# Renewable Energy Systems Holdings Limited

## Annual Report and Financial Statements

## 31 October 2022



**Registered in England and Wales**
**04913497**

**Renewable Energy Systems Holdings Limited**
**Annual Report and Financial Statements for the year ended 31 October 2022**
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**Renewable Energy Systems Holdings Limited**
**Company information**

**Directors**

| | |
|---|---|
| G M McAlpine BA (Hons) MSc | |
| D C Joyce BAcc (Hons) CA | (resigned 31 December 2021) |
| E Medina Sanchez MSc MBA | (appointed 1 November 2021) |
| R P Russell BA (Hons) FCA | (appointed 1 January 2022) |
| J E Rohde BS MBA | (appointed 12 April 2022) |
| D J McAlpine BSc (Hons) | |
| C M Marsh BA (Hons) CIPD | |
| M Perona BSc (Hons) Econ | |
| R Ruffle BEng (Hons) CEng | |

**Company secretary**
D J Hearth BA (Hons) Solicitor

**Independent auditor**
Deloitte LLP
London, United Kingdom

**Registered office**
Beaufort Court
Egg Farm Lane
Kings Langley
Hertfordshire
WD4 8LR

**Registered number**
04913497

**Renewable Energy Systems Holdings Limited**
**Strategic report**
**For the year ended 31 October 2022**

The Directors present their Strategic Report on Renewable Energy Systems Holdings Limited and its subsidiaries ('RES' or the 'Group') for the year ended 31 October 2022.

**Objectives, strategy and business model**
The RES vision is to create a future where everyone has access to affordable zero carbon energy. One of the principal ways in which RES plans to achieve this is through its mission to innovate to reduce cost, create value and deliver sustainable growth. Delivery of RES' vision and mission is underpinned by core values of Passion, Accountability, Collaboration and Excellence. These values define the RES culture and enable its vision. The Directors actively promote the values, vision and culture and use them to create a motivational environment for all employees.

RES's operations are diversified across eleven countries, three business streams (development, construction and support services) and five technologies (wind, solar, battery energy storage, green hydrogen and transmission and distribution). This is generally achieved by establishing local operations, overseen by local management and three divisional executive teams which report to the Group Executive Committee. RES aims to continue to grow the number and scale of its renewable energy projects by funding its own portfolio of development projects through to financial close, which is typically at the start of construction. This is achieved via a combination of recycling cash generated from selling development projects reaching financial close (with or without follow-on construction contracts), third party construction activity and support services activity which includes asset management and operations and maintenance. On occasion, RES will also partner with other investors, where appropriate, to mitigate risk or gain strategic advantage.

RES continues to see increased opportunities in the renewable energy market following a growing consensus of the need to move to renewables to reduce global greenhouse gas emissions. Government and corporate commitments to reduce greenhouse gas emissions in accordance COP commitments, will require significant deployment of renewables and is a strong growth driver for the business.

The requirements for management of these renewable assets and operations and maintenance activity will grow as the installed base of renewables increases. RES continues to focus on support services for these renewable assets and is growing this business by investing in technology to maximise value to the owners of operational sites.

Over the next decade, the sizes of the markets in which RES operates are forecasted to grow to three times their current size as governments and corporations commit to limiting climate change. To prepare RES to take advantage of the opportunities and accelerate the growth of the business, RES considered various methods to raise additional capital to support its growth. During the prior year RES concluded the sale of the French development and construction platform as the most suitable option to raise significant capital to support its future growth plans. The sale was concluded in October 2021 and as such the financial performance of this business unit was classified as a discontinued operation. RES has retained its Support Services business in France – providing asset management and operation and maintenance services across a large wind and solar portfolio.

**Financial overview**
Excluding performance from discontinued operations, the Group achieved revenue of £562.5 million (2021: £792.6 million). Loss from continuing operations before income tax was £25.0 million (2021: £34.5 million) and operating loss was £54.1 million (2021: £32.2 million). Loss after tax was £28.3 million (2021: Profit after tax £499.5 million).
The Group has made an adjusted (for scaled down operations) loss before income tax of £23.1 million (2021: £20.2 million loss) (see accounting policy 2.2.3 for further definition of this metric and its use). The current year results also include a total foreign exchange gain of £24.4 million (£1.3 million loss).

Revenue has primarily decreased year-on-year due to the anti-circumvention tariff uncertainties regarding importation of certain solar farm components from China and South-East Asia, which reduced the volume of investment decisions in new-build solar farm capacity, with the consequential impact on RES's pipeline of third party construction activity in the US. The reduction in revenue has driven an Operating Loss in the year.

The decrease in profit after tax of the Group compared to the prior year was due to the profit from the sale of the Group's development, construction and generation activities in France, generating a profit on disposal of £562.4 million in 2021. This, when coupled with the loss made by this part of the business in 2021 gave rise to a net profit from discontinued operations of £550.5 million.

**Financial overview (continued)**

Net assets at 31 October 2022 were £589.3 million (2021: £734.5 million). Cash and cash equivalents at 31 October 2022 totalled £230.6 million (2021: £708.5 million), of which £4.5 million (2021: £0.1 million) is restricted. The Group had cash and cash equivalents in excess of total borrowings at 31 October 2022 of £230.5 million compared to £708.3 million in 2021.

Cash absorbed during the year totalled £483.7 million (2021: £567.6 million generated). This was mostly a reflection of the investment in bonds during the year totalling £199.9 million, a dividend paid to the parent company of £80.6 million, a defined benefit pension contribution of £22.5 million and cash absorbed by operations. The high cash generation in the prior year was due to the sale of the Group's development and construction business in France as well as a large development asset sale in Australia.

**Tax strategy**
RES' tax strategy is published on its website and outlines the policy and approach taken by the Group in conducting its tax affairs and managing its tax risk.

**Strategic review**
In addition to revenue and adjusted profit, RES monitors a number of non-financial Key Performance Indicators (KPIs). Further detail is provided in the following paragraphs.

RES currently provides support services to 10.8 GW of operational assets, which has increased from 9 GW in 2021.

At regional levels, management boards monitor additional non-financial KPIs including Health and Safety performance using a loss time accident frequency rate, staff retention, client relationships and project break even prices.

The following commentary summarises the performance in the year, for RES's core markets.

**Europe and Australia**
In the UK & Ireland RES sold 2 developed wind projects totalling 96 MW, 1 developed solar project totalling 105 MW and 2 developed storage projects totalling 189 MW. RES also constructed 19 MW during the year.

In Scandinavia RES constructed 103 MW of wind assets.

In Australia, RES sold 1 developed storage project totalling 115 MW.

**Americas**
RES commenced construction of 105 MW of wind assets in Canada and sold 1 developed wind project totalling 104 MW.

In the USA RES sold 1 developed solar project totalling 369 MW and 440 MW were constructed during the year, of which approximately 423 MW were solar assets and 17 MW of storage assets.

**Principal trading risks**

***Health and Safety & the Coronavirus pandemic***
RES faces a variety of risks to health and safety across each business stream. RES regards this risk with high importance and has a dedicated health and safety team who are responsible for mitigating and monitoring risks and ensuring compliance with RES' policies and local regulations. Health and safety metrics are key performance indicators of RES.

The coronavirus pandemic continues to be a challenge in some countries which may impact our supply chain. The situation has been, and continues to be, monitored closely by the Group Executive team.

Since the start of the pandemic, RES has seen a limited impact to its business with development sales, construction and support services activities continuing with increased health and safety measures.

***Contracting risks***
RES is exposed to risks in its construction and support services activities, that could impact on the delivery to clients on time, on budget and to the required specification. Rigorous policies and procedures are in place for mobilisation, monitoring and management of contract performance and RES maintains a focus on identifying and reporting risks at every stage of the contract. Regular contract reviews are undertaken at several levels within the business.

***Changes in long-term electricity prices***
Development project sales are impacted by changes in the long term forecasted electricity price which have been significantly impacted by the war on Ukraine and energy security in Europe. This risk is monitored by the Group using appropriate project and risk reporting at project and Board level, with appropriate actions taken to minimise risks and by diversifying those activities by both geographical location and technology.

***Energy companies accelerating into sector***
The transition to net zero carbon emissions will attract larger competitors and new entrants, who will be able to benefit from procurement scale and balance sheet strength. Recently we have seen large oil and gas majors significantly increasing their investment in the sector. RES focuses on their strengths including flexibility, expertise and technical and engineering innovation which are considered industry leading. In addition, RES's own capital raising exercise has increased its financial resilience.

***Local planning processes***
The unpredictable duration of local permitting processes necessary to develop sites is a risk to RES. This includes grid availability and timing for development projects. This risk is mitigated by the geographical diversification of RES and through having a sufficient pipeline of development projects and close engagement with local stakeholders to ensure any concerns are appropriately addressed. Permitting is recognised as a key barrier to deployment of renewables and industry bodies and governments are working on streamlining processes to meet decarbonisation commitments.

**Financial risk management objectives and policies**
This has been considered within note 33 to the consolidated financial statements.

***Director responsibilities***
The directors welcome the reporting requirements in relation to their duty under section 172 of the Companies Act 2006 and confirm they have acted in a way, in good faith, that would most likely promote the success of the Group for the benefit of its members as a whole, based on information available to them at the time. In doing so, directors have given regard to, amongst other matters, the:

• likely consequences of any decisions in the long-term;

• interest of the Group's employees;

• need to foster the Group's business relationships with suppliers, customers and others;

• impact of the Group's operations on the community and environment;

• desirability of the Group maintaining a reputation for high standards of business conduct; and

• need to act fairly as between members of the Group

The Group's vision and values are a fundamental foundation which underpins the actions taken and decisions made not just by directors, but by all RES employees. Further details as to how directors have discharged their responsibilities are shown below.

**Section 172 statement**
The Group has applied the Wates Corporate Governance Principles for Large Private Companies. Therefore, additional Corporate Governance disclosures have been included within the Strategic Report and the Directors' Report.

***Purpose and leadership***
The Directors are responsible for effective decision-making with independent oversight. The Group Executive have developed a Stage Gate Process to provide governance over key decision making. This process provides transparency and sets delegated approval limits to promote greater efficiency in the decision making process.

The Stage Gate Process mirrors the Group's values:
Passion - Authorising great projects and transactions to help achieve the Group's Mission

Accountability - Empowering people to ensure that decisions are made at the right level and not necessarily the highest level, with the right information, and involving the right expertise

Collaboration - Engaging different parts and levels of the organisation with the objective of delivering value for customers and for the Group

Excellence -The Group strives for excellence by talking to clients, understanding what they need and surpassing their expectations

To support the decision-making process, RES has a Major Transactions Committee (MTC), a subset of the Group Executive Committee, which approves key transactions, acquisitions and material commitments within the Group. The MTC is comprised of the Group Chief Executive Officer, Chief Financial Officer, Group General Counsel, Group Risk & Investment Director and, depending on the business unit in which the opportunity arises, can also include representation from the regional Chief Executive Officers.

Prior to decisions being taken to MTC, RES also has a Risk & Investment Committee (RIC) which is comprised of a multi-disciplinary and diverse team, whom analyse the approval request and make a written recommendation to the MTC, with any key risks or uncertainties clearly highlighted.

**Section 172 statement (continued)**

***Opportunity and Risk***
The Directors are responsible for promoting the long-term sustainable success of the Group, identifying opportunities, and establishing oversight for the identification and mitigation of risks.

The Directors promote and oversee the long-term sustainable success of the Group through the governance around key decisions with the established MTC described above and through three-year strategic forecasts prepared at business unit level and reviewed by the Group Executive Committee annually. The nature of the business also lends itself to sustainable success as the development pipeline requires investment several years in advance of when a sale is expected to be made. Therefore, the success of the Group is made over a long-term period rather than through short-term gains.

The Board of Directors review the key risks to the Group, described within the Strategic Report, through a Group Risk Report, which is updated by the assigned risk owners and presented to the Group Executive Committee quarterly. This process is managed by the Group Risk & Investment Director. As well as reviewing and updating existing risks, the Group also reviews its business and identifies any new risks that may have an impact on the business, which are then added to the Group Risk Report.

The Group's key business risks are discussed within the Principal trading risks section of the Strategic Report.

***Board composition***
In each country in which the Group operates, there is a local management team. Depending on the value stream and location, each business unit is allocated one of three areas: Americas, Europe and Australia Construction and Development, and Support Services. Each area has a CEO who is also a member of the Group Executive. On a periodic basis, Group Executive members attend each area's board meetings to provide more oversight to country specific matters.

The Group Executive report to the Shareholder committee who provide independent governance, challenge and oversight.

Further information regarding the composition of the Board is disclosed within the Directors' report under the heading 'Directors'.

***Remuneration***
The Group is committed to executive remuneration structures which are aligned to the Group's culture and values, promoting the long-term sustainable success of the business and the interest of the Group's shareholders. The Group's policy is to provide appropriate and fair levels of remuneration at a level which attracts and retains the best talent. To ensure our people act in the best interest of the Group and to motivate and retain the key senior talent, the Group has a Long Term Incentive Plan, linked to the consolidated Group performance. The Group Bonus Plan, a Short Term Incentive Plan which all employees are eligible for, is based on different elements, including local Business Unit performance, the consolidated Group performance, Health and Safety performance and Personal performance. Remuneration changes and bonuses require the approval of the Remuneration Committee, which is comprised of members of the Group Executive. The remuneration of the Group Executive is approved by the Group's CEO and Chairman utilising external benchmarks where required.

***Stakeholder relationships and engagement***
For over 40 years, the Group has been leading efforts to create a future where everyone has access to affordable zero carbon energy. The Group has developed and/or constructed 23GW of green energy which results in avoided emissions of more than 21 million tonnes of $CO^2$ per annum, the equivalent of powering all of the electric vehicles in Europe and the US for a year.

Sustainability lies at the core of the Group's business activities and values. The Group continues to build a culture that allows it to integrate sustainability into every part of its day-to-day operations and beyond and have a positive impact on the lives of its employees, stakeholders and communities close to its projects.

**Section 172 statement (continued)**

The Group's sustainability agenda is to power positive change by ensuring that its operations, products and services make a net positive contribution to society and the environment. This agenda is supported by principles in three core areas:

• Business - Position the company for sustainable growth by combining long-term strategic thinking with focused short-term action, to create value for all our stakeholders

• Environment - Manage RES's activities to maximise the environmental benefits of RES's projects and business while operating in compliance or exceeding environmental regulations

• Social - Provide a safe and healthy work environment, which is diverse and inclusive, encourages employee development and creates opportunities to positively contribute to our stakeholders and the wider community

For more information, please refer to our sustainability report – the Power for Good report, which can be found on the Group's website.

A core activity of the Group and a good example of long-term planning with consideration for the stakeholders is the investment in the Group's development pipeline. Once a development site for a windfarm, solar farm or battery storage facility has been approved internally for investment, a wide variety of stakeholders are consulted prior to construction. Key stakeholders include landowners, local communities, offtakers, local councils and planning committees, power infrastructure stakeholders and project partners. The Group works with the local community to provide local employment. The Group assesses the impact to the local natural environment of any development and works with specialists to minimise any net detrimental impact when considering the construction of one of the Group's renewable energy assets. Without the support of the local community, the development is unlikely to be a success therefore consulting with relevant stakeholders is essential.

**Energy and Carbon Report**

As a renewable energy company, RES is deeply aware of the implications of climate change, from evolving policies to new low-carbon technologies and enhanced physical risks. For over 40 years, addressing climate-related opportunities and risks has been, and continues to be, integral to how RES conducts business and is embedded in its vision and company strategy.

In the last financial year, globally, RES avoided emissions of over 21 million tonnes of carbon dioxide annually through its construction and development activity.

RES' definition of net zero emissions means that its business activity will not cause or result in the net release of greenhouse gases into the atmosphere. The Group recognises the urgency of the Climate Crisis and are on a journey to becoming even greener. The Group has therefore decided to align to the Science Based Target Initiative. This initiative champions the adoption of "science-based" greenhouse gas emission reduction targets in-line with what the latest climate science says is necessary to meet the goals of the Paris Agreement - to limit global warming to well-below 2°C above pre-industrial levels and pursue limiting warming to 1.5°C. This net zero strategy is strongly aligned to the Group's vision.

Financial year 2022 is our baseline year for our net zero emissions reduction targets. For this financial year, we have collected our full scope emissions data from across all our regions according to the Greenhouse Gas Protocol. In Financial Year 2023, we will review full scope emissions, formulate our net zero roadmap, and submit our science-based emissions reduction targets to the Science Based Targets initiative.

On our route to net-zero, our priority is to focus on our short-term and long-term emissions reduction strategies. As a "beyond value chain mitigation approach", we believe that partially offsetting our emissions though accredited offsets supports a carbon neutral approach while we work towards value chain decarbonisation.

**Energy and Carbon Report (continued)**

The UK & Ireland (UK&I) and French business activities of the Group have ISO 14001 as an accredited environmental management system. The Group have secured worldwide recognition for its asset management services with the ISO 55001 certification. This ISO 55001 certification reflects the Group's capabilities in developing an active approach to lifecycle asset management.

*Energy Use, Emissions and Intensity Metrics*

Data reported for the Group's business conducted in the UK and Ireland geographic boundary is quoted below. All other subsidiaries based outside of the UK and Ireland are excluded for the purpose of this report as they do not fall within the scope of Streamlined Energy and Carbon Reporting requirements.

| | UK&I Financial Year 2022 | UK & I Financial Year 2021 |
|---|---|---|
| Scope 1 emissions | 95 $tCO_2e$ | 98 $tCO_2e$ |
| Scope 2 emissions (location-based approach) | 87 $tCO_2e$ | 69 $tCO_2e$ |
| Scope 2 emissions (market-based approach) | 26 $tCO_2e$ | 32 $tCO_2e$ |
| Energy use | 967,977 kWh | 862,219 kWh |
| Other Scope 3 emissions – employee business travel | 573 $tCO_2e$ | 205 $tCO_2e$ |
| Total gross emissions based on the above * | 694 $tCO_2e$ | 335 $tCO_2e$ |
| Total carbon intensity ratio (emissions/UK&I revenue) | 5.1 $tCO_2e$/£m | 4 $tCO_2e$/£m |

** includes market-based Scope 2 emissions*

Due to increased business activity in RES's offices and business travel post-pandemic there has been a small increase in the Group's emissions for Financial Year 2022 compared with the previous financial year. The Group has also improved the rigour and depth of RES's emissions data collection processes.

