's value proposition as an engineering solutions-led business that offers integrated and differentiated technology, services and products to our global customer base.

Our Business Model

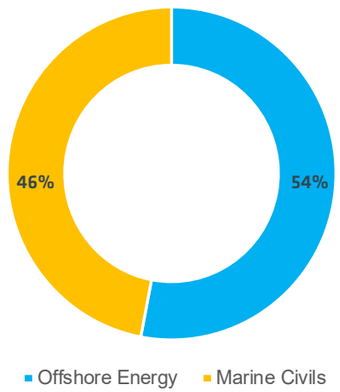
Enabling the world's energy transition

Tekmar Group plc collaborates with its partners to deliver robust and sustainable engineering led solutions that enable the world's energy transition. We have a clear strategy focused on strengthening Tekmar's value proposition as an engineering solutions-led business that offers integrated and differentiated technology, services and products to our global customer base.

Group revenues are divided into the following sectors and subsectors. Across the Group there are no customers that are unique to any one business. There is potential for all Group companies to work with all customers that the Group engages, allowing the Group to cross-sell all products and services; work together to provide value to the same clients, provide more revenue per client and to provide a complementary range of technology and services that support multiple stages of the project life cycle.

As the business grows, our goal is to increase the revenue per project from all stages of offshore energy and marine civils projects. We also have an aim to gain visibility on upcoming projects as early as possible, with our design and analysis businesses helping us achieve this.

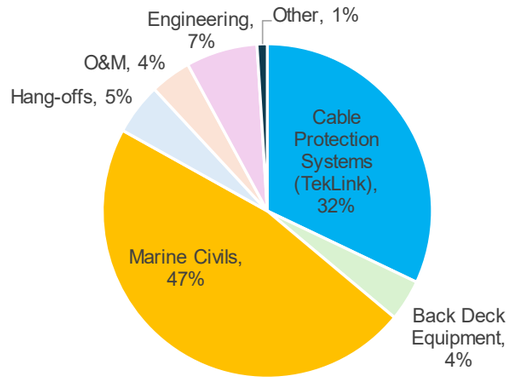
Group Revenue Split



Sectors: **Offshore Wind, Oil & Gas, Interconnectors, Wave & Tidal, Marine Civils, Telecoms**

Project Phases: **DEVEX Development Expenditure, CAPEX Project Build Phase, OPEX Project O&M.**

Revenue Split by Product



Revenue Split by Market

44% Renewables (£17.7m)
56% Other Offshore (£22.2m)

(The Group operates within two operating segments in accordance with IFRS8. We also track markets and areas which our businesses operate in).

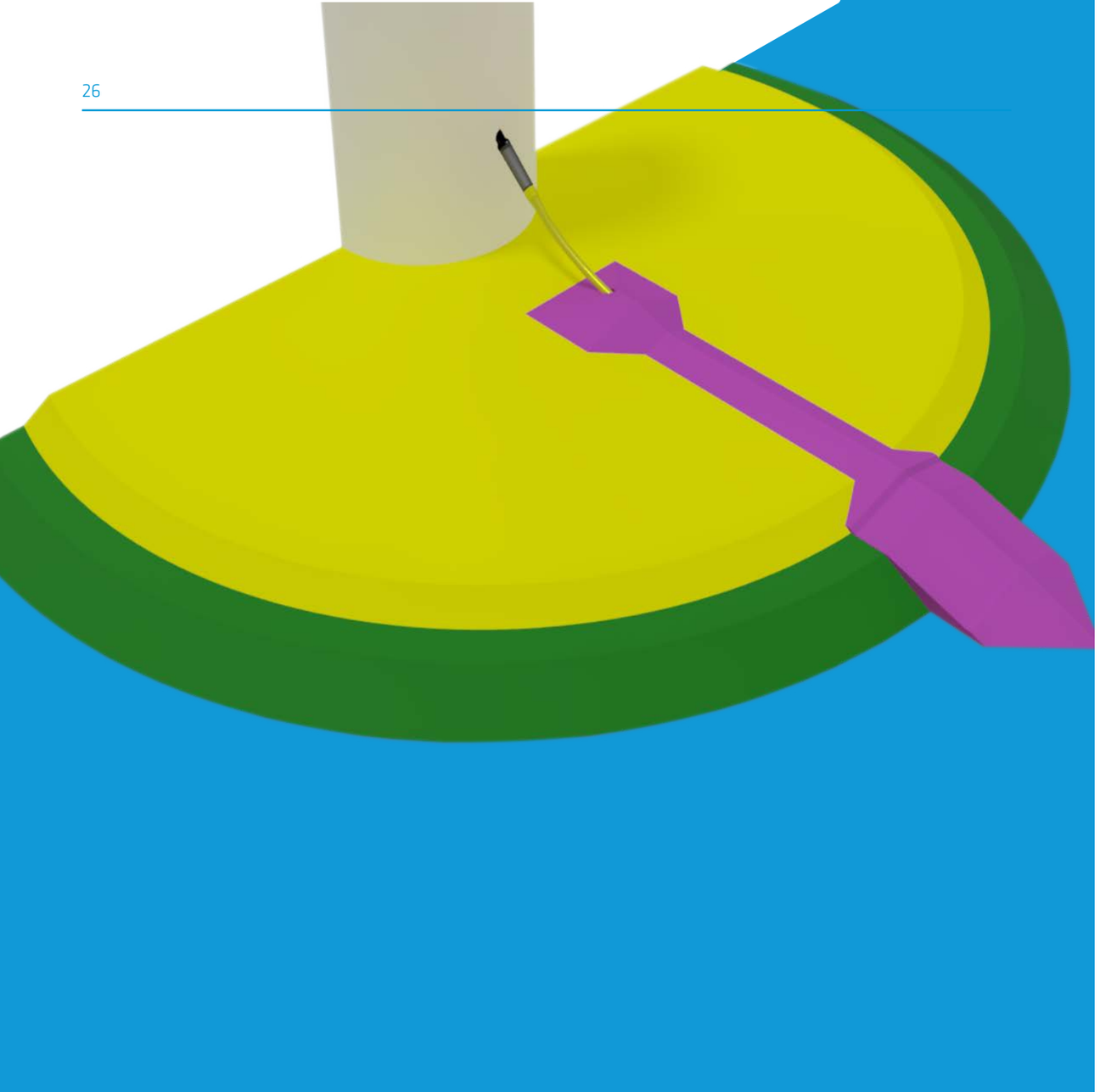
Applications: **Subsea Cables, Rigid & Flexible Pipelines, Umbilicals, Seabed, Vessel Back Deck, Structures.**

Customers: **Developers & Operators, EPCI Contractors, Product & Service Providers**

Product Categories: Geotechnical Design & Analysis, Engineering Analysis & Software Innovation, Bespoke Equipment Design & Build, Subsea Protection Technology, Subsea Stability and Protection Solutions.

Revenue split by region:
35% EU, 8% USA,10% APAC, 43% ME, 5% Rest of world.

Locations include:
UK, Europe, Middle East and Asia Pacific.



This integrated approach offers customers a single project interface which removes third-party miscommunication and delays to the decision-making process.

Our Business Model in Action

Working together in offshore wind

Tekmar Group plc is a leading provider of cable protection systems (CPS) for the global offshore wind markets. Our ability to deliver holistic subsea cable protection solutions that overcome challenging offshore environments sets the company apart. We achieve this by combining our comprehensive in-house technology offering with our unrivalled industry track record of over 100 offshore wind projects to make informed engineering-led decisions based on simulation, analysis, and experience.

For example, Tekmar Energy, part of Tekmar Group plc, was awarded a contract to design, manufacture, and deliver a subsea cable protection solution for one of the world's largest offshore wind farms. The CPS was required to protect the wind farm's inter-array cables when transitioning from the seabed to the offshore foundations. This project was characterised by challenging subsea conditions; therefore, a solution was also needed to secure the CPS/cable on the seabed to restrict movement and avoid damage. This solution could only be achieved through an integrated approach to the engineering design phase within the overall project life cycle.

Working alongside Group companies AgileTek Engineering, Tekmar Energy established a CPS design premise and a basis for analysis aligned to the project specification and conditions. A system was subsequently designed by Tekmar Energy and their integrated engineering team based on the company's Generation 10 TekTube CPS technology.

Following the initial design stage, AgileTek combined traditional engineering principles with cutting-edge software to simulate how the CPS would behave in the offshore environment and verified that the system was fit for purpose. Tekmar Energy used the findings to optimise the CPS.

Tekmar Group company, Ryder Geotechnical, proposed installing a rock berm over each CPS to secure them on the seabed and restrict movement. Ryder applied its geotechnical expertise with Tekmar Energy's industry experience to demonstrate to the customer that, whilst not necessarily the easiest or cheapest; it was the right solution. Ryder used advanced geotechnical engineering software to design and optimise a stabilisation solution that resulted in the minimum possible volume of rock berm material, thus significantly reducing initial CAPEX costs.

The CPS was manufactured at Tekmar Energy's state-of-the-art manufacturing facility in the North East of England. Before commencing production of over 2,300 components, Tekmar Energy created a sample of each component section and subjected them to impact, bend and axial load tests to confirm they performed as expected. Pull-in tests were also performed using the facility's full-scale pull-in rig and a fully assembled 30-metre-long CPS. Factory acceptance tests (FAT) were performed on all pre-assembled CPS sections before packing and delivering to the customer.

The end solution consisted of a robust cable protection solution engineered to meet specific site conditions. The solution was designed for maintenance-free intervention, eliminating associated OPEX costs throughout the wind farm's life.

The Group's integrated approach provides complete visibility across the CPS design and delivery cycle. This significantly improves our ability to problem solve, react, and identify optimisation opportunities throughout the process, resulting in the optimum solution for the customer. This integrated approach offers customers a single project interface which removes third-party miscommunication and delays to the decision-making process.

Our operating companies share a single understanding, vision, and overall objective.

Tekmar Group is confident in serving as a key product and services supplier across multiple regions and with several developers.

Our Business Model in Action

Consolidating our global footprint

A key aspect of Tekmar Group's growth strategy is to carefully expand the company's geographical reach to capitalise on growing global offshore wind markets.

During FY23, Tekmar Group secured several major contracts across established and growing regions, presenting renewed confidence and ample future growth opportunities as many major regions have begun to execute their offshore wind plans. The rapidly expanding US market is set to become one of the largest offshore wind markets in the world, with a target of 50GW of offshore wind capacity installed or underway by 2040. Whilst still in its infancy, the Japanese offshore wind market is targeting 24GW of offshore wind capacity by 2040. Likewise, the Taiwanese market is looking to jump from 9GW full commissioned to 21GW fully commissioned or underway by 2040. Our core markets remain strong and present several opportunities in the short, medium and long term.

Tekmar Group is confident in serving as a key product and services supplier across multiple regions and with several developers. This is evident in our existing relationships which have seen many developers returning to Tekmar. An example of this is in 2023 when Tekmar secured the contract to supply CPS and engineering services for the third phase of the Dogger Bank wind farm, the world's largest wind farm. Located more than 130km off the North-East coast of England, Dogger Bank Wind Farm will be capable of powering up to 6 million homes annually. In the same vein, we have been trusted to deliver engineering solutions through technology, products and services to many countries' first commercial wind farms including US, Taiwan and Japan.

In addition to Block Island Offshore Wind Farm and the Coastal Virginia Offshore Wind Projects, in 2023, work began on America's first utility-scale offshore wind project, Vineyard Wind. The project will generate clean, renewable, affordable energy for over 400,000 homes and businesses across the Commonwealth, while reducing carbon emissions by over 1.6 million tons per year. The contract was won in 2022 and delivery for our 10th generation CPS started in 2023.

Tekmar Group won contracts in Asia-Pacific due to strategically positioning itself in Japan from its offshore wind markets' early development stage. In 2020 Tekmar Group secured its first major CPS supply contract from Sumitomo Electric for the Akita and Noshiro offshore wind farms. The wind farms were Japan's first utility-scale offshore wind projects and marked a significant milestone for the country. Building on the back of this success, Tekmar secured its second significant CPS supply contract in Japan for an undisclosed offshore wind farm in June 2022. In addition, in 2019 Tekmar delivered CPS for another commercial scale offshore wind farm in Taiwan. Local representation was established in Japan in 2022 to help the Group maintain a market-leading position and help secure future project awards. Our local representation is crucial in helping us navigate Japan's business culture, develop our market knowledge, and build relationships with key market players.

We look forward to supporting these growing offshore wind markets and other emerging markets in Europe, Asia, and North America.

With Europe's growing need for energy security, and a strong market outlook, we are confident that the market sentiment for the Middle East will remain positive. We are committed to building on our success in the region.

Our Business Model in Action

A balanced portfolio

Tekmar Group plc has begun to consolidate its position as a leading provider of subsea protection and stabilisation products to the Middle East's subsea markets. Building on our extensive regional experience, with thousands of Pipeshield's and Tekmar Energy's products installed on offshore projects in the UAE, Qatar, Saudi Arabia, and Bahrain, we continue to nurture our local manufacturing and supply chain capability and bridge new relationships to secure and deliver new contracts.

The Middle East accounted for 43% of revenue during FY23, an increase of 26 percentage points versus FY22. During the financial period and more recently, Tekmar Group secured several major project awards to design, manufacture and supply subsea protection and support products in the Middle East, most notably for the prestigious Marjan Field Expansion Project in Saudia Arabia and North Field Expansion Project in Qatar. Amongst the awards was the Group's largest valued contract to date. The contracts further consolidate our position in the region and create a basis for further expansion in the Middle East, supporting our growth strategy.

Our success in the Middle East comes from our ability to deliver global expertise locally. We have established strategic partnerships with local manufacturers who are highly regarded in their area of operation and understand their local markets. By combining our expertise, we can manufacture and supply a range of Group products and services in-country from several strategic supply bases in Abu Dhabi and Dubai (UAE), Dammam (Saudi Arabia), Doha (Qatar) and Manama (Bahrain).

We have personnel working alongside our strategic partners who share a like-minded approach to ensure high quality and on-time delivery by doing things right. Our strategic partnerships are sustainable, providing local employment opportunities and supporting domestic supply chains. This optimises project delivery as manufacturing close to the work site reduces logistics, time, and overall cost, ensuring customer deadlines and expectations are met.

Additionally, we have established legal entities in Saudia Arabia and the UAE, where we are accredited as a preferred supplier to their offshore energy markets. We continue to develop relationships with leading EPCI (Engineering, Procurement, Construction, and Installation) contractors in the region and are disturbing the status quo by unseating established competitors in the area. The Middle East is investing heavily in its subsea industries, with over $10bn CAPEX so far committed for procurement and installation of subsea components (pipelines, umbilicals, power cables, etc.) to 2028. The UAE, Saudia Arabia, and Qatar, Tekmar Group's key markets in the region, account for most of the CAPEX spending.

With Europe's growing need for energy security, and a strong market outlook, we are confident that the market sentiment for the Middle East will remain positive. We are committed to building on our success in the region.

Key Performance Indicators

KPI	FY21(7)	FY22	FY23
Enquiry Book [1]	£327m	£370m	£386m
Order Book [2]	£9.7m	£15.6m	£19.9m
Revenue [3]	£47.0m	£30.2m	£39.9m
Order Intake [4]	£46.4m	£33.3m	£44.2m
Book to Bill [5]	0.99	1.2	1.11
Adjusted EBITDA [6]	£(2.3)m	£(2.3)m	£(0.3)m

Market Measures	£(2.1)m	£(2.1)m	£(0.3)m
OWF Outlook GW	244	268	267
Oil Price $/bbl	$75	$85	$95

(1) Enquiry book comprises all active lines of enquiry within the Tekmar Group. Expected revenue recognition within 3 years if converted to a committed contract.
(2) Order Book is defined as signed and committed contracts with clients.
(3) Revenue is the value of sales recognised in the financial statements in the year.
(4) Order intake is the value of contracts awarded in the in the year (18m period for FY21).
(5) Book to Bill is the ratio of order intake to revenue.
(6) Adjusted Earnings before interest, tax, depreciation, amortisation and significant one off items, as defined in CFO review (18m period for FY21).
(7) FY21 accounting period is the 18 months ending 30 September 2021.

Sustainability Report

We are focused on growing the business and ensuring this is done in a sustainable way. Our Strategic Review is underpinned by two key components, our ESG Strategy and our People Strategy, which set out our goals in these areas.

We continue to recognise that in showing respect for our people, the community and the environment we are establishing a strong foundation for our growth ambitions.

FY23 Highlights

- FY23 20% increase in revenue related to offshore renewable projects
- Further development in offshore wind product offering and engineering solutions
- Further expansion of our global footprint in renewable energy sector
- Having previously being awarded the initial project phases, we secured the contract for the final phase of Dogger Bank Wind Farm – the world's largest offshore wind farm to date
- The Group has supported several floating wind farm feasibility studies including sites in Scotland and Italy
- The leadership and wider team have produced several technical papers, and have exhibited, attended or spoke at various industry networking and learning events
- Successful delivery of an integrated engineering solution, including Cable Protection System ("CPS") for the first commercial-scale offshore wind project in the US
- Supporting the affordability / levelized costs of energy LCOE) in providing engineering analysis to optimise rock berm solutions in turn reducing environmental impacts
- Continue to apply our knowledge and experience to date to assist the offshore wind industry in its maturity and in developing solutions to deal with complex industry challenges

ESG Strategy

By implementing our formalised ESG Strategy, which is aligned to the UN Sustainable Development Goals (UN SDG's), we continue to work towards our goal to make sustainability a natural part of everything we do.

Our ESG Strategy is implemented by our ESG Committee with the support of employee representatives from all businesses across the Group.

We have made significant progress in implementing our action plan for those areas we can positively impact, whilst continuing to identify many areas where we are already achieving results. Our action plan is organised under the 'four pillars' recommended by the World Economic Forum and International Business Council in their 'Stakeholder Capitalism Metrics' project to align corporate values and strategies with the UN SDG's, being:

- Principles of Governance
- Planet
- People
- Prosperity

The ESG Committee is split into three sub-groups (Environment, Social and Governance). The Committee meets monthly to discuss and plan ESG initiatives that link to our sustainable development goals.

Tekmar Group at Local Careers Fair, Darlington

Our ESG Strategy and our internal processes will be regularly reviewed to ensure our people consider the environmental, social and financial impacts of their decisions.

Energy Transition

Tekmar's activities today reflect our deep expertise in providing engineering support services for critical offshore energy markets. We do this for customers across offshore wind and more traditional energy supply and related infrastructure.

Our long-term strategy and ambition remains for Tekmar to build a leading, global offshore wind services platform. We are excited about this opportunity and the role we can play in the decarbonisation of energy supply but also recognise the important role we play in supporting efficient and secure energy supply during the critical period of energy transition.

As a business, we have benefitted from the rapid transformation of, and investment in, clean energy over the last two decades. With our leading position in the offshore wind cable protection market, and our ability to understand, analyse and help protect the cable in the subsea environment, we will play our role in supporting the necessary growth in investment in offshore wind through 2030 and beyond.

Advances towards the long-term decarbonisation targets established by the international community have clearly been impacted more recently by the global energy crisis and related energy security and supply concerns. Whilst there has been an increase in activity from traditional energy sources, the future of energy lies in renewables and there is both a need and a desire to ensure long-term supply from green energy sources. As a business, we are committed to delivering offshore energy technology solutions in a sustainable and responsible way, whilst working with our customers to meet their changing requirements and improving the sustainability performance of our business..

Transitioning Forward

As a key player in the renewables sector, it is crucial that we lead the way to a more sustainable future.

Taking responsibility for the reduction of our direct greenhouse gas emissions is a vital first step in achieving a carbon neutral Tekmar.

As part of a wider and continued commitment to reducing our environmental impact and playing our part in the urgent challenge that is climate change, Tekmar is committed to the development of a transition plan to carbon neutrality.

This plan will utilise a variety of strategies to help us achieve an ambitious goal, with a target date for neutral scope one (direct greenhouse gas) emissions by 2030. This will include feasibility assessments for onsite power generation and the continued development of our people policies to encourage more sustainable behaviour amongst our employees.

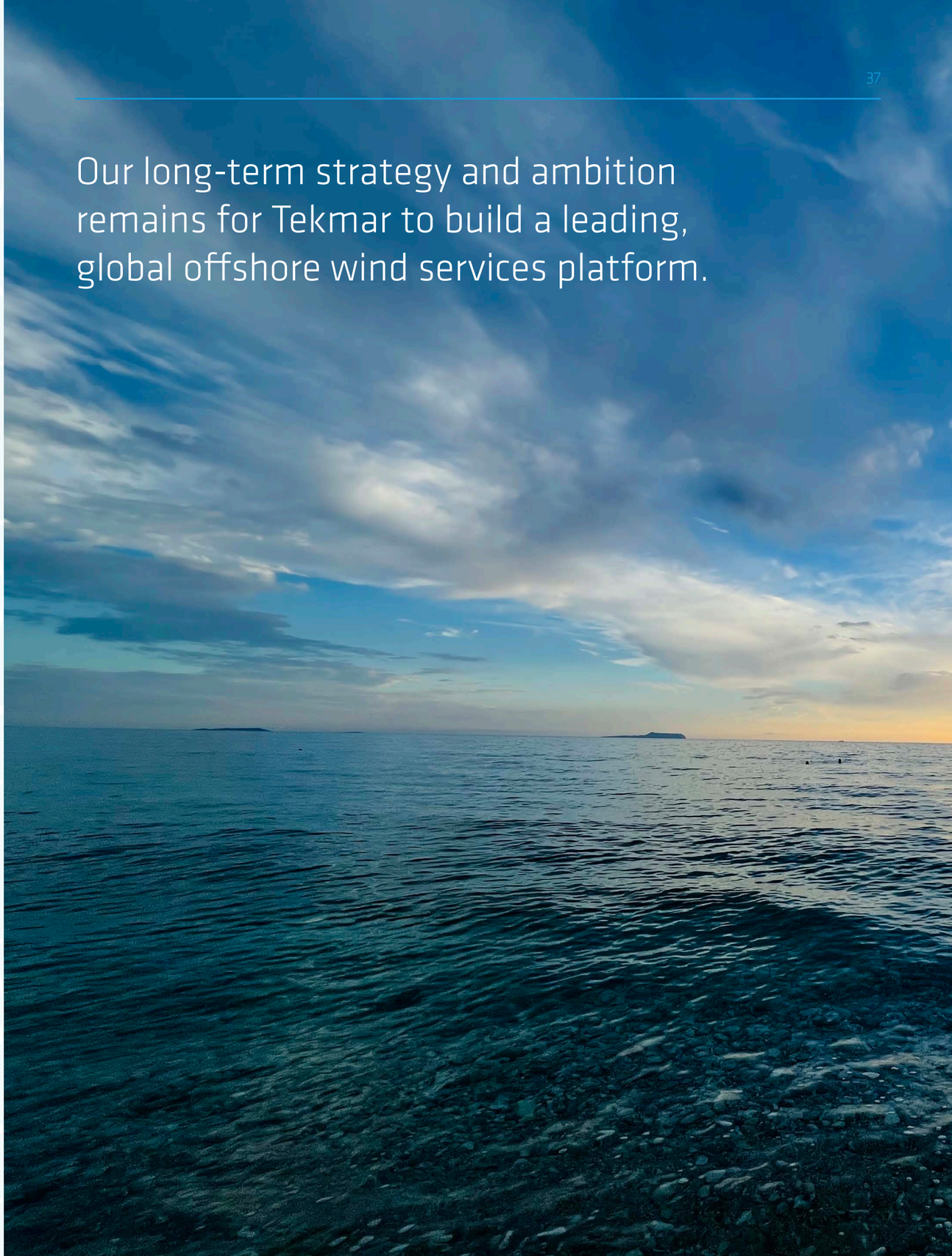
As tangible start to this process we have embarked on a Carbon Footprint Measurement and reduction planning exercise which will be completed in 2024. This will allow us to pinpoint carbon hotspots within the business and develop a suitably tailored carbon reduction plan as well as establishing KPIs and process for monitoring.

Working closely with our supply chain will also be a crucial part of this plan as we look further into the future, tackling our scope two and three emissions. Following establishing our carbon footprint measurement we envisage our next steps will be understanding the carbon status of our supply chain and opportunities to offer support where required.

As part of our continued global expansion our supply chain strategy is focused on developing our regional production and manufacturing and localised supply chain thus managing our impacts from transportation and logistics activity on work we undertake.

