

Company Registration No. 02979872 (England and Wales)

CLIMATE IMPACT PARTNERS EUROPE LIMITED
REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023



CLIMATE IMPACT PARTNERS EUROPE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | S Hickok S Teo |
| Company number | 02979872 |
| Registered office | 112 Magdalen Road Oxford OX4 1RQ United Kingdom |
| Accountants | RSM UK Tax and Accounting Limited Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG |

CLIMATE IMPACT PARTNERS EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023. Comparative figures in these financial statements cover the 15-month period from 1 January 2021 to 31 March 2022.

Review of the business

ClimateCare Impact Partners Europe Limited ('the company') helped create the voluntary carbon market and pioneered carbon finance for community development projects. The company continues to develop award-winning carbon reduction projects and delivers some of the largest voluntary carbon offsetting programmes in the world. It is considered a leading profit-with-purpose business.

The company works with leading corporates, NGO's and governments to solve complex climate and sustainability issues on their journey to Net Zero and beyond.

The company has played a critical role in the delivery of record results for the ClimateCare Holdings Limited group of companies.

The company's performance and results were strong for the year ended 31 March 2023, with turnover of £34.6m (15-month period to 31 March 2022 - £40.7m), gross profit of £10.2m (15-month period to 31 March 2022 - £16.0m, as restated) and operating profit of £8.0m (15-month period to 31 March 2022 - £11.1m).

Gross profit margin fell to 29.5% (2022 - 39.3%, as restated), reflecting the impact of increased competition in the sector. Comparative gross margin was restated to reclassify commissions of £0.9m from administrative expenses to cost of sales on the grounds that this more fairly reflects the nature of the underlying costs.

The company ended the year with net assets of £17.6m (2022 - £11.1m) including cash of £8.0m (2022 - £10.9m). Stocks fell to £5.1m (2022 - £8.2m) reflecting higher sales of existing stock and lower levels of new stock purchases in the fourth quarter. Total debtors increased from £5.2m to £16.1m principally reflecting changes in intercompany funding arrangements following a group refinancing during the year.

Principal risks and uncertainties

The principal risk and uncertainty could be any slowdown in the voluntary carbon market, however this possibility is considered to be remote as leading corporates, NGO's and governments are increasingly seeking to demonstrate climate action. The voluntary offset market is competitive, however the company holds a strong position in the voluntary offset market.

Going concern

The company is a member of the ClimateCare Holdings Limited group of companies and is party to the group's banking facilities which provide ongoing financial support. Because of the interlinked nature of the arrangements with its ultimate parent and the other companies in the group, in order to assess the going concern assumption of this company, detailed consideration has been undertaken at a group level, and group support has been confirmed as available for a period of at least 12 months from the date of approval of these financial statements.

In assessing going concern the directors have considered and modelled detailed monthly profit and loss and cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. In making the assessment the directors have considered any relevant macroeconomic and geopolitical factors. The directors have taken this into account in their assessment of going concern and the forecasting of future sales, profitability, and cashflow.

The directors are confident that the group holds sufficient cash reserves to meet its liabilities as they fall due for at least 12 months from approval of these financial statements, and therefore these financial statements have been prepared on a going concern basis.

On behalf of the board



.....
S Teo
Director

Date: 03/08/23
.....

CLIMATE IMPACT PARTNERS EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023. Comparative figures in these financial statements cover the 15-month period from 1 January 2021 to 31 March 2022.

Principal activities

The principal activity of the company continued to be that of the provision of carbon reduction services. Further details are given in the strategic report.

Results and dividends

The results for the year are set out on page 4. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-----------|-----------------------------|
| E Bennett | (Resigned 2 February 2023) |
| E Doyle | (Resigned 24 February 2023) |
| C Patton | (Resigned 22 November 2022) |
| S Hickok | (Appointed 2 February 2023) |
| S Teo | (Appointed 2 February 2023) |

Future developments

There are no plans to change the nature of the company's activities in the foreseeable future.

Matters included in the strategic report

As permitted by the Companies Act 2006, s. 414C(11) the directors have chosen to set out in the company's strategic report certain information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. They have done so in respect of financial risk management.

On behalf of the board



.....
S Teo
Director

Date: 03/08/23
.....