*Energy Efficiency Action*

The Group was an early adopter of energy efficiency action with its environmentally friendly head office building incorporating many examples of renewable energy generation, sustainable design techniques and energy efficiency. The Group has a sustainable approach to office spaces and has objectives to source renewable power at our managed sites.

The Group also recognises the importance of electric vehicles (EVs) in decarbonising transport emissions and has installed additional EV chargers at various offices, to support and encourage employee and visitor use of EVs. The Group offers a cycle to work scheme and EV car scheme to support low carbon commuting for its people.

In 2022, the Group started a programme of work to move most European based computing services to the cloud. Cloud services run with a power usage efficiency that drives an approximate 33% reduction in power consumed compared with on-premises infrastructure. The Group collaborated with a supplier that has committed to be carbon negative by 2030 and to use 100% renewable energy by 2025. In 2022, over 150 UK servers and services were assessed to determine whether they could be consolidated or decommissioned, and the majority were migrated to the cloud.

*Methodologies*

The Company defines its organizational boundary according to the financial control approach. The reporting period is aligned with the Group's financial year. Data has been collected in accordance with the standards set out by the Greenhouse Gas Protocol. RES has sought to reduce data uncertainties in its reported figures where practical.

Approved by the Board and signed on its behalf by:

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R.P.Russell
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R P Russell
Chief Financial Officer
31 March 2023

**Renewable Energy Systems Holdings Limited**
**Directors' report**
**For the year ended 31 October 2022**

The Directors present their report and audited financial statements for the year ended 31 October 2022 for the Renewable Energy Systems Holdings Limited Group and its subsidiaries (the 'Group') and Renewable Energy Systems Holdings Limited Company (the 'Company').

The consolidated financial statements for the Group have been prepared under International Financial Reporting Standards (IFRS) for the year ended 31 October 2022. The Company financial statements have been prepared under FRS 101 for the year ended 31 October 2022.

The Company has chosen, in accordance with section 414C (11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' report. These include principal trading risks, financial risk management and an overview of future developments in the Group. Also included in the Strategic Report is the Group's strategy, values and culture specified in the 'Objectives, Strategy and Business Model' section and new disclosures in line with Streamlined Energy and Carbon Reporting (SECR).

**Principal activities**
The principal activities of the Group are the development, construction and support services for renewable energy projects and infrastructure. The Group has operations in Europe, the Americas and Australia.

**Dividends**
In the year the Directors declared a dividend of £80,571,800 (2021: £7,475,000). No dividends were declared post year-end.

**Directors**
The current directors who have held office in the year and up to the date of signing are as follows:

**G M McAlpine BA (Hons) MSc**
Gavin is the Group's Chair. He has a 25 year history with RES in a range of executive, management and leadership positions. He has worked extensively throughout the company, including 3 years establishing the RES Americas business whilst based in Austin, Texas.

Gavin has a BA in Economic and Social History and an MSc in Renewable Energy and Sustainable Development from the Institute of Energy and Sustainable Development (IESD). Gavin also has IOSH Safety for Executive & Directors certification.

**Eduardo Medina Sanchez MSc, MBA**
Eduardo Medina joined RES in November 2021 as Group Chief Executive Officer.

Eduardo joined RES from Vestas, where he held positions as President of South Europe, Latin America, MENA and most recently as President for North American operations which included sales, construction and O&M services. Prior to this Eduardo was Executive Vice President of Global Power Plants for SunPower, with operations spanning development, sales, construction, O&M and operations. Eduardo has worked for the global renewables industry for over 25 years.

**R P Russell BA (Hons), FCA (appointed 1 January 2022)**
Richard was appointed Chief Financial Officer of RES Group on 1 January 2022 and has overall responsibility for finance, strategy, procurement, information technology and tax. Before commencing his current role, Richard was responsible for delivering strategic initiatives, acquisitions and divestments. He has 15 years of experience in the renewable energy sector covering a range of financial and commercial activities. Richard is a qualified chartered accountant and graduated with an honours BA in Economics from Durham University.

**Directors (continued)**

**D J McAlpine BSc (Hons)**
Douglas is Chairman for RES Americas. He has cross-discipline experience largely focused on strategy, investing, key account management, business development and health & safety. At RES he has worked in development, construction, commercial, strategy, finance and business development departments and his pre-RES experience includes construction management and marketing.

**C M Marsh BA (Hons) CIPD**
Chris is the Group's HR Director. He is responsible for a number of Group wide functions: HR, Engineering, Technical and Communications. Chris is a HR professional with over 25 years experience across the full range of HR activities at both strategic and operational levels. He has particular experience of change management processes including acquisition, divestment, restructuring and outsourcing activity.

**M Perona BSc (Hons) Econ**
Marco is the CEO of support services. With an extensive international exposure and a multicultural mindset, having operated in five continents, Marco has more than 25 years of experience in leading multinational businesses, major M&A transactions and infrastructure projects. Marco has also served on the board of WindEurope.

**R Ruffle BEng (Hons) CEng**
Rachel is CEO of Development and Construction across the UK, Ireland, Norway, Sweden, Germany, Turkey and Australia. As part of the Group Executive team, Rachel undertakes overall management and supervision of the RES Group and provides leadership on RES' vision, mission and values and its strategic objectives. Rachel joined the WindEurope board in January 2023.

**J E Rohde, BS, MBA (appointed 12 April 2022)**
John joined RES in September 2021 as Chief Executive Officer, Americas. Prior to joining RES he was Chief Operating Officer of ENGIE's North American services, overseeing operations spanning energy services, construction and facilities management. Prior to this role he was responsible for Engie's power project development and M&A in North America. In addition to ENGIE, John started his career with Siemens Energy moved to Mitsubishi International Corporation and then to Worley where he was General Manager of the North American Power business.

**Qualifying third-party and pension scheme indemnity provisions**
The Group has made no qualifying third party indemnity provisions for the benefit of its directors.

**Renewable Energy Systems Holdings Limited**
**Directors' report**
**For the year ended 31 October 2022**

**Employees**
The Group's employees are critical to its current and future success. Nothing is more important to the Group than making sure that everyone goes home safe and healthy every day. As a key strategic objective, the Group's "North Star" is zero harm with the goal of targeting world-class safety performance.

The Group believes that diverse, talented and creative teams add value to the business by enabling it to respond positively and flexibly to changes in competitive domestic and international markets. The Directors continue to promote and support diversity and inclusion, valuing the talent of all our staff and ensuring that we can compete in attracting, retaining and developing high calibre employees with wide-ranging experience and abilities.

A key tool is the creation of the Group's "RESpect" initiative, which is the Group's commitment to embrace diversity and create an inclusive culture that is fair to all. As an integral part of this, RES are proud to support five employee-led Affinity Networks covering gender, race, disability, age, and sexual orientation and gender identity. These are groups of people from across RES united in their passion for making our workplace more inclusive. They help build a common understanding of the different challenges and barriers that under-represented groups may experience and work to address these, powering change for RES employees and wider society.

Information affecting the Group's employees is communicated using a combination of methods including self-service intranet, email, team meetings and individual consultation. The Group performs "pulse surveys" to receive feedback from employees on key issues which may be impacting them. A Group-wide bonus scheme is in operation to enable employees to share in the success of the Group and to recognise their efforts in contributing to that success.

Information affecting the performance of the Group is provided to employees through quarterly "town hall" updates in each region and bi-annual performance updates given by the Group Executive team.

**Research and development**
The Group continues to invest in developing wind, solar, green hydrogen and battery energy storage markets globally, expensing development costs until there is sufficient certainty that the project is economically viable and construction is able to commence. The Group has a leading position in the energy storage market globally and has invested resources in creating a platform ("RESolve") which controls the operational performance of the battery, optimising the service provided to clients. The Group will continue to invest in this platform as the storage market is expected to grow due to its role as an enabling technology to facilitate greater deployment of intermittent wind and solar energy generation. The Group continues to invest in several initiatives to enable continuing reductions in the levelised cost of renewable energy.

**Events after the reporting period**
The Directors are not aware of any material events after the reporting period other than those disclosed in note 38 of the financial statements. Further information regarding future developments and material events after the reporting period are disclosed in the Strategic Report.

**Renewable Energy Systems Holdings Limited**
**Directors' report**
**For the year ended 31 October 2022**

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors Report. The financial position of the Group is set out in the consolidated statement of financial position and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Strategic Report and notes 23, 25 and 33 to the financial statements. A description of the Group's financial risks are also set out in note 33 to the consolidated financial statements.

At the year end the Group had cash of £230.6 million (2021: £708.5 million) and borrowings of £0.1 million (2021: £0.3 million). In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group has a strong focus on cash collection and in the prior year has undertaken a capital raising exercise, through the sale of the Group's development and construction business streams in France. As a consequence, the Directors believe that the Group will be able to continue to manage its business risks successfully. In the forthcoming year, the Group intends to fund its growth using its existing resources and by project sales. In addition the Group retains flexibility through divestment of liquid investments such as the bond portfolio.

Cash forecasts identifying the liquidity requirements of the Group are produced regularly. These are reviewed by the Board to ensure that sufficient financial facilities are available for at least twelve months from the date of signing these financial statements. After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1) so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and

2) the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as the company's auditor.

Approved by the Board and signed on its behalf by:

DocuSigned by:
R.P. Russell
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R P Russell
Chief Financial Officer
31 March 2023

**Directors' responsibilities statement**
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgements and accounting estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

• properly select and apply accounting policies;
• present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
• provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
• make an assessment of the company's ability to continue as a going concern.

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

Responsibility statement

We confirm that to the best of our knowledge:
• the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;

• the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

• the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on 31st March 2023 and is signed on its behalf by:

DocuSigned by:
R. P. Russell
7C20A2473908417...
R P Russell
Chief Financial Officer
31 March 2023

## Independent auditor's report to the members of Renewable Energy Systems Holdings Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- the financial statements of Renewable Energy Systems Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the parent company balance sheet;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 38 to the consolidated financial statements; and
- the related notes 1 to 13 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom 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).

#### 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Independent auditor's report to the members of Renewable Energy Systems Holdings Limited

### Report on the audit of the financial statements

#### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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.

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

#### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included health & safety regulations, data protection laws and environmental legislation.

## Independent auditor's report to the members of Renewable Energy Systems Holdings Limited

### Report on the audit of the financial statements

We discussed among the audit engagement team including relevant internal specialists such as tax and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas:

- Revenue recognition for construction contract accounting; and
- Revenue recognition for development sales.

Our specific procedures performed to address them are described below:

- Agreed contract value to signed agreements;
- Agreed cash receipts to bank statements;
- Assessed compliance with relevant performance obligations;
- Held meetings with senior project personnel and management;
- Assessed forecast costs to complete on construction contracts;
- Evaluated management's forecasting accuracy; and
- Challenged management's judgements with respect to recoveries of variable claim income from customers and potential liquidated damages levied by the customer.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

### Report on other legal and regulatory requirements

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## Independent auditor's report to the members of Renewable Energy Systems Holdings Limited

## Report on the audit of the financial statements

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

### 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.


Darren Longley


Darren Longley FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 March 2023

**Renewable Energy Systems Holdings Limited**
**Consolidated income statement**
**For the year ended 31 October 2022**

| | Notes | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|---|
| **Revenue** | 4 | **562,508** | **792,610** |
| Cost of sales | 5 | (542,003) | (767,144) |
| **Gross profit** | | **20,505** | **25,466** |
| Administrative expenses | 5 | (75,484) | (61,699) |
| Other net gains | 8 | 446 | 734 |
| Group's share of after tax profit of joint ventures and associates accounted for using the equity method; and gain on disposal of joint ventures and associates | | 416 | 3,345 |
| **Operating loss** | | **(54,117)** | **(32,154)** |
| Other income | 9 | 2,407 | 518 |
| Finance cost excluding foreign exchange | 10 | (2,127) | (4,591) |
| Finance income excluding foreign exchange | 10 | 8,423 | 2,106 |
| Foreign exchange gain/(loss) on financing activities | 7 | 20,370 | (366) |
| **Loss from continuing operations before income tax** | | **(25,044)** | **(34,487)** |
| Income tax charge on continuing operations | 11 | (3,213) | (16,507) |
| **Loss for the year from continuing operations** | | **(28,257)** | **(50,994)** |
| **Discontinued operations** | | | |
| Profit for the year from discontinued operations | 19 | - | **550,503** |
| **(Loss) / Profit for the year** | | **(28,257)** | **499,509** |
| **Profit attributable to:** | | | |
| – Owners of the parent | | (28,166) | 499,755 |
| – Non-controlling interests | | (91) | (246) |
| | | **(28,257)** | **499,509** |

The notes on pages 25 to 66 are an integral part of these consolidated financial statements.

**Renewable Energy Systems Holdings Limited**
**Consolidated income statement**
**For the year ended 31 October 2022**

Following a strategic review in 2021 it was determined that the Group would scale down the construction of wind farms in the US. The loss before income tax includes the results from these scaled down operations. The following reflects the underlying profit before income tax excluding the impact of this scale down.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Reconciliation: | | |
| **Loss before income tax** | **(25,044)** | **(34,487)** |
| Gross loss impact of scaled down operations | 1,978 | 14,304 |
| **Adjusted Loss before income tax** | **(23,066)** | **(20,183)** |

Further explanation of the basis of this metric can be found in the accounting policy for non-GAAP measures (2.2.3).

## Renewable Energy Systems Holdings Limited
## Consolidated statement of comprehensive income
## For the year ended 31 October 2022

| | Notes | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|---|
| **(Loss) / Profit for the financial year** | | **(28,257)** | **499,509** |
| **Other comprehensive (loss) / income:** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Defined benefit pension remeasurements | 28 | (14,874) | (1,087) |
| Tax on defined benefit pension remeasurements | 11 | 3,719 | 207 |
| | | (11,155) | (880) |
| Change in fair value of equity investments | 15 | (156) | (25) |
| Change in fair value of bonds | 22 | (13,806) | - |
| Deferred tax on equity investments | 11 | 39 | 5 |
| | | (13,923) | (20) |
| **Items that may be subsequently reclassified to profit or loss:** | | | |
| Currency translation differences | | (11,237) | 10,479 |
| Deferred tax on currency translation differences | 11 | - | 835 |
| | | **(11,237)** | **11,314** |
| **Other comprehensive (loss) / profit for the year, net of tax** | | **(36,315)** | **10,414** |
| **Total comprehensive (loss) / income for the year** | | **(64,572)** | **509,923** |
| **Attributable to:** | | | |
| - Owners of the parent | | (64,470) | 510,185 |
| - Non-controlling interest | | (102) | (262) |
| **Total comprehensive (loss) / income for the year** | | **(64,572)** | **509,923** |

The income tax relating to each component of other comprehensive income is disclosed in note 11.

The notes on pages 25 to 66 are an integral part of these consolidated financial statements.

**Renewable Energy Systems Holdings Limited**
**Consolidated statement of financial position**
**As at 31 October 2022**

| | Notes | 2022 £'000 | Restated 2021 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 28,120 | 21,371 |
| Right of use asset | 13 | 23,456 | 16,008 |
| Intangible assets | 14 | 11,104 | 5,155 |
| Investments in associates and joint ventures | | 82 | 145 |
| Equity investments | 15 | 11,905 | 1,232 |
| Derivative financial instruments | 16 | - | 122 |
| Deferred tax assets | 17 | 2,557 | 3,643 |
| Trade and other receivables | 18 | 985 | 2,279 |
| | | **78,209** | **49,955** |
| **Current assets** | | | |
| Trade and other receivables | 18 | 164,901 | 149,919 |
| Contract assets | 20 | 36,696 | 108,046 |
| Inventory | 21 | 100,034 | 66,577 |
| Derivative financial instruments | 16 | - | 724 |
| Other current assets | 22 | 295,057 | - |
| Cash and cash equivalents | 23 | 230,648 | 708,532 |
| | | **827,336** | **1,033,798** |
| **Current liabilities** | | | |
| Trade and other payables | 24 | (129,327) | (157,539) |
| Contract liabilities | 20 | (119,666) | (95,512) |
| Current income tax liabilities | | (1,380) | (4,995) |
| Borrowings | 25 | (9) | (132) |
| Lease liabilities | 26 | (8,395) | (6,364) |
| Derivative financial instruments | 16 | (227) | (18) |
| Provisions for liabilities | 27 | (28,960) | (49,112) |
| | | **(287,964)** | **(313,672)** |
| **Net current assets** | | **539,372** | **720,126** |
| **Total assets less current liabilities** | | **617,581** | **770,081** |
| **Non-current liabilities** | | | |
| Borrowings | 25 | (122) | (122) |
| Lease liabilities | 26 | (15,807) | (10,381) |
| Accruals and deferred income | | (5) | (1,100) |
| Provisions for liabilities | 27 | (1,588) | (4,773) |
| Post-employment benefit liabilities | 28 | (7,840) | (15,240) |
| Deferred tax liabilities | 17 | (2,877) | (3,979) |
| | | **(28,239)** | **(35,595)** |
| **Net assets** | | **589,342** | **734,486** |
| **Equity attributable to owner of the parent** | | | |
| Ordinary shares | 29 | 57,892 | 57,892 |
| Merger reserve | | 9,584 | 9,584 |
| Revaluation reserve | | (12,923) | 1,039 |
| Cumulative translation differences | | 10,692 | 21,918 |
| Capital redemption reserve | | 2,109 | 2,109 |
| Retained earnings | | 523,088 | 642,942 |
| | | **590,442** | **735,484** |
| Non-controlling interest | | (1,100) | (998) |
| **Total equity** | | **589,342** | **734,486** |

The notes on pages 25 to 66 are an integral part of these consolidated financial statements.

Details of the reclassification restatement to the prior year comparatives can be found in notes 24 and 27.