As a strategic supply chain partner to our customer base, Tekmar supports its clients in managing their sustainability risk and compliance by being part of the Eco Vadis network. Eco Vadis is a trusted business sustainability rating platform and provides insight to organisations sustainability management performance.

We are committed to publishing an ambitious but achievable transition plan, doing our part to protect our planet for generations to come.



Good Business Conduct

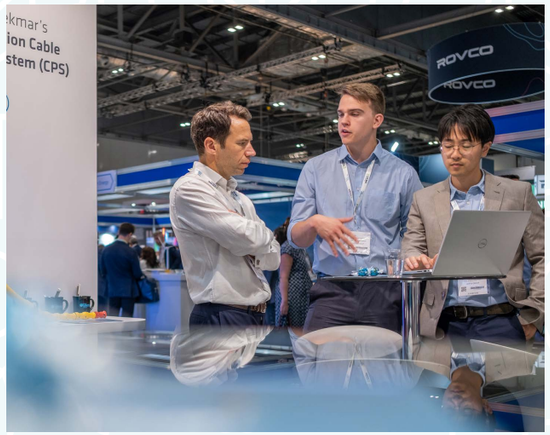
We do not permit bribery, nor illegal or corrupt business practices in any form. We have an established Business Integrity Policy and compliance programme which has the support of the Board and Senior Management within the Group.

The programme incorporates communication of the policy, training, risk assessments, monitoring and review processes. Adherence to the policy is mandatory for all employees and relevant contractors, and those assessed to be at heightened risk are required to complete detailed training on an annual basis.

As our business continues to expand globally including in new product and service lines, we recognise the need to continually review and evaluate our business risks and compliance requirements. Similarly, we seek to evolve our business policies and procedures accordingly and in line with best practice.

We adhere to the QCA code regarding our corporate governance to deliver value for shareholders over the medium and long term.

Demonstrating our commitment to Safety, Quality and the Environment our businesses are certified to relevant international standards. These include, but are not limited to ISO 45001:2018, ISO 14001:2015, and ISO 9001:2015.



Tekmar Group at Global Offshore Wind, London

Our People

Our People Strategy is centred around 6 pillars of People Experience.

Modern workplace

We have conducted a policy and benefits review which has led to improved family friendly time off policies and an improved benefits offering. We have also undertaken benefits and employee experience benchmarking against our competitors and industry.

Culture & Inclusion

During the year we carried out a group wide HIVE employee engagement survey. Pleasingly, we received a positive employee net promoter score (eNPS) and our overall engagement index was higher than the HIVE customers benchmark and also our industry benchmark. Nevertheless, recognising the opportunity for continued improvement, specific actions plans are now in place to target areas for improvement identified.

We conduct regular internal communications with our employees including monthly townhall meetings whereby employees are able to ask questions anonymously. In 2023 we launched Open Door, an identity protected, direct line for employees to share any feedback, concerns or ideas directly with the company. In addition, the business also launched Hive Five, a recognition platform which provides a way to encourage colleagues to recognise and praise one another for hard work, good ideas and collaboration in line with our company values.

Talent attraction & development

A key focus during the year has been on employer branding and visibility, including our LinkedIn campaigns to attract talent and exhibiting at graduate careers fairs and trade shows to raise our profile amongst our communities and talent pools. We have fostered a strong relationship with a local technical college UTC Durham to support our talent pipeline, providing work experience, factory tours, attending mock interviews, careers fairs, judging projects.

Professional development and training opportunities were provided and supported during the year as well as two apprenticeship schemes and one degree level apprenticeship. We continue to utilise the apprenticeship levy for existing employee development as well as new talent. Our aim is to offer more apprenticeships as the business grows and the general business growth and expansion will offer further opportunities for our employees to develop.

Performance management

During the year we launched a new employee appraisal system. The outcome is employee performance and development reviews are more efficient, user friendly and beneficial and the system has received positive feedback from employees and managers.

Health and happiness

We endeavour to create a safe workplace for our people and all those that we work with. We have a safety-first policy, ensuring that everyone takes equal responsibility and ownership for their own and others safety. We pride ourselves on our transparent and honest reporting culture through which we aim to achieve a 'zero' Lost Time Incident goal. Health and Safety forms part of monthly reporting in Board and Executive meetings with accelerated action plans and KPIs analysed and monitored.

This year, Tekmar Group company Tekmar Energy Limited celebrated 6 years Lost Time Incident free, demonstrating our commitment to a safe workplace.

The HIVE engagement survey was conducted during the year, in this process we specifically set a focus around the health and happiness of our people. We continue our focus on health and wellbeing at all group sites with targeted health campaigns including free flu vaccinations. We offer a Health Shield benefits and cash back scheme and an employee assistance program for employees. Specific activities during the year have included introducing a wellbeing questionnaire to improve our stress management procedure and the initiation of a group wide wellbeing walk which we hope to continue on a twice annual basis.

Our focus for the year ahead is the introduction of a financial well-being platform and virtual GP service

Tekmar Group at UK Offshore Wind Supplychain

Employment Practices and Respect for Human Rights

We maintain work practices and policies throughout the Group which are engineered to ensure that respect for human rights is engrained in the fabric of our businesses. We do not tolerate the use of child or forced labour within our business and take all reasonable steps to ensure that our suppliers and customers also adhere to internationally recognised human rights.

We are proud of the diverse range of nationalities who chose to work for Tekmar Group. We have 15 nationalities working across Tekmar Group in a range of disciplines and positions. During the year, the Group gained Tier 2 skilled worker sponsor licence, enabling our talent pool to expand overseas and enhance diversity across Tekmar Group.

Local communities

A highlight for the business in the last year is the work we have undertaken with various educational links we have established in our local communities. We support our employees in their engagement with local community projects and initiatives that have a positive impact on the areas we work in.

Our team have provided time and their commitment to provide impactful volunteering working on STEM related initiatives with our local education partners and charities with some of our volunteers enrolling as STEM Ambassadors. Activity during the year has included work experience, hosting tours at our manufacturing facility, conducting mock interviews, careers fairs and judging projects and challenges set to young people.

We have formed partnerships with UTC Durham and North-East STEM Foundation and have established a planned calendar of events for the coming year. Our aim working with these organisations is to support the younger generation into STEM careers and spread awareness of opportunities and the various career paths available in our industry and sectors we operate.

Where possible we procure products and services locally with a view to supporting supply chains and sustaining employment in each region.

Customers & Suppliers

We follow a customer-led strategy with regards to expansion into international markets and are a trusted partner of energy majors, developers, operators, marine contractors, and subsea asset manufacturers around the world. We have expanded our export activities and have the support of UK Export Finance to provide working capital and bonds in this area. We have developed positive, long-standing relationships with customers and suppliers over many years to ensure we deliver the best solutions. We listen to and learn from our customers and engage with them so that we can identify and help solve their problems. We are committed to ensuring that legal compliance, respect for human rights and transparent business ethics are cemented both up and down our supply chain.

Business Improvements

We are in our third year of working with Sharing in Growth (SIG) through a programme part funded by the Offshore Wind Growth Partnership, targeting productivity improvements for the UK offshore wind supply chain.

The SIG team continue to work with our senior team to drive our strategic execution plan, shape our culture and achieve global growth plans. The current stage of the programme is focused on supply chain management strategy, engineering systems and process development and operational excellence. We believe the outcome of this work will increase the business's ability to respond rapidly and navigate the changing needs of the offshore wind sector.

This supports the work we are doing internally to simplify our structure and develop more effective processes to improve productivity, encourage accountability and improve decision making and communication.

During the year we achieved further efficiencies in the business through further integration of support functions and engineering teams.

During 2023 we continued to see a positive trend in our monthly customer satisfaction scorecard, which captures feedback on safety, quality, and delivery performance from live projects. Tekmar Energy also launched its first annual Net Promotor Score (NPS) survey to get closer to the voice of our customer. This is the foundation of any business improvement program to ensure we focus on creating value for our customers and to identify and improve areas which are holding us back. We have listened to the feedback and taken actions in a number of key areas including (1) created a more responsive technical organisation with additional capacity for sales support and project execution; (2) structured our sales processes and people around Key Account Management (KAM) principles to give greater customer focus; and (3) created a number of commercial framework agreements to streamline the sales process, making us easier to do business with. There will be a follow up NPS survey early 2024 for comparison, where we will again take further actions to the feedback received.

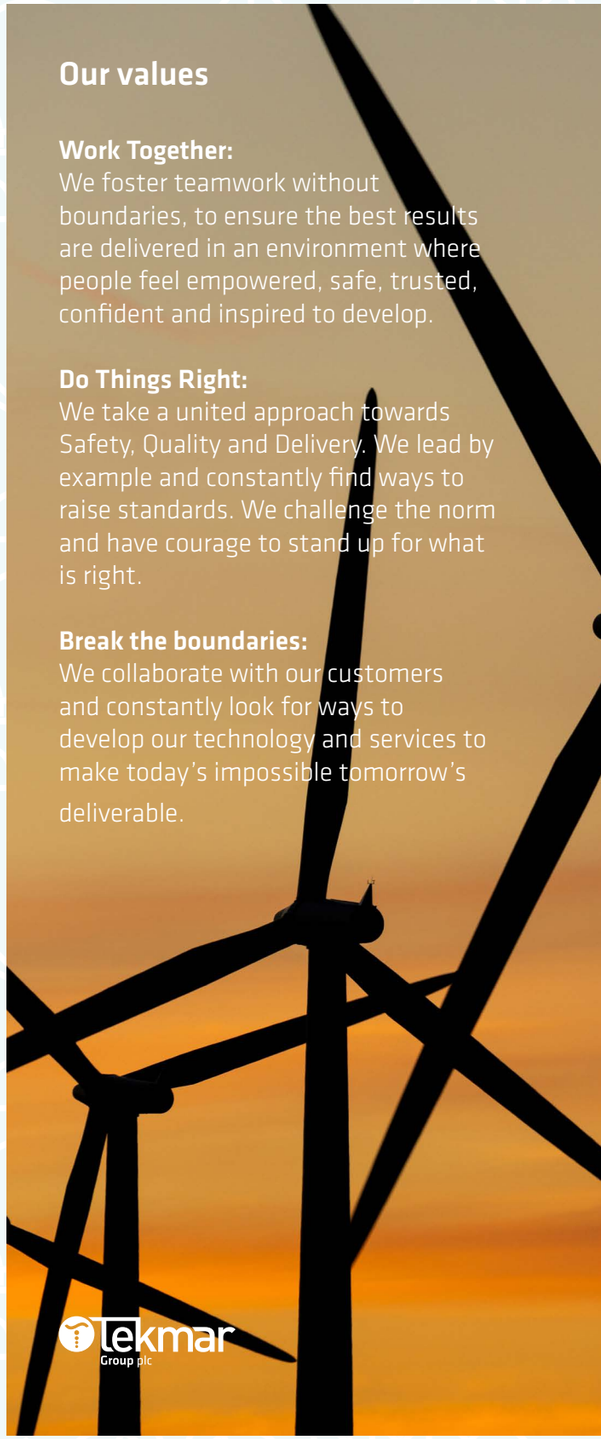
Principal Risks and uncertainties

The principal risks and uncertainties of the group are disclosed on page 45.

Goals for 2024

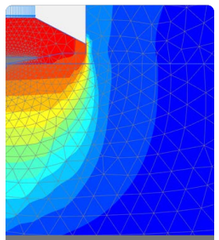
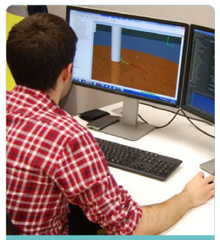
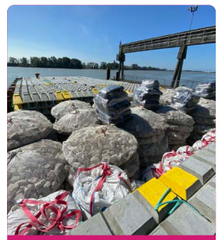
- Complete Carbon Footprint Measurement and reduction planning exercise
- Commence activities to understand the carbon status of our supply chain related to scope 3 emissions
- Continue to grow our activity and investment in the offshore renewable energy sector
- Continue to develop and enhance our employee brand to attract and retain high calibre and diverse talent to support our growth plans
- Ongoing development our business processes and systems including further integration across group subsidiaries to improve the efficiency of the business and provide a solid platform for growth
- Refresh of the employee well being offering including participative activities such as group well-being walks
- Continue to support our local education partners, UTC Durham and North-East STEM Foundation in delivering our planned calendar of events
- Continue to promote diversity within STEM via our approach to talent attraction, work with educational partnerships, external relationships and local communities
- Continue to promote HSE engagement through observation and incident reporting to drive accident frequency rate (AFR) down and maintain our zero lost time incident (LTI) record
- Ongoing review and evaluation of our business risks as our business evolves including further overseas expansion and the introduction of new product and service lines

Leanne Wilkinson
Chief Financial Officer
3 March 2024



Addressing complex industry problems is in our DNA

We provide a range of engineering services and technologies to support and protect offshore wind farms and other offshore energy assets and marine infrastructure.

DEVEX	CAPEX	OPEX		
				
Geotechnical Design & Analysis	**Engineering Analysis & Software Innovation**	**Subsea Protection Technology**	**Subsea Stability Technology**	**Bespoke Equipment Design & Build**
Detailed site assessment to identify and understand project environmental conditions.	Advanced analysis of assets to establish installation parameters and operational integrity.	Subsea asset protection systems that maintain asset integrity and ensure project operability.	Stabilisation and scour protection solutions to protect assets against impact, seabed migration and erosion.	Engineered solutions to overcome complex subsea installation and operational and maintenance requirements.

Our in-house engineering resources, including 60 industry experienced engineers, are dedicated to solving customers' engineering challenges

Stage	FEED	Engineering		Project Execution
Disciplines	**Feasibility**	**Simulation & Analysis**	**Detailed Design**	**Support & Services**
• Geotechnical • Structural • Mechanical • Hydraulic • Electrical • Civil • Computer • Robotic • Electronics	• Front End Engineering & Design • Engineering Consultancy • Geotechnical Consultancy • Research and Development • Foundation Design • Mooring Analysis • Jack Up Analyis • Cable Burial Risk Assessment • Geotechnical Route Design	• Installation & Cable Lay (Orcaflex) • Structural, Stability, Fatigue (FEM) • Computational Fluid Dynamics • Thermal & Electrical Analysis • Scour Analysis • Rigging Analyis • Failure Mode Analysis (FMA) • Software Development • Cloud Architecture • Data Monitoring	• Product Development • Equipment Design • Design Optimisation • Detailed Drawings • 3D Renders • General Arrangements • Deck Layout & Grillage • Verification Engineering • Build & Delivery	• Verification Testing • Wet Trails • Equipment Commissioning • Testing & Inspection • Maintenance & Repair • Equipment Refurbishment • Offshore Trained Personnel • End User Training • Offshore Supervision Support

Governance

A message from the Chairman

We have developed our corporate governance processes in line with practices appropriate to the size of the Group to ensure good business conduct and culture. We seek to drive the right values and behaviours throughout the Group and ensure the Board remains visible and accountable.

Our corporate governance covers the way that we behave with each other and how we interact with our wider stakeholders – including customers, suppliers, shareholders, employees and the communities around us. We have provided more detail on these areas in our Sustainability Report and in other areas of this report. We strive to create a culture at Tekmar based on the highest ethical standards as this is fundamental to the Group's success.

The Directors acknowledge the value of high standards of corporate governance and adopt and comply with the QCA Corporate Governance Code which is an effective and flexible governance model for the Group. Our Corporate Governance Statement (overleaf and on our website) provides more detail.

In delivering our strategic growth ambitions it is important that the Board composition provides a balance of experience and healthy challenge to the Executive team. I believe that the different experiences and backgrounds of the Board brings a suitable range of skills in light of the Group's challenges and opportunities. At the same time, the composition of the Board ensures that no individual (or a small group of individuals) can dominate the Board's decision-making. The Board meets regularly to formulate, approve and review progress against the Group's strategy, budgets, corporate actions and goals.

The Board delegates some duties and responsibilities to representative committees, Audit, Remuneration and Nomination, each having agreed terms of reference and a process for making recommendations to the Board. Details of the activities for each of the committees are included in this governance section of the Annual Report. The Executive Team have the appropriate delegated authorities from the Board to ensure the right decision-making takes place across the business and that the right controls are embedded into these processes. They are responsible for the day-to-day management of the Group and driving the execution of our strategy.

This next section of the Annual Report covers our corporate governance and how it operates for the Group. I hope it provides the detail you require and am always happy to receive feedback from our stakeholders in this regard.

Julian Brown
Non-Executive Chairman
3 March 2024

Corporate Governance Statement

The Board is focussed on effective and entrepreneurial decision-making to ensure the long-term sustainable success of the Group, generating value for shareholders whilst managing risk. We adhere to the QCA Code in support of this and demonstrate our commitment to all stakeholders, including shareholders, with a description of how we apply the ten governance principles is provided below.

Principle 1. Establish a strategy and a business model that promote long-term value for shareholders

The Board has developed a clear strategy for delivering long-term shareholder value. Our ambition is to:

- Double Tekmar's revenue within 5 years through organic growth and complement this growth through targeted M&A
- Deliver a sustainable mid to high teens EBITDA margin in the later years of the 5-year plan
- Reinforce Tekmar's industry leadership position as a trusted partner
- Expand Tekmar's technical capability, its service and geographical reach to capitalise on expanding global offshore wind markets
- Provide our people with the platform to drive success

The key focus areas within our growth strategy:

- Organic Growth – strengthen our core business and expand our technical capability to allow us to maintain and enhance our market leading positions
- Sustainable business – target ongoing business improvement, underpinned by our People Strategy and our ESG Strategy
- Acquisition Strategy – benefiting from the synergies of the wider group and will target businesses that share a similar customer base and can support diversification into new products, markets or regions

In April 2023, the Group completed a strategic investment by SCF Partners and a related fundraise strengthening the Group's balance sheet. SCF and Tekmar Group have a shared ambition to make Tekmar a leading global offshore wind services company. In support of this strategy, SCF have committed a further £18m of funding through Convertible Loan Notes which are targeted to be deployed primarily for value enhancing M&A and growth. Having this committed funding in place puts Tekmar at a distinct advantage, particularly given the current financing environment for M&A. We benefit significantly in this M&A context from having SCF as a strategic partner, where we can leverage their complementary industry connections and investment expertise to help source and execute value-enhancing acquisitions.

We have identified further incremental investments to support growth and will ensure the plan is self-funded where possible, to protect the business and shareholder interests. We will manage risk closely to limit any potential adverse effects in the implementation of our strategy. We do this by ensuring that we have a framework in place to identify and monitor risk and uncertainty in line with our business risk assessment procedures.

Principle 2. Seek to understand and meet shareholder needs and expectations

We are dedicated to communicating openly with shareholders to ensure that our strategy, business model and performance are clearly understood.

Understanding what analysts and investors think about us, including the factors which drive their investment decisions towards us, and helping our stakeholders understand our business, is a key component in driving our business forward.

Maintaining regular and positive engagement with shareholders is a priority. Our primary methods of communication are through the Annual Report; interim and full-year results announcements; the Annual General Meeting and other information shared on the Group's investor website. Where possible, we will continue to carry out investor roadshows at significant times throughout the year, attend investor conferences and host investors for site visits.

If and when voting decisions at AGMs or General Meetings deviate from the Company's expectations, the Board will communicate with shareholders to understand and address any issues informing those decisions.

Requests for information on any of these matters, including details of investor days, can be made to investors@tekmar.co.uk. Note: no unpublished price sensitive information will be provided by this email address. All Tekmar Group plc communications will align and accord with official AIM guidelines.

Principle 3. Take into account wider stakeholder and social responsibilities, and implications for longer term success

The Board strives to create a socially and ethically responsible business and has developed an ESG Strategy to formalise our alignment to the UN Sustainable Development Goals. The Executive Team maintain oversight over the delivery of this strategy going forward including delivery against targeted improvements.

The Board appreciates the need to maintain effective working relationships across a wide range of stakeholders, including investors, employees, partners and local communities. Our ESG Strategy will continue to evolve as we respond to feedback from our wider stakeholders and actions taken as a result seen as an essential part of ensuring long term success.

Our operational processes are also externally audited and reflected by the ISO accreditations within our subsidiary businesses. Our commitment to these areas is shown through their inclusion in our annual strategic planning process, including a SWOT analysis, and thus they are embedded into the Group's strategy and business model.

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, as well as the Group's risk appetite. This risk management is included in and reviewed as part of our annual business plan and Strategic Review. Operating in the offshore energy sector, managing risk is fundamental to our everyday responsibilities and our policies, procedures and behaviours are continuously reviewed to ensure these are appropriate.

The Board aims to set policies that provide a balance between reducing risk as far as possible, without unduly impacting the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value; including the Group's supply chain through to the end-customer; while also protecting the Group's established corporate culture.

A breakdown of the Company's key risk factors can be found in the Risk Management report. Risk management, including financial and non-financial controls; what the Board does to identify, assess and manage risk and how it obtains assurance that our risk management and control systems are operating effectively, is covered by the Group's business risk assessment procedures.

Principle 5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Directors recognise the importance of high standards of corporate governance and believe the QCA Code provides the most appropriate guidance for the Group by setting out a standard best practice for small and mid-size quoted companies, particularly those listed on AIM. The Chairman maintains overall responsibility for ensuring the Group's compliance with the QCA Code. The Non-Executive Directors share responsibility for the effective running of the Board's committees which comprise an important element of the governance process.

In line with QCA guidance, three of the Non-Executive Directors, one of whom is the Chairman, are independent. The Non-Executive Directors of the Board have been selected with the desire to increase the breadth of skills and experience of the Board and bring constructive challenge to the Executive Directors.

The Company Directors are:

- Julian Brown, Independent Non-Executive Chairman
- David Wilkinson, Senior Independent Non-Executive Director
- Ian Ritchey, Independent Non-Executive Director
- Alasdair MacDonald, Chief Executive Officer
- Leanne Wilkinson, Chief Financial Officer
- Colin Welsh, Non-Executive Director
- Steve Lockard, Non-Executive Director

The Group has determined that the composition of the Board and its committees brings a desirable portfolio of skills, personal qualities and experience for delivering our strategy, based upon the size and nature of the business.

All Directors are subject to re-election by shareholders at the Annual General Meeting within a three-year period of their appointment. Any Directors appointed during the financial year must be formally elected at the Annual General Meeting following their appointment.

It is considered that the composition of the Board is appropriate for the Group's current size and structure. This is reviewed on an annual basis. The Group believes that the successful functioning and effectiveness of the Board is predicated upon a number of key factors, in addition to its composition. These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance;
- Access to appropriate advice and administrative services – via both the Company Secretary and external resources, as required;
- Detailed induction of new Directors to the Board and its committees; and
- Regular assessment of Board performance – both as a unit and of its members individually.

Both the Chairman and the other members of the Board hold these factors in the highest regard and are dedicated to performing ongoing evaluation to evaluate how they are applied in practice.

The time commitments of the Non-Executive Directors are as follows:

- Julian Brown minimum time commitment of four or five days per month.
- David Wilkinson minimum time commitment of two or three days per month.
- Ian Ritchey minimum time commitment of two or three days per month.
- Colin Welsh minimum time commitment of two days per month.
- Steve Lockard minimum time commitment of two days per month.

Principle 6. Ensure that between them, the Directors have the necessary up-to-date skills, experience and capability

The Board is confident that its members have an appropriate balance of backgrounds, skills and knowledge in order to deliver on its core objectives. The members of the Board have particular experience in offshore energy; engineering; manufacturing; operations and finance, covering both private and public companies.

Linked to the strategic investment in April 2023, Colin Welsh and Steve Lockard joined the Board as representatives of SCF. Colin is a Partner of SCF with global energy sector experience and experience as an advisor and investor. Steve is an Operating Partner within SCF and has over 35 years' experience in global operations and executive leadership.
The Nomination Committee is responsible for overseeing the selection of Board members that possess an appropriate range of experience, knowledge, integrity and ethics. Throughout the year, the Directors can access advice and services of independent professional advisors, at the expense of the Company.

Each of the Directors are active in the energy sector and continually refine and improve their knowledge of the latest techniques and strategies in order to ensure they are adding maximum value to the Board.

For acquisition activity we use a range of professional advisors to protect and enhance the Group's position as it delivers on its strategy.