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF CLIMATE IMPACT PARTNERS EUROPE LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of Climate Impact Partners Europe Limited which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Climate Impact Partners Europe Limited, as a body, in accordance with the terms of our engagement letter dated 27 April 2023. Our work has been undertaken solely to prepare for your approval the financial statements of Climate Impact Partners Europe Limited and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Climate Impact Partners Europe Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Climate Impact Partners Europe Limited under the Act. You consider that Climate Impact Partners Europe Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Climate Impact Partners Europe Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Malcolm Proust

RSM UK Tax and Accounting Limited
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

03/08/23
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CLIMATE IMPACT PARTNERS EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

| | | Year ended 31 March 2023 | Period ended 31 March 2022 as restated |
|--|-------|-----------------------------------|--|
| | Notes | £ | £ |
| Turnover | 3 | 34,637,625 | 40,729,553 |
| Cost of sales | | (24,406,303) | (24,729,782) |
| Gross profit | | 10,231,322 | 15,999,771 |
| Administrative expenses | | (2,237,417) | (4,857,450) |
| Other operating income | | 481 | - |
| Operating profit | 6 | 7,994,386 | 11,142,321 |
| Interest receivable and similar income | 7 | 21,115 | 486 |
| Interest payable and similar expenses | 8 | - | (41,083) |
| Profit before taxation | | 8,015,501 | 11,101,724 |
| Tax on profit | 9 | (1,467,867) | (2,167,087) |
| Profit for the financial year | | 6,547,634 | 8,934,637 |

In the comparative period, administrative expenses have been restated to reclassify commissions of £998,338 to cost of sales on the grounds that this more fairly reflects the nature of the underlying costs. The reclassification has no net impact on operating profit as previously reported for the year ended 31 March 2022. In the current year, the equivalent commissions figure is £327,942.

CLIMATE IMPACT PARTNERS EUROPE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**


| | | 2023 | | 2022 | |
|--|--------------|-------------------|----------|-------------------|----------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 10 | 112,474 | | 14,077 | |
| Tangible assets | 11 | 2,860 | | 6,819 | |
| | | <u>115,334</u> | | <u>20,896</u> | |
| Current assets | | | | | |
| Stocks | 12 | 5,090,077 | | 8,182,461 | |
| Debtors | 13 | 16,088,990 | | 5,220,844 | |
| Cash at bank and in hand | | 8,019,605 | | 10,877,653 | |
| | | <u>29,198,672</u> | | <u>24,280,958</u> | |
| Creditors: amounts falling due within one year | 14 | (11,668,893) | | (13,091,502) | |
| Net current assets | | <u>17,529,779</u> | | <u>11,189,456</u> | |
| Total assets less current liabilities | | <u>17,645,113</u> | | <u>11,210,352</u> | |
| Creditors: amounts falling due after more than one year | 15 | - | | (112,873) | |
| Net assets | | <u>17,645,113</u> | | <u>11,097,479</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 682 | | 682 | |
| Share premium account | 19 | 5,418,575 | | 5,418,575 | |
| Profit and loss reserves | 19 | 12,225,856 | | 5,678,222 | |
| Total equity | | <u>17,645,113</u> | | <u>11,097,479</u> | |

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of directors and authorised for issue on 03/08/23 and are signed on its behalf by:



 S Teo
 Director

CLIMATE IMPACT PARTNERS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

| | Share capital £ | Share premium account £ | Other reserves £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|----------------------------------|------------------------|-------------------------------------|------------|
| Balance at 1 May 2021 | 682 | 5,418,575 | 344,412 | (3,600,827) | 2,162,842 |
| Period ended 31 March 2022: | | | | | |
| Profit and total comprehensive income for the period | - | - | - | 8,934,637 | 8,934,637 |
| Transfer of cancelled group share-based payment plan | - | - | (344,412) | 344,412 | - |
| Balance at 31 March 2022 | 682 | 5,418,575 | - | 5,678,222 | 11,097,479 |
| Year ended 31 March 2023: | | | | | |
| Profit and total comprehensive income for the year | - | - | - | 6,547,634 | 6,547,634 |
| Balance at 31 March 2023 | 682 | 5,418,575 | - | 12,225,856 | 17,645,113 |

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Climate Impact Partners Europe Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 112 Magdalen Road, Oxford, United Kingdom, OX4 1RQ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of ClimateCare Midco Limited. These consolidated financial statements are available from its registered office, 112 Magdalen Road, Oxford, United Kingdom, OX4 1RQ.