The financial statements were approved by the board of directors and authorised for issue on 31 March 2023. They were signed on its behalf by:

DocuSigned by:
R.P.Russell
7C20A24739084417...
R P Russell

**Director**
31 March 2023

**Renewable Energy Systems Holdings Limited**
**Consolidated statement of changes in equity**
**Year Ended 31 October 2022**

| | Note | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Merger reserve | Revaluation reserve | Cumulative translation reserve | Capital redemption reserve | Retained earnings | Total | Non-controlling interest | Total equity |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance as at 1 November 2020** | | 58,843 | 9,584 | 1,064 | 4,237 | 1,158 | 153,916 | 228,802 | (760) | 228,042 |
| Profit for the year | | - | - | - | - | - | 499,754 | 499,754 | (246) | 499,508 |
| Other comprehensive (loss) / income for the year | | - | - | (25) | 10,497 | - | (42) | 10,430 | (16) | 10,414 |
| **Total comprehensive income/ (loss) for the year** | | - | - | (25) | 10,497 | - | 499,712 | 510,184 | (262) | 509,922 |
| Dividends | 30 | - | - | - | - | - | (7,475) | (7,475) | - | (7,475) |
| Other movement | | - | - | - | 7,184 | - | (3,211) | 3,973 | 24 | 3,997 |
| Purchase of own shares | 29 | (951) | - | - | - | 951 | - | - | - | - |
| **Total transactions recognised directly in equity** | | (951) | - | - | 7,184 | 951 | (10,686) | (3,502) | 24 | (3,478) |
| **Balance as at 31 October 2021** | | 57,892 | 9,584 | 1,039 | 21,918 | 2,109 | 642,942 | 735,484 | (998) | 734,486 |
| Profit for the year | | - | - | - | - | - | (28,166) | (28,166) | (91) | (28,257) |
| Other comprehensive (loss) / income for the year | | - | - | (13,962) | (11,226) | - | (11,116) | (36,304) | (11) | (36,315) |
| **Total comprehensive income / (loss) for the year** | | - | - | (13,962) | (11,226) | - | (39,282) | (64,470) | (102) | (64,572) |
| Dividends | 30 | - | - | - | - | - | (80,572) | (80,572) | - | (80,572) |
| **Total transactions recognised directly in equity** | | - | - | - | - | - | (80,572) | (80,572) | - | (80,572) |
| **Balance as at 31 October 2022** | | 57,892 | 9,584 | (12,923) | 10,692 | 2,109 | 523,088 | 590,442 | (1,100) | 589,342 |

Included within 'Other movement' for the prior year is £7,184,000 relating to the release of the cumulative translation reserve foreign exchange following the sale of the Group's development, construction and generation business streams in France.

**Renewable Energy Systems Holdings Limited**
**Consolidated cash flow statement**
**For the year ended 31 October 2022**

| | Notes | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash absorbed by operations | 32 | (65,061) | (12,590) |
| Proceeds from disposal of the Group's equity interests in joint ventures and associates | | - | 275 |
| Interest paid | | (988) | (1,797) |
| Interest received | | 2,428 | 331 |
| Income tax (paid) / received | | (4,462) | 6,437 |
| **Net cash used in operating activities** | | **(68,083)** | **(7,344)** |
| **Cash flows from investing activities** | | | |
| Purchases of subsidiaries, joint ventures and associates | | (3,931) | (22) |
| Purchases of property, plant and equipment | | (12,749) | (7,824) |
| Proceeds from sale of property, plant and equipment | | 6,814 | 8,110 |
| Purchases of intangibles | | (2,280) | (186) |
| Purchases of equity investments | | (10,000) | 820 |
| Purchase of bonds | | (200,000) | - |
| Purchase of short-term bank deposits | | (105,000) | - |
| Proceeds from disposal of subsidiaries, net of cash | | - | 588,586 |
| Dividends received from JVs and associates | | 440 | - |
| Dividends received from equity investments | | 74 | 6,345 |
| **Net cash generated / (used) in investing activities** | | **(326,632)** | **595,829** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | - | 153 |
| Repayments and other reductions of borrowings | | (8) | (1,397) |
| Cash payments for principal portion of lease liabilities | | (8,407) | (8,924) |
| Purchase of own shares | | - | (3,215) |
| Dividends paid to owners of the parent | 30 | (80,572) | (7,475) |
| **Net cash used in financing activities** | | **(88,987)** | **(20,858)** |
| Net increase in cash and cash equivalents | | (483,702) | 567,627 |
| Cash and cash equivalents at beginning of year | 23 | 708,532 | 146,232 |
| Exchange gains / (loss) | | 5,818 | (5,327) |
| **Cash and cash equivalents at end of year** | 23 | **230,648** | **708,532** |

The notes on pages 25 to 66 are an integral part of these consolidated financial statements.

## 1 General information

Renewable Energy Systems Holdings Limited ('the Company') and its subsidiaries (together, the "Group") develop, construct and operationally manage renewable energy projects and infrastructure. This includes the sale of fully or partially developed projects. The Group has operations in Europe, the Americas and Australia.

The company is a private company limited by shares, incorporated and domiciled in England and Wales. The address of its registered office is Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of Renewable Energy Systems Holdings Limited have been prepared in accordance with United Kingdom adopted International Accounting Standards (UK IAS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain equity investments, bonds and of derivative financial instruments. The financial statements are presented in Pound sterling.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

### 2.2 New Standards

*2.2.1 New Standards, amendments and interpretations adopted by the Group*
There are no new or amended IFRS effective for the current year that apply to the Group.

2.2.2 New Standards, amendments and interpretations not yet adopted by the Group
A number of amendments to standards and interpretations are effective for annual periods beginning after 1 November 2022, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group or parent company.

## 2.2 New Standards (continued)

2.2.3 Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles ('GAAP') under which the Group reports. The Group has included an adjusted profit figure on the face of the income statement to provide additional information on the profit impact of activities the Group is scaling back on and exceptional items that are not expected to occur in future periods.

The terms 'adjusted profit', 'scaled back operations', and 'exceptional items' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

The term 'adjusted profit' refers to profit adjusted for non-recurring items and items which are not expected to be comparable in future periods due to strategic and operational decisions. The term 'scaled back operations' refers to operations the group are investing less resources in going forward and the term exceptional items is defined in section 2.12.

## 2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report. The financial position of the Group is set out in the consolidated statement of financial position and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Strategic Report and notes 23, 25 and 33 to the financial statements. A description of the Group's financial risks is also set out in note 33 to the consolidated financial statements.

At the year end the Group had cash of £230.6 million (2021: £708.5 million) and borrowings of £0.1 million (2021: £0.3 million).

The Directors believe that the Group will be able to continue to manage its business risks successfully. In the forthcoming year, the Group intends to fund its growth by project sales. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group has a strong focus on cash collection. In addition the Group retains flexibility through divestment of liquid investments such as the bond portfolio.

Cash forecasts identifying the liquidity requirements of the Group are produced regularly. These are reviewed by the Board to ensure that sufficient financial facilities are available for at least twelve months from the date of signing the financial statements. After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## 2.4 Consolidation

*2.4.1 Subsidiaries and business combinations*
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. They are deconsolidated from the date that control ceases. Details of the subsidiary entities which have been included in the consolidated financial statements are set out in note 13 of the separate parent company financial statements that accompanies these financial statements. The interests of non-controlling interests in the Group's activities and cash flows are not considered to be material.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with IFRS 9 in the income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

*2.4.2 Changes in ownership interests in subsidiaries without change of control*
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*2.4.3 Disposal of subsidiaries*
When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to retained earnings.

### 2.4 Consolidation (continued)

*2.4.4 Associates*
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of any amounts previously recognised in other comprehensive income is reclassified to retained earnings where appropriate. Dilution gains and losses arising on partial disposals of investments in associates are recognised in the income statement.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates" in the income statement.

Gains and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Additional investments in loss making associates are expensed to the extent that they represent share of losses not previously recognised. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

*2.4.5 Joint arrangements*
The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Renewable Energy Systems Holdings Limited has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method (see 2.4.4 above).

## 2.5 Foreign currency translation

*2.5.1 Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in Pound sterling, which is the Group's presentation currency.

*2.5.2 Transactions and balances*

Foreign currency transactions are initially translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Related foreign currency denominated monetary assets and liabilities remaining at the reporting date are translated into the functional currency using spot rates at that date. Foreign exchange gains and losses resulting from the retranslation or settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, or in either other comprehensive income or directly in equity to follow where the recognition of the underlying item is classified. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Foreign exchange gain/(loss) on financing activities'. All other foreign exchange gains and losses are presented in the income statement within cost of sales or administrative expenses as appropriate.

Translation differences on non-monetary financial assets measured at fair value, such as equities classified as equity investments, are included in other comprehensive income.

*2.5.3 Group companies*

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates; and

- all resulting exchange differences are recognised via other comprehensive income in "cumulative translation differences" reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Where loans to and borrowings from other Group companies are denominated in foreign currencies and settlement of these items is neither planned nor likely to occur in the foreseeable future, and these items form part of the net investment in a foreign operation, the exchange difference arising on these items is recognised via other comprehensive income in "cumulative translation differences" reserves.

### 2.6 Revenue recognition

Revenue from construction contracts is recognised over time as the performance obligation is fulfilled. Revenue from development projects is recognised as the development site is transferred to the customer, in line with any contractual obligations. For all revenue streams, payment terms are detailed within the relevant contracts. The Group recognises revenue and profit for specific Group activities, as described below.

*2.6.1 Revenue from service agreements*
Revenue is earned on support services contracts, where wind, storage and solar sites are operated and managed by the Group on behalf of third parties, and operations and maintenance service contracts where on-site plant and equipment are inspected and maintained by the Group on behalf of third parties. Revenue is recognised as the performance obligations under the service agreements are met.

*2.6.2 Revenue from construction contracts*
For construction contracts, revenue and costs are recognised when the outcome of the contract can be estimated reliably. If the contract is considered profitable, revenue and the associated costs are recognised based on the percentage of total costs incurred up to the reporting date. This is due to the single performance obligation specified by the respective contract being met over time. If the contract is not considered profitable, the total expected loss is recognised within the reporting period in which the indication the contract will become loss-making occurred.

Variable revenue in respect of contracts (including change orders, liquidated damages and claims) is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty is subsequently resolved.

Turbine costs, and the related income, are to be recognised in the income statement following commissioning as prior to this point there has been no transfer of control of the turbines to the customer. Turbine costs incurred prior to commissioning are capitalised in the balance sheet within inventories and are not included within the percentage complete calculation for the recognition of construction contract revenue and costs. Following commissioning, turbine costs incurred to date are included in the income statement and the remaining costs are then recognised in line with the Turbine Supply Agreement. The same approach is taken for other significant components like solar panels and batteries.

*2.6.3 Revenue from development contracts*
When a development project is sold to a customer in the Group's ordinary course of business, the ownership of the project is typically transferred to the customer through sale of shares in a Special Purpose Vehicle (SPV). The SPV is a separate legal entity which owns the development assets of the project. Such transactions represent the ordinary trading activities of the Group and therefore the consideration receivable from the customer under the Share Purchase Agreement are recognised within revenue and the cash flows within cash generated from operations.

SPVs can be under joint ownership with an external party. These joint ventures are not treated in the same way as the SPVs solely owned by the group. When the intention is to sell the Group's share in the entity upon completion of the development phase, the sale is recognised within the Group's share of after tax profit of joint ventures and associates accounted for using the equity method; and gain on disposal of joint ventures and associates and the cash flows within cash generated from operations.

If the SPVs are intended to be held as a long-term investment with the view of generating operating revenue, the cash flows relating to the SPVs are recorded under investing activities and any income from the subsequent sale of these entities is recognised as a gain or loss on disposal of a subsidiary or joint venture, depending on the ownership.

**2.6 Revenue recognition (continued)**

2.6.4 Contract assets
A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.6.5 Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**2.7 Employee benefits**

*2.7.1 Short-term employee benefits*
Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised at the statement of financial position date for any material remaining obligations to employees.

*2.7.2 Annual bonus plans*
The Group operates an annual bonus plan for employees, which is a short-term incentive plan. An expense is recognised in the income statement when the Group has a legal or constructive obligation to make payments under the plans as a result of past employee services provided over the plan period and a reliable estimate of the obligation can be made.

*2.7.3 Long-term incentive plan*
The Group operates a long-term incentive plan for senior employees. Cash payments are made over the vesting period based on performance against a targeted return on net assets for the Group. The charges under the scheme are allocated to the relevant accounting periods in which the Group benefits from the services of the employees concerned. This varies depending on the award dates, the vesting dates and the conditions imposed on continuing employment with the Group. The plan does not result in the issue of, or amounts payable depend upon, any equity instruments of Group companies and the plan is therefore not within the scope of IFRS 2, 'Share-based payments'.

*2.7.4 Retirement benefits*
The company's subsidiary, Renewable Energy Systems Limited participates in the defined benefits section of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme ("the Scheme").

*2.7.4 (a) Defined contribution obligations*
For defined contribution schemes the amount charged to the income statement in respect of pension costs 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 in the statement of financial position.

### 2.7 Employee benefits (continued)

*2.7.4 (b) Defined benefit obligations*
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the Group's agreed share of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Groups' agreed share of the defined benefit obligation is 10%. This is based on the agreed proportion of annual contributions to fund the scheme obligation. In the event that a contributing member to the scheme is unable to fulfil its annual contributions to the scheme, the contributions would fall due to the other contributing member. The total defined benefit liability is £78.4 million, the Group has recognised a liability of £7.8 million thus the potential non-current contingent liability is £70.6 million. The risk of this contingent liability becoming realised is considered to be remote.

The current service cost of the defined benefit plan is recognised in the income statement in employee benefit expense, except where included in the cost of an asset, and reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in "Finance costs" in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions ("remeasurements") are charged or credited in other comprehensive income in the period in which they arise.

### 2.8 Dividend income

Dividend income is recognised when the right to receive payment is established, and is classified within "Other income" in the income statement.

### 2.9 Finance income

Interest income arising on loans and receivables, and on cash and cash equivalents, is recognised when earned by the Group. Any foreign exchange gains arising on underlying assets that generate interest income are also classified as finance income.

### 2.10 Finance and borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance and borrowing costs are recognised in the income statement in the period in which they are incurred, and are measured using the effective interest rate method. Any foreign exchange differences arising on underlying liabilities that generate finance and borrowing costs are also classified within 'Foreign exchange gain/loss on financing activities'.

### 2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is the deferred income tax liability not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.12 Exceptional items

Exceptional items are one off items that arise from activities that are not in the ordinary course of business. Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount, and to assist users of the financial statements with their understanding and interpretation of the performance of the Group.

### 2.13 Leases

The Group has applied IFRS 16 Leases from 1 November 2019.

The Group is a lessee of the following categories of assets:
1) Property,
2) Motor vehicles
3) Construction Plant and Equipment.

The Group implemented a single accounting model, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in the standard. Based on the accounting policy applied the Group recognises a right of use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right of use assets are initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets.

After the commencement date the right of use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.
Depreciation is calculated using the straight-line method over the estimated useful lives. The predominant estimated useful lives are as follows:

| | |
|---|---|
| Land & Buildings | 2 - 12 years |
| Motor vehicles | 1 - 5 years |
| Plant and equipment | 1- 3 years |

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
- fixed payments, less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors and are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

The lease term determined by the Group comprises:
- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that

After the commencement date the Group measures the lease liability by:
- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect any remeasurement or lease modifications.

### 2.14 Property, plant and equipment (PP&E)

PP&E is stated at historical cost net of depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

*2.14.1 Depreciation*

Land is assumed to have an infinite useful life and therefore is not depreciated. PP&E other than freehold land is depreciated over the useful economic lives on a straight-line basis at the following rates per annum:

| | |
|---|---|
| Wind and solar PV farms | 4% to 5% |
| Energy storage plants | 10% |
| Freehold buildings | 2% |
| Short leasehold land and buildings | 20% |
| Fixtures and fittings | 20% |
| Other plant and equipment | 20% to 33% |

Assets in the course of construction are not depreciated. Depreciation begins once the asset is energised and available for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.16).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised on a separate line item in the income statement.

In March 2021 the IFRS Interpretations Committee provided additional guidance on how an entity should account for cloud computing arrangements. In light of this, these items are expensed in the Income Statement as incurred.

### 2.15 Intangible assets

*2.15.1 Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred (which includes cash paid and payable, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the identifiable net assets acquired. If the total of consideration transferred is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase (also known as "negative goodwill"), the difference is recognised directly in the income statement. Goodwill arising on the acquisition of associates or joint ventures is included in the carrying amount of those investments.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units that are expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

### 2.15 Intangible assets (continued)

*2.15.2 Other intangible assets*
Other separately acquired intangible assets are shown at historical cost. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of other intangibles over their estimated useful lives of 1 to 15 years.

### 2.16 Impairment of non-current assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Non-current assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.17 Financial assets

There are three classifications of financial assets under IFRS 9: assets held at amortised cost, assets held at fair value through the profit and loss (P&L) and assets held at fair value through other comprehensive income (OCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*2.17.1 Fair value through the P&L*
Financial assets classified as fair value through the P&L are those acquired principally for the purpose of selling the financial asset in the short term. Derivatives are also categorised as fair value through the P&L unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Financial assets classified as fair value through the P&L are initially recognised at their fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value are presented in the income statement in the period in which they arise and are included within 'Other net gains/(losses)', or 'Finance costs' in the case of interest rate swaps used as an economic hedge of interest arising on borrowings.

*2.17.2 Amortised cost*
Non-derivative financial assets held to collect contractual cash flows and are not quoted in an active market are classified and held at amortised cost. These assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's financial assets measured at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.21 and 2.23).

*2.17.3 Fair value through OCI*
The Group has two categories of assets in this category, equity investments and bonds.

Equity investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### 2.17 Financial assets (continued)

Under IFRS 9, equity investments are measured at fair value and changes to the fair value are recorded in the income statement unless an irrevocable election is made to record changes to the fair value in other comprehensive income. On disposal of the investment the cumulative change in fair value must remain in other comprehensive income and not recycled to the profit or loss. However there is the ability to transfer amounts between reserves within equity.

Both quoted and unquoted equity investments are to be initially measured at fair value. All equity investments must be measured at fair value using the framework within IFRS 13 Fair Value Measurement.

The Group has elected to recognise movements in the fair value of equity investments in other comprehensive income under IFRS 9. As a result fair value movements are recorded within other comprehensive income along with gains or losses on disposal of the investments.

Dividends on equity investments are recognised in the income statement as part of "Other income" when the Group's right to receive payment of the dividend is established.

The Group has recognised bonds under this category. Bonds are investment securities held by a third party for a set period of time in exchange for regular interest payments. They are included in current assets despite their maturity date based on the business model that the Group retains the right to liquidate the portfolio at short notice should the need arise.

Under IFRS 9, bonds are measured at fair value and based on the Group's business model changes to the fair value are recorded in other comprehensive income. As a result fair value movements are recorded within other comprehensive income.

*2.17.4 Derecognition of financial assets*
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### 2.18 Impairment of financial assets

*2.18.1 Financial assets carried at amortised cost - loans and receivables, cash and cash equivalents*
Financial assets measured at amortised cost are impaired using the expected credit loss (ECL) model under IFRS 9. Under the ECL model credit losses are recognised based on the forecasted probability of a credit loss occurring using historic, current and forward-looking information on the debtor, thus resulting in the earlier recognition of credit losses.