Principle 7. Evaluate Board performance based upon clear objectives and reassess continuously

The Board has an annual process for the performance appraisal of its members, the scope of which includes skills, experience and capabilities, and incorporates consideration of additional responsibilities such as chairing or membership of the Board committees. The annual appraisal is carried out by the Chairman with regards to the competencies and responsibilities set out by the Nomination Committee pursuant to each Board role. As part of this process, any training and personal development needs will be identified and a plan formulated to ensure these are met over an appropriate timeframe.

The Chairman's performance is also appraised through a process managed by a Chairman Appraisal Group,

comprising the Chief Executive Officer and the Chief Financial Officer.

The responsibilities of the Board are to review, formulate and approve the Group's strategy, budgets and corporate activities, and to oversee the Group's progress towards its goals. The Group has a defined process for evaluating the performance of the Board, its committees and the individual Directors, including the Chairman, in respect of these objectives.

The Board carries out an evaluation of its performance regularly, covering Board composition and skills, strategy and performance, governance and organisation, Board dynamics, and communication with shareholders and other key stakeholders. This evaluation is based upon the self-assessment of the Chairman and Directors. If deemed necessary, an external adviser may be brought in to support with the evaluation.

The Nomination Committee may use the output of the evaluation process when evaluating the composition of the Board for selecting new Board members, and in succession planning for the Directors of the Board as well as key executive team members.

Principle 8. Promote a culture which is based on ethical values and behaviours

We have a clear vision and values. Our values are:

Work Together
We foster teamwork without boundaries, to ensure the best results are delivered in an environment where people feel empowered, safe, trusted, confident and inspired to develop.

Do Things Right
We take a united approach towards Safety, Quality and Delivery. We lead by example and constantly find ways to raise standards. We challenge the norm and have courage to stand up for what is right.

Break the boundaries
We collaborate with our customers and constantly look for ways to develop our technology and services to make today's impossible tomorrow's deliverable.

The Board advocates ethical responsibility and good conduct within the Group, encouraging a culture of inclusion, responsibility and openness which is consistent with the Group's objectives. We constantly strive to actively promote a proactive attitude towards HSQE by all stakeholders and we have a safety-first approach in everything we do.

The Group is an equal opportunities employer and actively encourages diversity at all levels. These values are embedded in the Group's leadership and throughout the organisation.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Quality underpins everything we do. Within the offshore energy industry, standards and the protection of those standards are paramount and something which the Tekmar Board has a wealth of experience in. Our independently audited quality management systems and ISO accreditations demonstrate our commitment in this area.

The Group operates an effective governance framework. Within this framework the Board encourages and challenges the Executive Team in developing and delivering the Group's strategy. An open and constructive dialogue is entered into before decisions within these governance structures are concluded.

The Chairman leads the Board and takes responsibility for its governance structures, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive, and that deliberations and discussions are not dominated by any individual member. The Chairman is also responsible for ensuring that links between the Board and the Executive Team and the Board and shareholders, are strong and effective. Meanwhile, the Chief Executive Officer takes responsibility for the day-to-day management of the Group's operations and for delivering the strategic goals agreed by the Board.

The Board maintains an agenda of regular financial and operational matters for discussion, as well as reviewing each committee's area of work. The Board takes ultimate responsibility for making any key strategic or business decisions. Members of the Executive Team are invited to attend appropriate portions of meetings of the Board in order to facilitate these processes. In other instances, the Chief Executive Officer communicates their relevant views and information to the rest of the Board.

The effectiveness of the corporate governance structures and processes is formally assessed as part of the annual Board evaluation.

Principle 10. Communicate how the company is governed and performing by maintaining a dialogue with shareholders and other relevant stakeholders

We are committed to communicating openly with our shareholders to ensure our strategy, business model and performance are all clearly understood. Understanding what key stakeholders think about us, including the drivers behind their investment decisions, is a key part of developing our business. We also maintain a strong focus on ensuring our stakeholders understand our business.

The principal methods of communication with shareholders are the Annual Report, the interim and full-year results announcements, the Annual General Meeting and other announcements as and when applicable on the Group's investor website.

The website is updated regularly with information regarding developments across the Group, and users can register to receive email alerts regarding new announcements, reports and events, including Annual General Meetings. Where possible, we proactively support investor roadshows at key dates throughout the year, attend investor conferences and host site visits to Tekmar premises; including ad-hoc meetings by exception.

Josh Borrows, Apprentice at Tekmar Energy

Board of Directors

Julian Andrew Brown
Independent Non-Executive Chair

Remuneration Committee (Chair), Nomination Committee (Chair), Audit Committee

Julian is a prominent figure in the UK Renewables market with a wealth of experience. In addition to Tekmar, he has NED roles with BW Ideol AS, ORE Catapult and SENSE Wind Ltd. He is the former Vice President and UK Country Manager for MHI Vestas Offshore, the leading wind turbine manufacturer and a Board member and former Chair of RenewableUK, the UK's leading renewable energy trade association. Other former roles include co-founder and Chair of 8.2 Aarufield Ltd, UK Director of AREVA Wind, a founding partner of the globally respected renewables consultancy BVG Associates Limited and Managing Director of Vestas Blades UK. He is a member of the UK Offshore Wind Industry Council.

Alasdair MacDonald
Chief Executive Officer

Ally has over 30 years of experience in the offshore energy sector. He has held senior executive positions at Wellstream Holdings plc, a FTSE 250 designer, manufacturer, and supplier of flexible pipeline products to customers in the offshore oil industry.

He spent 19 years with Technip UK Limited, a Global engineering and construction company, including acting as Managing Director of Technip Umbilicals Limited between 2005 and 2008, a leader in its global markets. Ally has also held or holds Director roles in various privately funded businesses. An Engineer by trade, he graduated with an honour's degree in mechanical engineering.

Leanne Wilkinson
Chief Finance Officer

Leanne became Chief Financial Officer and an Executive Director of the Board in June 2023. She joined Tekmar in July 2020 as Tekmar Energy Finance Director within the Group before taking up the role of Group Finance Director.

Leanne is a CIMA qualified accountant with over 20 years of experience as a senior finance professional and business leader. Prior to joining Tekmar, Leanne previously worked in the manufacturing and technology sectors and has experience in business change, transformation, and integration.

David Wilkinson
Senior Independent Non-Executive Director

David is a Fellow of the Institute of Chartered Accountants and holds the ICAEW's Corporate Finance qualification. He was a Partner at Deloitte for almost 30 years, initially being responsible for Corporate Finance advisory and transaction support work, but later in his career undertook audits as the Responsible Individual for large private companies and plcs within a diverse range of industries, including the technology, manufacturing, and engineering sectors. In recent years, David has taken up several Non-Executive Director roles in Technology and engineering companies.

Board of Directors continued

Ian Ritchey
Independent Non-Executive Director

Ian is an experienced engineering leader with a strong track record of delivery in the Energy, Aerospace, Defence, and Marine sectors. Ian has nearly 30 years of experience in the engineering industry, including 20 years in senior leadership positions with Rolls-Royce plc, where he held key roles, including Head of Aerospace Research and Technology, Defence Engineering Director and Executive VP of Engineering and Technology - Commercial Marine.

Most recently, he was Group Chief Engineer, leading the Engineering function across the business. Ian has degrees from Cambridge and Stanford Universities. He is an Honorary Professor at Durham University, a Chartered Engineer, a Fellow of the IMechE and a Fellow of the Royal Academy of Engineering, where he currently Chairs the Diversity and Inclusion Leadership Group.

Colin Welsh
Non-Executive Director

Colin is a Partner at SCF Partners. Prior to joining SCF Partners in 2017, Colin Welsh served as Chief Executive Officer and Head of International Energy Investment Banking at Simmons & Company International. Colin joined Simmons in 1999 and built the firm's activities outside of North America developing offices in Aberdeen, London and Dubai. Simmons & Company International was sold to Piper Jaffray (NYSE:PJC) in February 2016. Colin is a Scottish Chartered Accountant. Prior to joining Simmons & Company he spent 16 years at Ernst and Whinney, Touche Ross and RMD.

Steve Lockard
Non-Executive Director

Steve Lockard is an Operating Partner at SCF Partners where he supports energy transition investments and company platform building. Steve brings 40 years of experience in global operations leadership to the board. He is the former CEO and current Chairman of TPI Composites (NASDAQ:TPIC) where Steve led the company's transformation from a New England based boat builder to the largest independent global wind blade manufacturer.

Steve is an advisor to Keystone Tower Systems, an innovative manufacturer of wind turbine towers. He also serves on the board of D2Zero, an SCF portfolio company. Steve served for 10 years on the board of the American Wind Energy Association (AWEA) and helped to create the American Clean Power Association (ACP).

Senior Management

Dave Thompson
Managing Director of Subsea Innovation / Group Engineering Director

A Chartered Engineer with over 34 years of experience. Dave is a member of the IET and a fellow of the IMechE with a master's degree in engineering and a degree in management studies.

Dave has worked in senior engineering roles for over 20 years designing, building and servicing capital equipment for several engineering companies, including Technip and Royal IHC. Dave joined Subsea Innovation initially as Technical Director in 2014, moving into the role of Managing Director in 2016.

Fraser Gibson
Managing Director of AgileTek Engineering and Ryder Geotechnical

Fraser is a Chartered Engineer with the Institution of Civil Engineers and has worked as a geotechnical engineering consultant in the offshore sector for over 16 years. Fraser spent time at UTEC Geomarine, progressing from Senior Engineer to Principal Engineer and then to Regional Manager for APAC, where Fraser spent two years in Singapore establishing an office for UTEC Geomarine in the region before later setting up Ryder Geotechnical in 2016.

Steve Howlett
Managing Director of Pipeshield International

Steve established Pipeshield in 1999. Over the past 20 years, Steve has overseen the company's growth to become one of the world's leading providers of specialised subsea asset protection systems to the offshore energy markets, picking up numerous awards for growth, innovation and global exports along the way.

Marc Bell
Managing Director of Tekmar Energy

Marc is a Mechanical Engineer with a Master's in Business Management from the University of Durham. He has over 25 years of technical and operational leadership experience within manufacturing, service and project engineering-focused organisations, the past 15 years in the Global Energy Sector.

Before taking up the Managing Director position with Tekmar Energy in 2021, Marc held the positions of Global Operations Director for JDR Cables, Head of Offshore Wind UKI for Siemens Gamesa and Global Manufacturing Manager for Technip Umbilicals.

Angela Lock
General Manager of Tekmar China

Joining in 2018, Angela played a key role in establishing Tekmar Energy in China. Previously, Angela was the General Manager of the British Chambers of Commerce Shanghai and has assisted numerous UK companies in entering China.

Endorsed by the UK Department for International Trade, Scotland Development International, and RenewableUK, she founded UK-China Hub for Offshore Wind in January 2017. Angela is also a member of the Sino-British Offshore Wind Collaboration Advisory Committee Meeting since 2016.

Gary Howland
Group Sales Director

Gary joined Tekmar Group in 2021 from subsea cable manufacturer JDR Cable Systems. Gary has over 15 years of experience in the offshore energy sector, having held business development, strategic marketing, sales, and commercial positions for several Tekmar's customers and competitors.

Gary holds an engineering degree in Marine Technology from Newcastle University.

Senior Management continued

Tallulah Whitewood-Spedding
Group Legal Counsel/Company Secretary

Tallulah has worked in-house supporting businesses and public corporations with a wide range of science and engineering projects for over ten years, with specific experience in commercial law and intellectual property in the offshore, energy services and defence sectors. In previous roles at Siemens and Royal IHC Limited and as Head of Legal and Procurement at the National Physical Laboratory (NPL Management Limited - the National Measurement Institute for the United Kingdom), Tallulah has gained significant experience of leading negotiations, advising on commercial strategy and drafting complex cross jurisdictional contracts.

Alistair Cutting
Group Head of Finance

Alistair is a member of the Institute of Chartered Accountants in England and Wales, with 10 years of experience in finance. Alistair joined Tekmar group as Financial Controller of Subsea Innovation Limited and held the role of Group Financial Controller.

Alistair has a strong background in financial reporting, audit and the development and implementation of financial controls.

Chloe Ainsworth
Group Head of People

Chloe plays a pivotal role in driving the company's growth strategy through strategic people centric initiatives. With a first-class degree and Chartered CIPD (MCIPD) status, Chloe actively engages in the North East HR community, contributing to its advancement and championing future-focused practices. Her passion for people science, psychology, and business strategy fuel her commitment to nurturing talent, fostering a culture of innovation that aligns with Tekmar Group's ambitious targets, whilst making Tekmar Group an employer of choice.

Michael Manning
Group Marketing Manager

With over a decade of marketing experience, both in the private and public sectors, Michael has a proven track record of success in driving brand awareness and growth. Michael's passion for design and brand identity has helped him create marketing campaigns that not only capture the attention of the target audience, but also effectively communicate the unique value proposition of products and services.

Furthermore, Michael has worked alongside sales teams to achieve company targets and financial goals.

Risk Management

Identifying, evaluating and monitoring

Identifying, evaluating and monitoring the key indicators to the success of our business is pivotal to informing our strategic decision making.

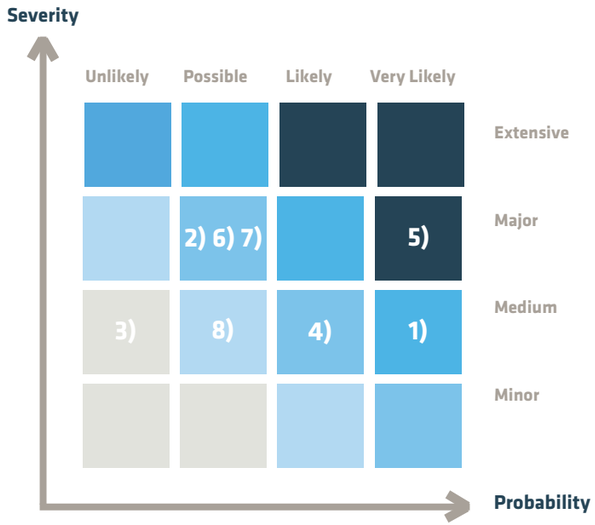
The Board has overall responsibility for setting the course for the Group's risk management objectives and policies. Working within the offshore energy industry, managing risk is integral to our business and we continuously review our policies, procedures and behaviours to mitigate our risks and reduce them to acceptable levels.

The objective of the Board is to set policies that seek to mitigate ongoing risk as far as possible whilst maintaining the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value; from key suppliers to end-customers; while also protecting the Group's established corporate culture and creating shareholder value.

The Group operates a structured process in relation to risk management, including both financial and non-financial controls, which identifies and evaluates risks and uncertainties and reviews activity to mitigate those risks. The most salient and significant risks that the Board considers could potentially impact the business are described below. We consider the nature of the Group's principal risks and uncertainties have not materially changed since last year:

Risk Type:

- Strategic
- Financial
- Operational
- Compliance



Risk		Risk Type	Description	Impact	Mitigation	Evaluation
1)	**Macroeconomic environment**	£	General economic conditions: This risk relates to the Group's exposure to short-term macroeconomic conditions in our sector such as inflation, cost increases and supply chain logistics. The factors driving the market changes can be outside of the Group's control and difficult to forecast.	The Group has experienced increased supply chain costs and general cost inflation. These Macroeconomic changes have the potential to reduce the financial resources available to the Group.	The Group cannot control the market conditions in which it operates. The Group has implemented effective cost initiatives, enhanced controls surrounding pricing and gross margin management.	The Board continues to closely monitor the increased risks macroeconomic risks which are mitigated by enhanced controls.

Risk		Risk Type	Description	Impact	Mitigation	Evaluation
2)	**Systems and processes**		IT systems are vital to the operations of the Group. Failure to adequately invest in and maintain the Group's systems could lead to the loss or theft of sensitive data or compromise the Group's ability to effectively carry out operations.	Systems failures could lead to an inability to meet customers' needs and lead to reputational damage. The loss of sensitive information could lead to significant damage with an associated risk of fines.	The Group predominantly outsources provision of IT services to a suitably qualified third-party, whose competence and service are regularly reviewed. Regular staff training is offered or mandated, depending upon the nature of the training, to ensure that all staff maintain awareness of their responsibilities with respects to IT security, with particular focus on cyber-security. The group is currently undertaking the implementation of a new finance and business system which is scheduled to be implemented by April 2024.	Risk remain low due to continuous review and upgrade of systems as required.
3)	**Access to capital (Liquidity Risk & Cashflow)**		Linked to Macroeconomic environment, access to capital is a significant factor in our plans to grow the business. There is uncertainty in relation to how, when and to what extent developments will impact on the markets we operate in, the wider economy, levels of investor activity and confidence and exchange rates.	Without access to sufficient finance the company may struggle to undertake all aspects of its growth plan, such as the acquisition strategy and accelerated growth.	The business has ongoing relationships with banks and other financial institutions that offer the required level of support. The Group has strengthened its cash position with the extension on banking facilities and the equity fundraise. Cash flow forecasts are updated and discussed regularly, with analysis prepared at both a subsidiary and Group level. As noted in the basis of preparation of the financial statements on page 88 there is a risk that bank facilities are not renewed. The business has a strong relationship with Barclays and as a result, management are confident that bank facilities will continue to be available to the group for the foreseeable future. The Group's balance sheet was stabilised in April 2023 following the conclusion of the strategic review. New capital investment from SCF Partners and related parties of £4.3m alongside a placing and retail fund raise of £2.1m raised cash proceeds of £5.3m, net of expenses. In addition, SCF Partners have committed, with conditions an additional investment of £18.0m available through the convertible loan note facility. The strategic investment from a global institutional investor in the energy sector provides funding for the Company to follow an ambitious plan for growth, both organically and by acquisition.	Monitored by board
4)	**Project timings and delay to contract awards**		The project-based, contractual nature of the Group's business, coupled with its concentrated customer base, leads to a revenue profile that is inherently uneven over the year. Most contract awards and associated revenues are dependent on large capital projects within the energy sector, the timing of which is out of the business' control.	There is an associated risk that the fulfilment of any contract, together with its revenue, may fall outside the financial period that was originally forecast. This, in turn, may have a material adverse impact on the Group's reported financial performance for the specific period.	The business has produced a 5-year strategic plan that includes an assessment on project timing and the revenue streams macro climate. The wider Group portfolio offers a mix of project timings due to new markets and regions.	Monitored by board

Risk		Risk Type	Description	Impact	Mitigation	Evaluation
5)	**Technology and competition**		The risk of new competitors leading to a reduction in pricing. Design changes could lead to technology obsolescence and subsequently reduced volume of sales.	Reduced volume of sales. Increase in capital expenditure to develop new products. Resulting in a reduction in the Group's financial performance.	The business undergoes a detailed technology readiness level (TRL) programme when developing new products, which includes an assessment of competition and what our ultimate value proposition would be. Significant investment is made in the continuous development of existing products to ensure they keep pace with current market trends. Our more diversified product portfolio allows us to offer a unique proposition to customers.	Monitored by board
6)	**Recruitment and Retention of Key People**		The business may fail to attract, develop and retain key individuals with the skillsets required to maintain a successful business and culture, particularly within engineering and leadership.	A major impact on Tekmar's ability to fulfil its contractual obligations. Adverse impact on the future growth aspirations for the Group.	Key KPI's are reviewed monthly by the Executive Team and Board. In addition, the People Strategy has been developed to focus on the retention and development of talent. Annual appraisal assessments are undertaken and a skills matrix and succession plan developed from this, including risk mitigation plans. Annual review of remuneration and benefits to ensure we are consistent across the Group and are competitive in the relevant region. Executives and senior management incentive plan in place. Regular pulse surveys to invite feedback on a range of issues over the period.	Monitored by board
7)	**Risk of claims and failure to meet contractual obligations**		The Group enters contracts that contain terms that, in some cases, contain wide reaching indemnities and warranties. These terms are commonplace in the subsea industry and do not unfairly prejudice the Group, nor do they put the Group in a materially worse position than its competitors. These warranties and indemnities lead to an inherent risk that the Group's liability for any breach could be extensive, especially if these are given on an uncapped basis.	A major impact on the business' ability to fulfil its contractual obligations. Adverse impact on the future growth strategy for the business	Contracts are reviewed extensively prior to signing, and the likelihood of risks assessed by legal and technical teams. Uncapped liabilities are kept to a minimum and only agreed to for areas of the contract that Directors believe are very low risk. Where possible the Group insures against risks to minimise the potential financial impact. There is a strong focus across the Group on high quality project execution which is regularly reviewed under independent ISO certification where appropriate.	Monitored by board
8)	**Financial management risks**		Price Risk: The Group's key products are reliant on key components including Polyurethane (PU), Cast Iron and concrete. There is an inherent risk that price increases outside of Groups control can have an impact of the trading conditions and environment in which the Group operates. Interest Rate Risk: The current economic position within the UK has led the Bank of England to increase the base interest rate. Current economic outlook suggests that borrowing rates are likely to remain at a higher level than seen in previous years in the short term. The recent increases in interest rates will lead to higher annual borrowing costs for the Group. Exchange Rate Risk: The Group's continued expansion into international markets increases the Group's exposure to risks associated with changes in foreign currency exchange rates on sales and operations. The proportion of revenue denominated in currencies other than pound sterling is expected to increase. Exchange rate variations could have an impact on the Groups reported financial results. Credit Risk: The ability of the Group along with its key stakeholders, customers and suppliers to avoid default on credit is key to future growth strategy of the business.	Without access to sufficient finance the company may struggle to undertake all aspects of its growth plan, such as the acquisition strategy and accelerated growth.	The business has ongoing relationships with banks and other financial institutions that offer the required level of support. The Group has strengthened its cash position with the extension on banking facilities. Cash flow forecasts are updated and discussed regularly, with analysis prepared at both a subsidiary and Group level. Exchange Rate Risk: Where revenues are generated in international markets, with contracts denominated in non-sterling currencies, the Group aims to create a natural hedge by matching the currency of the supply chain to the currency of the revenue stream. Where natural hedges are not available or do not sufficiently cover the exposure, management will consider the use of forward currency contracts to mitigate exchange rate risks. Enhanced due diligence is undertaken at the contracting stage to understand the price impacts of a particular contract, detailed financial project reviews are undertaken with multiple key suppliers underpinning the core of the Group's supply chain.	Increased risk due to economic environment, monitor.

Audit Committee Report

It is my pleasure to present the Audit Committee Report for the year ended 30 September 2023. The Committee comprises Julian Brown, our Non-Executive Chairman and myself as Chair. As a Chartered Accountant I bring the relevant financial experience in this role and this is my second year as Audit Chair for the Company.

Responsibilities
The Audit Committee oversees the formal and transparent arrangements for considering how the Board should apply the financial reporting and internal control principles for the Company and the wider Group and it maintains an appropriate relationship with the Company's auditors.

We monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcements relating to its financial performance, including reviewing any significant financial reporting issues and judgements which they contain.

The full Terms of Reference can be found on the Group's website, covering the following areas:

- Financial Reporting
- Internal Controls and Risk Management Systems
- Compliance, whistleblowing and fraud
- External Audit

Internal Controls and Risk Management Systems
The Audit Committee supports the Board in reviewing the risk management methodology and the effectiveness of internal controls. During the year the Group has continued to enhance its financial internal controls and governance procedures, including those relating to cyber-crime, and these are kept under constant review.

External auditor
The Audit Committee monitors the relationship with the external auditor, Grant Thornton UK LLP, to ensure that auditor independence and objectivity are maintained. Through this review, the Audit Committee monitors the provision of non-audit services by the external auditor. The non-audit services provided by Grant Thornton UK LLP are disclosed in Note 8 of the financial statements. These fees, which amounted to £8k, are considered to be a low value and therefore do not impact on the auditor's independence.

Significant issues considered in relation to the financial statements
Significant risks relate to those significant non-routine transactions that are deemed complex and/or highly judgmental. The significant risks and key audit matters relating to the financial statements for this year were considered, discussed with the auditors and concluded upon. Details can be found in the Independent Auditor.

Report and are summarised below

- Revenue Recognition – there are two types of revenue that require management judgement, being revenue recognised over time and revenue recognised at a point in time. The significant risk relates to the assessment of the revenue recognised overtime.
- Contract loss provision - There is a significant level of management judgement and estimation needed to assess the provisions. There is a significant level of judgement, being the estimation in calculating future expected costs on the contracts as the contracts are bespoke in nature. As there are several multi-year projects, the estimate around forecasting losses is sensitive and has the potential for material error.