Going concern

The company is a member of the ClimateCare Holdings Limited group of companies and is party to the group's banking facilities which provide ongoing financial support. Because of the interlinked nature of the arrangements with its ultimate parent and the other companies in the group, in order to assess the going concern assumption of this company, detailed consideration has been undertaken at a group level, and group support has been confirmed as available for a period of at least 12 months from the date of approval of these financial statements.

In assessing going concern the directors have considered and modelled detailed monthly profit and loss and cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. In making the assessment the directors have considered any relevant macroeconomic and geopolitical factors. The directors have taken this into account in their assessment of going concern and the forecasting of future sales, profitability, and cashflow.

The directors are confident that the group holds sufficient cash reserves to meet its liabilities as they fall due for at least 12 months from approval of these financial statements, and therefore these financial statements have been prepared on a going concern basis.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Reporting period

The financial statements cover the year ended 31 March 2023. The comparative figures cover the 15-month period from 1 January 2021 to 31 March 2022. Accordingly, comparative figures are not entirely comparable. The accounting reference date was changed to 31 March to align it with other group companies following the company's acquisition by the ClimateCare group on 28 April 2021.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Income relating to contracts where the underlying carbon credits have not yet been acquired and delivered is deferred into future periods. A corresponding adjustment is made to accrued costs.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------------|--|
| Website | 20% on cost, straight line |
| Intangible assets under construction | Not amortised until completed and brought into use |

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------|----------------------------|
| Computer equipment | 33% on cost, straight line |
|--------------------|----------------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Stocks

Stocks comprise:

- Carbon credits:- a tradeable monetary security which is equal to one tonne of a greenhouse gas such as carbon dioxide; and
- Renewable energy instruments:- a tradeable monetary security which represents one unit of renewable electricity that has been produced, usually one megawatt per hour. The unit is separate from the underlying electricity.

Stock is stated at the lower of cost and net realisable value. Provision is made where necessary for slow moving stock.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities are initially recognised at transaction price 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. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction, or at an average rate where this rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Share-based remuneration

During the comparative period, until 28 April 2021, a number of the company's employees participated in a group equity incentive plan. The fair value of the share-based payments were recognised as an employee expense with a corresponding increase in equity. The fair value was measured at grant date and spread over the period during which the employees became entitled to the benefit of the share-based payment. The charge was calculated by the former group and a reasonable apportionment was then allocated to the company based on the proportion of benefit allocated to the company's employees. The plan was terminated when the company was acquired by the ClimateCare group on 28 April 2021.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

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

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

In the opinion of the directors, no judgements, estimates and assumptions made in preparing these financial statements had a material impact on the reported performance or financial position of the company.

3 Turnover and other revenue

| | 2023 £ | 2022 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Carbon reduction services | 34,637,625 | 40,729,553 |
| | <u>34,637,625</u> | <u>40,729,553</u> |
| | 2023 £ | 2022 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 24,695,360 | 21,573,902 |
| Rest of Europe | 7,910,820 | 12,991,291 |
| Rest of the world | 2,031,445 | 6,164,360 |
| | <u>34,637,625</u> | <u>40,729,553</u> |

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2023 Number | 2022 Number |
|----------------|----------------|----------------|
| Management | 1 | 2 |
| Operations | 9 | 9 |
| Administrative | 1 | 3 |
| Total | <u>11</u> | <u>14</u> |

Their aggregate remuneration comprised:

| | 2023 £ | 2022 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,382,754 | 3,120,033 |
| Social security costs | 195,438 | 343,154 |
| Pension costs | 28,848 | 30,815 |
| | <u>1,607,040</u> | <u>3,494,002</u> |

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Directors' remuneration

The directors of the company were remunerated by other group companies in the current and previous year, and no specific recharge was made to the company for their services.

6 Operating profit

| | 2023 | 2022 |
|---|---------|---------|
| | £ | £ |
| Operating profit for the year is stated after charging: | | |
| Exchange differences | 326,240 | 158,536 |
| Depreciation of owned tangible fixed assets | 3,959 | 5,606 |
| Amortisation of intangible assets | 12,278 | 19,488 |
| Operating lease charges | - | 986 |

In the statement of comprehensive income, amortisation is charged to administrative expenses.