The Group assesses whether there is objective evidence that a financial asset or group of financial assets may become impaired at each reporting date. If there is a significant change to the credit risk of the financial instrument since initial recognition, the Group will recognise an impairment amount equal to the lifetime expected credit losses. If there has been a small but insignificant increase in the credit risk on a financial instrument since initial recognition, the Group will recognise an impairment amount equal to the 12-month expected credit losses.

Evidence of impairment may include indications that a debtor, group of debtors, or other counterparty to the financial asset is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**2.18 Impairment of financial assets (continued)**

For financial assets measured at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, including future credit losses that are likely to be incurred, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the credit risk decreases after recognising the lifetime expected credit losses, the Group will adjust the impairment to equal an amount equal to the 12-month expected credit losses.

All impairments are recognised in the income statement as an impairment gain or loss.

*2.18.2 Financial assets classified as equity investments*
The Group assesses at the end of each reporting period whether there is objective evidence that an equity investment is impaired. For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the income statement on equity investments are not reversed through the consolidated income statement.

**2.19 Derivative financial instruments and hedging activities**

The Group uses derivative financial instruments to reduce exposure to interest rate and foreign currency movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives, including embedded derivatives that are not closely related to the host contract, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group does not apply hedge accounting on derivative financial instruments. Therefore, the gain or loss on the instruments is recognised directly in the income statement within "Other net gains / (losses)".

**2.20 Inventories including construction and service contracts**

The recognition of uninstalled materials such as wind turbines, solar panels and battery energy storage components are included within inventories until the assets have been commissioned.

Work-in-progress is measured at the lower of cost and fair value less costs to sell and arises principally on those contracts for services provided by the Group which feature revenue and related cost recognition on substantial completion of the contract. Amounts included within work-in-progress represent the cumulative costs incurred on specific contracts, net of amounts recognised in cost of sales by applying the percentage completion method and less provision for anticipated future losses on contracts.

The carrying amount of inventory is assessed for impairment at each reporting date and provision is made to reduce the carrying amount to recoverable amount for all known or expected losses on stocks or work in progress.

### 2.21 Trade receivables

Trade receivables are amounts due from customers for energy sold or services performed and invoiced in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, or if not they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment measured under the expected credit loss (ECL) model outlined in section 2.18.1.

### 2.22 Assets held for sale & discontinued operations

The Group classifies assets as held for sale once they meet the criteria required under IFRS 5 - Non-current assets held for sale and discontinued operations. The criteria are as follows: the value from the assets will be recovered through sale rather than through use through a highly probable sale or sale plan and the assets are available for immediate sale in current condition.

Assets classified as held for sale are measured at the lower of their cost or net realisable value. Any fixed assets classified as held for sale are not depreciated from the point their sale was highly probable.

If the group of assets reclassified to assets held for sale represent a major line of business or geographical area, they will be classified as a discontinued operation under IFRS 5 and any profit or loss recognised from this group of assets in the year will be separately disclosed on the income statement.

The Group considers a discontinued operation to exist once they meet the criteria required under IFRS 5 - Non-current assets held for sale and discontinued operations. The criteria are as follows: it represents either a separate major line of business or a geographical area of operations is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

### 2.23 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. The Company classifies cash held in term deposit accounts and notice accounts, where the term or notice period is longer than three months, as other receivables.

For the purposes of the cash flow statement, the Group classifies cash flows relating to finance income and costs as operating cash flows.

### 2.24 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.25 Borrowings

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 loan issue and other directly attributable transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Included in the finance charge resulting from application of the effective interest rate method are amounts arising from the expensing of deferred loan issue and other directly attributable transaction costs, which the Group chooses to disclose separately as "amortisation of loan issue costs" to aid the understanding of readers of the financial statements.

### 2.26 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.27 Provisions

A provision is recognised in the statement of financial position when the Group has a 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 with a maturity greater than one year are determined by discounting to present value the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### 2.28 Share capital

Ordinary shares are classified as equity.

Material incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any material directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

### 2.29 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

### 2.30 Segmental disclosures

The Group is not required to apply IFRS 8 and has elected not to voluntarily prepare segmental disclosures.

## 3 Critical accounting estimates and judgements

In applying the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Construction contracts*
*3.1.1 Warranty provisions (Judgement and Estimate)*
Following completion of a construction contract, the majority of customers enter into a warranty period, for which the terms are unique to each contract. Warranty periods are typically 2-5 years, with a broader warranty for the first two years and a more limited warranty for the remaining periods. The Group accrue a warranty provision (see note 27) upon substantial completion of each construction contract based on the estimated warranty expense, which is usually a percentage of the contract value.

*3.1.2 Construction provisions (Judgement and Estimate)*
The Group's revenue recognition and profit recognition accounting policies (see note 2.6.2) are critical in valuing the construction work performed during the financial year. Estimations and judgements are required to assess variations to the original contracted revenue, including changes in scope and any potential liquidated damages that may be claimed by customers. Estimates are required to forecast the total cost to complete a construction project in line with contracted requirements. As at 31 October 2022, the Group's contract assets, contract liabilities and contract provisions amounted to £36.7 million, £119.7 million and £30.5 million respectively as set out in Notes 20 and 27. Within the portfolio of Construction contracts, there are a limited number of long-term contracts where the Group has incorporated significant judgements over contractual entitlements relating to recoveries of claim income from customers and liquidated damages levied by the customer. The Group has considered the nature of the estimates and judgements in recognising the financial performance of these construction projects and concluded, due to the contractual nature, there are two extreme ends on the range of possible outcomes for each project (claims in excess of any contractual limits have been capped). Whilst these extremes in any contract may be possible albeit remote, the Group has recognised variable revenues on these contracts to the extent it is considered highly probable that a significant reversal will not occur in a future period. There is one significant judgement has been required, which has unapproved variations to original contracted revenue in addition to potential liquidated damages which could result in an increase of £1.8 million or decrease of £9.4 million to the project revenue and margin.

## 3.1 Critical judgements in applying the Group's accounting policies (continued)

*3.1.3 Revenue and margin recognition (Judgement and estimate)*
The Group's revenue recognition and margin recognition policies are set out in note 2.6. These policies require forecasts of the outcomes of long-term construction service contracts. Revenue and margins are calculated based on the percentage completion of the contract, which is based on costs incurred as a proportion of total contract costs, as this indicates the proportion of the performance obligation complete. All costs associated with each contract are estimated using cost quotations specific to the contract. The range of potential outcomes as a result of uncertain future events could result in a materially positive or negative swing to profitability and cash flow. The group updates its total cost estimate whenever new information arises.

There may be conditions stated in the construction contract which may lead to variable consideration. Variable consideration will impact the revenue recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Conditions stated within construction contracts may also impact the timing of when performance obligations have been met and thus when revenue can be recognised. The Group considers the contractual obligation for the receipt of income when determining the recognition of revenue based on the percentage complete. Where the completion of performance obligations exceeds a year, revenue is adjusted to reflect the time value of money.

*Development contracts*
*3.1.4 Sale of wind and solar farm and battery storage subsidiaries - assets held for sale and discontinued operations (Judgement)*
The Group's strategic business operating model includes the development of wind and solar farm and battery storage installations. Each separate wind and solar farm and battery storage installation development is established through separate legal entities, which are controlled by the Group. Management is required to exercise judgement regarding the status of any offers and negotiations for sale of a particular project at the reporting date, the likelihood of completing such sales and the impact on the Group's ongoing business from the disposal of one or more subsidiary entities. Where in management's judgement the criteria in IFRS 5 relating to the classification of non-current assets and disposal Groups as held for sale is satisfied, the assets and liabilities of such subsidiaries are classified as held for sale. In management's judgement, the Group's strategic business operating model will mean that developments will arise from time to time, but it is not likely that (i) any one subsidiary will represent a major separate line of business to the Group, or that (ii) a Group of subsidiaries will be disposed of under a single coordinated plan, and accordingly disposals of development subsidiaries are not considered to be discontinued operations of the Group.

### 3.1 Critical judgements in applying the Group's accounting policies (continued)

*3.1.5 Development and pre-contract costs (Judgement)*
The Group incurs a variety of costs in the investigative and preliminary phases of wind and solar farm projects, and battery storage installations, including land options costs, geological and ecological studies, grid studies, energy yield assessments and engineering costs. Judgement is required in determining whether or not the recoverability of these development phase costs is probable, either from future operation by the Group of resulting infrastructure assets that it will own or through recovery from revenues earned under DSA and EPC contracts with third parties. In exercising those judgements, management takes into account the regulatory approval and consent regimes that apply in the various territories in which the Group operates, along with experience of actual recoveries, if any, from other similar previous circumstances in those territories. In the Group's judgement it is appropriate to expense non-refundable development and pre-contract costs incurred in the early stages of a development, as recovery cannot be considered probable until a relatively late stage in the development phase following approval by authorities and execution of contracts with third parties.

*Deferred tax*
*3.1.6 Recoverability of deferred tax assets (DTAs) (Estimate)*
The Group recognises deferred tax assets arising from deductible temporary differences and from past losses. In assessing the recoverability of these DTAs the Group is required to estimate the likely future taxable profits of subsidiaries within the Group, the extent to which losses in one subsidiary can be offset against profits in other subsidiaries and the impact of any changes in tax legislation or rates impacting the carrying value of DTAs. At 31 October 2022, the Group has estimated that DTAs of £2.6 million will be recoverable and has recognised this amount as an asset, but has estimated that a further £126.1 million of DTAs are not probable of being recognised in the foreseeable future with this amount not recognised as an asset.

## 4 Revenue

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Revenue from service agreements | 68,500 | 56,295 |
| Revenue from construction contracts | 404,007 | 658,362 |
| Revenue from development contracts | 89,991 | 77,948 |
| Other | 10 | 5 |
| | 562,508 | 792,610 |
| UK | 134,679 | 90,988 |
| Rest of Europe | 46,157 | 89,417 |
| The Americas | 374,437 | 565,677 |
| Australia | 7,235 | 46,528 |
| | 562,508 | 792,610 |

**Transaction price allocated to the remaining performance obligations (excluding joint ventures and associates)**

In accordance with IFRS 15 Revenue from Contracts with Customers, the Group is required to disclose the remaining transaction price allocated to performance obligations not yet delivered. Below is a summary of the remaining transaction price to be recognised in future years split by revenue stream.

| | 2023 | 2024 | 2025 onwards |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Revenue from construction contracts | 310,524 | 79 | - |
| Revenue from development contracts | 8,142 | 2,048 | 1,376 |
| Revenue from service agreements | 21,738 | 27,463 | 149,927 |

The total transaction price allocated to the remaining performance obligations represents the contracted revenue to be earnt by the Group for distinct goods and services which the Group has promised to deliver to its customers. These include promises which are partially satisfied at the period end or those which are unsatisfied but which the Group has committed to providing. In deriving this transaction price, any element of variable revenue is estimated at a value that is highly probable not to reverse in the future.

## 5 Expenses

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| **Operating loss is stated after charging / (crediting) the following:** | | |
| Inventory expensed in cost of sales | 19,963 | 72,908 |
| Employee benefit expense (note 6) | 178,360 | 182,773 |
| Depreciation and impairment charges on PPE (note 12) | 6,324 | 8,589 |
| Depreciation and impairment charges on right of use assets (note 13) | 6,946 | 8,420 |
| Amortisation of intangibles (note 14) | 323 | 315 |
| Profit on disposal of PPE | (693) | (4,788) |
| Loss allowance on trade receivables (note 18) | 4 | 63 |
| Foreign exchange (gain)/loss on principal trading activities (note 7) | (4,072) | 967 |
| Operating lease payments: | | |
| - Minimum lease payments | 1,155 | 646 |

**Auditor's remuneration**
**Services provided by the company's auditor and its associates**

| During the year the group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates: | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Fees payable to company's auditor and its associates for the audit of parent company and consolidated financial statements | 573 | 269 |
| Fees payable to company's auditor and its associates for other services: | | |
| - The audit of company's subsidiaries | 164 | 409 |
| - Audit-related assurance services | - | 7 |
| - Other services | 2 | 1 |
| - Tax advisory services | 158 | 236 |
| - Tax compliance service | 92 | 136 |
| | 989 | 1,058 |
| Audit fees | 737 | 678 |
| Non-audit fees | 252 | 380 |
| | 989 | 1,058 |

## 6 Employees

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Employee cost expense** | | |
| Wages and salaries | 156,685 | 166,050 |
| Social security costs | 12,737 | 10,920 |
| Long-term incentive plan | 2,503 | 1,165 |
| Pension costs accounted for as defined contribution plans (note 28) | 6,345 | 4,518 |
| Pension costs accounted for as defined benefit plans (note 28) | 90 | 120 |
| | 178,360 | 182,773 |

**Average monthly number of people employed**

The average number of employees, including the directors, during the year was:

| | | |
|---|---|---|
| Engineering, technical and project management | 1,571 | 1,692 |
| Management and administration | 300 | 263 |
| | 1,871 | 1,955 |

## 7 Net foreign exchange gains / (losses)

The exchange differences credited / (charged) to the income statement are included as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Foreign exchange gain/(loss) on principal trading activities (note 5) | 4,072 | (967) |
| Finance income and costs (note 10) | 20,370 | (366) |
| | 24,442 | (1,333) |

## 8 Other net gains

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Derivative financial instruments at fair value through profit or loss: | | |
| Fair value (losses) / gains | (1,536) | 663 |
| Other gains | 1,982 | 71 |
| | 446 | 734 |

Other net gains includes fair value losses on derivatives and gains on disposal of equipment.

**Renewable Energy Systems Holdings Limited**
**Notes to the consolidated financial statements**
**For the year ended 31 October 2022**

## 9 Other income

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Dividend receivable from equity investments | 204 | 63 |
| Other | 2,203 | 455 |
| | 2,407 | 518 |

Other income includes dividend income received from equity investments and an insurance reimbursement from a US project.

## 10 Net finance income / (costs)

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Finance costs:** | | |
| - Borrowings | (10) | (196) |
| - Net foreign exchange losses on financing activities (note 7) | - | (649) |
| - Interest payable under the defined benefit pension scheme (note 28) | (1,110) | (1,070) |
| - Other interest payable | (21) | (2,082) |
| - Amortisation of debt issue costs | - | (182) |
| - Interest on obligations under leases | (986) | (1,061) |
| **Finance costs** | (2,127) | (5,240) |
| | | |
| **Finance income:** | | |
| - Interest income on bank and other short-term deposits | 1,828 | 48 |
| - Interest income on loans to associates | 74 | - |
| - Interest income from the defined benefit pension scheme (note 28) | 970 | 790 |
| - Other interest receivable | 5,551 | 1,268 |
| - Net foreign exchange gains on financing activities (note 7) | 7,663 | 283 |
| - Exchange gain on conversion of debt (note 7) | 12,707 | - |
| **Finance income** | 28,793 | 2,389 |

Other interest receivable in the current year includes interest on bonds.

## 11 Income tax charge

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Current tax:** | | |
| Current tax on loss for the year | 1,522 | 2,988 |
| Adjustments in respect of prior years | (1,919) | 152 |
| **Total current tax (credit) / charge** | (397) | 3,140 |
| | | |
| Deferred tax (note 17): | | |
| Origination and reversal of temporary differences | 3,495 | 14,627 |
| Adjustments in respect of prior years | 115 | (1,260) |
| **Total deferred tax charge** | 3,610 | 13,367 |
| | | |
| **Income tax charge** | 3,213 | 16,507 |

## 11 Income tax charge (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise from applying the UK tax rate to loss of the consolidated entities as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Loss from continuing operations before tax | (25,044) | (34,487) |
| Tax calculated at UK domestic tax rate 19% (2021: 19%): | (4,758) | (6,553) |
| Tax effects of: | | |
| – Effect of overseas tax rates | (596) | 4,981 |
| – Income not subject to tax | (8,231) | (3,809) |
| – Expenses not deductible for tax purposes | 409 | 3,027 |
| – Recognition of previously unrecognised tax losses | (2,302) | (346) |
| – Current year items for which no deferred income tax asset was recognised | 18,543 | 10,164 |
| – Research and development tax credits | (271) | (318) |
| – De-recognition of deferred tax asset | 2,484 | 10,336 |
| – Remeasurement of deferred tax – change in tax rates | - | 133 |
| – Adjustments in respect of prior years | (2,065) | (1,108) |
| **Tax charge relating to loss before tax** | **3,213** | **16,507** |

The tax charge relating to components of other comprehensive (loss) / income is as follows:

| 2022 | Before tax £'000 | Tax (charge) /credit £'000 | After tax £'000 |
|---|---|---|---|
| Fair value gains on equity investments | (156) | 39 | (117) |
| Re-measurements of post-employment benefit liabilities (note 28.1) | (14,874) | 3,719 | (11,155) |
| Change in fair value of bonds | (13,806) | - | (13,806) |
| Currency translation differences | (11,237) | - | (11,237) |
| **Other comprehensive loss** | **(40,073)** | **3,758** | **(36,315)** |
| Current tax | | - | |
| Deferred tax (note 17) | | 3,758 | |
| | | 3,758 | |

| 2021 | Before tax £'000 | Tax (charge) /credit £'000 | After tax £'000 |
|---|---|---|---|
| Fair value gains on equity investments | - | - | - |
| Profit on disposal of equity investments | (25) | 5 | (20) |
| Re-measurements of post-employment benefit liabilities (note 28.1) | (1,087) | 207 | (880) |
| Currency translation differences | 10,480 | 835 | 11,315 |
| **Other comprehensive income** | **9,368** | **1,047** | **10,415** |
| Current tax | | - | |
| Deferred tax (note 17) | | 1,047 | |
| | | 1,047 | |

## 12 Property, plant and equipment

| | Assets in the course of construction £'000 | Freehold land and buildings £'000 | Leasehold land and buildings £'000 | Fixtures and fittings £'000 | Plant and equipment £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| At 1 November 2020 | - | 13,307 | 3,231 | 6,232 | 66,146 | 88,916 |
| Exchange rate adjustments | - | (129) | 4 | (302) | (2,781) | (3,208) |
| Additions | - | 870 | 112 | 1,139 | 5,921 | 8,042 |
| Disposals | - | (1,602) | - | (3,016) | (25,560) | (30,178) |
| Reclassification | - | - | 36 | (486) | (6,003) | (6,453) |
| At 31 October 2021 | - | 12,446 | 3,383 | 3,567 | 37,723 | 57,119 |
| Exchange rate adjustments | - | 96 | 13 | 267 | 4,184 | 4,560 |
| Additions | 899 | 1,070 | - | 399 | 10,381 | 12,749 |
| Disposals | - | (231) | - | (509) | (5,487) | (6,227) |
| Impairment | - | (82) | - | - | - | (82) |
| At 31 October 2022 | 899 | 13,299 | 3,396 | 3,724 | 46,801 | 68,119 |
| **Depreciation:** | | | | | | |
| At 1 November 2020 | - | 7,298 | 1,798 | 3,308 | 43,144 | 55,548 |
| Exchange rate adjustments | - | (54) | - | (122) | (1,890) | (2,066) |
| Charge for the year | - | 395 | 77 | 167 | 7,950 | 8,589 |
| Disposals | - | (793) | - | (849) | (21,140) | (22,782) |
| Reclassification | - | - | 8 | (269) | (3,280) | (3,541) |
| At 31 October 2021 | - | 6,846 | 1,883 | 2,235 | 24,784 | 35,748 |
| Exchange rate adjustments | - | 56 | 1 | 250 | 3,105 | 3,412 |
| Charge for the year | - | 304 | 18 | 311 | 5,609 | 6,242 |
| Disposals | - | (229) | - | (505) | (4,669) | (5,403) |
| At 31 October 2022 | - | 6,977 | 1,902 | 2,291 | 28,829 | 39,999 |
| **Net book value:** | | | | | | |
| At 31 October 2022 | 899 | 6,322 | 1,494 | 1,433 | 17,972 | 28,120 |
| At 31 October 2021 | - | 5,600 | 1,500 | 1,332 | 12,939 | 21,371 |
| At 31 October 2020 | - | 6,009 | 1,433 | 2,924 | 23,002 | 33,366 |

In March 2021 the IFRS Interpretations Committee provided additional guidance on how an entity should account for cloud computing arrangements. In light of this RES performed a review of all capitalised computer software in FY 2021 and wrote off any software deemed to be a service agreement. The impact of capitalised items written off to the Income Statement during the prior year was £2.8 million. This policy has been consistently applied in the current year, see accounting policy 2.14 for further details.