- Impairment of goodwill and intangible assets – there is a significant risk regarding the valuation of intangible assets including goodwill, which are based on management's assessment and assumptions in the annual impairment review. Additionally macroeconomic factors this year have increased our WACC, as it has done for most businesses, and this is a key component in our calculations. This risk is relevant to the offshore energy CGU.
- Accounting for defect notices – Identifying for completeness all defect notices received and their appropriate disclosure in accordance with IAS 37 is a significant risk. Whilst many of these notices relate to an industry wide issue alleging CPS failures, they are each considered separately on their own merits in determining the appropriate accounting treatment. This disclosure is based on management's assessment of whether a present obligation exists.
- Going concern – Tekmar Group plc has additional risks given the material uncertainty over the renewal of bank facilities (p77).
- Valuation of parent company's investments in subsidiaries – this risk associated with valuation of subsidiaries is increased by the uncertainty caused by the current economic climate.
- Management override of controls – this is a non-rebuttable presumed risk for all companies and is reviewed for all companies in the Group.

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As Chair of the Audit Committee, I am satisfied that the Audit Committee Report covers the activities of the Committee over the year to 30 September 2023 along with the subsequent audit of the financial statements.

I will be available at the Group's Annual General Meeting to discuss any matters raised in this report.

David Wilkinson
Chair of the Audit Committee
3 March 2024

Nathan Hardy, Apprentice at Tekmar Energy

Remuneration Committee Report

I, Julian Brown, Chair of the Remuneration Committee, present the Directors' Remuneration Report for the year ended 30 September 2023.

I chair the Remuneration Committee and am joined by David Wilkinson, Senior Independent Non-Executive Director. The report provides shareholders with details regarding our Directors' remuneration policy and the impact of this on Executive remuneration outcomes in the period, along with how this links to the Group's financial performance.

Responsibilities
The Remuneration Committee ensures that the Executive Directors and Executive Management are fairly rewarded for their individual contributions to the overall performance of the Group, having appropriate regard to the views of our shareholders and other stakeholders. Our policy aims to provide appropriate incentives to encourage enhanced Group performance, without paying more than is necessary, having regard to relevant remuneration trends. The Committee also oversees any major changes in employee benefit structures across the Group, also ensuring changes to employment law are duly enacted.

The remuneration of Non-Executive Directors is a matter for the Chairman of the Board along with the Executive Members, not this Remuneration Committee, and no Director or Manager is involved in any decisions as to his or her own remuneration.

Executive Incentive Plan (EIP)
The Group operates an Executive Incentive Plan to ensure the Senior Management Team are motivated and rewarded for supporting the growth aspirations of the Group. The EIP is made up of equal parts long term share option plans and bonus, with values being indicative of an individual's role and tenor. The EIP is reviewed by this Committee to ensure performance measures align to the financial targets of the Group, including reward for material stretch targets.

Targets for the CEO, CFO and the remaining Executive Management Team are based on Adjusted Earnings Before Interest & Tax and Cash Generation.

Employee remuneration
Annual Pay Review

In recognition of the hard work and loyalty of our people during the last twelve months, and to assist with cost of living, we confirmed an inflationary award of 5% to all eligible staff from 1 October 2023.

Sharesave Plan 2023 (SAYE)
Following the success of our previous Sharesave plans in we launched a fourth plan in March 2023. The scheme was again open to all employees subject to a qualifying service period. A total of 43 employees subscribed to 3,306,238 share options over a period of three years.

Group Remuneration Policy
The key components of the remuneration policy are:

	Why	How
Basic annual salary	To attract and retain the right talent reflecting the responsibilities of the role, along with experience and skills required.	Inflationary pay rises tracking national indicators
Pension	To provide a contributory pension scheme in line with or exceeding statutory requirements, to provide employees with support after retirement	The Group continues to contribute 5% to employees' pensions and has transitioned to a salary sacrifice scheme within the year
Other benefits	Additional benefits to support the health and wellbeing of our employees	Life assurance, healthcare scheme, wellbeing programme.
Annual bonus	To reward high-performing individuals	Annual bonus with performance criteria based upon financial targets, to support the Group's growth strategy. The key criteria for performance is based on revenue growth, Adjusted EBITDA and cash generation.
Share schemes	Share ownership is an important part of employee incentivisation and retention	All employee SIP and SAYE Plans and LTIPs for executive management

Remuneration of the Board
The Remuneration Committee reviewed the market rates in considering the remuneration of the CEO and CFO during the period, along with the Non-Executive Director roles, and confirm they remain in line with appropriate benchmarks.

Director remuneration	Basic salary / fees	Benefits	Social security	Bonus	Company Pension contributions	FY23 Total	FY22 Total
Name of Director	£000	£000	£000	£000	£000	£000	£000
S Hurst	-	-	-	-	-	-	174
A MacDonald	214	214	58	-	-	486	327
C Gill	-	-	-	-	-	-	28
J Brown	57	-	6	-	6	69	67
D Bulmer	57	-	12	50	3	122	260
I Ritchey	32	-	3	-	3	38	39
D Wilkinson	37	-	4	-	-	41	17
L Wilkinson	124	44	25	23	18	234	-
C Welsh	18	-	2	-	-	20	-
S Lockard	21	-	-	-	-	21	-
							-

IPO options
All share options with regards to the IPO scheme have no been exercised or have lapsed. The were no remaining options outstanding at 30th September 2022 or 30th September 2023.

Retention Plan
Following the resignation of the former CEO, James Ritchie, on 3 August 2020 the Board approved a new share option incentive plan, the Retention Plan, to further incentivise the Executive Management Team. The team were granted awards for up to 200,000 ordinary shares based on length of service, effectively reallocating a large proportion of the IPO options that lapsed on James leaving.

Retention plan	Options b/fwd	Options lapsed - employment	Options exercised	Remaining options
Alasdair MacDonald	17,073	-	-	17,073
Dave Thompson	10,760	-	(10,760)	-

Under the plan shares became available to exercise on 2nd June 2021. For those individuals working their notice on this date the options lapsed.

LTIPs
In August 2020, under the EIP, the Remuneration Committee approved three Long Term Incentive Plans (LTIPs) to incentivise and reward management for the three financial years, ending 31 March 2023. Management were granted awards for up to 1,294,010 ordinary shares, representing 2.5% of the Company's issued share capital at that time. The performance conditions were aligned to achieving financial targets for each of the three years. All options with regards to the LTIPs Launched in August 2020 have lapsed due to employment or performance criteria. No options were exercised.

In April 2023, the remuneration committee approved a Long term Incentive Plan to incentivise and reward management for the three financial years, ending 31 March 2026. Management were granted awards for up to 4,819,666 ordinary shares. There are no performance conditions for this tranche of LTIPs.

The table below shows the activity in the period in relation to LTIPs including the position at the period end, showing those options lapsing due to performance conditions not being met and those lapsing due to the employment conditions not being met.

LTIPS	Options Granted	Options lapsed - performance	Option lapsed - employment	Remaining options
Alasdair Macdonald	2,427,600	-	-	2,427,600
Leanne Wilkinson	375,000	-	-	375,000
Other Senior Management	1,454,565	-	(590,763)	863,802

The Tekmar Group plc Management shares awarded
Tekmar Group PLC awarded 4,075,788 shares to senior management team members in settlement of annual bonuses. These share awards have been accounted for as share based payments under IFRS2. The Board recognises the need to ensure the Executive Management Team remain incentivised going forward and will be launching the FY24 LTIP once clear of the financial closed period. This will include the arrangements for the current CEO and CFO.

The above report sets out our approach to remuneration for the Executive Management Team and employees. However, if you have any questions regarding this, I will be available at the Group's Annual General Meeting to discuss them.

Julian Brown
Chair of the Remuneration Committee
3 March 2024

Nomination Committee Report

I, Julian Brown, Chair of the Nomination Committee, present the Nomination Committee Report for the year ended 30 September 2023. The Committee comprises David Wilkinson who is our Senior Independent Non-Executive Director and myself as Chair.

Responsibilities
The Nomination Committee regularly reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes. We give regular consideration to the succession planning for Directors and Senior Executives, taking into account the skills and experience needed both now and in the future.

During 2023, the Committee maintained its focus on the careful succession planning of the Board and Executive Management Team to ensure that they remain effective in driving forward the strategy of the Company.There has been one change to the Board this year and I provide more detail as to the Nomination Committee's involvement and process below.

Non-Executive director – April 2023
On 20 April 2023, we welcomed Steve Lockard and Colin Welsh to the Board as Senior Independent Non-Executive Director. We are delighted that Steve and Colin have joined us as they brings a wealth of experience that has further enhanced the knowledge and skills of the Board as a whole.

Appointment of Chief Financial Officer – June 2023
On 21 June 2023, we welcomed Leanne Wilkinson to the board of directors in the role of Chief Financial Officer.

Other changes
On 17 November 2022, Derek Bulmer stepped down from the role of Chief Financial Officer and stepped down from the role of Non Executive director on 31 March 2023.

Julian Brown
Chair of the Nomination Committee
3 March 2024

Directors' Report for year ended 30th September 2023

The Directors present their report together with the audited Group financial statements of the Parent Company ('the Company') and the Group for the year ended 30 September 2023.

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

1. Alasdair Macdonald
2. Leanne Wilkinson (Appointed 21 June 2023)
3. Julian Brown
4. Ian Ritchey
5. David Wilkinson
6. Colin Welsh (Appointed 20 April 2023)
7. Steve Lockard (Appointed 20 April 2023)
8. Derek Bulmer (Resigned 31 March 2023)

Business review and future developments
The information that fulfils the requirements of the strategic report and business review, including details of the results for the year ended 30 September 2023, principal risks and uncertainties, research and development, financial KPIs and the outlook for future years, are set out in the Chairman's Statement and Chief Executive Officer's and Chief Financial Officer's Reviews.

Research and development
The business continuously invests in research and development activity. The highlight during the financial year was the continued development of the next generation TekLink product in the offshore wind division. A total of £353,000 of Research and Development costs were incurred in year. All costs have been capitalised as intangible assets under IAS38.

Major shareholders
As at 15th February 2024 the following interests of shareholders in excess of 3% have been notified to the Company:

	Number of ordinary shares	Ordinary shares as a % of issued share capital
SCF-IX, L.P.	43,616,569	32.05%
Schroders plc	27,147,956	19.95%
J O Hambro Capital Management Limited	12,683,333	9.32%

Going Concern
The Group meets its day-to-day working capital requirements through its available banking facilities which includes a CBILs loan of £3.0m currently available to 31 October 2024 and a trade loan facility of up to £4.0m that can be drawn against supplier payments, currently available to 31 July 2024. The latter is provided with support from UKEF due to the nature of the business activities both in renewable energies and in driving growth through export lead opportunities. The Group held £5.2m of cash at 30 September 2023 including draw down of the £3.0m CBILS loan and a further £3.6m of the trade loan facility. There are no financial covenants that the Group must adhere to in either of the bank facilities.

The Directors have prepared cash flow forecasts to 31 March 2025. The base case forecasts include assumptions for annual revenue growth supported by current order book, known tender pipeline, and by publicly available market predictions for the sector. The forecasts also assume a retention of the costs base of the business with increases of 5% on salaries and a cautious recovery of gross margin on contracts. These forecasts show that the Group is expected to have a sufficient level of financial resources available to continue to operate on the assumption that the two facilities described are renewed. Within the base case model management have not modelled anything in relation to the matter set out in note 21 Contingent Liabilities, as management have assessed there to be no present obligation.

The Directors have sensitised their base case forecasts for a severe but plausible downside impact. This sensitivity includes reducing revenue by 15% for the period to 31 March 2025, including the loss or delay of a certain level of contracts in the pipeline that form the base case forecast, and a 10% increase in costs across the Group as a whole for the same period. In addition the delays of specific cash receipts have been modelled. The base case and sensitised forecast also includes discretionary spend on capital outlay. The Directors note there is further discretionary spend within their control which could be cut, if necessary, although this has not been modelled in the sensitised case given the headroom already available.

These sensitivities have been modelled to give the Directors comfort in adopting the going concern basis of preparation for these financial statements. Further to this, a 'reverse stress test' was performed to determine at what point there would be a break in the model, the reverse stress test included reducing order intake by 22.5% and increasing overheads by 15% against the base case. In addition the delays of specific cash receipts have been modelled. The inputs applied to the reverse stress are not considered plausible.

Facilities - Within the base case, severe but plausible case and reverse stress test, management have assumed the renewal of both the CBILS loan and trade loan facility in October 2024 and July 2024 respectively. In the unlikely case that the facilities are not renewed, the Group would aim to take a number of co-ordinated actions designed to avoid the cash deficit that would arise.

The Directors are confident, based upon the communications with the team at Barclays, the historical strong relationship and recent bank facility renewal in November 2023, that these facilities will be renewed and will be available for the foreseeable future. However, as the renewal of the two facilities in October 2024 and July 2024 are yet to be formally agreed and the Group's forecasts rely on their renewal, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern.

The Directors are satisfied that, taking account of reasonably foreseeable changes in trading performance and on the basis that the bank facilities are renewed, these forecasts and projections show that the Group is expected to have a sufficient level of financial resources available through current facilities to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Dividends
The Directors do not anticipate that the Company will declare a dividend in the near term, as available cash will support working capital requirements along with the identified strategic investment plan. No dividends have been paid in the period.

Directors and their interests
The Directors of the Company during the period and their interests in the ordinary share capital at the end of the year are shown in the table below:

Ordinary shares of 1p each	30 September 2023	30 September 2022
A MacDonald	3,049,867	622,267
S Lockard	3,888,889	-
J Brown	30,341	30,341
Ian Ritchey	33,333	33,333

There have been no changes to the above shareholdings since the period end.

Further details of the Directors' interests can be found in the Remuneration Committee Report.

Directors indemnities
The Group has not made qualifying third-party indemnity provisions for the benefit of its Directors during the year.

Streamline energy and carbon reporting (SECR)
The Group does not report under SECR as none of its subsidiary undertakings are large companies. The parent company is exempt from reporting as it is a low energy user consuming less than 40MWh per annum.

Relations with stakeholders
The Group considers its key stakeholders to be its shareholders, employees and customers and suppliers. How the Group engages with these, and broader, stakeholders is described in the s172 statement on page 17.

Takeover Directive requirements
The Company has one class of equity share, namely 1p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons. The rights and obligations attaching to these shares are governed by the Companies Act 2006 and the Company's Articles.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website (investors.tekmar.co.uk).

Notice of Annual General Meeting
The Annual General Meeting will be held at 10.30am on 27 March 2024 at Muckle LLP, Time Central, Gallowgate, Newcastle Upon Tyne NE1 4BF. The Notice of Annual General Meeting which sets out the resolutions to be proposed at the forthcoming AGM has been posted to shareholders.

These Group financial statements will be laid before the Company in a general meeting to be held at 11.00am on 27 March 2024 at Muckle LLP, Time Central, Gallowgate, Newcastle Upon Tyne NE1 4BF. The Notice of General Meeting which sets out the resolutions to be proposed at that meeting accompanies these Group financial statements.

Events after the reporting date
There have been no significant events in the year from 30 September 2023 and the publication of these financial statements.

Independent auditor
The auditor, Grant Thornton UK LLP, has been re-appointed and a resolution concerning their appointment will be proposed at the AGM.

Disclosure of information to the auditor

The Directors confirm that at the time this report is approved:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This Directors' Report was approved by order of the Board.

Leanne Wilkinson
Chief Financial Officer
3 March 2024

Statement of Directors' Responsibility

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (IFRS's)) and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue on that basis;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information in-cluded on the company's website. Legislation in the UK governing the preparation and dissemination of finan-cial statements may differ from legislation in other jurisdictions.

Leanne Wilkinson
Chief Financial Officer
3 March 2024

Independent auditor's report to the members of Tekmar Group plc

Grant Thornton

Our opinion on the financial statements is unmodified
We have audited the financial statements of Tekmar Group plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Notes to the Group Financial Statements, including a summary of significant accounting policies, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and Notes to the Parent Company Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2023 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 United Kingdom Generally Accepted Accounting Practice; 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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed 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.

Material uncertainty related to going concern
We draw attention to Note 2(b) in the financial statements, which indicates that at the reporting date, the Group meets its day-to-day working capital requirements through reliance on its available banking facilities which includes a COVID Business Interruption Loan (CBIL) of £3.0m, currently available to 31 October 2024 and a trade loan facility of up to £4.0m that can be drawn against supplier payments, currently available to 31 July 2024. The cash flow forecasts show that the Group is expected to have a sufficient level of financial resources available to continue to operate on the assumption that the two facilities described are renewed however, the renewal of both facilities is not guaranteed.

As stated in Note 2(b), these events or conditions, along with the other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of how management prepared their base case and sensitised forecasts for the period to 31 March 2025;
- Assessing the accuracy of management's forecasting by comparing the reliability of past forecasts to management's actual results, and considering whether management's historic forecasting accuracy impacts the reliance we can place upon the forecasts provided;
- Obtaining an understanding of key trading, balance sheet and cash flow assumptions and testing those key assumptions to underlying historical financial data, post year end trading information and market analysis data;
- Considering the inherent risks associated with the Group's and the parent company's business model including effects arising from macro-economic factors such as inflation and assessing how these factors were incorporated into the base case and sensitised forecasts;
- Assessing the terms of the external debt held and challenging management's assessment of the possibility of renewal during the going concern period including correspondence with the lender;
- Assessing the plausibility of the mitigating actions available to management to continue as a going concern if downside sensitivities were to crystalise;
- Evaluating management's reverse stress test and worse-case forecasts and management's consideration of the magnitude of a decline in cash that would give rise to the elimination of the headroom in the borrowing facilities;
- Performing arithmetical and consistency checks on management's going concern base case, severe but plausible and reverse stress test models; and
- Assessing the adequacy of related disclosures within the annual report for consistency with management's assessment of going concern and whether they are in line with the accounting standards.

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

OUR APPROACH TO THE AUDIT

Overview of our audit approach

Overall materiality:
Group: £410,000 which represents approximately 1% of the Group's revenue.

Parent company: £316,000 which represents approximately 0.6% of the parent company's total assets.

Key audit matters were identified as:

- Occurrence of contract revenue (same as previous period);
- Going concern (same as previous period);
- Valuation of goodwill and intangible assets (same as previous period);
- Consideration of accounting for defect notices (same as previous period); and
- Valuation of investments in subsidiaries (parent company only) (same as previous period).

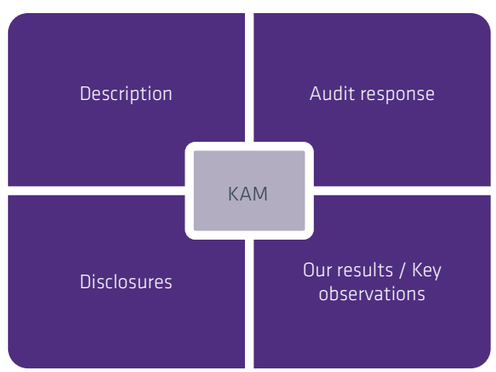
Scoping of the Group has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key quantitative benchmarks used to determine significance of components, specifically:

Group revenue: 98%
Group loss before tax: 96%

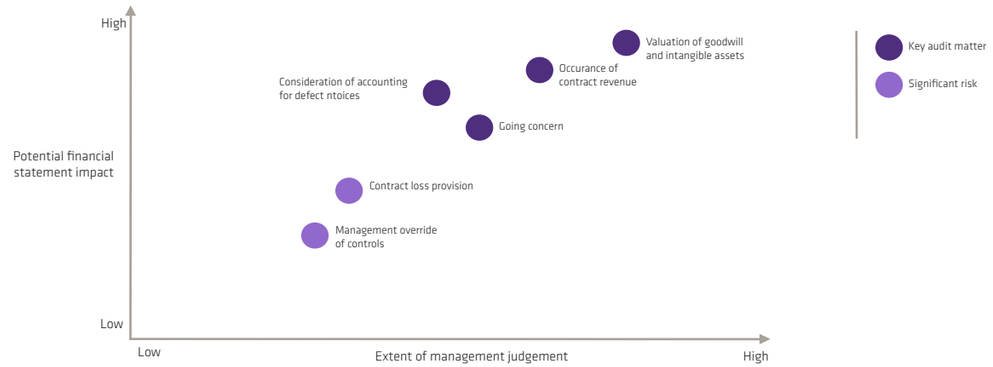
We performed the following audit work:

- A full scope audit of the financial information of three components using component materiality (full-scope audit).
- Specified audit procedures on the financial information of three components.
- Analytical procedures Group on the financial information of all other Group components.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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



In the graph below, we have presented the Group key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter - Group	How our scope addressed the matter – Group
Occurance of contract revenue We identified the occurrence of contract revenue as one of the most significant assessed risks of material misstatement due to fraud and error. The Group has entered into contracts with customers which span the 30 September 2023 year end with varying terms and degrees of complexity, generating revenue over time. The Group uses both the input and output methods for recognising revenue over time. There is a significant risk of material misstatement in open contracts at 30 September 2023 due to the judgement involved in the related estimates for revenue recognised over time in accordance with International Financial Reporting Standard ('IFRS') 15 'Revenue from Contracts with Customers' and the motivation to meet market expectations. Management's assessment includes several key estimates including: • Estimated total contract costs; and • Estimated stage of completion derived from the outputs satisfied. This risk relates to the occurrence assertion. Total revenue recognised over time is £35,986,000 (2022: £20,143,000).	In responding to the key audit matter, we performed the following audit procedures: Assessed the design and implementation of key controls in the contract revenue recognition process; Evaluated the revenue recognition policies for consistency with IFRS 15, through assessment of management's IFRS 15 paper; including, specifically, consideration of management's identification of performance obligations and alloca-tion of the transaction prices to the performance obligations; For a sample of contracts, obtained and read management's IFRS 15 assessment of performance obligations and recording of consideration to assess whether there was an indication of bias in the amount of consideration recognised by performance obligation and check the appropriateness of performance obligations identified; For a sample of input method contracts, challenged management's total expected costs to check that revenue had been recognised cor-rectly by reference to the accuracy of the percentage of completion. For those sampled, we compared costs expected with post year end results and tested a sample of forecasted costs to supporting evidence such as purchase orders and supplier quotations; Tested the historical accuracy of forecasting by comparing final outturn of completed contracts to prior year forecasts; For a sample of output method contracts, agreed units inspected to total units per the contract to check that revenue had been recognised correctly by reference to the accuracy of the per-centage of completion; and Tested a sample of contracts held by the Group and recalculated the revenue that should have been recognised and related contract asset or contract liability.

Key Audit Matter - Group

Relevant disclosures in the Annual Report 2023
- Financial statements: Note 4 Revenue and Segmental Reporting
- Audit committee report: Significant issues considered in relation to the financial statements

Valuation of goodwill and intangible assets
We identified valuation of intangible assets, including goodwill as one of the most significant risks of material misstatement due to error, specifically in relation to the offshore wind cash generating unit (CGU). The carrying value of goodwill and other intangible assets at 30 September 2023 was £19,367,000 (2022: £24,564,000) after an impairment charge of £4,745,000 (2022: £nil impairment charge).

There is an increased risk that the goodwill and intangible assets held by the Group in relation to the offshore wind CGU is impaired as per International Accounting Standard ('IAS') 36 'Impairment of Assets'. This is due to the high level of estimation uncertainty in management's assessment of the future performance of the CGU and in determining appropriate operating cash flows, long-term growth rates and discount rate to apply in calculating the 'value in use' of the CGU.

We identified a significant risk within the offshore wind CGU as this CGU has a significantly material carrying value, significant levels of growth assumed, and actual performance has been below budget in the current year.

How our scope addressed the matter – Group

Key observations
From the work performed, our challenge of management regarding the stage of completion on certain input and output contracts resulted in a material change in the revenue recognised.
Following the recording of the misstatements, we did not identify any further material misstatement in the occurrence of contract revenue.

In responding to the key audit matter, we performed the following audit procedures:
- Assessed the design and implementation of key controls for the impairment review process;
- Evaluated whether the assets and liabilities of the Group were allocated to the CGUs appropriately and challenged whether the CGUs identified were appropriate;
- Assessed the integrity of the impairment models by testing the mechanical and mathematical accuracy;
- Assessed and challenged management's impairment model to check that appropriate costs are included or excluded as appropriate, and that cash flows included in the model are appropriate when taking into consideration global macro factors including, but not limited to supply chain delays, the impact of inflation and the UK economic outlook;
- Engaged internal valuation experts to assess the appropriateness of the discount rate included in management's impairment model;
- Compared the actual results achieved in prior years to budgets to assess historical forecasting accuracy and compared post year-end actuals to post-year end forecasts included in the model;
- Challenged the forecast cash flows, growth rates and fair value less cost of disposal, where appropriate included in the model by comparing to external market data;
- Challenged management's sensitivities and performed our own sensitivity analysis on management's impairment model, considering gross margin and EBITDA growth, to assess whether the impairment recorded is appropriate; and
- Assessed the adequacy of the disclosure and assessed accounting policy for compliance with IAS 36.