7 Interest receivable and similar income

| | 2023 | 2022 |
|---------------------------|--------|------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 21,115 | - |
| Other interest income | - | 486 |
| Total income | 21,115 | 486 |

8 Interest payable and similar expenses

| | 2023 | 2022 |
|--|------|--------|
| | £ | £ |
| Interest on bank overdrafts and loans | - | 2,880 |
| Interest payable to group undertakings | - | 38,203 |
| | - | 41,083 |

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 1,512,506 | 1,715,751 |
| Adjustments in respect of prior periods | (66,432) | - |
| Total current tax | 1,446,074 | 1,715,751 |
| Deferred tax | | |
| Origination and reversal of timing differences | 15,944 | 451,336 |
| Adjustment in respect of prior periods | 5,849 | - |
| Total deferred tax | 21,793 | 451,336 |
| Total tax charge | 1,467,867 | 2,167,087 |

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Profit before taxation | 8,015,501 | 11,101,724 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%) | 1,522,945 | 2,109,328 |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,425 | 65,710 |
| Tax effect of income not taxable in determining taxable profit | (328) | - |
| Adjustments in respect of prior years | (66,432) | - |
| Permanent capital allowances in excess of depreciation | - | (219) |
| Depreciation on assets not qualifying for tax allowances | 582 | - |
| Deferred tax adjustments in respect of prior years | 5,849 | - |
| Remeasurement of deferred tax for changes in tax rates | 3,826 | (7,732) |
| Taxation charge for the year | 1,467,867 | 2,167,087 |

Factors that may affect future tax charges

On 3 March 2021, the UK Government announced an increase in the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Intangible fixed assets

| | Website | Intangible assets under construction | Total |
|------------------------------------|---------|--|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2022 | 29,704 | - | 29,704 |
| Additions | - | 110,675 | 110,675 |
| At 31 March 2023 | 29,704 | 110,675 | 140,379 |
| Amortisation and impairment | | | |
| At 1 April 2022 | 15,627 | - | 15,627 |
| Amortisation charged for the year | 12,278 | - | 12,278 |
| At 31 March 2023 | 27,905 | - | 27,905 |
| Carrying amount | | | |
| At 31 March 2023 | 1,799 | 110,675 | 112,474 |
| At 31 March 2022 | 14,077 | - | 14,077 |

11 Tangible fixed assets

| | Computer equipment £ |
|------------------------------------|----------------------------|
| Cost | |
| At 1 April 2022 and 31 March 2023 | 13,036 |
| Depreciation and impairment | |
| At 1 April 2022 | 6,217 |
| Depreciation charged in the year | 3,959 |
| At 31 March 2023 | 10,176 |
| Carrying amount | |
| At 31 March 2023 | 2,860 |
| At 31 March 2022 | 6,819 |

12 Stocks

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Carbon credits and renewable energy products | 5,090,077 | 8,182,461 |

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Debtors

| | 2023 £ | 2022 £ |
|--|-------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 2,864,218 | 2,845,799 |
| Amounts owed by group undertakings | 10,289,062 | 1,604,919 |
| Other debtors | 16,446 | - |
| Prepayments and accrued income | 1,660,347 | 739,416 |
| | <u>14,830,073</u> | <u>5,190,134</u> |
| Deferred tax asset (note 16) | 8,917 | 30,710 |
| | <u>14,838,990</u> | <u>5,220,844</u> |
| | | |
| | 2023 £ | 2022 £ |
| Amounts falling due after more than one year: | | |
| Amounts owed by group undertakings | 1,250,000 | - |
| | <u>1,250,000</u> | <u>-</u> |
| Total debtors | <u>16,088,990</u> | <u>5,220,844</u> |

Amounts owed by group undertakings falling due after more than one year comprise an interest-free loan. The loan is unsecured and repayable on demand. However, the company has agreed not to demand repayment within one year of the balance sheet date.