## 13 Right of use assets

The Group transitioned to IFRS 16 Leases on 1 November 2019. Under IFRS 16 each lease within the scope of the standard must be recognised as a right of use asset at the present value of future rental payments plus any lease incentives, initial direct costs incurred by the lessee, advance payments and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets.

| | Land and buildings £'000 | Vehicles £'000 | Plant and Equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| At 31 October 2020 | 14,463 | 18,715 | 3,856 | 37,034 |
| Exchange rate adjustments | (610) | (1,035) | (218) | (1,863) |
| Additions | 934 | 1,949 | 1,180 | 4,063 |
| Disposals | (5,488) | (5,102) | (2,643) | (13,233) |
| Impairments | 158 | - | - | 158 |
| Reclassification | (51) | - | 51 | - |
| At 31 October 2021 | 9,406 | 14,527 | 2,226 | 26,159 |
| Exchange rate adjustments | 514 | 2,443 | 414 | 3,371 |
| Additions | 9,061 | 2,314 | 5,244 | 16,619 |
| Disposals | (1,927) | (7,436) | (1,261) | (10,624) |
| Impairments | (236) | (16) | - | (252) |
| At 31 October 2022 | 16,818 | 11,832 | 6,623 | 35,273 |
| **Depreciation:** | | | | |
| At 31 October 2020 | 2,523 | 4,691 | 2,240 | 9,454 |
| Exchange rate adjustments | (123) | (252) | (123) | (498) |
| Charge for the year | 1,899 | 5,007 | 1,514 | 8,419 |
| Disposals | (900) | (3,789) | (2,628) | (7,317) |
| Eliminated on impairment | 94 | (2) | - | 92 |
| At 31 October 2021 | 3,493 | 5,655 | 1,003 | 10,150 |
| Exchange rate adjustments | 359 | 1,162 | 404 | 1,925 |
| Charge for the year | 1,949 | 2,489 | 2,256 | 6,694 |
| Disposals | (1,878) | (3,644) | (1,261) | (6,783) |
| Eliminated on impairment | (161) | (9) | - | (170) |
| At 31 October 2022 | 3,762 | 5,653 | 2,402 | 11,816 |
| **Net book value:** | | | | |
| At 31 October 2022 | 13,056 | 6,179 | 4,221 | 23,456 |
| At 31 October 2021 | 5,913 | 8,872 | 1,223 | 16,009 |
| At 31 October 2020 | 11,940 | 14,024 | 1,616 | 27,580 |

## 14 Intangible assets

| | Other intangibles £'000 | Goodwill £'000 | Total £'000 |
|---|---|---|---|
| **Deemed cost:** | | | |
| At 1 November 2020 | 3,285 | 8,882 | 12,167 |
| Exchange rate adjustments | (1) | (119) | (120) |
| Additions | 167 | - | 167 |
| Disposals | (2) | (6,087) | (6,089) |
| Impairments | (48) | - | (48) |
| At 31 October 2021 | 3,401 | 2,676 | 6,077 |
| Additions | 2,785 | 3,537 | 6,322 |
| Impairments | (50) | - | (50) |
| **At 31 October 2022** | **6,136** | **6,213** | **12,349** |
| **Accumulated amortisation/ impairment:** | | | |
| At 1 November 2020 | 610 | 1,073 | 1,683 |
| Exchange rate adjustments | (3) | (22) | (25) |
| Charge for the year | 315 | - | 315 |
| Disposals | - | (1,051) | (1,051) |
| At 31 October 2021 | 922 | - | 922 |
| Charge for the year | 323 | - | 323 |
| **At 31 October 2022** | **1,245** | **-** | **1,245** |
| **Net book value:** | | | |
| At 31 October 2022 | **4,891** | **6,213** | **11,104** |
| At 31 October 2021 | 2,479 | 2,676 | 5,155 |
| At 31 October 2020 | 2,675 | 7,809 | 10,484 |

**Impairment tests for goodwill**

Management reviews the business performance based on geography and type of business. The cash generating unit in relation to the brought forward goodwill is UK Asset Management attained as part of the acquisition of RES White. The cash generating unit of the acquired goodwill is Australia's Asset Management business which has arisen through the acquisition of Blueshore Pty Limited (see note 31). The following is a summary of goodwill allocated to each cash generating unit:

**2022**

| | £'000 |
|---|---|
| UK Asset Management | 2,676 |
| Australia Asset Management (see note 31) | 3,537 |
| | 6,213 |

**2021**

| | £'000 |
|---|---|
| UK Asset Management | 2,676 |
| | 2,676 |

Management have concluded that the three-year forecasted profits of the UK Asset Management Business do not indicate any reason to impair the goodwill recognised. Similarly, management have concluded that the five-year forecasted profits of Australia's Asset Management Business do not indicate any reason to impair the goodwill recognised.

## 15 Equity Investments

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **At start of year** | 1,232 | 1,258 |
| Additions | 10,829 | 699 |
| Disposals | - | (700) |
| Net (losses) / gains recognised in other comprehensive income | (156) | (25) |
| **At end of year** | **11,905** | **1,232** |
| Less current portion | - | - |
| **Non-current portion** | **11,905** | **1,232** |

Equity investments include the following:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Listed equity securities – UK | 11,905 | 1,232 |
| **Total** | **11,905** | **1,232** |

Equity investments are denominated in the following currencies:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| UK pound sterling | 11,905 | 1,232 |
| **Total** | **11,905** | **1,232** |

Equity investments comprise a 0.37% (2021: 0.04%) shareholding in the shares of The Renewables Infrastructure Group "TRIG", a listed renewables fund.

The maximum exposure to credit risk is the carrying amounts of the financial assets at the reporting date.

## 16 Derivative financial instruments

| | 2022 Assets £'000 | 2022 Liabilities £'000 | 2021 Assets £'000 | 2021 Liabilities £'000 |
|---|---|---|---|---|
| Forward foreign exchange contracts | 3,295 | (3,522) | 37,937 | (37,109) |
| **Total** | **3,295** | **(3,522)** | **37,937** | **(37,109)** |
| Less non-current portion: | - | - | 3,561 | (3,439) |
| **Current portion** | **3,295** | **(3,522)** | **34,376** | **(33,670)** |

The group has decided not to apply hedge accounting.

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 October 2022 were £3,294,883 (2021: £3,442,219) and they have a maturity date within 2023 (2021: 2023). These forward contracts provide an economic hedge against the Group's turbine and battery storage construction payments predominantly denominated in Euros in 2022.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

None of the Group's derivative instruments are traded in active markets, and are fair valued using inputs (other than quoted prices) that are observable directly or indirectly - i.e. level 2 hierarchy. Valuation techniques are used, along with input from third party financial institutions, using observable market data where it is available, such as yield curves used as an input to interest rate swap valuations and forward exchange rate data for forward foreign exchange derivatives. The Group does not consider that any counterparties to derivative instruments have credit risk that materially impacts the calculated fair value of the instruments.

## 17 Deferred tax

The analysis of net deferred tax assets and deferred tax liabilities is as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| At start of year | (335) | 8,801 |
| Exchange differences | 18 | 45 |
| Income statement debit (note 11) | (3,610) | (13,367) |
| Tax credit relating to components of other comprehensive income (note 11) | 3,758 | 1,047 |
| Deferred tax on intangibles | (151) | 3,139 |
| **At end of year** | **(320)** | **(335)** |

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

| **Deferred tax liabilities** | **Non-current liabilities £'000** |
|---|---|
| At 1 November 2020 | (820) |
| Debited to the income statement | (3,277) |
| Foreign exchange movements | 119 |
| At 31 October 2021 | (3,978) |
| | |
| Credited to the income statement | 1,186 |
| Debited to intangibles | (151) |
| Foreign exchange movements | 66 |
| **At 31 October 2022** | **(2,877)** |

| **Deferred tax assets** | **Tax losses £'000** | **Other £'000** | **Total £'000** |
|---|---|---|---|
| At 1 November 2020 | 5,423 | 7,379 | 12,802 |
| Charged to the income statement | (3,994) | (6,096) | (10,090) |
| Debited to other comprehensive income | - | 1,047 | 1,047 |
| Deferred tax released on discontinued operations | (43) | - | (43) |
| Exchange difference | (40) | (33) | (73) |
| At 31 October 2021 | 1,346 | 2,297 | 3,643 |
| | | | |
| Charged to the income statement | (1,061) | (3,735) | (4,796) |
| Debited to other comprehensive income | - | 3,758 | 3,758 |
| Exchange difference | 5 | (53) | (48) |
| **At 31 October 2022** | **290** | **2,267** | **2,557** |

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised net deferred assets of £126.1 million (2021: £91.1 million) in respect of losses amounting to £76.6 million (2021: £46.9 million) that can be carried forward against future taxable income and other timing differences of £49.5 million (2021: £44.2 million).

In March 2021 it was announced that the main rate of UK corporation tax would increase from 19% to 25% with effect from 1 April 2023; the new rate was enacted in the 2021 Finance Act on 10 June 2021. As such, deferred tax balances as at 31 October 2022 are measured at a rate of 25%.

## 18 Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Trade receivables** | 102,777 | 115,746 |
| Less: impairment of trade receivables | (1,078) | (328) |
| **Trade receivables – net** | 101,699 | 115,418 |
| Prepayments | 44,324 | 11,792 |
| Value added tax | 1,736 | 4,536 |
| Corporation tax | 7,587 | 6,474 |
| Other receivables | 6,089 | 13,229 |
| Receivables from other related parties | 4,451 | 749 |
| | 165,886 | 152,198 |
| Less non-current portion: other debtors | 985 | 2,279 |
| **Current portion** | **164,901** | **149,919** |

Non-current receivables are due between one and five years from the end of the reporting period.

Amounts included within receivables from other related parties include a debtor due from an entity under common control of The McAlpine Partnership Trust (incorporated in the UK). The loan bears interest at 2% above the Bank of England base rate and has a repayment date of 31 December 2025.

Based on prior experience, an assessment of the current economic environment and a review of the financial circumstances of individual customers, the Directors believe no further credit risk provision is required in respect of trade receivables. The Directors consider that the carrying values of current and non-current trade and other receivables approximate their fair values.

**Analysis of trade receivables**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| *Trade receivables can be analysed as follows:* | | |
| Amount receivable not past due | 89,056 | 98,591 |
| *Amount receivable past due but not impaired* | 12,643 | 16,911 |
| Amount receivable impaired (gross) | 1,078 | 244 |
| Less: impairment | (1,078) | (328) |
| | 101,699 | 115,418 |

**Maturity profile of trade receivables past due but not impaired**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| 31 - 60 days | 3,246 | 4,530 |
| 61 - 90 days | 74 | 815 |
| 91 - 120 days | 7,205 | 444 |
| 120+ days | 2,118 | 11,122 |
| | 12,643 | 16,911 |

**Movement in the provision for the impairment of trade receivables**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| At start of year | (328) | (215) |
| Exchange difference | (18) | (2) |
| Provision for receivables impairment | (736) | (174) |
| Receivables written off during the year as uncollectible | 4 | 63 |
| **At end of year** | (1,078) | (328) |

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| UK pound sterling | 37,568 | 22,251 |
| Euros | 10,006 | 14,329 |
| US dollar | 80,849 | 99,321 |
| Canadian dollar | 30,922 | 12,156 |
| Other currencies | 6,541 | 4,141 |
| | **165,886** | **152,198** |

## 19 Discontinued operations

During the prior year the Group decided to exit its involvement in France's construction, development and generation business streams. The results for this business stream in the prior year are detailed below.

### 19.1 Results of discontinued operations

| | 2021 |
|---|---|
| | £'000 |
| Revenue | 26,366 |
| Expenses | (43,959) |
| (Loss)/Profit on disposal of subsidiaries | 0 |
| Results from operating activities | (17,593) |
| Income tax | 5,669 |
| Results from operating activities, net of tax | (11,924) |
| Gain on sale of discontinued operations | 562,427 |
| Profit from discontinued operations, net of tax | 550,503 |

### 19.2 Cash flows from (used in) discontinued operations

| | 2021 |
|---|---|
| | £'000 |
| Net cash used in operating activities | (8,892) |
| Net cash from investing activities | (1,458) |
| Net cash from financing activities | 327 |
| Net cash flows for the year | (10,023) |

### 19.3 Effect of disposal on the financial position of the Group

| | 2021 |
|---|---|
| | £'000 |
| Property, Plant and Equipment | 34,751 |
| Goodwill | 4,633 |
| Inventories | 9,074 |
| Trade and other receivables | 31,758 |
| Cash and cash equivalents | 11,270 |
| Deferred tax liabilities | (68) |
| Trade and other payables | (54,174) |
| Net assets and liabilities | 37,244 |
| | |
| Consideration received, satisfied in cash | 616,805 |
| Cash and cash equivalents disposed of | (11,270) |
| Net cash inflows | 605,535 |

## 20 Contract assets and liabilities

The timing of revenue recognition, billings and cash collection results in contract assets (unbilled amounts) and customer advances and deposits (contract liabilities) on the Group's balance sheet. For services in which revenue is earned over time, amounts are billed in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones. The timing of revenue recognition is measured in accordance with the progress of delivery on a contract which could either be in advance or in arrears of billing, resulting in either a contract asset or a contract liability.

**Contracts in progress at the reporting date:**

| **Contract assets** | **£'000** |
|---|---|
| At 1 November 2021 | 108,046 |
| Currency translation differences | 18,189 |
| Transfers from contract assets recognised at the beginning of the year to receivables | (120,852) |
| Increase related to services provided in the year | 31,313 |
| At 31 October 2022 | **36,696** |
| | |
| **Contract liabilities** | |
| At 1 November 2021 | (95,512) |
| Currency translation differences | (9,554) |
| Revenue recognised against contract liabilities at the beginning of the year | 101,828 |
| Increase due to cash received, excluding amounts recognised as revenue during the year | (116,428) |
| At 31 October 2022 | **(119,666)** |

## 21 Inventories

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Work in progress | 100,034 | 66,577 |
| | 100,034 | 66,577 |

## 22 Other current assets

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Bonds | 190,057 | - |
| Short-term bank deposits | 105,000 | - |
| | 295,057 | - |

The Group invested £199.9 million into bonds during the year which have a range of maturity dates but can be readily liquidated. The bonds are fair valued through the OCI. None of the bonds are considered to be level 1 in the fair value hierarchy. The bonds are fair valued using inputs (other than quoted prices) that are observable directly or indirectly or unobservable - i.e. all bonds are considered to be level 2 in the fair value hierarchy. The valuations are derived from third party financial institutions, using observable market data where it is available. The Group does not consider that any counterparties to the bonds have credit risk that materially impacts the calculated fair value of the instruments. During the year the Group recognised a fair value loss of £13.8m in OCI.

The carrying amounts of the bonds are denominated in GBP.

Short-term bank deposits represent monies placed with financial instutions that mature and will be returned after 3 months from the balance sheet date, but within 12 months.

## 23 Cash and cash equivalents

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Cash at bank and in hand | 230,648 | 708,532 |
| | 230,648 | 708,532 |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Restricted cash | 4,546 | 65 |

Restricted cash is included in cash at bank and in hand and is held at financial institutions and used as security for trade finance arrangements.

The maximum exposure to credit risks is the carrying amount of the financial assets.

## 24 Trade and other payables

| | 2022 £'000 | Restated 2021 £'000 |
|---|---|---|
| Trade payables | 69,269 | 64,156 |
| Amounts owed to related parties | - | 21 |
| Value added tax | 1,035 | 13,791 |
| Other payables | 2,010 | 7,488 |
| Accruals | 57,013 | 72,083 |
| Trade and other payables | 129,327 | 157,539 |

The prior year payables balance has been restated to reclassify warranty provisions, which were recognised under 'accruals', to provisions. As a result the total trade and other payables balance has decreased by £6.7m from £164.2m to £157.5m.

Included within amounts owed to related parties in the prior year are payables due to The McAlpine Partnership Trust (incorporated in the UK), which owns 100% of the company's ordinary shares.

## 25 Borrowings

### *25.1 Borrowings*

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Non-current** | | |
| Other borrowings | 122 | 122 |
| | **122** | **122** |
| **Current** | | |
| Other borrowings | 9 | 132 |
| | **9** | **132** |
| **Total borrowings** | **131** | **254** |

Borrowings incur finance charges, with a range of fixed rates or floating rates applied based on interest rate indices and margins levied by the lender. Average interest rate is 3.38% (2021: 2.25%).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Euros | 112 | 106 |
| US dollar | 19 | 148 |
| | **131** | **254** |

### *25.2 Net debt and capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or limit the amount of new project activity that is dependent on debt financing.