Relevant disclosures in the Annual Report 2023
- Financial statements: Note 11 Goodwill and Other Intangible
- Audit committee report: Significant issues considered in relation to the financial statements

Consideration of accounting for defect notices
We have identified the accounting for defect notices as a significant risk, which was one of the most significant risks of material misstatement due to error.

Following the receipt of defect notices on 13 historical contracts, management have considered the existence of a contingent liability to be appropriate.

No provision has been recorded within the financial statements in relation to this as management consider there to be no present obligation. However, disclosure has been made in accordance with IAS 37 Provisions, contingent liabilities and contingent assets relating to the existence of a contingent liability.

The assessment of whether the requirements of IAS 37 have been appropriately applied is a significant judgement by management.

Key observations
From the work performed, our challenge of management regarding the cash flows and growth rates included in the impairment model resulted in a material change in the impairment charge recorded.
Following the recording of the impairment charge, we did not identify any further material misstatement in the valuation of the goodwill and intangible assets related to the offshore wind cash generating unit.

In responding to the key audit matter, we performed the following audit procedures:
- Assessed the design and implementation of key controls for the assessment of the treatment of defect notices;
- Made enquiries of management and the Group's internal and external legal advisors to understand and assess management's conclusion in relation to the nature of the matter and obligations of the Group;
- Assessed the competency, capability and objectivity of management's expert;
- Assessed the completeness of defect notices through enquiries of management and the Group's internal and external legal advisors, and through reading of board minutes;
- Evaluated management's assessment of the defect notices received by agreeing the facts in management's paper to supporting evidence;
- Obtained and read the reports of management's external expert to determine whether the assessment made was consistent with the reports; and
- Considered management's application of the requirements of IAS 37 and the adequacy of the disclosure.

Relevant disclosures in the Annual Report 2023
- Financial statements: Note 20 Contingent liabilities
- Audit committee report: Significant issues considered in relation to the financial statements

Our results
From the work performed, we did not identify any material misstatement with regard to management's recognition and disclosure of defect notices.

Key Audit Matter - Company

Valuation of investments in subsidiaries
We identified the valuation of investments in subsidiaries for Tekmar Group plc as one of the most significant assessed risks of material misstatement due to error.

There is an increased risk that the valuation of investments in subsidiaries are impaired as per IAS 36 because of the high level of estimation uncertainty in management's assessment of the future performance of the Group and in determining appropriate operating cash flows and long-term growth rates and discount rate to apply in calculating the recoverable amounts of the investments.

We have pinpointed this significant risk to the investments in Tekmar Limited, and Subsea Innovation Limited. This is on the basis that actual performance has been below budget in the current financial year for these investments.

We note the market capitalisation of the Group is lower than the value attributed to the investments and as such, an impairment indicator is present. Management are therefore required to determine the recoverable amount for these assets.

For the year ended 30 September 2023, the company has processed an impairment charge of £5,673,000. A prior period adjustment has been processed of £4,690,000. At 30 September 2023 the company has total investments in subsidiaries of £26,804,000 (2022 (Restated): £32,325,000).

Relevant disclosures in the Annual Report 2023
- Parent company financial statements: Note 3 Investment in Subsidiary Undertakings
- Parent company financial statement : Note 11 Correction of material prior period errors
- Audit committee report: Significant issues considered in relation to the financial statements

How our scope addressed the matter – Parent Company

In responding to the key audit matter, we performed the following audit procedures:
- Assessed the design and implementation of key controls for the impairment review process;
- Assessed the integrity of the impairment models by testing the mechanical and mathemati-cal accuracy;
- Obtained and evaluated management's assessment of whether there are indicators of impairment in the in-vestments held to assess compliance with IAS 36;
- Assessed and challenged management's impairment model to check that costs were included or excluded as appropriate, and that cash flows included in the model are appropriate when taking into consideration global macro factors including, but not limited to supply chain delays, the impact of inflation and the UK economic outlook;
- Engaged internal experts to assess the appropriateness of the discount rate included in management's impairment model;
- Compared the actual results achieved in prior years to budget to assess historical forecasting accuracy and compared post year-end actuals to post-year end forecasts included in the model;
- Challenged the forecast cash flows and growth rates included in the model by comparing to external market data;
- Challenged management's sen-sitivities and performed our own performed sensitivity analysis on man-agement's impairment model, considering gross margin and EBITDA growth, and to assess whether the impairment recorded is appropriate; and
- Assessed the adequacy of the disclosure and assessed accounting policy for compliance with IAS 36.

Key observations
From the work performed, our challenge of management regarding the cash flows and growth rates included in the impairment model resulted in a material change in the impairment charge recorded. A prior year error has been posted for the year ended 30 September 2022. Following the recording of the current and prior period impairment charges, we did not identify any further material misstatement in the valuation of the investments in subsidiaries.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and informing the opinion in the auditor's report.

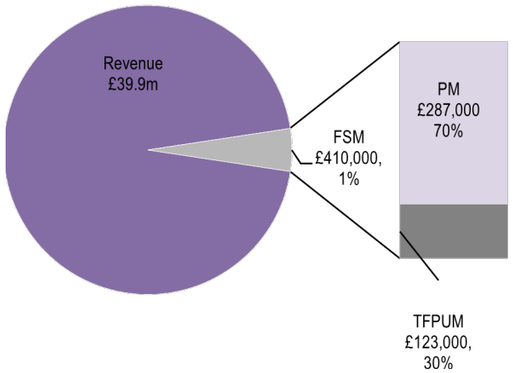
Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£410,000, which is approximately 1% of the Group's revenue.	£316,000, which is approximately 0.6% of the parent company's total assets.

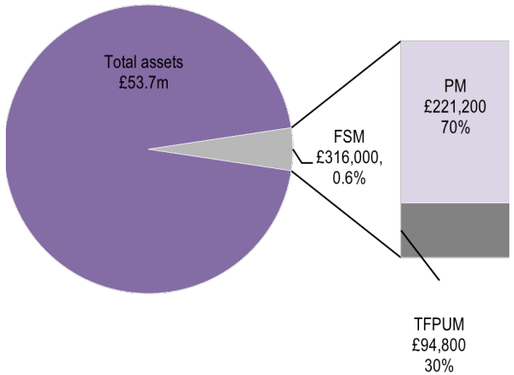
Materiality measures	Group	Parent company
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • The metrics most relevant to the users of the financial statements which was determined to be revenue following the review of broker report and the previous financial statements; • Whether the metric has been materially influenced by matters such as economic uncertainty or changes in the marketplace; and • This benchmark is considered the most appropriate because of the stability of revenue compared to loss before tax. Materiality for the current year is higher than the level that we determined for the period ended 30 September 2022 to reflect the increase in Group revenue.	In determining materiality, we made the following significant judgements: • The metrics most relevant to the users of the financial statements which was determined to be total assets for the parent entity; • Whether the metric has been materially influenced by matters such as economic uncertainty or changes in the marketplace; and • This benchmark is considered the most appropriate because the parent company is a holding company, which does not trade. Materiality for the current year is higher than the level that we determined for the period ended 30 September 2022 as a result of materiality in the prior period being capped at 90% of Group materiality
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£287,000, which is 70% of financial statement materiality.	£221,200, which is 70% of financial statement materiality
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • The strength of the control environment based on our assessment of the design and implementation of controls; and • Quantum and nature of misstatements identified in prior year's audit	In determining performance materiality, we made the following significant judgements: • The strength of the control environment based on our assessment of the design and implementation of controls; and • Quantum and nature of misstatements identified in prior year's audit
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside the normal course of business	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside the normal course of business
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£20,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£15,800 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- We obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level; and
- We obtained an understanding of the effect of the Group organisational structure on the scope of the audit, for example, the level of centralisation of the Group control function and the use of service organisations.

Identifying significant components

- We evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the Group's total revenue and loss before tax as well as considering qualitative factors, such as a component's specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Audits of the financial information of the component using component materiality (full-scope audit) procedures were performed on the financial information of three components. These procedures included a combination of tests of detail and analytical procedures.
- Audits of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) procedures were carried out on one component using component materiality. These procedures included a combination of tests of details and analytical procedures and were designed to increase coverage of the Group's financial statement line items.
- Specified audit procedures were carried out on two components using component materiality.
- For the 8 components that were not individually significant to the Group, or assessed as requiring specific-scope audits, analytical procedures were carried out at Group level, using group materiality.
- The full-scope and specific-scope audits included all our audit work on the identified key audit matters as described in the key audit matters section of our report.

Performance of our audit

- We communicated with a component auditor who attended an inventory count at an overseas component, all remaining work was completed by the Group engagement team.

Audit approach	Number of components	% coverage Revenue	% coverage Loss before tax (absolute figures)
Full-scope audit	3	83	60
Specific-scope audit	1	11	3
Specified audit procedures	2	4	30
Analytical procedures	8	2	7
Total	**14**	**100**	**100**

Communications with component auditors

- Grant Thornton China attended the inventory count for inventory held in China. The Group engagement team carried out the remaining procedures on this inventory, including tie through of inventory count results to year-end inventory listing.

Changes in approach from previous period

- There has been a decrease in the number of full-scope components, and an increase in the number of specific-scope components, for the Group audit. This is due to changes in the relative contribution of the components in scope.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 statement of directors' responsibilities set out on page 73, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the parent company and determined that the most significant are applicable law and UK-adopted international accounting standards (for the Group), United Kingdom Generally Accepted Accounting Practice (for the parent company) and UK corporation tax regulations.

We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates through our general and commercial and sector experience, discussions with management and legal correspondence. We also discussed the relevant frameworks with company legal advisors as appropriate.

We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and of those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.

We assessed the susceptibility of the Group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- journal entries posted by senior finance personnel;
- journal entries above a set threshold which would reallocate costs within the statement of comprehensive income to increase earnings before interest, tax, depreciation and amortisation ('EBITDA');
- journal entries above a set threshold posted to revenue from an unexpected general ledger code;
- material post-close and consolidating journal entries;
- potential management bias in determining accounting estimates, especially in relation to the assessment of the valuation of intangible assets including goodwill; and
- transactions with related parties outside the normal course of business.

- Audit procedures performed by the engagement team included:
  - evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - journal entry testing, in particular those journals determined to be in respect of our principal risk documented above; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Group and the parent company operate; and
  - understanding of the legal and regulatory requirements specific to the Group and the parent company.

We had team communications in respect of potential non-compliance with laws and regulations and fraud including the potential for fraud in revenue recognition through manipulation of deferred income.

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.

Victoria McLoughlin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
3 March 2024

Consolidated statement of comprehensive income for the year ended 30 September 2023

	Note	12M ended 30 Sep 2023 £000	18M ended 30 Sep 2022 £000
Revenue	4	39,908	30,191
Cost of sales	6	(30,608)	(23,153)
Gross profit		**9,300**	**7,038**
Administrative expenses	6	(18,616)	(11,623)
Other operating income		26	24
Group operating (loss)		**(9,290)**	**(4,561)**
Analysed as:			
Adjusted EBITDA[1]	4	(323)	(2,308)
Depreciation	12	(1,327)	(1,370)
Amortisation	11	(763)	(1,112)
Exceptional Share based payments charges	25	(508)	-
Impairment of goodwill	11	(4,745)	-
Exceptional bonus payments		(430)	-
Foreign exchange losses		(926)	(229)
Restructuring costs		(268)	-
Group operating (Loss)		**(9,290)**	**(4,561)**
Finance costs		(637)	(685)
Finance income		4	18
Net finance costs	7	(633)	(667)
(Loss) before taxation		**(9,923)**	**(5,228)**
Taxation	9	(201)	99
(Loss) for the period		**(10,124)**	**(5,129)**
Equity-settled share-based payments		548	(97)
Revaluation of property		-	238
Retranslation of overseas subsidiaries		(281)	326
Total comprehensive income for the period		**(9,857)**	**(4,662)**
(Loss) attributable to owners of the parent		(10,124)	(5,129)
Total Comprehensive income attributable to owners of the parent		(9,857)	(4,662)
(Loss) per share (pence)			
Basic	10	(10.69)	(9.04)
Diluted	10	(10.69)	(9.04)

All results derive from continuing operations.
.1: Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, share based payments charge in relation to one-off awards, material items of a one off nature and significant items which allow comparable business performance is a non-GAAP metric used by management and is not an IFRS disclosure.

Consolidated balance sheet as at 30 September 2023

	Note	30 Sep 2023 £000	30 Sep 2022 £000
Non-current assets			
Property, plant and equipment	12	6,808	5,883
Goodwill and other intangibles	11	19,367	24,564
Total non-current assets		26,175	30,447
Current assets			
Inventory	14	2,127	4,623
Trade and other receivables	15	19,734	13,375
Cash and cash equivalents	16	5,219	8,496
Total current assets		27,080	26,494
Total assets		**53,255**	**56,941**
Equity and liabilities			
Share capital	23	1,360	609
Share premium		72,202	67,653
Merger relief reserve		1,738	1,738
Merger reserve		(12,685)	(12,685)
Foreign currency translation reserve		(108)	173
Retained losses		(27,854)	(18,278)
Total equity		**34,653**	**39,210**
Non-current liabilities			
Other interest-bearing loans and borrowings	18	834	194
Trade and other payables	17	327	331
Deferred tax liability	20	503	313
Total non-current liabilities		1,664	838
Current liabilities			
Other interest-bearing loans and borrowings	18	7,046	7,198
Trade and other payables	17	9,398	9,669
Corporation tax payable		29	26
Provisions	19	465	-
Total current liabilities		16,938	16,893
Total liabilities		**18,602**	**17,731**
Total equity and liabilities		**53,255**	**56,941**

The Group financial statements were approved by the Board and authorised for issue on3 March 2024 and were signed on its behalf by:

Leanne WIlkinson
Chief Financial Officer
Company registered number: 11383143

Consolidated statement of changes in equity for the year ended 30 September 2023

	Share capital	Share premium	Merger relief reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 30 September 2021	**516**	**64,097**	**1,738**	**(12,685)**	**(153)**	**(13,290)**	**40,223**	**40,223**
Loss for the year	-	-	-	-	-	(5,129)	(5,129)	**(5,129)**
Share based payments	-	-	-	-	-	(97)	(97)	**(97)**
Revaluation of fixed assets	-	-	-	-	-	238	238	**238**
Exchange difference on translation of overseas subsidiary	-	-	-	-	326	-	326	**326**
Total comprehensive income for the year	-	-	-	-	326	(4,988)	(4,662)	**(4,662)**
Issue of shares	93	3,556	-	-	-	-	3,649	**3,649**
Total transactions with owners, recognised directly in equity	**93**	**3,556**	**-**	**-**	**-**	**-**	**3,649**	**3,649**
Balance at 30 September 2022	**609**	**67,653**	**1,738**	**(12,685)**	**173**	**(18,278)**	**39,210**	**39,210**
(Loss) for the Period	-	-	-	-	-	(10,124)	(10,124)	**(10,124)**
Share based payments	-	-	-	-	-	548	548	**548**
Exchange difference on translation of overseas subsidiary	-	-	-	-	(281)	-	(281)	**(281)**
Total comprehensive (loss) for the year	-	-	-	-	(281)	(9,578)	(9,857)	**(9,857)**
Issue of shares, net of transaction costs	751	4,549	-	-		-	5,300	**5,300**
-	**-**	**5,300**	**5,300**	**-**	**-**	**-**	**5,300**	**5,300**
Total transactions with owners, recognised	**1,360**	**72,202**	**1,738**	**(12,685)**	**(108)**	**(27,854)**	**34,653**	**34,653**
directly in equity	**751**	**4,549**	**-**	**-**	**-**	**-**	**5,300**	**5,300**
Balance at 30 September 2023	**1,360**	**72,202**	**1,738**	**(12,685)**	**(108)**	**(27,854)**	**34,653**	**34,653**

Consolidated cash flow statement for the year ended 30 September 2023

	12M ended 30 Sep 2023	18M Ended 30 Sep 2022
	£000	£000
Cash flows from operating activities		
(Loss) before taxation	(9,923)	(5,228)
Adjustments for:		
Depreciation	1,327	1,370
Amortisation of intangible assets	763	1,112
Share based payments charge	537	(103)
Impairment of goodwill	4,745	-
Finance costs	552	685
Finance income	(4)	(18)
	(2,003)	(2,182)
Changes in working capital:		
Decrease / (Increase) in inventories	2,496	(658)
(Increase) / decrease in trade and other receivables	(6,360)	4,561
(Decrease) / Increase in trade and other payables	(272)	178
Increase in provisions	465	-
Cash (used in) / generated from operations	**(5,674)**	**1,899**
Tax recovered	-	240
Net cash (outflow) / inflow from operating activities	**(5,674)**	**1,899**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,012)	(618)
Purchase of intangible assets	(310)	(369)
Proceeds on sale of property, plant and equipment	29	-
Interest received	4	18
Net cash (outflow) from investing activities	**(1,289)**	**(969)**
Cash flows from financing activities		
Facility drawdown	11,526	991
Facility Repayment	(11,941)	-
Repayment of borrowings under Lease obligations	(414)	(537)
Shares issued	5,300	3,649
Interest paid	(505)	(345)
Net cash inflow from financing activities	**3,966**	**3,758**
Net increase in cash and cash equivalents	(2,997)	4,688
Cash and cash equivalents at beginning of year	8,496	3,482
Effect of foreign exchange rate changes	(280)	326
Cash and cash equivalents at end of year	**5,219**	**8,496**

Lease borrowings in relation to right of use assets have been offset against the asset additions within cashflows from investing activities.

Notes to the Group financial statements for the year ended 30 September 2023

1. GENERAL INFORMATION
Tekmar Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Innovation House, Centurion Way, Darlington, DL3 0UP. The registered company number is 11383143.

The principal activity of the Company and its subsidiaries (together the "Group") is that of design, manufacture and supply of subsea stability and protection technology, including associated subsea engineering services, operating across the global offshore energy markets, predominantly Offshore Wind.

Forward looking statements
Certain statements in this Annual report are forward looking. The terms "expect", "anticipate", "should be", "will be" and similar expressions identify forward-looking statements. Although the Board of Directors believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to a number of risks and uncertainties and events could differ materially from those expressed or implied by these forward-looking statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES
The Group's principal accounting policies have been applied consistently to all of the years presented, with the exception of the new standards applied for the first time as set out in paragraph (c) below where applicable.

(a) Basis of preparation
The results for the year ended 30 September 2023 have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). The financial statements have been prepared on the going concern basis and on the historical cost convention modified for the revaluation of Freehold property and certain financial instruments . The comparative period represents 12 months to 30 September 2022.
Tekmar Group plc ("the Company") has adopted all IFRS in issue and effective for the year.

(b) Going concern
The Group meets its day-to-day working capital requirements through its available banking facilities which includes a CBILs loan of £3.0m currently available to 31 October 2024 and a trade loan facility of up to £4.0m that can be drawn against supplier payments, currently available to 31 July 2024 . The latter is provided with support from UKEF due to the nature of the business activities both in renewable energies and in driving growth through export lead opportunities. The Group held £5.2m of cash at 30 September 2023 including draw down of the £3.0m CBILS loan and a further £3.6m of the trade loan facility . There are no financial covenants that the Group must adhere to in either of the bank facilities.

The Directors have prepared cash flow forecasts to 31 March 2025 . The base case forecasts include assumptions for annual revenue growth supported by current order book, known tender pipeline, and by publicly available market predictions for the sector. The forecasts also assume a retention of the costs base of the business with increases of 5% on salaries and a cautious recovery of gross margin on contracts. These forecasts show that the Group is expected to have a sufficient level of financial resources available to continue to operate on the assumption that the two facilities described are renewed. Within the base case model management have not modelled anything in relation to the matter set out in note 21 Contingent Liabilities, as management have assessed there to be no present obligation.

The Directors have sensitised their base case forecasts for a severe but plausible downside impact. This sensitivity includes reducing revenue by 15% for the period to 31 March 2025 , including the loss or delay of a certain level of contracts in the pipeline that form the base case forecast, and a 10% increase in costs across the Group as a whole for the same period. In addition the delays of specific cash receipts have been modelled. The base case and sensitised forecast also includes discretionary spend on capital outlay. The Directors note there is further discretionary spend within their control which could be cut, if necessary, although this has not been modelled in the sensitised case given the headroom already available. These sensitivities have been modelled to give the Directors comfort in adopting the going concern basis of preparation for these financial statements.

Further to this, a 'reverse stress test' was performed to determine at what point there would be a break in the model, the reverse stress test included reducing order intake by 22.5% and increasing overheads by 15% against the base case. In addition the delays of specific cash receipts have been modelled. The inputs applied to the reverse stress are not considered plausible.

Facilities - Within the base case, severe but plausible case and reverse stress test, management have assumed the renewal of both the CBILS loan and trade loan facility in October 2024 and July 2024 respectively. In the unlikely case that the facilities are not renewed, the Group would aim to take a number of co-ordinated actions designed to avoid the cash deficit that would arise.

The Directors are confident, based upon the communications with the team at Barclays, the historical strong relationship and recent bank facility renewal in November 2023, that these facilities will be renewed and will be available for the foreseeable future. However, as the renewal of the two facilities in October 2024 and July 2024 are yet to be formally agreed and the Group's forecasts rely on their renewal, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern.

The Directors are satisfied that, taking account of reasonably foreseeable changes in trading performance and on the basis that the bank facilities are renewed, these forecasts and projections show that the Group is expected to have a sufficient level of financial resources available through current facilities to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements and for this reason they continue to adopt the going concern basis in preparing the financial statements.

(c) New standards, amendments and interpretations
The new standards, amendments or interpretations issued in the year, with which the Group has to comply with, have not had a significant effect impact on the Group. There are no standards endorsed but not yet effective that will have a significant impact going forward.

(d) Basis of consolidation
Subsidiaries are all 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 and are deconsolidated from the date control ceases. Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

(e) Revenue
Revenue (in both the offshore energy and the marine civils markets) arises from the supply of subsea protection solutions and associated equipment, principally through fixed fee contracts. There are also technical consultancy services delivered through subsea energy.
To determine how to recognise revenue in line with IFRS 15, the Group follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT and other sales related taxes.

Revenue is recognised either at a point in time, or over-time as the Group satisfies performance obligations by transferring the promised services to its customers as described below.

i) Fixed-fee contracted supply of subsea protection solutions
For the majority of revenue transactions, the Group enters individual contracts for the supply of subsea protection solutions, generally for a specific project in a particular geographic location. Each contract generally has one performance obligation, to supply subsea protection solutions. When the contracts meet one or more of the criteria within step 5, including the right to payment for the work completed, including profit should the customer terminate, then revenue is recognised over time. If the criteria for recognising revenue over time is not met, revenue is recognised at a point in time, normally on the transfer of ownership of the goods to the customer.

For contracts where revenue is recognised over time, an assessment is made as to the most accurate method to estimate stage of completion. This assessment is performed on a contract by contract basis to ensure that revenue most accurately represents the efforts incurred on a project. For the majority of contracts this is on an inputs basis (costs incurred as a % of total forecast costs).

There are also contracts which include the manufacture of a number of separately identifiable products. In such circumstances, as the deliverables are distinct, each deliverable is deemed to meet the definition of a performance obligation in its own right and do not meet the definition under IFRS of a series of distinct goods or services given how substantially different each item is. Revenue for each item is stipulated in the contract and revenue is recognised over time as one or more of the criteria for over time recognition within IFRS 15 are met. Generally for these items, an output method of estimating stage of completion is used as this gives the most accurate estimate of stage of completion. On certain contracts variation orders are reviewed as the scope of contract changes, these are review on a case-by-case basis to ensure the revenue for these obligations is appropriately recognised.

In all cases, any advance billings are deferred and recognised as the service is delivered.

ii) Manufacture and distribution of ancillary products, equipment.