14 Creditors: amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 834,502 | 2,108,224 |
| Amounts owed to group undertakings | 198,634 | - |
| Corporation tax | 690,860 | 569,778 |
| Other taxation and social security | 35,474 | 61,709 |
| Other creditors | 121,701 | 5,160 |
| Accruals and deferred income | 9,787,722 | 10,346,631 |
| | <u>11,668,893</u> | <u>13,091,502</u> |

15 Creditors: amounts falling due after more than one year

| | 2023 £ | 2022 £ |
|-----------------|-----------|----------------|
| Other creditors | - | 112,873 |
| | <u>-</u> | <u>112,873</u> |

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

16 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

| | Assets 2023 £ | Assets 2022 £ |
|--------------------------------|------------------------------|------------------------------|
| Balances: | | |
| Fixed asset timing differences | 7,627 | 17,946 |
| Losses and other deductions | - | 12,764 |
| Short term timing differences | 1,290 | - |
| | <u>8,917</u> | <u>30,710</u> |
| | | 2023 £ |
| Movements in the year: | | |
| Asset at 1 April 2022 | | 30,710 |
| Charge to profit or loss | | (21,793) |
| Asset at 31 March 2023 | | <u>8,917</u> |

It is not possible to state the extent to which these deferred tax liabilities are expected to reverse within the next twelve months because reversal depends on several factors which cannot be reliably estimated.

17 Retirement benefit schemes

| | 2023 £ | 2022 £ |
|---|-------------------|-------------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>28,848</u> | <u>30,815</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

| | 2023 Number | 2022 Number | 2023 £ | 2022 £ |
|---|------------------------|------------------------|-------------------|-------------------|
| Ordinary share capital issued and fully paid | | | | |
| Ordinary shares of 1p each | <u>68,225</u> | <u>68,225</u> | <u>682</u> | <u>682</u> |

The company has one class of ordinary shares. The shares carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Reserves

Share premium account

The share premium account reflects consideration received for shares issued above their nominal value, net of transaction costs.

Other reserves

Other reserves reflect capital contributions from the former parent company in respect of share-based payments under a group equity incentive plan. The plan was terminated when the company was acquired by the ClimateCare group on 28 April 2021.

Profit and loss reserves

Profit and loss reserves represent the accumulated profits, losses and distributions of the company.

20 Financial commitments, guarantees and contingent liabilities

The company is party to a debenture dated 27 July 2021 in favour of Lucid Trustee Services Limited and a debenture dated 17 November 2022 in favour of Kroll Trustee Services Limited. The debentures give fixed and floating charges over all the property or undertaking of the company in relation to the borrowings of ClimateCare Midco Limited, ClimateCare Finco Limited, ClimateCare Bidco Limited, Climate Impact Partners Limited and Climate Impact Partners Europe Limited. At the year end, total borrowings covered were £99,925,444 (2022 - £50,680,310). The borrowings are repayable in full in one instalment in October 2027.

21 Related party transactions

The company has taken advantage of the exemption available in Section 33 of FRS102 and has not disclosed details of transactions or balances with other wholly-owned group companies.

22 Share-based payments

During the comparative period, until 28 April 2021, a number of the company's employees participated in a group equity incentive plan.

At the start of the comparative period, options over 14,521 shares with a weighted average exercise price of 38.05p were outstanding. No further options were granted or exercised during the comparative period, and the options were cancelled when the plan was terminated on acquisition by the ClimateCare group on 28 April 2021. Details of the plan are set out below.

EMI Option scheme

The options were granted with an exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option was 10 years. The options vested and were exercisable as to 25% of the original number of shares on the first anniversary of the date of grant and exercisable as to an additional 2.083% of the original number of shares at the end of each successive monthly period following until the fourth anniversary of the grant date, at which time all the shares were vested and exercisable. The options were all cancelled during the comparative period resulting in a charge of £nil, representing the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Other equity incentive schemes

During the comparative period 18,500 B shares in ClimateCare Holdings Limited were issued to employees of the company with an exercise price of £1.00, vesting in quarterly increments over a period of four years from the date of grant. The charge was calculated by the group and allocated to the company using a reasonable apportionment, as a result of which no share-based payment charge was recognised.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Ultimate controlling party

The immediate parent company is Natural Capital Partners Incorporated, a company registered in the United States of America. The smallest group into which the results and financial position of the company are consolidated is headed by ClimateCare Midco Limited. Its financial statements can be obtained from its registered office, 112 Magdalen Road, Oxford, United Kingdom, OX4 1RQ.

The ultimate parent company is ClimateCare Holdings Limited, a company incorporated in Jersey. ClimateCare Holdings Limited heads the largest group into which the results and financial position of the company are consolidated. Its financial statements are not available to the public.

In the opinion of the directors there is no ultimate controlling party.