The Group monitors capital on the basis of its free cash flow.

## 26 Lease liabilities

Under IFRS 16 Leases, each lease within the scope of the standard must be recognised as a lease liability at the present value of future rental payments.

***Analysed as the following discounted liabilities:***

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Non-current** | | |
| Lease liabilities | 15,807 | 10,381 |
| **Current** | | |
| Lease liabilities | 8,395 | 6,364 |
| **Total lease liabilities** | **24,202** | **16,745** |

## 27 Provisions for liabilities

| | Contingent consideration payable £'000 | Decomm-issioning £'000 | Restated Development and construction £'000 | Restated Total £'000 |
|---|---|---|---|---|
| At 1 November 2020 | 613 | 1,704 | 29,761 | 32,078 |
| Prior year restatement | - | - | 4,036 | 4,036 |
| At 1 November 2020 (as restated) | 613 | 1,704 | 33,797 | 36,114 |
| Acquisition/ (disposal) of subsidiaries | | | | |
| Disposal of subsidiaries | | (1,598) | 912 | (686) |
| Additional provisions | - | - | 30,299 | 30,299 |
| Reversal of unused provisions | (500) | - | (5,445) | (5,945) |
| Utilised in the year | (110) | - | (4,030) | (4,140) |
| Foreign exchange differences on translation | (3) | (106) | (1,649) | (1,758) |
| At 1 November 2021 (as restated) | - | - | 53,884 | 53,884 |
| Less: current portion | - | - | (49,112) | (49,112) |
| **Non-current portion** | - | - | **4,772** | **4,772** |
| | | | | |
| At 1 November 2021 | - | - | 53,884 | 53,884 |
| Additional provisions | - | - | 8,979 | 8,979 |
| Reversal of unused provisions | - | - | (2,118) | (2,118) |
| Utilised in the year | - | - | (39,570) | (39,570) |
| Foreign exchange differences on translation | - | - | 9,373 | 9,373 |
| **At 31 October 2022** | - | - | 30,548 | 30,548 |
| Less: current portion | - | - | (28,960) | (28,960) |
| **Non-current portion** | - | - | **1,588** | **1,588** |

Development and construction provisions have been restated for the prior year to include warranty provisions in the USA and Canada which were previously recognised under trade and other payables. As a result the brought forward provision balance for development and construction provisions has increased by £6.7m from £47.2m to £53.9m.

Development and construction provisions relate to the associated costs that exist in relation to potential liabilities at the reporting date. These liabilities arise from the Group's development and construction activities and includes onerous contracts and potential warranty costs. The Group make specific provisions on a contract by contract basis. While there is uncertainty in timing and value of such obligations being extinguished in the future, the Directors are satisfied that a material change to these specific provisions will not be required based on best available information.

Contingent consideration payable related to contingent consideration for the RES White acquisition (£500,000) which was reversed in the prior year due to conditions not being met and on the acquisition of an SPV in Scandinavia (£113,000) which was utilised in the prior year.

## 28 Post-employment benefits

### *28.1 Defined benefit pension schemes*

The table below outlines where the Group's defined benefit pension scheme related amounts and activity are included in the financial statements.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Liability in the statement of financial position** | 7,840 | 15,240 |
| | | |
| **Included in income statement within:** | | |
| - Administrative expenses | 90 | 120 |
| - Finance charges | 1,110 | 1,073 |
| - Finance income | (970) | (793) |
| - Interest on asset ceiling | - | 600 |
| | 230 | 1,000 |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Included in other comprehensive income:** | | |
| Remeasurements of defined benefit pension scheme: | | |
| - Gains and losses arising from changes in demographic assumptions | 490 | (880) |
| - Gains and losses arising from changes in financial assumptions | (22,020) | (700) |
| - Gains and losses arising from experience adjustments | 2,510 | (151) |
| - Return on plan assets excluding finance income | 20,400 | (3,280) |
| - Remeasurement of plan assets allocated to the Group | 18,864 | 2,698 |
| - Gains and losses on asset ceiling | (5,370) | 3,400 |
| | 14,874 | 1,087 |

## 28 Post-employment benefits (continued)

The income statement charge includes current service cost, interest cost, past service costs and gains and losses on settlement and curtailment.

The company's subsidiary, Renewable Energy Systems Limited participates in the defined benefits section of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme ("the Scheme").

As disclosed in note 2.7.4 (b), the Group's agreed share of the total defined benefit obligation of the scheme is 10%. The defined benefit that the members of the scheme receive is based on a member's pensionable salary and the length of time they have been in the Scheme. Pensionable Salary is linked to actual salary, excluding any annual salary increases after 2006.

The total value of the scheme obligations and assets are as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Present value of funded obligations | 423,300 | 685,700 |
| Fair value of plan assets | (344,900) | (533,300) |
| **Total deficit of defined benefit pension plans** | **78,400** | **152,400** |

The following amounts represent the Group's 10% share of the associated amounts in relation to the scheme.

The amounts recognised in the statement of financial position are determined as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Present value of funded obligations | 42,330 | 68,570 |
| Fair value of plan assets | (34,490) | (53,330) |
| **Liability in the statement of financial position- total deficit of defined benefit pension plans** | **7,840** | **15,240** |

The movement in the defined benefit liability over the year is as follows:

| | Present value of obligation £'000 | Fair value of plan assets £'000 | Total £'000 |
|---|---|---|---|
| At 1 November 2021 | 68,570 | (53,330) | 15,240 |
| Administration cost | - | 90 | 90 |
| Interest expense/(income) | 1,110 | (970) | 140 |
| Remeasurements: | | | |
| - Return on plan assets, excluding amounts included in interest expense | - | 20,400 | 20,400 |
| - Gain from change in financial and demographic assumptions | (21,530) | - | (21,530) |
| - Remeasurement of plan assets allocated to the Group | - | 18,864 | 18,864 |
| - Loss from change in experience assumptions | 2,510 | - | 2,510 |
| - OCI gain on asset ceiling | (5,370) | - | (5,370) |
| Contributions: | | | |
| - Employers | - | (22,504) | (22,504) |
| - Benefit payments from plans | (2,960) | 2,960 | - |
| **At 31 October 2022** | **42,330** | **(34,490)** | **7,840** |

**28 Post-employment benefits (continued)**

| | Present value of obligation £'000 | Fair value of plan assets £'000 | Total £'000 |
|---|---|---|---|
| At 1 November 2020 | 68,307 | (50,067) | 18,240 |
| Administration cost | - | 120 | 120 |
| Interest expense/(income) | 1,073 | (793) | 280 |
| | | | |
| Remeasurements: | | | |
| - Return on plan assets, excluding amounts included in interest income | - | (3,280) | (3,280) |
| - Gain from change in financial and demographic assumptions | (1,580) | - | (1,580) |
| - Remeasurement of plan assets allocated to the Group | | 2,698 | 2,698 |
| - Gain from change in experience assumptions | (150) | - | (150) |
| - OCI loss on asset ceiling | 3,400 | - | 3,400 |
| | | | |
| Contributions: | | | |
| - Employers | - | (4,488) | (4,488) |
| - Benefit payments from plans | (2,480) | 2,480 | - |
| | | | |
| **At 31 October 2021** | **68,570** | **(53,330)** | **15,240** |

| | 2022 | 2021 |
|---|---|---|
| The fair value of plan assets comprises the following types of assets: | | |
| - Equities | 15.2% | 35.3% |
| - Bonds (corporate and government gilts) | 13.7% | 12.0% |
| - Cash | 14.8% | 3.3% |
| - Derivatives | 29.4% | 30.6% |
| - Other | 26.9% | 18.8% |
| **At 31 October** | **100.0%** | **100.0%** |

The significant actuarial assumptions were as follows:

| | 2022 | 2021 |
|---|---|---|
| Discount rate | 4.80% | 1.80% |
| Inflation - RPI | 3.05% | 3.25% |
| Inflation - CPI | 2.15% | 2.35% |
| Salary growth rate | N/A | 2.35% |
| Pension growth rate | 2.15% | 2.35% |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63:

| | 2022 | 2021 |
|---|---|---|
| Retiring at the end of the reporting period: | | |
| - Male | 24.1 | 21.8 |
| - Female | 25.6 | 23.7 |
| Retiring 20 years after the end of the reporting period | | |
| - Male | 25.0 | 22.2 |
| - Female | 27.4 | 24.3 |

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The Scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

As the Scheme matures, the Trustees intend to reduce the level of investment risk by investing more in assets that better match the liabilities. However, the Trustees believe that due to the long-term nature of the plan liabilities and the strength of the supporting RES and SRM groups, a level of continuing equity investment is an appropriate element of the group's long-term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate yields will increase Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond asset holdings.

**28 Post-employment benefits (continued)**

Inflation risk

Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

Expected contributions to the Scheme by the RES group for the year ending 31 October 2023 are £1,400,000.

***28.2 Defined contribution pension schemes***

Renewable Energy Systems Limited is the contributing employer of the defined contribution section of the Scheme, whereby employee contributions are matched by company contributions. During the year the Group contributions amounted to £1,849,000 (2021: £1,612,000) and were expensed. At the year-end there were £83,000 (2021: £nil) contributions payable by the Group.

The Group's overseas subsidiaries also operate local defined contribution schemes, whereby employee contributions are matched by company contributions. During the year the Group contributions amounted to £4,499,000 (2021: £4,398,000) and were expensed. At the year-end there were £199,000 (2021: £nil) contributions payable by the Group.

**29 Share capital**

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Called up, issued and fully paid: | | |
| 58,842,956 ordinary shares of £1 each | 57,891 | 57,891 |
| 6,000,000 A ordinary shares of £0.0001 each | 1 | 1 |
| | 57,892 | 57,892 |

Ordinary shares have attached to them full rights in respect of voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

A ordinary shares have attached to them dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption or voting rights.

In the prior year, ordinary shares which had an aggregate nominal value of £950,545 were cancelled for an aggregate consideration of £3,215,000.

**30 Dividends per share**

In the current year total dividends of £80,571,800 were paid to the shareholders (2021: £7,475,000). This results in a dividend of £0.77 per ordinary share and dividends of £5.84 per A ordinary share (2021: £0.12 per share). No dividends have been declared post year-end.

## 31 Business combinations and acquisitions

On 31st January 2022 the Group acquired 100% of the share capital of Blueshore Pty Limited. This acquisition is in line with the Group's objectives to grow the Support Services business.

The consideration transferred exceeded Blueshore Pty Limited's net assets, thus generating goodwill of £3,537,000 as calculated below:

| | |
|---|---|
| Consideration transferred: | £'000 |
| Cash consideration | 3,911 |
| **Total consideration:** | **3,911** |
| Less net assets acquired | (20) |
| Less identified intangibles | (505) |
| Add deferred tax on identified intangibles | 151 |
| **Goodwill acquired** | **3,537** |

The identified intangibles relates to ongoing Asset Management contracts within Blueshore Pty Limited at the date of acquisition. The amount shown above reflects the fair value of the contracts acquired.

The table below shows the assets and liabilities included within the net assets acquired. These amounts are equal to their fair value:

| | £'000 |
|---|---|
| **Non-current assets** | |
| Property, plant and equipment | 7 |
| **Current assets** | |
| Trade and other receivables | 103 |
| Cash and cash equivalents | 31 |
| **Current liabilities** | |
| Trade and other payables | (121) |
| **Net assets** | **20** |

In addition to ongoing revenue under existing Asset Management Agreements (AMAs), the group believes that additional future revenue can be generated from the key customer relationships obtained via this acquisition, through further chargeable services work and new asset management contracts for other assets owned by these key customers. This acquired relationship along with the synergies gained by the acquisition is represented by identified intangibles of £0.5 million and goodwill of £3.5 million as calculated above, which was not expected to be deductible for tax purposes.

**For the 9-month period to 31 October 2022 the results of Blueshore Pty Limited were as follows:**

| | £'000 |
|---|---|
| Revenue | 782 |
| Profit for the period | 625 |

## 32 Cash absorbed by operations

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Continuing and discontinued profit/(loss) before income tax | (25,044) | 515,888 |
| Adjustments for: | | |
| – Depreciation and impairment of property, plant and equipment (note 12) | 6,324 | 8,589 |
| – Depreciation of right of use asset (note 13) | 6,694 | 8,419 |
| – Impairment of right of use asset (note 13) | 82 | 92 |
| – Amortisation of intangible assets (note 14) | 323 | 105 |
| – Impairment of intangible assets (note 14) | 50 | 48 |
| – Profit on sale of property, plant and equipment (excluding assets under course of construction) | (693) | (4,788) |
| – Fair value losses / (gains) on derivative financial instruments (note 8) | 1,057 | (740) |
| – Other gains and losses (note 9) | (1,982) | (71) |
| – Net finance costs (note 10) | (26,666) | 3,123 |
| – Share of after tax profit of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates | (416) | (3,345) |
| – Unrealised foreign exchange gains on operating activities | 148 | 366 |
| - Profit from discontinued operations (excluding sales costs) | - | (560,453) |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation): | | |
| – Inventories | (33,457) | 36,348 |
| – Trade and other receivables (including contract assets) | 58,775 | (9,055) |
| – Trade and other payables (including contract liabilities) | (4,057) | (23,094) |
| – Accruals and deferred income | (1,095) | 1,733 |
| – Provisions (relating to operations) | (23,337) | 17,044 |
| – Contributions to defined benefit pension scheme | (22,504) | (4,489) |
| – Other (relating to operations) | 737 | 1,690 |
| **Cash absorbed by operations** | **(65,061)** | **(12,590)** |

## 33 Financial Instruments

### *33.1 Financial instruments by category*

| | 31 October 2022 | | | |
|---|---|---|---|---|
| | Amortised cost £'000 | Derivatives Fair value through P&L £'000 | Fair value through OCI £'000 | Total £'000 |
| **Assets as per statement of financial position** | | | | |
| Equity investments | - | - | 11,905 | 11,905 |
| Other current assets | - | - | 295,057 | 295,057 |
| Trade and other receivables excluding non-financial assets | 148,935 | - | - | 148,935 |
| Cash and cash equivalents | 230,648 | - | - | 230,648 |
| **Total** | **379,583** | **-** | **306,962** | **686,545** |
| **Liabilities as per statement of financial position** | | | | |
| Borrowings | (131) | - | - | (131) |
| Derivative financial instruments | - | (227) | - | (227) |
| Trade and other payables excluding non-financial liabilities | (71,279) | - | - | (71,279) |
| **Total** | **(71,410)** | **(227)** | **-** | **(71,637)** |

| | 31 October 2021 | | | |
|---|---|---|---|---|
| | Restated Amortised cost £'000 | Derivatives Fair value through P&L £'000 | Fair value through OCI £'000 | Restated Total £'000 |
| **Assets as per statement of financial position** | | | | |
| Equity investments | - | - | 1,232 | 1,232 |
| Trade and other receivables excluding non-financial assets (restated) | 237,442 | - | - | 237,442 |
| Cash and cash equivalents | 708,532 | - | - | 708,532 |
| **Total** | **945,974** | **-** | **1,232** | **947,206** |
| **Liabilities as per statement of financial position** | | | | |
| Borrowings | (254) | - | - | (254) |
| Derivative financial instruments | - | (18) | - | (18) |
| Trade and other payables excluding non-financial liabilities (restated) | (71,665) | - | - | (71,665) |
| **Total** | **(71,919)** | **(18)** | **-** | **(71,937)** |

The prior year balance for 'trade and other receivables excluding non-financial assets' has been restated to exclude the VAT receivable of £4.5 million and corporation tax receivable of £6.5 million.
In addition, the balance for 'trade and other payables excluding non-financial liabilities' has been restated to exclude contract liabilities of £95.5 million and the VAT payable of £13.7 million.

### *33.2 Reconciliation of liabilities arising from financing activities*

| | At 31 October 2021 £'000 | Changes in foreign exchange rates £'000 | Financing cash flows £'000 | Changes in fair values of derivatives or other changes £'000 | Changes arising from obtaining or losing control of subsidiaries or other businesses £'000 | At 31 October 2022 £'000 |
|---|---|---|---|---|---|---|
| Non-current borrowings | (122) | (5) | - | - | - | (127) |
| Current borrowings | (132) | (25) | - | - | 148 | (9) |
| Derivative financial instruments | (17) | - | - | (210) | - | (227) |
| **Total** | (271) | (30) | - | (210) | 148 | (363) |

### *33.3 Offsetting financial assets and financial liabilities*

Cash and cash equivalents presented in the statement of financial position and statement of cash flows have been presented on a net basis, only where offset by bank accounts in an overdraft position with the same counterparty financial institution and where the accounts are subject to master netting arrangements in accordance with the conditions for netting specified in IAS 32 'Financial Instruments Presentation'.

### *33.4 Financial risk management*

The Group's activities expose it to a number of financial risks, discussed below. The Group's overall risk management programme seeks to monitor and minimise the potential adverse effects on the Group's financial performance.

The Board of Directors has approved policies and written principles governing the use of derivative financial instruments as a means to mitigate against financial risks, which includes the directive that derivatives should not be used for speculative purposes. The Group Executive Committee oversees the operations of treasury and finance personnel, who are primarily responsible for carrying out day-to-day processes and controls, in line with policies approved by the Board and / or the Group Executive Committee, over financial risks.

**33 Financial instruments (continued)**

***33.4.1 Foreign exchange risks***

The Group operates internationally, and has significant subsidiaries and operating teams in each of the key geographical territories in which the Group operates. These subsidiaries transact the majority of business in the local currency of the territory. Accordingly, foreign exchange risks at a functional currency level are contained. The principal foreign exchange risk facing the Group is in the translation of the results and financial position of overseas territories, with the impact of foreign exchange differences being reported in equity as cumulative translation differences. The principal overseas territories with functional currencies that differ from the Group's presentation currency, and hence give rise to potential translation risks, are in the Eurozone countries and the USA. Where practical, the Group uses foreign currency assets and liabilities to provide a natural hedge against the Group's net investment in foreign operations, to mitigate translation differences. Where potential significant exchange risk arises within a major business unit, due to exposures to non-functional currency transactions and balances, forward foreign exchange derivatives are considered and/or used to mitigate the risks.