The Group also receives a proportion of its revenue streams through the sale of ancillary products and equipment. These individual sales are formed of individual purchase order's for which goods are ordered or made using inventory items. These items are recognised on a point in time basis, being the delivery of the goods to the end customer.

iii) Provision of consultancy services
The entities within the offshore energy division also provide consultancy based services whereby engineering support is provided to customers. These contracts meet one or more of the criteria within step 5, including the right to payment for the work completed, including profit should the customer terminate. Revenue is recognised over time on these contracts using the inputs method.
Tekmar Group PLC applies the IFRS 15 Practical expedient in respects of determining the financing component of contract consideration: An entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Accounting for revenue is considered to be a key accounting judgement which is further explained in note 3.

(f) EBITDA and Adjusted EBITDA
Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Group. EBITDA is defined as profit before net finance costs, tax, depreciation and amortisation. Material items of a one-off nature or of such significance they are considered relevant to the user of the financial statements, and share based payment charge in relation to one-off awards are excluded.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

(g) Foreign currency
Transactions in foreign currencies are translated into the Group's presentational currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences arising on translation are recognised in profit or loss.

(h) Classification of instruments issued by the Group
Instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the items are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.
Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being fair value at the date of valuation less any subsequent accumulated depreciation and subsequent impairment losses. The fair value of land and building is considered to be their market value.
Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss, or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss. The latest valuation was carried out on 25 August 2022.

Leased property is accounted for as a "right-of-use" asset under IFRS 16 Leases. The initial value of a right-of-use asset is determined by the value of the lease liability.

Depreciation
Depreciation is charged to profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Freehold property	50 years straight line
Leasehold improvements	Over the life of the lease
Containers and racking	4 years straight line
Plant and equipment	6 years reducing balance or 15–25% straight line
Production tooling	3 years straight line
Fixtures & fittings	4 years straight line
Motor vehicles	4 years reducing balance or straight line
Computer equipment	4 years straight line

It has been assumed that all assets will be used until the end of their economic life.

(j) Intangible assets

Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable and are initially recognised at fair value. Other identified Intangible assets include customer relationships and brands. These are amortised on a straight-line basis over the useful economic lives, which are estimated to be 3 and 10 years respectively.

Goodwill is stated at cost less any accumulated impairment losses. In cases where the fair value of the net identifiable assets exceeds the cost of acquisition, negative goodwill arises which is recorded immediately in the income statement. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and Product Development costs
Research costs are charged to the income statement in the year in which they are incurred and are presented within operating expenses. Internal development costs costs that are incurred during the development of significant and separately identifiable new technology are capitalised when the following criteria are met:

- It is technically feasible to complete the technological development so that it will be available for use;
- Management intends to complete the technological development and use or sell it;
- It can be demonstrated how the technological development will develop probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- Expenditure attributable to the technological product during its development can be reliably measured.
- Capitalised development costs include costs of materials and direct labour costs. Internal costs that are capitalised are limited to incremental costs specific to the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred and presented within operating expenses, together with any amortisation which is charged to the income statement on a straight-line basis over the estimated useful lives of product development intangible assets of 2-5 years.

Computer software
Computer software purchased separately, that does not form an integral part of related hardware, is capitalised at cost.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives and is presented within operating expenses. The useful life of computer software is 3 years.

(k) Impairment
Goodwill is not amortised but is reviewed for impairment at least annually. Intangible assets which are not yet available for use are tested for impairment annually. For other assets, the recoverable amount is only estimated when there is an indication that an impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(l) Inventories
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated on a first in first out basis and includes the cost of acquiring raw materials. Provision is made for any foreseeable losses where appropriate.

(m) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

(n) Provisions and contingent liabilities
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability is a disclosure in the notes to the financial statements only.

As part of our normal contractual terms, warranties are issued to customers. No provision is recognised in relation to this due to there being no history of claims in this area.

(o) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of less than 12 months or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

(p) Net financing costs
Net financing costs comprise interest payable and interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue using the effective interest method.

(q) Taxation
Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(r) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits..

(s) Financial instruments
Financial assets
Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on the Group's business model and the contractual cash flow characteristics of the financial asset. All financial assets of the Group are held at amortised cost, with the exception of derivative financial instruments which are held at FVTPL.

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at transaction price and thereafter are measured at amortised cost using the effective interest rate. A loss allowance for expected credit losses on trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that will result from all possible default events over the expected life of a financial instrument. This assessment is performed on a collective basis considering forward-looking information. The Group considers a financial asset to be in default when the receivable is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held).

Financial liabilities
Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Group's borrowings, finance leases, trade and most other payables fall into this category of financial instruments.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the year of the borrowings on an effective interest basis.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Financial derivatives
The Group uses derivative financial instruments to hedge its exposure to risks arising from operational activities, principally foreign exchange risk. In accordance with treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

The Group does not hedge account for these items. Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. At certain times the Group has foreign currency forward contracts that fall into this category. Movement in fair value is recognised in profit and loss.

(t) Contract assets
Contract assets represent the gross unbilled amount for contract work performed to date, calculated by way of units assembled using either the input or output method – refer policy (e). They are presented as part of "trade and other receivables" in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as "accruals and contract liabilities" in the balance sheet.

(u) Segmental reporting
The Group reports its business activities across Offshore Energy and Marine Civils and this is reported in a manner consistent with the internal reporting to the Board of Directors, which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-Executive Directors. Project performance is also monitored by both business entities and by Offshore Wind and Subsea markets to provide differing perspectives.

(v) Share capital
Share capital represents the nominal value of shares that have been issued.

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

(x) Merger reserve and Merger relief reserve
The merger reserve and the merger relief reserve were created as a result of the share for share exchange under which Tekmar Group plc became the parent undertaking prior to the IPO. Under merger accounting principles, the assets and liabilities of the subsidiaries were consolidated at book value in the Group financial statements and the consolidated reserves of the Group were adjusted to reflect the statutory share capital, share premium and other reserves of the Company as if it had always existed, with the difference presented as the merger reserve.
The Merger relief reserve was created on acquisition of Pipeshield International Limited and Subsea Innovation Limited as a result of part of the consideration being settle in equity of the plc.

(y) Translation reserve
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the statement of financial position date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and are credited/(debited) to the translation reserve.

(z) Own shares held by ESOP trust
Transactions of the Group-sponsored ESOP trust are treated as being those of the Group and are therefore reflected in the financial statements. In particular, the trust's purchases and sales of shares in the Group are debited and credited to equity.

(aa) Retained earnings
Retained earnings includes all current and prior year retained profits and losses.

(ab) Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate.

Grants that relate to capital expenditure are included within accruals and contract liabilities in the balance sheet and credited to the income statement over the expected useful lives of the assets to which they relate or in years to which the related costs are incurred.

(ac) Share based payments
The Group operates equity-settled share-based remuneration plans for certain employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group financial statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities . Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the Group financial statements.
(a) Critical judgements in applying the entity's accounting policies

Revenue recognition
Judgement is applied in determining the most appropriate method to apply in respect of recognising revenue over-time as the service is performed using either the input or output method. Further details on how the policy is applied can be found in note 2(e).

Product development capitalisation
As described in note 2, Group expenditure on development activities is capitalised if it meets the criteria as per IAS 38. Management have exercised and applied judgement when determining whether the criteria of IAS 38 is satisfied in relation to development costs.

As part of this judgement process, management establish the future Total Addressable Market relating to the product or process, evaluate the operational plans to complete the product or process and establish where the development is positioned on the Group's technology road map and assesses costs against IAS 38 criteria. This process involves input from the Group's Chief Technical Officer plus the operational, financial and commercial functions and is based upon detailed project cost analysis of both time and materials.

(b) Critical accounting estimates

Revenue recognition – stage of completion when recognising revenue overtime

Revenue on contracts is recognised based on the stage of completion of a project, which, when using the input method, is measured as a proportion of costs incurred out of total forecast costs. Forecast costs to complete each project are therefore a key estimate in the financial statements and can be inherently uncertain due to changes in market conditions. For the partially complete projects in Tekmar Energy at year end if the percentage completion was 1% different to management's estimate the revenue impact would be £106,590. Within Subsea Innovation and Pipeshield International there were a number of projects in progress over the year end and a 1% movement in the estimate of completion would impact revenue in each by £5,720 and £39,100 respectively. However, the likelihood of errors in estimation is small, as the businesses have a history of reliable estimation of costs to complete and given the nature of production, costs to complete estimate are relatively simple.

The forecast costs to complete also form part of the judgement of management as to whether a contract loss provision is required in line with IAS37. At year end a contract loss provision has been recognised for 2 contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it . If the loss making contracts was 1% different to management's estimate the impact on the loss making contract provision would be £4,650.

Recoverability of contract assets and receivables

Management judges the recoverability at the balance sheet date and makes a provision for impairment where appropriate. The resultant provision for impairment represents management's best estimate of losses incurred in the portfolio at the balance sheet date, assessed on the customer risk scoring and commercial discussions. Further, management estimate the recoverability of any accrued income balances relating to customer contracts. This estimate includes an assessment of the probability of receipt, exposure to credit loss and the value of any potential recovery. Management base this estimate using the most recent and reliable information that can be reasonably obtained at any point of review. Given the group's historic recoverability of 100% of receivable balances, no provision for bad debts or credit losses have been accounted for.

The group continues to operate in global markets where payment practices surrounding large contracts can be different to those within Europe. The flow of funds on large capital projects within China tend to move only when the windfarm developer approves the completion of the project. The group has a number of trade receivable balances, within its subsidiary based in China, which have been past due for more than 1 year. At 30th September 2023 the value of these overdue trade receivables was £1.4m, of a total outstanding trade receivable balance for the entity of £2.9m, These amounts remain outstanding at the approval of the financial statements. Management have not provided for the trade receivable balance or made a credit loss provision on the basis that previous trading history sets a precedent that these balances will be received. Since 2020, the group has traded in China generating £10.1m of revenue, of which £7.2m has been fully received to date which represents full cash receipt on older projects. The amounts which remain outstanding are from more recent projects and none of the values in trade receivables are in dispute with the customer.

Impairment of Non-Current assets

Management conducts annual impairment reviews of the Group's non-current assets on the consolidated statement of financial position. This includes goodwill annually, development costs where IAS 36 requires it, and other assets as the appropriate standards prescribe. Any impairment review is conducted using the Group's future growth targets regarding its key markets of offshore energy and marine civils. Sensitivities are applied to the growth assumptions to consider any potential long-term impact of current economic conditions. Provision is made where the recoverable amount is less than the current carrying value of the asset. Further details as to the estimation uncertainty and the key assumptions are set out in note 11.

4. REVENUE AND SEGMENTAL REPORTING

Management has determined the operating segments based upon the information provided to the executive Directors which is considered the chief operation decision maker. The Group is managed and reports internally by business division and market for the year ended 30 September 2023.

Major customers

In the year ended 30 September 2023 there were three major customers within the group that individually accounted for at least 10% of total revenues (2022: one customer). The revenues relating to these in the year to 30 September 2023 were £13,913,000 (2022: £7,243,000). Included within this is revenue from multiple projects with different entities within the group.

Analysis of revenue by region	**12M ending 30 Sep 2023**	**12M ending 30 Sep 2022**
	£000	£000
UK & Ireland	10,146	8,028
Germany	1,133	1,230
Turkey	983	499
Greece	-	409
Denmark	-	757
Other Europe	1,716	2,721
China	1,676	3,847
USA & Canada	3,006	674
Japan	1,083	561
Philippines	1,157	534
Qatar	8,036	8,716
KSA	6,888	509
Other Middle East	2,152	468
Rest of the World	1,932	1,238
	39,908	**30,191**

Analysis of revenue by market		
	£000	£000
Offshore Wind	17,659	14,705
Other offshore	22,249	15,486
	39,908	**30,191**

Analysis of revenue by product category		
	£000	£000
Offshore Energy protection systems & equipment	20,119	15,497
Marine Civils	18,320	12,734
Engineering consultancy services	1,469	1,960
	39,908	**30,191**

Note – Engineering consultancy services forms part of the offshore energy segment.

Analysis of revenue by recognition point		
	£000	£000
Point in Time	3,922	10,048
Over Time	35,986	20,143
	39,908	**30,191**

At 30 September 2023, the group had a total transaction price £19,462k (2022: £15,488k) allocated to performance obligations on contracts which were unsatisfied or partially unsatisfied at the end of the reporting period. The amount of revenue recognised in the reporting year to 30 September 23 which was previously recorded in contract liabilities was £3,188k (2022: £1,168k)

Profit and cash are measured by division and the Board reviews this on the following basis.

	Offshore Energy 2023	Marine Civils 2023	Group/ Eliminations	Total 2023
	£000	£000	£000	£000
Revenue	**21,588**	**18,320**	**-**	**39,908**
Gross profit	3,975	5,326	-	9,301
% Gross profit	18%	29%	-	23%
Operating (loss)/ profit	(9,554)	2,798	(2,533)	(9,289)
Analysed as:				
Adjusted EBITDA	**(2,087)**	**3,544**	**(1,780)**	**(323)**
Depreciation	(1,018)	(298)	(12)	(1,327)
Amortisation	(594)	-	(168)	(763)
Share based payments	(63)	(82)	(363)	(508)
Impairment of goodwill	(4,745)	-	-	(4,745)
Exceptional bonus payments	(314)	(34)	(82)	(430)
Foreign Exchange losses	(672)	(255)	2	(926)
Restructuring costs	(61)	(77)	(130)	(268)
Operating (loss)/ profit	(9,554)	2,798	(2,533)	(9,289)
Interest & similar expenses	(55)	(10)	(569)	(634)
Tax	521	(789)	67	(201)
(Loss) / profit after tax	(9,087)	1,999	(3,036)	(10,124)
Other information				
Reportable segment assets	17,391	10,169	25,695	53,255
Reportable segment liabilities	(8,175)	(3,208)	(7,218)	(18,601)

The goodwill and other intangible assets allocated to group for the purposes of internal reporting are £16,445 for Offshore energy and £2,805 for Marine Civils

	Offshore Energy 2022	Marine Civils 2022	Group/ Eliminations	Total 2022
Revenue	**17,455**	**12,736**	**-**	**30,191**
Gross profit	4,442	2,596	-	7,038
% Gross profit	25%	20%	-	23%
Operating (loss)/ profit	(3,405)	789	(1,945)	(4,561)
Analysed as:				
Adjusted EBITDA	**(1,988)**	**1,020**	**(1,339)**	**(2,307)**
Depreciation	(1,099)	(271)	-	(1,370)
Amortisation	(506)	-	(606)	(1,112)
Foreign Exchange gains	188	40	-	228
Operating (loss)/ profit	(3,405)	789	(1,945)	(4,561)
Interest & similar expenses	(318)	(185)	(164)	(667)
Tax	(237)	175	161	99
(Loss) / profit after tax	(3,960)	779	(1,948)	(5,129)
Other information				
Reportable segment assets	19,029	9,541	28,175	57,766
Reportable segment liabilities	(5,530)	(4,483)	(7,631)	(17,644)

5. EMPLOYEES AND DIRECTORS

(a) Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2023 No	2022 No
Directors	6	7
Sales	9	9
Administration	53	48
Technical	58	58
Direct labour	46	54
	172	176

Staff costs for the Group during the period were:

	12M ending 30 Sep 2023 £000	12M ending 30 Sep 2022 £000
Wages and salaries	8,606	8,140
Social security costs	891	857
Defined contribution pension cost	408	396
Share based payments (note 25)	658	(103)
	10,563	9,290

(b) Key management compensation

Key management of the Group is considered to be the Board of Directors. Remuneration paid to the Directors is as follows:

	12M ending 30 Sep 2023 £000	12M ending 30 Sep 2022 £000
Short term benefits:		
Salaries including bonuses	530	766
Social security costs	102	46
Total short-term benefits	632	812
Post-employment benefits:		
Defined contribution pension plan	17	100
Total remuneration	649	912

Share options were awarded in the year, see note 25 for details of share option plans.

Director remuneration	Basic salary / fees	Share awards	Social security	Bonus	Company Pension contributions	FY23 Total	FY22 Total
Name of Director	£000	£000	£000	£000	£000	£000	£000
S Hurst	-	-	-	-	-	-	174
A MacDonald	214	214	58	-	-	486	327
C Gill	-	-	-	-	-	-	28
J Brown	57	-	6	-	6	69	67
D Bulmer	57	-	12	50	3	122	260
I Ritchey	32	-	3	-	3	38	39
D Wilkinson	37	-	4	-	-	4 1	17
L Wilkinson	124	44	25	23	18	234	-
C Welsh	18	-	2	-	-	20	-
S Lockard	21	-	-	-	-	21	-

Highest paid director

The aggregate remuneration of the highest paid Director was £486,000 (2022: £314,000), which includes pension contributions of £nil (2022: £nil), and accrued bonus costs of £nil (2022: £nil). The number of Directors accruing pension benefits under a defined contribution plan was four (202 2: four).

6. EXPENSES BY NATURE

	12M ending 30 Sep 2023	12M ending 30 Sep 2022
	£000	£000
Employee benefit expense	10,563	9,290
Amortisation (note 11)	763	1,112
Depreciation – leased (note 12)	483	482
Depreciation – owned (note 12)	84 4	887
Inventory recognised as an expense	26,989	19,992
Foreign exchange losses/(gains)	926	(226)
Other expenses	3,911	3,239
Impairment of Goodwill	4,745	-
Total cost of sales and administrative expenses	**49,224**	34,776

7. NET FINANCE COSTS

	12M ending 30 Sep 2023	12M ending 30 Sep 2022
	£000	£000
Interest payable and similar charges		
On other loans	636	290
Fair value movement on derivatives	-	395
Total interest payable and similar charges	636	685
Interest receivable and similar income		
Interest receivable	(3)	(18)
Total interest receivable and similar income	(3)	(18)
Net finance costs	**633**	667

Interest expense on lease liabilities was £48,599 (2022: £17,401).

8. AUDITORS REMUNERATION

During the year the Group obtained the following services from the Company's auditors at costs as detailed below:

	12M ending 30 Sep 2022	18M ending 30 Sep 2021
	£000	£000
Fees payable to Company's auditor for the audit of the parent company financial statements	145	170
Fees payable to Company's auditor for other services:		
– The audit of Company's subsidiaries	100	78
– Other non-audit services	8	5
	245	253

An additional amount of £1k was billed by the company's auditors as expenses.

9. TAXATION

Analysis of credit in year	12M ending 30 Sep 2022	18M ending 30 Sep 2021
	£'000	£'000
Current tax		
Current taxation charge for the year	-	-
Adjustments in respect of prior periods	-	(245)
Total current tax	**-**	**(245)**
Deferred tax		
Origination and reversal of timing differences	201	146
Adjustments in respect of prior periods	-	-
Total deferred tax	**201**	**146**
Tax on (loss) on ordinary activities	**201**	**(99)**
Reconciliation of total tax credit:		
(Loss) on ordinary activities before tax	(9923)	(5,228)
(Loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 25% (202 2: 19%)	(2,183)	(994)
Effects of:		
Non-deductible expenses	1,246	(10)
Non-taxable income	-	(168)
Enhanced R&D tax relief	(290)	(250)
Impact of unrecognised deferred tax assets	1428	1,422
Effect of deferred tax	-	107
Adjustments in respect of previous periods	-	(245)
Effect of changes of tax rate in deferred tax	-	39
Total taxation credit	**(201)**	**(99)**

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Following the Governments announcement in October 2022 to increase the corporation tax rate to 25% from 19% with effect from April 2023, deferred tax has been calculated at a rate of 25%. Our expectation is that the Group will utilise its losses in future accounting periods at the higher rate. See note 20 Deferred Tax.

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue. Diluted earnings per share are calculated by including the impact of all conditional share awards.

The calculation of basic and diluted profit per share is based on the following data:

	12M ending 30 Sep 2023	18M ending 30 Sep 2022
Earnings (£'000)		
Earnings for the purposes of basic and diluted earnings per share being profit/(loss) for the year attributable to equity shareholders	(10,124)	(5,219)
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	94,694,962	56,719,539
Weighted average dilutive effect of conditional share awards	4,346,203	968,399
Weighted average number of shares for the purposes of diluted earnings per share	99,041,164	57,687,938
Profit per ordinary share (pence)		
Basic profit per ordinary share	(10.69)	(9.04)
Diluted profit per ordinary share	(10.69)	(9.04)
Adjusted earnings per ordinary share (pence)*	**(4.49)**	**(8.06)**

The calculation of adjusted earnings per share is based on the following data:

	2023	2022
	£000	£000
(Loss) for the period attributable to equity shareholders	(10,124)	(5,129)
Add back:		
Impairment of goodwill	4,745	-
Amortisation on acquired intangible assets	168	605
Share based payment on IPO and SIP at Admission	508	-
Exceptional bonus costs	430	
Tax effect on above	22	(12)
Adjusted earnings	**(4,251)**	**(4,536)**

*Adjusted earnings per share is calculated as profit for the period adjusted for amortisation as a result of business combinations, one off items, share based payments and the tax effect of these at the effective rate of corporation tax, divided by the closing number of shares in issue at the Balance Sheet date. This is the measure most commonly used by analysts in evaluating the business' performance and therefore the Directors have concluded this is a meaningful adjusted EPS measure to present.

11. GOODWILL AND OTHER INTANGIBLES

	Goodwill	Software	Product development	Trade name	Customer relationships	Total
	£000	£000	£000	£000	£000	£000
COST						
As at 1 October 2021	26,292	394	3,181	1,289	1,870	33,026
Additions	-	16	353	-	-	369
Disposals	-	(116)	(34)	-	-	(150)
Forex on consolidation	-	-	3	-	-	3
As at 30 September 2022	26,292	294	3,503	1,289	1,870	33,248
Additions	-	-	311	-	-	311
As at 30 September 2023	26,292	294	3,814	1,289	1,870	33,559
AMORTISATION AND IMPAIRMENT						
As at 1 October 2021	4,109	132	1,798	326	1,354	7,719
Charge for the period	-	139	367	129	477	1,112
Eliminated on disposals	-	(116)	(34)	-	-	(150)
Forex on consolidation	-	-	3	-	-	3
As at 30 September 2022	4,109	155	2,134	455	1,831	8,684
Amortisation charge for the year	-	139	456	129	39	763
Impairment charge	4,745	-	-	-	-	4,745
As at 30 September 2023	8,854	294	2,590	584	1,870	14,192
NET BOOK VALUE						
As at 30 September 2021	22,183	262	1,383	963	516	25,307
As at 30 September 2022	22,183	139	1,369	834	39	24,564
As at 30 September 2023	17,438	-	1,224	705	-	19,367

The remaining amortisation periods for software and product development are 6 months to 48 months (202 2: 6 months to 48 months).

Goodwill has been tested for impairment. The method, key assumptions and results of the impairment review are detailed below:

Goodwill is attributed to the CGU being the division in which the goodwill has arisen. The Group has 2 CGUs and the goodwill related to each CGU as disclosed below.

Goodwill	2023 £000	2022 £000
Offshore Energy Division	**14,848**	19,593
Marine Civils Division	**2,590**	2,590

Goodwill is allocated to two CGUs being Offshore Energy and Marine Civils. Goodwill has been tested for impairment by assessing the recoverable amount of each cash generating unit. The recoverable amount is the higher of the fair value less costs to sell (FVLCD) and the value in use. The value in use has been calculated using budgeted cash flow projections for the next 4 years. A terminal value based on a perpetuity calculation using a 2% real growth rate was then added. The next 4 years forecasts have been compiled at individual CGU level with the forecasts in the first 2 years modelled around the known contracts which the entities have already secured or are in an advanced stage of securing. A targeted revenue stream based on historic revenue run rates has then been incorporated into the cashflows to model contracts that are as yet unidentified that are likely be won and completed in the year. The forecasts for year 3 and year 4 are based on assumed growth rates for each individual entity, the total growth rate for the group (CAGR 13.5%) are in line with expected market rate. The value in use calculation models an increase in revenue for the offshore energy division of 16% across year 3 and year 4 and then 2% into perpetuity. The growth rates for year 3 and 4 are comparable to the expected market CAGR. The group has used the fair value less costs to sell as the estimate of recoverable amount for one subsidiary of the offshore energy division, as the FVLCD was in excess of the value in use.

The cashflow forecasts assume growth in revenue and profitability across the Group. These growth rates are based on a combination of business units returning to previously experienced results combined with externally generated market information. The discount rates are consistent with external information. The growth rates shown are the average applied to the cash flows of the individual cash generating units and do not form a basis for estimating the consolidated profits of the Group in the future.