The carrying amounts of equity investments, trade and other receivables, bonds and borrowings which are denominated in major functional currencies used by Group subsidiaries is set out in notes 15, 18, 22 and 25 respectively.

For the reasons described above, the Group considers that there is a limited impact on profit or loss of reasonably possible changes in exchange rates. However, the impact on net assets / equity of the Group of changes in the principal non-sterling currencies to which the Group is exposed would have been as set out below. Changes presented are in isolation for the individual factor described with all other variables held constant.

| | **(Decrease) / Increase in reported net assets / equity** | |
|---|---|---|
| | **2022** | **2021** |
| | **£'000** | **£'000** |
| US dollar 10% stronger against sterling | 501 | (1,178) |
| US dollar 10% weaker against sterling | (410) | 963 |
| Euro 10% stronger against sterling | (2,563) | (2,371) |
| Euro 10% weaker against sterling | 2,097 | 1,940 |

Given the volatility of sterling against other major currencies a 10% variance in currency values is reasonably possible in the opinion of the Group.

***33.4.2 Interest rate risk***

The Group's exposure to interest rate risk predominantly arises on the items described below. Due to the prevailing economic conditions of record low base rates in the major territories in which the Group operate, there is only a limited, immaterial impact on interest income that might be earned on cash and cash equivalents' balances.

- long-term borrowings. The Group's policy is to actively manage interest rate risks on long-term borrowings. This is achieved by having a mix of borrowings at both fixed and variable rates, and through the consideration and use of interest rate swaps. Refer also to note 25 (borrowings).

- pension scheme deficits, as changes in the yield of investment grade corporate bonds will impact the discount rate on which defined benefit pension scheme liabilities are calculated, and on the net interest charge arising on the net deficit. Refer also to note 28 (post-employment benefits).

***33.4.3 Credit risk***

Credit risk is predominantly managed by regional management in each of the major territories in which the Group operates, within the boundaries of overall Group policies. Each territory is responsible for managing credit risks arising on major contracts with customers and resulting amounts recoverable under contracts, accrued income and trade receivables. Monitoring of contract performance, including payments of amounts due by customers, occurs on a regular basis. The Group has a low credit risk concentration due to having a small number of debtors with high value balances, which allows the Group to assess credit risk individually.

Credit risk also arises from exposure to counterparty financial institutions holding the Group's cash and cash equivalents, and issuers of derivative financial instruments. The Board sets guidelines and approves major banking arrangements of the Group, and only contracts with established financial institutions of good regulatory standing and repute and strong credit ratings based on credible credit rating agencies.

Information about exposures to credit risk is set out in the notes supporting all the material financial assets of the Group.

***33.4.4 Liquidity risk***

Cash flow forecasting and reporting is performed at multiple levels in the Group organisation structure on a regular basis.

Cash forecasting and performance is an integral part of all contracting activities of the Group, and is a key determinant in commercial contract appraisal and performance. Together with generation and other activities, these are aggregated on a regional and divisional level, and ultimately aggregated for the Group as whole.

Senior finance personnel are closely involved in reviewing and monitoring cash flows, and the Group's borrowings and short, medium and longer-term financing needs to ensure that cash flows are adequate to meet the Group's requirements, and the terms of finance facility covenants are monitored and reported. The Board reviews and approves annual cash flow forecasts, and receives regular reports from the senior finance team.

**33 Financial instruments (continued)**

The maturity profile of the Group's financial liabilities at the reporting date to the contractual maturity date is set out in the table below.

| | Less than 1 year £'000 | Between 1 and 2 years £'000 | Between 2 and 5 years £'000 | Restated Over 5 years £'000 |
|---|---|---|---|---|
| Borrowings | (9) | (122) | - | - |
| Derivative financial instruments | (227) | - | - | - |
| Trade and other financial liabilities | (71,279) | - | - | - |
| **31 October 2022** | **(71,515)** | **(122)** | **-** | **-** |
| Borrowings | (132) | (122) | - | - |
| Derivative financial instruments | (18) | - | - | - |
| Trade and other financial liabilities (restated) | (71,665) | - | - | - |
| **31 October 2021** | **(71,815)** | **(122)** | **-** | **-** |

The prior year maturity analysis for 'trade and other financial liabilities' maturing less than 1 year analysis has been restated to remove the current income tax liability £5.0 million and VAT payable £13.7 million. In addition the maturing over 5 years analysis has been restated to exclude the net pension liability of £15.2 million.

*33.4.5 Price risk*

The Group's contracting operations, in particular for EPC contracts, expose the Group to price risk due to the longer-term nature of these contracts. The Group manages the risk through inclusion of appropriate escalation and price indexation for its contract revenues where possible, but is also exposed to similar price variability from its suppliers under contracts. The principal risk arises with turbines under EPC arrangements which are the single largest cost in the construction project.

Financial guarantees and performance guarantees are sought by the Group from suppliers for any significant milestone payments made by the Group to suppliers ahead of fulfilment of all obligations by suppliers, in particular for turbine supply contracts.

Equity securities price risk also exists in relation to the fair value of defined benefit scheme pension assets, given contractual agreements with other common controlled entities relating to the sharing of obligations for a scheme for which subsidiaries of the Group are participating employers. Further details are set out in note 28 (post-employment benefits).

**34 Contingent liabilities**

There were contingent liabilities in respect of guarantees and ordinary contract performance bonds given on construction, development, operations and maintenance activities and asset management activities in the normal course of business. The Group does not expect these to result in material costs in the future.

There is an unresolved tax inspection that may result in contingent liabilities.

There were contingent liabilities in respect of guarantees and ordinary contract performance bonds given on construction, development and asset management activities in the normal course of business. The Group does not expect these to result in material costs in the future.

There is a contingent liability in relation to the Groups' share of the defined benefit pension scheme obligation as disclosed within note 2.7.4 (b). The total scheme assets and liabilities are disclosed in note 28.

**35 Commitments**

*(a) Capital commitments*

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Construction costs contracted for but not provided for on wind and storage projects | 71,989 | 19,119 |

The Group finances capital commitments either by limited recourse bank loans drawn by the relevant subsidiary company undertaking construction, or via self-financing from available working capital facilities of the Group.

## 35 Commitments (continued)

*(b) Operating lease commitments – group as lessee*

In the prior year the Group recognised leases of various properties, principally for office buildings, under non-cancellable operating lease agreements within operating leases. The lease terms and the majority of lease agreements do not feature renewal options by right. In the current year accounts, these lease liabilities are recognised under IFRS 16 leases as finance leases within the finance lease liability.

The future aggregate (i.e. for the whole term of the lease) minimum lease payments under non-cancellable operating leases are as follows:

| | Operating lease commitment | |
|---|---|---|
| | **2022** | **2021** |
| | **£'000** | **£'000** |
| Future minimum lease payments: | | |
| One year or less | 61 | 46 |
| Between one and two years | 14 | 41 |
| Between two and five years | 14 | 58 |
| In five years or more | 6 | - |
| | 95 | 145 |

Cash payments during the year in respect of low value asset leases and short-life leases totalled £1,155,000.

## 36 Related parties

The Group is controlled by its immediate and ultimate parent and controlling party, The McAlpine Partnership Trust (incorporated in the UK), which owns 100% of the company's ordinary shares. There were no transactions or balances with the ultimate parent, other than dividends as disclosed in note 30, in the current year.

The Group's related parties include:

- its associates, the identities of which are set out in the accompanying separate financial statements of the parent in note 13 - "A - associates";

- pension schemes in which the Group is a participating employer, as set out in note 28 above - "B - pension schemes";

- entities subject to common control by the ultimate parent. These principally include the sub-group headed by Newarthill Limited, which includes the Sir Robert McAlpine construction group of companies and Innagréen Limited, which are owned by the same shareholders as the parent of the RES Group - "C - Common control";

- the key management personnel including the directors of the Group, together with their close family members - "D - key management personnel"; and

- its joint ventures, the identities of which are set out in the accompanying separate accounts of the parent in note 13 - "E - joint ventures".

Transactions and balances with subsidiaries that are eliminated on consolidation in these consolidated financial statements are not disclosed. The identities of subsidiaries included in the consolidated financial statements of the Group are set out in note 13 of the accompanying separate company financial statements.

The disclosures below augment other disclosures which include reference to related parties in various other notes to these consolidated financial statements.

*(a) The following transactions were carried out with related parties:*

| | 2022 | | | | |
|---|---|---|---|---|---|
| | **A - associates** | **B - pension Schemes** | **C - Common control** | **D - key management personnel** | **E - joint ventures** |
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Dividends received | - | - | - | - | - |
| Management charges | - | - | 4,563 | - | - |
| Contributions paid | - | - | - | - | - |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | **A - associates** | **B - pension Schemes** | **C - Common control** | **D - key management personnel** | **E - joint ventures** |
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Dividends received | 7,277 | - | - | - | - |
| Management charges | - | - | 4,000 | - | - |
| Contributions paid | - | 4,488 | - | - | - |

## 36 Related parties (continued)

*(b) Year-end balances arising from transactions with related parties:*

| | 2022 | | | | |
|---|---|---|---|---|---|
| | A - associates £'000 | B - pension Schemes £'000 | C - Common control £'000 | D - key management personnel £'000 | E - Joint ventures £'000 |
| Trade and other receivables | - | - | 4,451 | - | - |
| Trade and other payables | - | - | - | - | - |

The balance of trade and other receivables for "C - Sir Robert McAlpine Group" include amounts advanced to an entity under the common control of The McAlpine Partnership Trust (incorporated in the UK) in the year. The loans bears interest at 2% above the relevant base rate and have repayment dates up to 31 December 2025.

| | 2021 | | | | |
|---|---|---|---|---|---|
| | A - associates £'000 | B - pension Schemes £'000 | C - Common control £'000 | D - key management personnel £'000 | E - Joint ventures £'000 |
| Trade and other receivables | - | - | 749 | - | 2,155 |
| Trade and other payables | (21) | - | - | - | - |

All receivables and payables with related parties of the Group are transacted on an arm's length basis on normal commercial terms and conditions.

*(c) Key management compensation*

Key management personnel of the Group are considered to be both Directors of Renewable Energy Systems Holdings Limited and members of the Group Executive Board. This include a number of senior executives who direct or control major parts of the Group's operations, including personnel in major overseas territories. Their emoluments are disclosed below:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Short-term employee benefits | 3,443 | 3,603 |
| Post employment benefits, including contributions to pension schemes | 38 | 22 |
| Other long-term incentive benefits vesting in the year | 646 | 3,772 |
| | 4,127 | 7,397 |

Directors' remuneration of the company is disclosed in the accompanying separate financial statements of the parent company.

## 37 Subsidiary audit exemption

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A of the Act:

| Company name | Country of incorporation | UK company registration number | Liabilities at reporting date £'000 |
|---|---|---|---|
| Renewable Energy Centre Limited | UK | 03136058 | 112 |
| RES UK & Ireland Limited | UK | 04913493 | 115 |
| RES White Limited | UK | 11530790 | - |
| Sarcon (No. 999) Limited | UK | NI654703 | - |
| Blary Hill Land Limited | UK | 12251870 | 821 |

The outstanding liabilities at the reporting date of the named subsidiaries have been guaranteed pursuant to s479A to s479C of the Act. The directors believe the possibility of the guarantee being called upon is remote.

## 38 Events after the reporting period

In March 2023 RES completed two acquisitions. RES acquired Anemo Analytics, a Danish technology and engineering company which offers wind turbine analytics solutions that enable improved monitoring and optimisation of assets for initial consideration of DKK 18.8 million (£2.2 million at the March 2023 GBP:DKK rate 1:8.48). Anemo Analytics' technology will support RES to further diversify the types of services and solutions it offers its clients.

RES also acquired IM Future a Spanish Operations and Maintenance provider and with it, contracts to provide support services for wind turbines in Spain and Portugal for initial consideration of EUR 15.0 million (£13.3 million at the March 2023 GBP:EUR rate 1:1.13).

**Renewable Energy Systems Holdings Limited**
**Company balance sheet**
**As at 31 October 2022**

**Registration number: 04913497**

| | Notes | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments in subsidiaries | 11 | 57,224 | 42,801 |
| **Current assets** | | | |
| Trade and other receivables | 6 | 5,732 | 22,999 |
| Cash and cash equivalents | | 8 | 8 |
| **Current liabilities** | | | |
| Creditors – amounts falling due within one year | 7 | - | (184) |
| **Net current assets** | | 5,740 | 22,823 |
| **Total assets less current liabilities** | | **62,964** | **65,624** |
| **Net assets** | | **62,964** | **65,624** |
| **Equity** | | | |
| Ordinary shares | 8 | 57,892 | 57,892 |
| Capital redemption reserve | | 2,109 | 2,109 |
| Retained earnings | | 2,963 | 5,623 |
| **Total shareholders' funds** | | **62,964** | **65,624** |

The reserves' movements in the parent company were a profit of £77,912,000 (2021: £11,042,000) and a dividend paid of £80,571,800. As permitted by Section 408 of the Companies Act 2006, no profit and loss of the parent company is presented.

The notes on pages 69 to 76 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 31 March 2023. They were signed on its behalf by:

DocuSigned by:
R.P. Russell
7C20A2473908417...
R P Russell
Director
31 March 2023

**Renewable Energy Systems Holdings Limited**
**Company statement of changes in equity**
**Year Ended 31 October 2022**

| | Share capital £'000 | Capital redemption reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 1 November 2020** | **58,843** | **1,158** | **5,271** | **65,272** |
| Profit for the year | - | - | 11,042 | **11,042** |
| **Total comprehensive income for the year** | **-** | **-** | **11,042** | **11,042** |
| **Transactions attributable to owners** | | | | |
| Dividend paid | - | - | (7,475) | **(7,475)** |
| Shares purchased for cancellation | (951) | 951 | (3,215) | **(3,215)** |
| **Total transactions attributable to owners** | **(951)** | **951** | **(10,690)** | **(10,690)** |
| **Balance at 31 October 2021** | **57,892** | **2,109** | **5,623** | **65,624** |
| Profit for the year | - | - | 77,912 | **77,912** |
| **Total comprehensive income for the year** | **-** | **-** | **77,912** | **77,912** |
| **Transactions attributable to owners** | | | | |
| Dividend paid | - | - | (80,572) | **(80,572)** |
| **Total transactions attributable to owners** | **-** | **-** | **(80,572)** | **(80,572)** |
| **Balance at 31 October 2022** | **57,892** | **2,109** | **2,963** | **62,964** |

**Renewable Energy Systems Holdings Limited**
**Notes to the company financial statements**
**For the year ended 31 October 2022**

## 1 General information

Renewable Energy Systems Holdings Limited ('the company') is a private company limited by shares, incorporated and domiciled in the UK. The address of its registered office is Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of Renewable Energy Systems Holdings Limited have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by derivative financial assets and financial liabilities measured at fair value through the profit and loss, and in accordance with the Companies Act 2006. The financial statements are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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

- IFRS 7, 'Financial Instruments Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
- paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 40A-D (requirements for a third statement of financial position);
- 134-136 (capital management disclosures);
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transaction entered into between two or more members of a group; and
- IAS 7, 'Statement of Cash flows'.

**New standards, amendments and interpretations adopted by the company**

No amendments or interpretations effective for the first time for the financial year beginning on or after 1 November 2021 have had a material impact on the parent company.

**Going concern**

At the year end the Company had cash of £8,000 (2021: £8,000) and no borrowings. The Company operates as the ultimate parent of the RES Group and operates as a holding company only with no trading activities. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report. The financial position of the company is linked to the financial performance of the Group, which is set out in the consolidated statement of financial position and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Strategic Report and notes 23, 25 and 33 to the consolidated financial statements. A description of the Group's financial risks is also set out in note 33 to the consolidated financial statements.

Having assessed the principal risks, the Directors believe that the Company will be able to continue to manage its business risks successfully. The Directors have therefore considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the parent company.

## 2 Summary of significant accounting policies (continued)

### 2.2 Trade and other receivables

Trade and other receivables are amounts due from group undertakings.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.3 Investments

An undertaking is regarded as a subsidiary undertaking if the company has control over its operating and financial policies. Investments in subsidiary undertakings that are directly owned by the parent company are stated at cost less amounts written-off for any permanent diminution in value.

### 2.4 Taxation

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

*Deferred income tax*

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

• Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss;

• In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

• Only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

### 2.5 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

## 3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year. However, the nature of estimation means that actual outcomes could differ from those estimates.

### 3.1 Summary of significant accounting judgements and key accounting estimates

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.

Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

The most critical accounting judgements and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. The following estimate has had the most significant effect on amounts recognised in the financial statements.

#### 3.1.1 Investments

Investments in subsidiaries are stated at cost less provisions for any diminution in value. The value of the investment is assessed annually for any indicators of impairment such as a decline in performance of the subsidiary, which is a significant estimate as it is based on future forecasted profits. The carrying amount is £57,224,000 (2021: £42,801,000).

**Renewable Energy Systems Holdings Limited**
**Notes to the company financial statements**
**For the year ended 31 October 2022**

### 4 Profit and loss

The company's profit for the year was £77,912,000 (2021: £11,042,000). Included in this amount are dividends received of £79,000,000 (2021: £10,000,000) which were recognised when the right to receive payment were established.

### 5 Directors' remuneration

Remuneration of the Directors of the company:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Emoluments | 3,018 | 3,120 |
| Pension contributions | 38 | 22 |
| | 3,056 | 3,142 |

In 2022, in addition to the above, entitlement under long-term incentive plans was £436,000 (2021: £3,597,000).

Remuneration of the highest paid Director:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Emoluments | 797 | 1,097 |
| | 797 | 1,097 |

In 2022, in addition to the above, entitlement of the highest paid Director under long-term incentive plans was £Nil (2021: £2,378,000).

None of the Directors of the company are remunerated by the company. All Directors are remunerated by subsidiaries of the company.

There are no employees other than the directors of the company in both the current and prior year.

### 6 Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Amounts owed by group undertakings | | |
| **At 31 October** | 5,732 | 22,999 |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 7 Creditors: amounts falling due within one year

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Corporation tax | | |
| **At 31 October** | - | 184 |

### 8 Share capital and premium

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Called up, issued and fully paid: | | |
| 57,892,411 (2021: 58,842,956) ordinary shares of £1 each | 57,891 | 57,891 |
| 6,000,000 A ordinary shares of £0.0001 each | 1 | 1 |
| **At 31 October** | 57,892 | 57,892 |

Ordinary shares have attached to them full rights in respect of voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

A ordinary shares have attached to them dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption or voting rights.

### 9 Dividends per share

In the current year total dividends of £80,571,800 were paid to the shareholders (2021: £7,475,000). This results in a dividend of £0.77 per ordinary share and dividends of £5.84 per A ordinary share (2021: £0.12 per share). No dividends have been declared post year-end.

## 10 Controlling parties

The Group is controlled by and its ultimate parent and controlling party is The McAlpine Partnership Trust (incorporated in the UK), which owns 98.4% of the company's shares. The other 1.6% of shares are owned by K McAlpine 1972 Settlement.

## 11 Investments

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Investments | | |
| **At 31 October** | 57,224 | 42,801 |

## 12 Events after the reporting period

Significant post year-end events are detailed in the Group accounts, Note 38.

## 13 Group undertakings

The following represent the subsidiaries as at 31 October 2022, the majority of which are involved in the development and construction of wind, solar, green hydrogen and battery storage projects or the production and sale of wind-generated electricity.

The proportion of voting rights held by the Group is the same as the proportion of shares held. If RES owns more than 51% of the share capital, and RES is considered to be the controlling parent, the entity has been consolidated.

The registered office addresses are defined as:

(1) Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR
(2) Unit C1 & C2, Willowbank Business Park, Millbrook, Larne, BT40 2SF
(3) Level 4, Deutsche Bank Place, 126-130 Phillip Street, Sydney, NSW 2000
(4) 5605 Avenue de Gaspé, Suite 508, Montreal, Quebec, H2T 2A4
(5) 115 rue du Mourelet, Z.I. de Courtine, 8400, Avignon
(6) 6th Floor, 2 Grand Canal Square, Dublin, Ireland
(7) Wergelandsveien 23B, 0167, Oslo, Norway
(8) 1209 Orange Street, Wilmington, DE, 19801
(9) Cumhuriyet Caddesi, Pegasus Evi: 48/1 Elmadag, Sisli, 34367, Istanbul
(10) 102-1015 Wilkes Avenue, Winnipeg, Manitoba R3P 2R8
(11) Unit 3 Ballyheerin, Kilmacrennan, Letterkenny, Co.Donegal
(12) Level 1, Tower Building, 50 Customhouse Quay, Wellington, New Zealand
(13) Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441 South Africa
(14) 2 Grand Canal Square, Dublin 2 Ireland
(15) Via San Marino 12, 00198, Roma, Italy
(16) Republic of Chile
(17) 421-7th Avenue SW, Suite 4000, Calgary, Alberta T2P 4K9
(18) 44 Chipman Hill, Suite 1000, Saint John, New Brunswickm E2L 2A9
(19) 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario M5L 1A9
(20) 1959 Upper Water Street, Suite 9000, Halifax, Nova Scotia B3J 3N2, Canada
(21) 40 rue de la Boetie, 75008, Paris, France
(22) Gartenstrasse 1, 78136, Schonach im Schwarzwald, Germany
(23) Garvis Carlssons gata 5169 41 Solna
(24) NV Nordisk Vindkraft AB, Lilla Bommen 1SE-411 04 Göteborg
(25) Level 6, 165 Walker Street, North Sydney, NSW 2060
(26) King & wood Mallesons, Level 61 Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000
(27) Reutener Straße 18 79279 Vörstetten
(28) 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K
(29) 1959 Upper Water Street, Suite 900, Halifax, Nova Scotia B3J 3N2
(30) Level 7, 1 Margaret Street, Sydney, NSW 2000
(31) 1500-1874 Scarth St, Regina, Saskatchewan S4P 4R9
(32) Third Floor, STV, Pacific Quay, Glasgow, G51 1PQ
(33) 255 Queens Avenue, Suite 2010, London, Ontario, Canada, N6A 5R8

| Company name | Country of incorporation / registered office | UK company registration number | Holding of ordinary % |
|---|---|---|---|
| **Direct subsidiary undertakings** | | | |
| Renewable Energy Systems Limited | UK (1) | 01589961 | 100% |
| RES UK & Ireland Limited | UK (1) | 04913493 | 100% |
| **Indirect subsidiary undertakings** | | | |
| Renewable Energy Centre Limited | UK (1) | 03136058 | 100% |
| Renewable Energy Group Limited | UK (1) | 04913495 | 100% |
| RES White Limited | UK (1) | 11530790 | 100% |
| RES Australia PTY Limited | Australia (3) | | 100% |
| RES Chile SpA | Chile (16) | | 100% |
| Renewable Energy Systems Canada Inc | Canada (4) | | 100% |
| RES Deutschland GMBH | Germany (27) | | 100% |
| RES Italia s.r.l. | Italy (15) | | 100% |
| RES New Zealand Limited | New Zealand (12) | | 100% |
| Renewable Energy Systems Southern Africa Pty | South Africa (13) | | 100% |
| RES Anatolia Holding Anonim Şirketi | Turkey (9) | | 100% |
| Renewable Energy Systems Americas Inc | USA (8) | | 100% |

## 13 Subsidiary undertakings (continued)

| Other related undertakings | Country of incorporation | UK company registration number | Holding % |
|---|---|---|---|
| Alexandra Dock Energy Limited | UK (1) | 07577521 | 100% |
| Blary Hill Land Limited | UK (1) | 12251870 | 100% |
| Cairn Duhie Energy Limited | UK (1) | 12255169 | 100% |
| Eastern Wind Farms Limited | UK (1) | 2798170 | 100% |
| Spennymoor Energy Storage Limited | UK (1) | 12255066 | 100% |
| Monadhliath Energy Limited | UK (1) | 7922423 | 100% |
| North Blyth Energy Limited | UK (1) | 07595351 | 100% |
| Rayburn Wind Farm Limited | UK (1) | 8303786 | 100% |
| Renewable Energy Systems (Northern Ireland) Limited | UK (1) | NI026799 | 100% |
| Renewable Energy Systems Holdings Limited | UK (1) | 4913497 | 100% |
| RES Developments Limited | UK (1) | 4493918 | 100% |
| Rufford Solar Limited | UK (1) | 09903135 | 100% |
| SARCON (NO. 999) LIMITED | UK (1) | NI654703 | 100% |
| Derril Water Solar Limited | UK (1) | 10196127 | 100% |
| Solar Slate Limited | UK (1) | 07022531 | 100% |
| White Newco B Limited | UK (1) | 11800128 | 100% |
| Wind Energy Systems Limited | UK (1) | 3280274 | 100% |
| Petre Street Storage Limited | UK (1) | 10272700 | 100% |
| Wind Turbine Developments Limited | UK (1) | 2873607 | 100% |
| Barr Cregg Energy Limited | UK (2) | NI670693 | 100% |
| Dunbeg South Energy Limited | UK (2) | NI679244 | 100% |
| Green Hydrogen 1 Limited | UK (32) | SC742541 | 100% |
| Green Hydrogen 2 Limited | UK (1) | 14314743 | 100% |
| Green Hydrogen 3 Limited | UK (1) | 14314761 | 100% |
| Green Hydrogen 4 Limited | UK (1) | 14314735 | 100% |
| Green Hydrogen 5 Limited | UK (1) | 14314766 | 100% |
| Drum Farm Energy Storage Limited | UK (32) | SC721836 | 100% |
| RES Development Company 1 Limited | UK (1) | 13889253 | 100% |
| RES Development Company 4 Limited | UK (2) | NI687756 | 100% |
| RES Development Company 5 Limited | UK (1) | 14073944 | 100% |
| RES Development Company 6 Limited | UK (32) | SC731010 | 100% |
| RES Development Company 7 Limited | UK (1) | 14074034 | 100% |
| RES Development Company 8 Limited | UK (1) | 14074482 | 100% |
| RES Development Company 9 Limited | UK (1) | 14074757 | 100% |
| RES Development Company 10 Limited | UK (1) | 14074698 | 100% |
| RES Development Company 11 Limited | UK (1) | 14074682 | 100% |
| RES Development Company 12 Limited | UK (1) | 14074738 | 100% |
| RES Development Company 13 Limited | UK (32) | SC731039 | 100% |
| RES Development Company 14 Limited | UK (2) | NI687822 | 100% |
| Upper Ogmore Energy Limited | UK (1) | 13790283 | 100% |
| RES Solar Ireland Limited | ROI (6) | | 100% |
| RES Storage Ireland Limited | ROI (6) | | 100% |
| Renewable Energy Systems Limited (Branch) | ROI (11) | | 100% |
| RES America Support Services Inc. | USA (8) | | 100% |
| Battery Utility of Ohio, LLC | USA (8) | | 100% |
| Clear Fork Solar, LLC | USA (8) | | 100% |
| Clip Road Solar, LLC | USA (8) | | 100% |
| Crooked Creek Solar, LLC | USA (8) | | 100% |
| DSR Solar Energy, LLC | USA (8) | | 100% |
| Freedom Way Solar, LLC | USA (8) | | 100% |
| Honey Ranch Solar, LLC | USA (8) | | 100% |
| Joliet Battery Storage LLC | USA (8) | | 100% |
| Keys Hollow Solar, LLC | USA (8) | | 100% |
| Northern Illinois Battery Storage Holding LLC | USA (8) | | 100% |
| Oklahoma Land Partners, LLC | USA (8) | | 100% |
| Opuntia Solar, LLC | USA (8) | | 100% |
| Quarter Horse Solar, LLC | USA (8) | | 100% |
| RES (Construction) GP, LLC | USA (8) | | 100% |
| RES (Construction) LP, LLC | USA (8) | | 100% |
| RES (Construction), LP | USA (8) | | 100% |
| RES America Construction Inc. | USA (8) | | 100% |
| RES America Developments Inc. | USA (8) | | 100% |
| RES America Engineering Inc. | USA (8) | | 100% |
| RES America Investments Inc. | USA (8) | | 100% |
| RES Battery Storage Holding LLC | USA (8) | | 100% |
| RES Distributed Holdings, LLC | USA (8) | | 100% |
| RES Distributed, LLC | USA (8) | | 100% |
| RES Energy Storage Holdings, LLC | USA (8) | | 100% |
| RES North America Leasing, LLC | USA (8) | | 100% |
| RES System 3, Holdings, LLC | USA (8) | | 100% |
| RES System 3, LLC | USA (8) | | 100% |

**13 Subsidiary undertakings (continued)**

| Other related undertakings | Country of incorporation | UK company registration number | Holding % |
|---|---|---|---|
| Southwest Land Partners, LLC | USA (8) | | 100% |
| Spoon River Solar, LLC | USA (8) | | 100% |
| Sure Shot Solar, LLC | USA (8) | | 100% |
| Texas GP Holdings, LLC | USA (8) | | 100% |
| Texas Land Partners, LP | USA (8) | | 100% |
| Texas LP Holdings, LLC | USA (8) | | 100% |
| Thunderbird Solar, LLC | USA (8) | | 100% |
| West Chicago Battery Storage LLC | USA (8) | | 100% |
| Weser Solar, LLC | USA (8) | | 100% |
| Wolf Tail Solar, LLC | USA (8) | | 100% |
| Yaupon Solar, LLC | USA (8) | | 100% |
| Beaty Hills Solar, LLC | USA (8) | | 100% |
| Big Road Solar, LLC | USA (8) | | 100% |
| Cash Solar, LLC | USA (8) | | 100% |
| Driftwood Solar, LLC | USA (8) | | 100% |
| Healing Dove Solar, LLC | USA (8) | | 100% |
| House Solar, LLC | USA (8) | | 100% |
| Iron Belly Solar, LLC | USA (8) | | 100% |
| Jasper Solar, LLC | USA (8) | | 100% |
| King Solar, LLC | USA (8) | | 100% |
| Loblolly Solar, LLC | USA (8) | | 100% |
| Mudbug Solar, LLC | USA (8) | | 100% |
| Pinetop Solar, LLC | USA (8) | | 100% |
| Perry Creek Solar, LLC | USA (8) | | 100% |
| Rainwater Lake Solar, LLC | USA (8) | | 100% |
| Red Owl Solar, LLC | USA (8) | | 100% |
| Red Wing Solar, LLC | USA (8) | | 100% |
| Rooster Solar, LLC | USA (8) | | 100% |
| Transmission and Development, LLC | USA (8) | | 100% |
| Cetmi Rüzgar Enerjisinden Elektrik Üretimi Limited Şirketi | Turkey (9) | | 100% |
| Arzava Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Mengücek Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Ahiyuva Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Eratna Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Çubuk Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Dilmaç Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Frig Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Germiyan Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Hanti Enerji Üretim Anonim Şirketi | Turkey (9) | | 100% |
| İnal Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| İnanç Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Saltuk Enerji Üretim Anonim Şirketi | Turkey (9) | | 100% |
| Sökmen Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Tuşpa Enerji Üretim AnonimŞirketi | Turkey (9) | | 100% |
| Canik Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Eşref Enerji Üretim Anonim Şirketi | Turkey (9) | | 100% |
| Pervane Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Saruhan Enerji Üretim Limited Şirketi | Turkey (9) | | 100% |
| Zerocarbon Enerji Üretim Anonim Şirketi | Turkey (9) | | 100% |
| RES Participations S.A.S | France (5) | | 100% |
| RES Services S.A.S | France (5) | | 100% |
| RES Sud Europe S.A.S | France (5) | | 100% |
| Windkraft Schonach GmbH | Germany (22) | | 85% |
| Windpark Wasen GmbH & Co.KG | Germany (22) | | 100% |
| 12. RES Deutschland Wind GmbH Co. KG | Germany (27) | | 100% |
| 13. RES Deutschland Wind GmbH Co. KG | Germany (27) | | 100% |
| RES Deutschland Verwaltungs GmbH | Germany (27) | | 100% |
| Windpark Wasen GmbH & Co.KG | Germany (22) | | 100% |
| 2308274 Alberta Ltd. | Canada (17) | | 100% |
| Assiniboine Wind G.P. Inc. | Canada (17) | | 100% |
| Assiniboine Wind L.P. | Canada (17) | | 100% |
| Eastern Fields Wind Farm (GP) Inc. | Canada (28) | | 100% |
| Eastern Fields Wind Farm LP | Canada (28) | | 100% |
| Renewable Energy Systems Québec Inc. | Canada (4) | | 100% |
| RES Canada Support Services GP Inc. | Canada (4) | | 100% |
| RES Canada Support Services LP | Canada (4) | | 100% |
| RES Canada Construction (Ontario) Inc. | Canada (28) | | 100% |
| RES Canada Construction (Ontario) LP | Canada (28) | | 100% |
| RES Canada Construction GP, Inc. | Canada (4) | | 100% |

**Renewable Energy Systems Holdings Limited**
**Notes to the company financial statements**
**For the year ended 31 October 2022**

**13 Subsidiary undertakings (continued)**

| Other related undertakings | Country of incorporation | UK company registration number | Holding % |
|---|---|---|---|
| RES Oyen Wind GP Corp. | Canada (17) | | 100% |
| RES Oyen Wind LP | Canada (17) | | 100% |
| RES Canada Construction L.P. | Canada (4) | | 100% |
| RES Canada Land L.P. | Canada (4) | | 100% |
| Windy Ridge I GP Inc. | Canada (29) | | 100% |
| Windy Ridge I Limited Partnership | Canada (29) | | 100% |
| Windy Ridge II GP Inc. | Canada (29) | | 100% |
| Windy Ridge II Limited Partnership | Canada (29) | | 100% |
| Nova Solar G.P. Inc. | Canada (17) | | 100% |
| Nova Solar L.P. | Canada (17) | | 100% |
| RES Forty Mile Wind GP Corp. | Canada (17) | | 100% |
| RES Forty Mile Wind LP | Canada (17) | | 100% |
| Big Sky Solar GP Inc. | Canada (17) | | 100% |
| Big Sky Solar LP | Canada (17) | | 100% |
| Barley Energy Storage GP Inc. | Canada (33) | | 100% |
| Barley Energy Storage L.P. | Canada (33) | | 100% |
| Wheat Energy Storage GP Inc. | Canada (33) | | 100% |
| Wheat Energy Storage L.P. | Canada (33) | | 100% |
| Soy Energy Storage GP Inc. | Canada (33) | | 100% |
| Soy Energy Storage L.P. | Canada (33) | | 100% |
| RES Southern Cross PTY Ltd | Australia (3) | | 80% |
| Southern Cross Windpower PTY Ltd | Australia (3) | | 100% |
| Murra Warra Energy Pty Ltd | Australia (3) | | 100% |
| Twin Creek Energy Pty Ltd | Australia (3) | | 100% |
| Blueshore Pty Ltd | Australia (30) | | 100% |
| Dalby Energy Holdings Pty Ltd | Australia (3) | | 100% |
| Dalby Energy Project Pty Ltd | Australia (3) | | 100% |
| Dalby Energy Finance Pty Ltd | Australia (3) | | 100% |
| Nordisk Vindkraft Norge AS | Norway (7) | | 100% |
| Degerkölen Vindkraft AB | Sweden (24) | | 100% |
| Granliden Vindkraft AB | Sweden (24) | | 100% |
| Hornmyran Vindkraft AB | Sweden (24) | | 100% |
| RES Renewable Norden AB | Sweden (24) | | 100% |
| Trysslinge Vindkraft AB | Sweden (24) | | 100% |
| Vargträsk Vindkraft AB | Sweden (24) | | 100% |
| Vindkraft i Fjällberg AB | Sweden (24) | | 100% |
| Vindkraft i Norrhälsinge AB | Sweden (24) | | 100% |
| Vinliden Vindkraft AB | Sweden (24) | | 100% |
| Stora Uvberget Vind AB | Sweden (24) | | 100% |
| Storåsen Vindkraft AB | Sweden (24) | | 100% |
| Skyttmon Borgvattnet AB | Sweden (24) | | 100% |
| **Other investment undertakings** | | | |
| SPR Development Holdings, LLC | USA (8) | | 49% |
| Bekevar Wind L.P. | Canada (31) | | 89% |
| Sequoia Renewable Energy Systems LP | Canada (10) | | 50% |
| Eenou Windcorp Inc | Canada (4) | | 40% |
| Northern Lights AOO LP | Canada (28) | | 49% |
| Northern Lights LP | Canada (28) | | 49% |
| 5529442 Manitoba Limited | Canada (10) | | 50% |
| Llanerfyl Access Road Consortium Limited | UK (1) | 06118626 | 50% |
| Murra Warra Solar Holdings Pty Ltd | Australia (3) | | 50% |
| Murra Warra Energy Storage Pty Ltd | Australia (26) | | 50% |
| HYRO Energy Limited | UK (1) | 14411495 | 50% |
| Llanerfyl Access Road Consortium Limited | UK (1) | 6118626 | 50% |