In addition to growth in revenue and profitability, the key assumptions used in the impairment testing were as follows:

- Gross Margin % returning towards FY20 levels for offshore energy division
- A post tax discount rate of 15.5 % WACC (FY22 13.5%) estimated using a weighted average cost of capital adjusted to reflect current market assessment of the time value of money and the risks specific to the group
- Terminal growth rate percentage of 2% (FY22: 2%)

The discount rate used to test the cash generating units was the Group's post-tax WACC of 15.5%. The goodwill impairment review has been tested against a reduction in free cashflows. The Group considers free cashflows to be EBITDA less any required capital expenditure and tax.

The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate sufficient headroom for the goodwill carrying value in the Marine Civils CGU.

The value in use calculations have a range of assumptions, which if changed would lead to a change in the impairment charge recognised. To assess these changes management have run a model which sensitises the assumption on EBITDA generated in the offshore wind division. Management believes that the offshore wind division will grow faster than market rates in FY24 and FY25 due to contract visibility, however if the product sales in the offshore wind GCU only grows inline with market CAGR of 16% for the forecast period, the impairment charge in offshore wind division would be £12,136,000 as opposed to the £4,745,000 recognised in the financial statements for FY23. Similarly if the revenues generated in the consultancy business fell by 10% against the base case for the forecast period, the impairment charge in Tekmar Limited would increase to £5,979,000.

Management has considered the most likely worst-case scenario in the Marine Civils CGU to be to be a reduction in free cashflows to 80% of the base case. Under this sensitivity test sufficient headroom was available to support the carrying value of goodwill in the Marine Civils CGU.

Further sensitivity analysis performed by management shows that free cashflows would have to reduce to 27% (Marine Civils) of forecasted base case values to trigger an impairment of goodwill. The post-tax discount rate of 15.5% would need to increase to 54% in Marine Civils to trigger an impairment of goodwill. Management do not consider either of these scenarios to be likely.

All amortisation charges have been treated as an expense and charged to cost of sales and operating costs in the income statement.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Leasehold improvments	Containers and racking	Plant and equipment	Fixtures and Fittings	Production tooling	Motor vehicles	Computer equipment	Right of use asset	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COST										
As at 30 September 2021	2,886	919	1,194	3,770	30	2,707	11	522	2,823	**14,862**
Additions	-	3	3	510	4	88	-	18	648	**1,274**
Disposals	-	-	-	-	-	-	-	(50)	(62)	**(112)**
Revaluation	102	-	-	-	-	-	-	-	-	**102**
Forex on consolidation	-	-	-	13						**13**
As at 30 September 2022	2,988	922	1,197	4,293	34	2,795	11	490	3,409	**16,139**
Additions	70	23	-	360	2	516	22	30	1,262	**2,283**
Disposals	-	-	(919)	(133)	(4)	-	-	(26)	(1,549)	**(2,631)**
Forex on consolidation	-	-	-	(3)	-	-	-	-	-	**(3)**
As at 30 September 2023	3,058	945	278	4,517	32	3,311	33	494	3,122	**15,788**
DEPRECIATION										
As at 30 September 2021	146	921	1,098	1,860	14	2,173	11	443	2,500	**9,166**
Charge for the year	51	1	44	431	8	310	-	43	482	**1,370**
Eliminated on disposal	-	-	-	-	-	-	-	(50)	(62)	**(112)**
Revaluation	(175)	-	-	-	-	-	-	-	-	**(175)**
Forex on consolidation	-	-	-	7	-	-	-	-	-	**7**
As at 30 September 2022	22	922	1,142	2,298	22	2,483	11	436	2,920	**10,256**
Charge for the year	54	1	33	463	8	252	-	32	483	**1,327**
Eliminated on disposal	-	-	(901)	(131)	(4)	-	-	(26)	(1,540)	**(2,601)**
Forex on consolidation	-	-	-	(2)	-	-	-	-	-	**(2)**
As at 30 September 2023	76	923	274	2,628	26	2,735	11	442	1,864	**8,980**
NET BOOK VALUE										
As at 30 September 2021	2,740	(2)	96	1,910	16	534	-	79	323	**5,696**
As at 30 September 2022	2,966	-	55	1,995	12	312	-	54	489	**5,883**
As at 30 September 2023	2,982	22	4	1,886	6	576	22	52	1,258	**6,808**

Depreciation charges are allocated to cost of sales and administrative expenses in the income statement. The carrying value of the right of use asset relates to property leases (£1,157k), computer software (£68k) and plant and equipment assets (£33k).

As at 30 September 2023, freehold property with a carrying value of £2,982k were subject to a fixed and floating charge that forms security for the bank borrowings disclosed in note 18.

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with IAS 16 Property, plant and equipment.

The property was valued using by an independent valuer (G F White LLP) on 25th August 2022. The revaluation of freehold property in the year resulted in a revaluation gain of £238k in the prior period.

Freehold Property	**30 Sep 2023**	30 Sep 2022
	£000	£000
At fair value		
30 September 2022	**2,988**	2,988
Aggregate depreciation thereon	**(54)**	(22)
Net book value	**2,934**	2,966
Historical cost of revalued assets	**2,656**	2,656
Aggregate depreciation thereon	**(499)**	(446)
Historical cost net book value	**2,157**	2,210

13. INVESTMENTS

Subsidiary undertakings of the Group

Details of the investments in which the Group holds 20 per cent or more of the nominal value of any class of share capital are as follows:

	Class of share capital held	By Parent Company	By the Group
Tekmar Limited	Ordinary	100%	100%
Tekmar Holdings Limited	Ordinary	-	100%
Tekmar EBT Limited	Ordinary	-	100%
Subsea Innovation Limited	Ordinary	100%	100%
Tekmar Energy Limited	Ordinary	-	100%
Pipeshield International Limited	Ordinary	100%	100%
Pipeshield Company Limited	Ordinary	-	100%
Pipeshield International Trading LLC	Ordinary	-	100%
Tekmar Polyurethanes Limited	Ordinary	-	100%
Tekmar GmbH	Ordinary	-	100%
AgileTek Engineering Limited	Ordinary	-	100%
Ryder Geotechnical Limited	Ordinary	-	80%
Tekmar Marine Technology Company Limited	Ordinary	-	100%

No non-controlling interest has been recorded in relation to Ryder Geotechnical Limited as this is not material to split out.

All the companies listed above are incorporated in England and Wales, and have a registered address of Innovation House, Centurion Way, Darlington, DL3 0UP with the following exceptions:

Company	Country of Incorporation	Address
Pipeshield International trading LLC	UAE	C2 Al Buttien Building, Office 642
Pipeshield Company Limited	Saudi Arabia	Dammam, KSA, Po Box 130 31952
Tekmar GmbH	Germany	Möllneyer Ufer 17, 45257 Essen, Germany
Tekmar Marine Technology Company Limited	China	Room 301,3F,No.1271 West Beijing Road, Jingan District, Shanghai, China

There are no restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group's subsidiaries. The principal activities of these undertakings for the last relevant financial period were as follows:

Company	Principal activity
Tekmar Limited	Holding of shares in subsidiary companies and the management thereof
Tekmar Holdings Limited	Holding of shares in subsidiary companies and the management thereof
Tekmar EBT Limited	Corporate trustee for an employee benefit trust established to facilitate employee share ownership
Subsea Innovation Limited	Design and manufacture of equipment for the offshore subsea industry
Tekmar Energy Limited	Design and manufacture of subsea protection solutions for use in offshore subsea industry
Pipeshield International Limited	Design and manufacture of subsea asset protection
Pipeshield International trading LLC	Design and manufacture of subsea asset protection
Pipeshield Company Limited	Design and manufacture of subsea asset protection
Tekmar Polyurethanes Limited	Dormant
Tekmar GmbH	Investment
AgileTek Engineering Limited	Engineering consulting for subsea environments
Ryder Geotechnical Limited	Geotechnical consulting for subsea environments
Tekmar Marine Technology Company Limited	Sales and project management for Asia Pacific region

14. INVENTORIES

	30 Sep 2023	30 Sep 2022
	£000	£000
Raw materials	1,489	1,962
Work in Progress	28	1,954
Finished goods	610	707
	2,127	4,623

All inventory items are carried at the lower of cost or net realisable value.

15. TRADE AND OTHER RECEIVABLES

	30 Sep 2022	30 Sep 2021
	£000	£000
Amounts falling due within one year:		
Trade receivables not past due	2,963	2,698
Trade receivables past due (1-30 days)	4,822	1,948
Trade receivables past due (over 30 days)	5,547	3,279
Trade receivables not yet due (retentions)	650	1,620
Trade receivables net	13,982	9,545
Contract assets	4,628	3,194
Other receivables	328	203
Prepayments and accrued income	796	433
	19,734	13,375

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are assessed by management for credit risk and are considered past due when a counterparty has failed to make a payment when that payment was contractually due. Management assesses trade receivables that are past the contracted due date by up to 30 days and by over 30 days.

The carrying amounts of the Group's trade and other receivables are all denominated in GBP, USD, EUR and RMB.

There have been no provisions for impairment against the trade and other receivables noted above. The Group has calculated the expected credit losses to be immaterial.

The group continues to operate in global markets where payment practices surrounding large contracts can be different to those within Europe. The flow of funds on large capital projects within China tend to move only when the windfarm developer approves the completion of the project. The group has a number of trade receivable balances, within its subsidiary based in China, which have been past due for more than 1 year. At 30th September 2024 the value of these overdue trade receivables was £1.4m, of a total outstanding trade receivable balance for the entity of £2.9m, These amounts remain outstanding at the approval of the financial statements. Management have not provided for the trade receivable balance or made a credit loss provision on the basis that previous trading history sets a precedent that these balances will be received. Since 2020, the group has traded in China generating £10.1m of revenue, of which £7.2m has been fully received to date which represents full cash receipt on older projects. The amounts which remain outstanding are from more recent projects and none of the values in trade receivables are in dispute with the customer.

16. CASH AND CASH EQUIVALENTS

	30 Sep 2023 £000	30 Sep 2022 £000
Cash and cash equivalents		
Cash at bank and in hand	5,219	8,496

Cash and cash equivalents were held in the following currencies:

	2023 £000	2022 £000
UK Pound	2,746	6,054
Euro	142	12
US Dollar	1,892	2,420
Other	439	10
	5,219	8,496

17. TRADE AND OTHER PAYABLES

	30 Sep 2023 £000	30 Sep 2022 £000
Current		
Trade payables	4,396	4,181
Tax and social security	312	269
Accruals and contract liabilities	4,661	4,863
Derivative financial liability	29	356
	9,398	9,669

	30 Sep 2023 £000	30 Sep 2022 £000
Non-current		
Accruals and contract liabilities	327	331
	327	331

Trade and other payables are all current and any fair value difference is not material. The derivative financial liability relates to forward foreign currency contracts. Forward currency contracts are revalued using the period end spot rate.

18. BORROWINGS

	30 Sep 2023 £000	30 Sep 2022 £000
Current		
Trade Loan Facility	3,575	3,990
Lease liability	471	208
CBILS Bank Loan	3,000	3,000
	7,046	7198
Non-current		
CBILS Bank Loan	-	-
Lease liability	834	194
	834	194

	2023 £000	2022 £000
Amount repayable		
Within one year	7,049	7,198
In more than one year but less than two years	327	144
In more than two years but less than three years	290	39
In more than three years but less than four years	214	11
In more than four years but less than five years	-	-
	7,880	7,392

The above carrying values of the borrowings equate to the fair values.

	2023 %	2022 %
Average interest rates at the balance sheet date		
Lease liability	5.60	3.25
Trade Loan Facility	7.50	3.75
CBILS Bank Loan	7.50	2.40

The CBILS Bank Loan was renewed in October 2023 and is due for maturity on 31 October 2024, The trade Loan Facility has been renewed post year end and is due for Maturity on 31 July 2024, as described in note 2b.

Lease liability

This represents the lease liability recognised under IFRS 16. The assets leased are shown as a right of use asset within Property, plant and equipment (note 12) and relate to the buildings from which the Group operates, along with leased items of equipment and computer software.

The asset and liability have been calculated using a discount rate between 3.25% and 6% based on the inception date of the lease.

These leases are due to expire between May 2024 and August 2028.

Cash flows from financing activities

An analysis of cash flows from financing activities is provided as follows:

	Lease liabilities £000	Loans & Borrowings £000	Total £000
Balance at 1 April 2020	291	6,052	**6,343**
Changes from financing cashflows			
Proceeds from loans & borrowings	-	907	**907**
Payment of lease liabilities	(562)	-	**(562)**
Total Changes from financing cashflows	**(562)**	907	**345**
Other Changes			
New leases	656	-	**656**
Interest expense	17	31	**48**
Total other changes	674	31	**705**
Balance at 30 September 2022	402	6,990	**7,392**
Balance at 1 October 2022	402	6.990	**7,392**
Changes from financing cash flows			
Proceeds from loans & borrowings	-	11,526	**11,526**
Repayment of Loans & Borrowings		(11,941)	**(11,941)**
Payment of lease liabilities	(414)	-	**(414)**
Total changes from financing cash flows	(414)	(415)	**(829)**
Other changes			
New leases	1,270	-	**1,270**
Interest expense	47	505	**552**
Payment of interest	-	(505)	**(505)**
Total other changes	1,317	-	**1,317**
Balance at 30 September 2023	1,305	6,575	**7,880**

19. PROVISIONS

All provisions are considered current. The carrying amounts and the movements in the provision account are as follows:

	Onerous contracts £000	Total £000
Carrying amount at 1 October 2022	-	**-**
Additional provision	465	**465**
Amounts utilised	-	**-**
Reversals	-	**-**
Carrying amount at 30 September 2023	465	**465**

The provision recognised in the year ending 30 September 2023 is for onerous contracts. The group has assessed that the unavoidable costs of fulfilling the contract obligations exceed the economic benefits expected to be received from the contract. The provision relates to two contracts in the offshore energy division which are expected to be completed in the year ending September 2024.

20. DEFERRED TAX

	30 Sep 2023			30 Sep 2022		
	Asset £000	Liability £000	Net £000	Asset £000	Liability £000	Net £000
At start of year	267	(580)	(313)	405	(530)	(125)
(Charge) / Credit to income statement	135	(336)	(201)	(137)	(9)	(146)
Credit on other comprehensive income	9	2	11	(1)	(41)	(42)
At end of year	411	(914)	(503)	267	(580)	(313)

The deferred tax liability relates to the following:

	30 Sep 2023			30 Sep 2022		
	Asset	Liability	Net	Asset	Liability	Net
Accelerated capital allowances on property, plant & equipment	-	(603)	(603)	-	(265)	(265)
On intangible assets	-	-	-	-	(218)	(218)
On share based payments	190	-	190	45	-	45
Other timing differences	221	(311)	(90)	222	(97)	125
	411	(914)	(503)	267	(580)	(313)

Other timing difference relate to the deferred tax liability arising on the property revaluation.

In addition to the deferred tax liability above, the Group has additional unrecognised gross tax losses of £18,871,000 (2022: £13,742,119), hence an unrecognised deferred tax asset of £4,717,750 (2022: £3,435,780). These assets remain unrecognised as there is expected to be sufficient relief available in the businesses that hold the losses to mean it is unlikely that the losses will be used over the medium term and therefore the benefit derived from them is too uncertain to warrant recognition of an asset.

21. CONTINGENT LIABILITIES

Contingent liabilities are disclosed in the financial statements when a possible obligation exists, the existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable.

As noted by the Group in prior public announcements, there is an emerging industry-wide issue regarding abrasion of legacy cable protection systems installed at off-shore windfarms. The precise cause of the issues are not clear and could be as a result of a number of factors, such as the absence of a second layer of rock to stabilise the cables. The decision not to apply this second layer of rock, which was standard industry practice, was taken by the windfarm developers independently of Tekmar. Tekmar is committed to working with relevant installers and operators, including directly with customers who have highlighted this issue, to investigate further the root cause and assist with identifying potential remedial solutions. This is being done without prejudice and on the basis that Tekmar has consistently denied any responsibility for these issues. However, given these extensive uncertainties and level of variabilities at this early stage of investigations no conclusions can yet be made.

Tekmar have been presented with defect notifications for 10 legacy projects on which it has supplied cable protection systems ("CPS"). These defect notifications have only been received on projects where there was an absence of the second layer of rock traditionally used to stabilise the cables.

At this stage management do not consider that there is a present obligation arising under IAS37 as insufficient evidence is available to identify the overall root cause of the damage to any of the CPS. Independent technical experts have been engaged to determine the root cause of the damage to the CPS, Tekmar have reviewed the assessments and concluded that a present obligation does not exists.

Management acknowledges that there are many complexities with regards to the alleged defects which could lead to a range of possible outcomes. Given the range of possible outcomes, management considers that a possible obligation exists which will only be confirmed by further technical investigation to identify the root cause of alleged CPS failures. As such management has disclosed a contingent liability in the financial statements.

Tekmar has received a further 2 defect notifications in relation to alleged defects with the loosening of VBR fasteners. The precise cause of the issues are not clear and could be as a result of a number of factors, such as the incorrect placing of rock bag shielding and restraint. Tekmar is committed to working with relevant customers, to investigate further the root cause and assist with identifying potential remedial solutions. This is being done without prejudice and on the basis that Tekmar has denied any responsibility for these issues. However, given these extensive uncertainties and level of variabilities at this early stage of investigations no conclusions can yet be made.

At this stage management do not consider that there is a present obligation arising under IAS37 as insufficient evidence is available to identify the overall root cause of the damage to any of the CPS. Independent technical experts have been engaged to determine the root cause of the damage to the CPS and upon completion of these technical assessments, Tekmar will review the assessment as to whether a present obligation exists. Given the range of possible outcomes, management considers that a possible obligation exists which will only be confirmed by further technical investigation to identify the root cause of alleged CPS failures. As such management has disclosed a contingent liability in the financial statements.

Management acknowledges that there are many complexities with regards to the alleged defects which could lead to a range of possible outcomes. Given the range of possible outcomes, management considers that determining whether a possible obligation exists, can only be confirmed by further technical investigation to identify the root cause of alleged CPS failures. As such management has disclosed a contingent liability in the financial statements.

Tekmar has received a further defect notification in relation to incorrect coating specification on 1 historic project. This defect notification is in relation to units which had not yet been installed and have been recoated post year end at no cost to Tekmar. There are a number of units which have been installed in relation to the same legacy project which may have the incorrect coating specification. At this stage management do not consider that there is a present obligation arising under IAS37 as insufficient evidence is available to identify whether any unresolved defects exist. Given the range of possible outcomes, management considers that determining whether a possible obligation exists, can only be confirmed by further technical investigation to identify any further units which have may not have been coated to the correct specification. As such management has disclosed a contingent liability in the financial statements.

Tekmar Group plc has taken exemption under IAS37, Paragraph 92 to not disclose information on the range of financial outcomes, uncertainties in relation to timing and any potential reimbursement as this could prejudice seriously the position of the entity in a dispute with other parties on the subject matter as a result of the early stage of discussions.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

The Group uses various financial instruments. These have historically included cash, forward foreign exchange contracts, issued equity instruments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments are to raise finance for the Group's operations.
The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. The Group's policies for managing interest rate risk are set out in the subsection entitled "interest rate risk" below.

Currency risk

The Group contracts with certain customers in Euros, US dollars, Canadian Dollars and Chinese Yuan. It manages this foreign currency risk using forward foreign exchange contracts and foreign currency options which match the expected receipt of foreign currency income. At 30 September 2023 this covers the period up to October 2024 (As at 30 September 2022 the period to April 2023).

The table below shows the impact in GBP to the profit & Loss account and net assets of the Group (excluding any changes in the fair value of derivatives) if there had been a 5% difference in the year end exchange rates:

At 30 September 2023	Eur	USD	QAR	AED	SAR	RMB	Total
	£000	£000	£000	£000	£000	£000	£000
+5%	(215)	(289)	21	5	1	(263)	(740)
-5%	163	319	(23)	(5)	291	(1)	744

At 30 September 2022	Eur	USD	SAR	AED	SAR	RMB	Total
	£000	£000	£000	£000	£000	£000	£000
+5%	(71)	(186)	13	(1)	-	(163)	(408)
-5%	33	206	(14)	1	-	181	407

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

The Group policy throughout the period has been to ensure continuity of funding. Short-term flexibility is achieved by bank loan facilities.

The table below analyses the Group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 September 2023	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Borrowings	6,575	-	-	-
Lease Obligations	474	327	290	214
Trade and other payables	4,181	-	-	-

At 30 September 2022	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Borrowings	6,990	-	-	-
Lease Obligations	208	144	39	10
Trade and other payables	4,859	-	-	-

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Directors' policy to manage interest rate fluctuations is to regularly review the costs of capital and the risks associated with each class of capital, and to maintain an appropriate mix between fixed and floating rate borrowings.

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on any trade receivables balance at each annual reporting date.

In addition, the Group does not hold any collateral relating to other financial assets (eg derivative assets, cash and cash equivalents held with banks) at each annual reporting date.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

The Directors consider that the Group's trade receivables were not impaired for the year ended 30 September 2023 or 30 September 2022 and no provision for credit losses was made. See note 3 for critical accounting estimates made regarding credit loss provisions and note 15 for further information on financial assets that are past due.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2022	2021
	£000	£000
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	19,807	12,942
Cash and cash equivalents	5,219	8,496
	25,026	21,438
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Forward foreign exchange contracts	(29)	(356)
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings	(834)	(194)
Current:		
Borrowings	(7,046)	(7,198)
Trade payables	(4,859)	(4,181)
	(12,768)	(11,929)
Net financial assets and liabilities	12,258	9,509

Financial instruments carried at fair value include forward foreign exchange contracts which are valued using Level 2 inputs in accordance with IFRS 13.

Capital risk management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the Board based on the requirements of the business. Capital for the reporting period under review is shown as total equity in the table above.

23. SHARE CAPITAL

Nominal value	Ordinary shares £0.01 Number	Ordinary Share Total £
At 30 September 2021	51,608,603	516,086
Issued during the period	9,351,631	93,516
At 30 September 2022	60,960,234	609,602
Issued during the period	75,112,392	751,124
At 30 September 2023	136,072,626	1,360,726

The new shares issued during the period arose from the exercise of share options (35,760 shares) (see Note 2 5). The nominal value of these shares £357.60 were not fully paid at year end, all other shares issued have been fully paid.

4,111,548 shares were issued during 2023 relating to share-based payments (see Note 25 for details on the Group's share-based employee remuneration programmes). These shares were issued for £0.09 per share.

The Group issued 71,000,844 shares on 19th April 2023, corresponding to 52% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of Tekmar Group Plc. These shares were issued for £0.09 per share.

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of related tax benefits. The value of new shares charged to equity amounted to £5,300,000 (2022: £ Nil). The costs associated with with the issue of new shares amounted to £1,141,593 and has been accounted for as a deduction to share premium.

24. RELATED PARTY TRANSACTIONS

The Directors consider there to be no ultimate controlling party following Admission in June 2018.

SCF – IX, L.P hold 32.1% shareholding in Tekmar Group PLC and are considered by the directors to be a Person with significant control through ownership of more than 25% but not more than 50% of the ordinary share capital and voting rights.

Related party transactions with the Company are as follows:

During the period, Tekmar Group PLC procured entertainment events from Sport2Group Limited, a business which Alasdair Macdonald is a director. Costs relating to this purchase during the period were £24,000 (2022: £Nil). No amounts were due at the period end.

Key management compensation is given in note 5 (b), this includes remuneration to S Lockard and C Welsh who are partners of SCF – IX LP.

25. SHARE BASED PAYMENTS

During the year the Group operated four equity-settled share-based payment plans as described below.

The Tekmar Group plc IPO Plan ("IPO Plan")

As part of the admission to trading on AIM in June 2018, the Group granted a total of 1,750,000 share options to key executives. All of the options granted are subject to service conditions, being continued employment with the Group until the end of the vesting period. The options include certain performance conditions which must be met, based upon earnings per share and total shareholder return targets for the financial year ending March 2020. The awards became exercisable on 20 June 2020 to the extent that the performance conditions have been satisfied. The options were granted with an exercise price equal to the nominal value of the share (£0.01).

The Tekmar Group plc Long Term Incentive Plan ("LTIP")

The LTIP is a discretionary executive share plan under which the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees nil or nominal cost options, options with a market value exercise price, conditional or restricted awards. All employees are eligible for selection to participate in the plan.

The Tekmar Group plc Retention Plan ("Retention")

The retention is a discretionary executive share plan under which the Board may, within certain limits and subject to any applicable service conditions, grant to eligible employees nil or nominal cost options, options with a market value exercise price, conditional or restricted awards. All employees are eligible for selection to participate in the plan.

The Tekmar Group plc Share Incentive Plan ("SIP")

The SIP is an all-employee ownership plan under which eligible employees may be awarded free and/or matching shares. The SIP operates through a UK-resident trust (the "SIP Trust"). On 13 September 2018 the Company issued 42,691 shares of £0.01 each in the Company. The shares will be held in trust for a minimum holding period of 3 years and there is a forfeiture period of 3 years during which employees who participated in the SIP will lose their Award if they resign or are dismissed from their employment.

On 15 September 2021 the Company issued 241,376 shares of £0.01 each in the Company. The shares will be held in trust for a minimum holding period of 3 years and there is a forfeiture period of 3 years during which employees who participated in the SIP will lose their Award if they resign or are dismissed from their employment.

The Tekmar Group plc Save as you earn Plan ("SAYE")

The SAYE is an all-employee ownership plan under which eligible employees are invited to subscribe for options over the Company's shares which may be granted at a discount of up to 20%. On 31 March 2021 the Company launched the a further SAYE plan (SAYE 2021) and options over 190,252 shares were granted to 52 staff. There is a forfeiture period of 3 years during which employees who participated in the SAYE will lose their award if they resign or are dismissed from their employment. On 31 March 2022 the Company launched the a further SAYE plan (SAYE 2022) and options over 550,393 shares were granted to 21 staff.

On 31 March 2023 the Company launched a further SAYE plan (SAYE 2023) and options over 3,306,238 shares were granted to 43 staff. There is a forfeiture period of 3 years during which employees who participated in the SAYE will lose their award if they resign or are dismissed from their employment.

The Tekmar Group plc Management shares awarded

Tekmar Group PLC awarded 4,075,788 shares to senior management team members in settlement of annual bonuses. These share awards have been accounted for as share based payments under IFRS2.

Plan	1 October 2022	Granted in the period	Exercised in the period	Lapsed in the period	30 September 2023 share options outstanding	Vesting period	Exercise period
IPO Plan	**-**	**-**	**-**	**-**	**-**	**2 years**	**10 years**
SIP	**53,589**	**-**	**-**	**(25,000)**	**28,589**	**3 years**	**10 years**
SAYE	**481,410**	**3,306,238**	**-**	**(342,174)**	**3,445,474**	**3 years**	**10 years**
Retention	**27,833**	**-**	**(10,760)**	**-**	**17,073**	**3 Years**	**10 Years**
LTIP	**-**	**4,819,666**	**-**	**(590,763)**	**4,228,903**	**3 Years**	**10 Years**
Management Award	**-**	**4,075,788**	**(4,075,788)**	**-**	**-**	**Nil**	**Nil**

Plan	1 October 2021	Granted in the period	Exercised in the period	Lapsed in the period	30 September 2022 share options outstanding	Vesting period	Exercise period
IPO Plan	**181,250**	**-**	**(118,750)**	**(62,500)**	**-**	**2 years**	**10 years**
SIP	**53,589**	**-**	**-**		**53,589**	**3 years**	**10 years**
SAYE	**432,520**	**550,393**	**-**	**(501,503)**	**481,410**	**3 years**	**10 years**
Retention	**27,833**	**-**	**-**	**-**	**27,833**	**3 Years**	**10 Years**
LTIP	**415,760**	**-**	**-**	**(415,760)**	**-**	**3 Years**	**10 Years**
Retention	-	225,000	(43,042)	(154,125)	27,833	3 Years	10 Years
LTIP	-	1,294,010	-	(878,250)	415,760	3 Years	10 Years

The weighted average share price at the date of exercise for share options exercised during the year was £0.09 (2022: £0.48).

The schemes had a weighted average remaining contractual life as follows:

Plan	2023	2022
IPO Plan	**6 Years**	**6 Years**
SIP	**6 Years**	**6 Years**
SAYE	**8 Years**	**8 Years**
Retention	**8 Years**	**8 Years**
LTIP	**8 Years**	**8 Years**

The Group has recognised a total expense of £658,427 (2022: £103,000 credit) in respect of equity-settled share-based payment transactions in the period ended 30 September 2023. The share-based payment transactions for the IPO options, management award options have been treated as an adjusted Item in the profit and loss account when calculating Adjusted EBITDA. These transactions account for a £508,000 (2022: Nil) in the year to 30 September 2023. The remaining share based payment transactions are treated as administrative expenses £151,000 (202 2: £103,000 credit).

Valuation model inputs
The key inputs to the Black-Scholes-Merton and Monte Carlo simulation models for the purposes of estimating the fair values of the share options granted in the year are as follows:

Plan	IPO Plan	SIP	SAYE20	SAYE21	SAYE22	Retention	LTIP
Grant Date	13/09/18	31/03/20	31/03/21	31/3/22	31/03/23	22/08/20	20/04/23
Share price at grant date (P)	161.5	83	63.75	37.50	8.5	108	10.5
Expiry Date	13/09/28	31/03/30	31/03/31	31/03/32	31/03/33	22/08/30	20/04/23
Exercise price (P)	1.00	78.00	50.20	30.0	6.80	1.00	1.00
Expected Volatility (%)	44.02	45.02	78.95	45.67	165.50	53.85	165.71
Risk-free rate (%)	2.0 %	2.0 %	2.0 %	2.0%	2.0%	2.0 %	2.0 %
Expectation of meeting performance criteria	80%	100%	85%	75%	61%	100%	85%

26. POST BALANCE SHEET EVENTS

There has been no events after the reporting date that require adjustment in line with IAS10 events after the reporting period to the date of the approval of these financial statements.

On 13th November 2023, the group purchased a further 200 shares in Ryder Geotechnical limited representing the remaining 20 per cent of share capital for £200,000. The group now owns 100 per cent of the share capital of Ryder Geotechnical limited. There are no non-controlling interests.

Parent company balance sheet as at 30 September 2023

	Note	30 September 2022	30 September 2021
		£000	£000
Non-current assets			
Property, plant and equipment	4	35	46
Investments	3	26,804	32,325
Deferred tax assets		112	5
Trade and other receivables	5	15,869	15,869
Total non-current assets		42,820	48,245
Current assets			
Trade and other receivables	5	9,481	5,946
Cash at bank and in hand		1,425	2,702
Total current assets		10,906	8,648
Total assets		**53,726**	**56,893**
Equity and liabilities			
Share capital		1,361	609
Share premium		72,201	67,652
Merger relief reserve		1,738	1,738
Retained earnings		(29,295)	(21,275)
Total equity		**46,005**	**48,724**
Current liabilities			
Other loans and borrowings	6	6,586	7,003
Trade and other payables	7	1,112	1,133
Total current liabilities		**7,698**	**8,136**
Non-current liabilities	**6**		
Other loans and borrowings		**23**	**3,052**
Total non-current liabilities		23	3,052
Total equity and liabilities		**53,726**	**56,893**

Parent Company profit and loss account
The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the period was £8.537m (2022 Restated: £6.108m).

The Parent Company financial statements were approved by the Board of Directors on 3 March 2024 and were signed on its behalf by:

Leanne Wilkinson
Chief Financial Officer
Company registered number: 11383143

Parent company statement of changes in equity for the year ended 30 September 2023

	Share capital £000	Share premium £000	Merger relief reserve £000	Retained earnings £000	Total equity £000
Balance at 1 October 2021	**516**	**64,097**	**1,738**	**(15,076)**	**51,275**
Loss for the year	-	-	-	(6,108)	**(6,108)**
Total comprehensive expense for the year	**-**	**-**	**-**	(6,108)	**(6,108)**
Issue of shares	93	3,555	-	-	3,648
Share based payments	-	-	-	(91)	(91)
Total transactions with owners, recognised directly in equity	**93**	**3,555**	**-**	**(91)**	**3,557**
Balance at 30 September 2022	**609**	**67,652**	**1,738**	**(21,275)**	**48,724**
Loss for the period	-	-	-	(8,537)	**(8,537)**
Total comprehensive expense for the period	**-**	**-**	**-**	(8,537)	**(8,537)**
Issue of shares	752	4,549	-	-	5,301
Share based payments	-	-	-	517	517
Total transactions with owners, recognised directly in equity	**752**	**4,549**	**-**	**517**	**5,817**
Balance at 30 September 2023	**1,361**	**72,201**	**1,738**	**(29,295)**	**46,005**

Notes to the parent company financial statements for the year ended 30 September 2023

1. SIGNIFICANT ACCOUNTING POLICIES
The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

Basis of preparation
Tekmar Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Innovation House, Centurion Way, Darlington, DL3 0UP. The registered company number is 11383143.

The principal activity of the Company and its subsidiaries (together the "Group") is that of design, manufacture and supply of subsea cable, umbilical and flexible protection systems operating across the Offshore Wind, Oil & Gas and other energy sectors, including associated subsea engineering services.

Reporting framework
The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"), on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK. The principal accounting policies are set out below.

The following exemptions from the requirements in IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1 "Presentation of Financial Statements"
  - o 10(d) (statement of cash flows);
  - o 16 (statement of compliance with all IFRS);
  - o 111 (cash flow statement information); and
  - o 134-136 (capital management disclosures)
- IFRS 7 "Financial Instruments : Disclosures";
- IAS 7 "Statement of Cash Flows";
- IAS 24 (paragraphs 17 and 18a) "Related Party Disclosures" (key management compensation); and
- IAS 24 "Related Party Disclosures" – the requirement to disclose related party transactions between two or more members of a group.
- IAS 8.30 – the requirement to disclose accounting standards issued but not effective

As the Group financial statements include the equivalent disclosures, the Company has taken the exemptions available under FRS 101 in respect of the following disclosures;
- IFRS 2 "Share-based Payments" in respect of Group settled equity share-based payments; and
- Certain disclosures required by IFRS 13 "Fair Value Measurement" and disclosures required by IFRS 7 "Financial Instruments : Disclosures"

Parent Company profit and loss account
The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the period was £8,537m (2022: £6.108m).

Dividend distribution
The distribution of a dividend to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which it is approved by the Company's shareholders.

Investment in subsidiary undertakings
Investments in Group undertakings are stated at cost, unless their value has been impaired in which case they are valued at their recoverable amount.

Deferred taxation
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-based payments
The Group operates equity-settled share-based remuneration plans for certain employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

The fair value determined at the grant date of equity-settled share-based payments issued to employees of subsidiary undertakings is recognised as an addition to the cost of investment in subsidiary undertakings on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Employer social security contributions payable in connection with the grant of share awards are considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Financial assets
Classification
The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at the transaction price, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. Loans and receivables comprise mainly trade and other receivables, including amounts owed by related entities.

Impairment of financial assets
A loss allowance for expected credit losses on trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that will result from all possible default events over the expected life of a financial instrument. This assessment is performed on a collective basis considering forward-looking information. The Group considers a financial asset to be in default when the receivable is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held).

Financial liabilities
The Company initially recognises its financial liabilities at fair value net of transaction costs where applicable and subsequently they are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables, amounts owed to Group undertakings, other liabilities and accruals and are initially recognised at fair value, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other liabilities include payments in advance from customers. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Critical accounting estimates
The preparation of the Parent Company financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the Group financial statements.

(a) Critical accounting estimates
Impairment of investments
The carrying amount of the company's investments in subsidiaries for the prior year have been restated following the identification of a prior period error.

During 2023, the Company discovered that the impairment of investments model did not give consideration to the repayment of intercompany loans, working capital and the utilisation of tax losses between Tekmar Limited and Tekmar Group PLC. If the correct assumptions had been applied to the prior year model an impairment charge of £4,690,000 would have been recognised. The prior period error has been corrected inline with IAS8, see note 11 for further details. The carrying amount of the Company's investments in subsidiaries £26,804,000 as at 30 September 2023 (2022: £32,325,000 Restated). The Directors have carried out an impairment review in accordance with the accounting policies. The forecast cash generation for each Cash Generating Unit ("CGU") and the Weighted Average Cost of Capital ("WACC") represent significant assumptions.

The cash flows are based on a four year forecast with a compound average growth rate over the 4 year period of 13.5%. Subsequent years are based on a reduced growth rate of 2.0% into perpetuity. The cashflows are adjusted for the repayment of intercompany loans, working capital and the utilisation of tax losses between Tekmar Limited and Tekmar Group PLC.

The discount rate used was the Group's pre-tax WACC of 15.5%.

The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate sufficient headroom for the investments in Subsea Innovations Limited and Pipeshield International Limited and therefore do not give rise to impairment concerns.

The value in use calculations described above for Tekmar Limited indicated that the recoverable amount was below the carrying value at the period-end by £5,673,000. As a result, an impairment charge of £5,673,000 has been recognised in FY23.

The value in use calculations have a range of assumptions, which if changed would lead to a change in the impairment charge recognised. To assess these changes management have run a model which sensitises the assumption on EBITDA generated in the investment in Tekmar Limited. Management believes that Tekmar energy limited and Ryder Geotechnical Limited , which form the basis of the cashflows in Tekmar limited will grow faster than market rates in FY24 and FY25 due to contract visibility, however if the revenues generated only grow inline with market CAGR of 16% for the forecast period, the impairment charge in Tekmar Limited would increase by £10,902,000.

Management has considered the most likely worst-case scenario in the Pipeshield business to be to be a reduction in free cashflows to 80% of the base case. Under this sensitivity test sufficient headroom was available to support the carrying value of the investment in Pipeshield.

2. REMUNERATION OF DIRECTORS AND AUDITORS

Details of Directors' remuneration are shown in the Directors' Remuneration Report on page 99 of the Group financial statements. Details of auditor remuneration are shown in note 8 of the Group financial statements.

3. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	30 Sep 2023 £000	30 Sep 2022 £000
Investment in subsidiaries at 01 October 2022	32,325	37,095
Impairment of investment	(5,673)	(4,690)
Additions (Capital contribution in relation to share based payments)	152	(80)
Investment in subsidiaries at 30 September 2023	**26,804**	**32,325**

TThe carrying amount of the company's investments in subsidiaries for the prior year have been restated following the identification of a prior period error.

During 2023, the Company discovered that the impairment of investments model did not give consideration to the repayment of intercompany loans, working capital and the utilisation of tax losses between Tekmar Limited and Tekmar Group PLC. If the correct assumptions had been applied to the prior year model an impairment charge of £4,690,000 would have been recognised. The prior period error has been corrected inline with IAS8, see note 11 for further details.

The carrying amount of the Company's investments in subsidiaries £26,804,000 as at 30 September 2023 (2022: £32,325,000 Restated). The Directors have carried out an impairment review in accordance with the accounting policies. The forecast cash generation for each Cash Generating Unit ("CGU") and the Weighted Average Cost of Capital ("WACC") represent significant assumptions.

The cash flows are based on a four year forecast with a compound average growth rate over the 4 year period of 13.5%. Subsequent years are based on a reduced growth rate of 2.0% into perpetuity.

The discount rate used was the Group's pre-tax WACC of 15.5%.

The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate sufficient headroom for the investments in Subsea Innovations Limited and Pipeshield International Limited and therefore do not give rise to impairment concerns.

The value in use calculations described above for Tekmar Limited indicated that the recoverable amount was below the carrying value at the period-end by £5,673,000. As a result, an impairment charge of £5,673,000 has been recognised in FY23.

The value in use calculations have a range of assumptions, which if changed would lead to a change in the impairment charge recognised. To assess these changes management have run a model which sensitises the assumption on EBITDA generated in the investment in Tekmar limited. Management believes that Tekmar energy limited and Ryder geotechnical limited, which form the basis of the cashflows in Tekmar limited will grow faster than market rates in FY24 and FY25 due to contract visibility, however if the revenues generated only grow inline with market CAGR of 16% for the forecast period, the impairment charge in Tekmar Limited would increase by £10,902,000 .

Management has considered the most likely worst-case scenario in the Pipeshield business to be to be a reduction in free cashflows to 80% of the base case. Under this sensitivity test sufficient headroom was available to support the carrying value of the investment in Pipeshield.

	Class of share capital held	By Parent Company	Carrying Value FY22	Carrying Value FY21 Restated
Tekmar Limited	Ordinary	100%	17,430	23,038
Subsea Innovation Limited	Ordinary	100%	2,124	2,113
Pipeshield International Limited	Ordinary	100%	7,250	7,174
Total			**26,804**	**32,325**

All the companies listed above are incorporated in England and Wales and have a registered address of Innovation House, Centurion Way Darlington DL3 0UP. There are no restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group's subsidiaries. The principal activities of these undertakings for the last relevant financial period were as follows:

Company	Principal activity
Tekmar Limited	Holding of shares in subsidiary companies and the management thereof
Subsea Innovation Limited	Design and manufacture of equipment for the offshore subsea industry
Pipeshield International Limited	Design and manufacture of subsea asset protection

4. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles £000	Total £000
COST		
As at 1 October 2021	-	-
Additions	46	46
As at 30 September 2022	46	46
Additions	-	-
As at 30 September 2023	46	46
DEPRECIATION		
As at 1 October 2021	-	-
Charge for the year	-	-
As at 30 September 2022	-	-
Charge for the period	11	11
As at 30 September 2023	11	11
NET BOOK VALUE		
As at 30 September 2021	-	-
As at 30 September 2022	46	46
As at 30 September 2023	35	35

5. TRADE AND OTHER RECEIVABLES

	2023 £000	2022 £000
Amounts owed by Group undertakings – non-current	15,869	15,869
Amounts owed by Group undertakings – current	9,410	5,912
Prepayments and accrued income – current	71	34
Total - Current	9,481	5,946
	25,350	21,815

All of the amounts owed by Group undertakings shown above are repayable on demand and attract interest at rates between 0% and 3%. No expected credit losses are recognised on intercompany receivables as historically no balances have been defaulted on.

6. BORROWINGS

	2023	2022
	£000	£000
Current		
Trade Loan Facility	3,575	3,990
Finance lease	11	13
CBILS Loan Facility	3,000	3,000
	6, 586	**7,003**
Non-current		
CBILS Loan Facility	-	-
Finance lease	23	33
	23	**33**

	2023	2022
	£000	£000
Amount repayable		
Within one year	6 ,586	7,003
In more than one year but less than two years	23	33
	6,609	**7,036**

The above carrying values of the borrowings equate to the fair values. The trade loan facility is provided at interest rate of 2% over base rate pa and is available to the Company until 31 July 2024. The CBILS loan facility is provided at interest rate of 2% over base rate pa and is available to the Company until 31 October 2024.

Finance leases related to electric vehicles purchased as part of an employee benefit scheme. These have been discounted at a rate of 3.25%.

7. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £000	2022 £000
Trade payables	243	49
Amounts due to group undertakings	393	758
Other taxation and social security	99	53
Accruals and deferred income	377	273
	1,112	1,133

8. SHARE CAPITAL

Details of movements in shares are set out in note 23 to the Group financial statements.

9. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in IAS 24 'Related Party Disclosures' not to disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a Group whose accounts are publicly available.

Directors' transactions

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Report.

10. SHARE-BASED PAYMENTS

The Company operates a number of share option arrangements for key executives and employees, further details of which can be found in note 25 to the Group financial statements. Further details of the arrangements for senior executives can be found in the Directors' Remuneration Report in the Group financial statements.

The Company recognised total expense of £486,036 in respect of the equity-settled share-based payment transactions in the period ended 30 September 2023 (2022: £11,636).

11. CORRECTION OF MATERIAL PRIOR PERIOD ERRORS

During 2023, the Company discovered that the impairment of investments model did not give consideration to the repayment of intercompany loans, working capital and the utilisation of tax losses between Tekmar Limited and Tekmar Group PLC. If the correct assumptions had been applied to the prior year model an impairment charge of £4,690,000 would have been recognised.

As a consequence, the carrying value of investments have been overstated in the prior period. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Parent Company's financial statements:

	30 September 2022 Previously reported	Adjustments	30 September 2022 Restated
	£000	£000	£000
Non-current assets			
Property, Plant and equipment	46	-	46
Investments	37,015	(4,690)	32,325
Deferred tax assets	5	-	5
Trade and other receivables	15,869	-	15,869
Total non-current assets	**52,935**	**(4,690)**	**48,245**
Current assets			
Trade and other receivables	5,946	-	5,946
Cash at bank and in hand	2,702	-	2,702
Total current assets	8,648	-	8,648
Total assets	**61,583**	**(4,690)**	**56,893**
Equity and liabilities			
Share capital	609	-	609
Share premium	67,652	-	67,652
Merger relief reserve	1,738	-	1,738
Retained earnings	(16,585)	(4,690)	(21,275))
Total equity	**53,414**	**(4,690)**	**48,724**
Current liabilities			
Other loans and borrowings	**7,003**	**-**	**7,003**
Trade and other payables	**1,133**	**-**	**1,133**
Total current liabilities	**8,136**	**-**	**8,136**
Non-current liabilities			
Other loans and borrowings	**33**	**-**	**33**
Total non-current liabilities	**33**		**33**
Total equity and liabilities	**61,583**	**(4,690)**	**56,893**

The loss for the prior year has been restated as a result of the impairment of investments from £1,418k loss to £6,108k loss.

	Retained earnings Previously Reported	Total Equity Previously Reported	Adjustments to retained earnings & total equity	Retained Earnings (Restated)	Total Equity (Restated)
				£000	£000
Balance at 1 October 2021	(15,076)	51,275	-	(15,076)	51,275
Loss for the year	(1,418)	(1,418)	(4,690)	(6,108)	(6,108)
Total comprehensive expense for the year	(1,418)	(1,418)	(4,690)	(6,108)	(6,108)
Issue of shares	-	3,648	-	-	3,648
Share based payments	(91)	(91)	-	(91)	(91)
Total transactions with owners, recognised directly in equity	(91)	3,557	-	(91)	3,557
Balance at 30 September 2022	(16,584)	44,034	(4,690)	(21,275)	48,724

12. POST BALANCE SHEET EVENTS

There has been no events after the reporting date that require adjustment or disclosure in line with IAS10 events after the reporting period to the date of the approval of these financial statements.

Annual General Meeting

The AGM will be held at 10:30 on 27 March 2024 at Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4BF. The Notice of Meeting will be separately distributed to shareholders.

Advisors

Nominated Adviser and Joint Broker
Singer Capital Markets
1 Bartholomew Lane
London
EC2N 2AX
United Kingdom

Joint Brokers
Joh. Berenberg, Gossler & Co. KG,
London Branch
60 Threadneedle Street
London EC2R 8HP

Legal Advisers to the Company
Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne NE1 4BF

Auditors
Grant Thornton
No 1 Whitehall Riverside
Leeds
LS1 4BN

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing Business Park
West Sussex BN99 6DA

Investor Relations & PR Advisers to the Company
Bamburgh Capital Limited
10th Floor, Chancery Place
50 Brown Street
Manchester
M2 2JT

Financial calendar

27 March 2024 - Annual General Meeting

Glossary

Adjusted EBITDA earnings before interest, tax, depreciation and amortisation, and non-recurring and exceptional items

Admission the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies

AIM the AIM market of the London Stock Exchange

Board the board of Directors of the Company

CAGR Compounded Annual Growth Rate

CBILS Coronavirus Business Interruption Loan Scheme

CFD Contracts for Difference

CGU Cash Generating Unit

CPS Cable Protection System

EEA European Economic Area

EIP Executive Incentive Plan

ESG Environmental, Social, and Governance

EU European Union

FCA or **Financial Conduct Authority** the Financial Conduct Authority of the United Kingdom

FID Final Investment Decision

FRC Financial Reporting Council

FY Financial Year

Group means the Company and its subsidiaries

GW Gigawatt, a unit of power

IFRS International Financial Reporting Standards

IPO Initial Public Offering

ISA International Standards on Auditing

LCOE Levelised Cost of Energy
LTIP Long Term Incentive Plan

QCA the Quoted Companies Alliance

QCA Code the QCA Corporate Governance Code published in 2018

SAYE Sharesave plan

SDG Sustainable Development Goals

SECR Streamlined Energy and Carbon Reporting

SIP Share Incentive Plan

TRL Technology Readiness Level

UKEF UK Export Finance

Innovation House
Centurion Way
Darlington
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United Kingdom

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