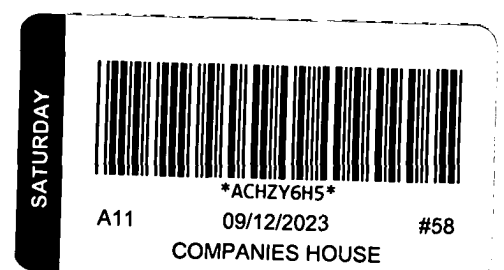


2.
COMPANY REGISTRATION NUMBER: 08925721

EV Finco Limited
Financial statements
31 March 2023



EV Finco Limited

Financial statements

Year ended 31 March 2023

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	6
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13

EV Finco Limited

Officers and professional advisers

The board of directors

Mr J J R Thursby
Mr F Loudon
Mr C Millburn
Mr S N S Middleton
Mr D N Proctor

Registered office

EV Technology Centre
19 Frensham Road
Sweet Briar Industrial Estate
Norwich
Norfolk
NR3 2BT

Auditor

Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

EV Finco Limited

Strategic report

Year ended 31 March 2023

The directors present their strategic report and the audited financial statements of EV Finco Limited (the "Company") for the year ended 31 March 2023.

Business review

The principal activity of the business is to hold the shares of E.V. Offshore Limited and the institutional, shareholder and other debt of the group. The Company is also the intermediate parent of a group of six companies.

The Statement of Comprehensive Income on page 10 shows the Company's loss for the financial year. For the financial year ended 31 March 2023 the Company made a loss before taxation of £10.2 million (2022: £8.2 million).

Key performance indicators

Given the Company is a holding company and does not trade, the Company's directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The directors of EV Holdings Limited (parent entity to EV Finco Limited) manage the group's operations on a group wide basis. For this reason, the Company's directors believe that disclosure of the principal risks and uncertainties of the Company and analysis using key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance and position of the business of EV Finco Limited. The development, performance and position of EV Holdings Limited group, which includes this Company is discussed in the financial statements of EV Holdings Limited, which does not form part of this report. Copies of the consolidated financial statements of EV Holdings Limited are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The principal financial risk management policies and objectives are as follows:

- Long term funding: The company holds loan note and bank debt to facilitate the operational activities of other wider group members. The terms of this are kept under review to ensure that all contractual obligations are met.
- Foreign exchange risk: An element of debt is denominated in US dollars and consequently provides an implicit hedge against fluctuations on the wider group's operational activities.

This report was approved by the board of directors on 24/10/23 and signed on behalf of the board by:

David Proctor

Mr D N Proctor
Director

Registered office:
EV Technology Centre
19 Frensham Road
Sweet Briar Industrial Estate
Norwich
Norfolk
NR3 2BT

EV Finco Limited

Directors' report

Year ended 31 March 2023

The directors present their report and the financial statements of the company for the year ended 31 March 2023.

Directors

The directors who served the company during the year were as follows:

Mr J J R Thursby
Mr F Loudon
Mr C Millburn
Mr S N S Middleton
Mr D N Proctor

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The Company is a holding company and its primary purpose is to hold the institutional, shareholder and listed debt and as such the directors do not anticipate any change in the Company's business.

Qualifying indemnity provision

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 was in force throughout the financial year for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and at the date of approval of the financial statements.

Financial risk management

The directors have taken steps to ensure the day-to-day risks which face the Company, such as commercial risks are managed comprehensively by the Company. The Company takes a range of measures to mitigate the impact of these risks, including preparing comprehensive management and board reporting packages, which can alert the board to adverse developments in trading performance and cash management.

The principal risks facing the Company are:

Interest risk

The Company's financing arrangements expose it to interest rate fluctuations which could lead to higher interest payments. The Company manages this by way of an interest rate cap instrument.

Foreign exchange risk

The Company's activities expose it to the risk of changing foreign exchange rates. The company manages the currency volatility by carefully forecasting its currency needs and monitoring exchange rates.

Liquidity risk

At 31 March 2023 the Company and its wider group had cash balances which the directors believe is sufficient to maintain liquidity in the business. The Company reviews its working capital on a continual basis and goes through a rigorous and robust quarterly forecasting process to further analyse this.

EV Finco Limited

Directors' report *(continued)*

Year ended 31 March 2023

Disclosure of information in the strategic report

The strategic report includes (to the extent relevant) the following disclosures that would otherwise have been included in the directors' report:

- business review;
- financial key performance indicators; and
- principle risks and uncertainties.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

Auditor

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

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

EV Finco Limited

Directors' report *(continued)*

Year ended 31 March 2023

This report was approved by the board of directors on 24/10/23 and signed on behalf of the board by:

David Proctor

Mr D N Proctor
Director

Registered office:
EV Technology Centre
19 Frensham Road
Sweet Briar Industrial Estate
Norwich
Norfolk
NR3 2BT

EV Finco Limited

Independent auditor's report to the members of EV Finco Limited

Year ended 31 March 2023

Opinion

We have audited the financial statements of EV Finco Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 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.

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. 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.

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

EV Finco Limited

Independent auditor's report to the members of EV Finco Limited *(continued)*

Year ended 31 March 2023

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the 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 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 company or to cease operations, or have no realistic alternative but to do so.

EV Finco Limited

Independent auditor's report to the members of EV Finco Limited *(continued)*

Year ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the principal laws and regulations applicable to the company through discussions with management and our wider knowledge and experience; and
- identified laws and regulations were considered in our planning of the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management and directors as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we performed analytical procedures to identify any unusual or unexpected relationships and reviewed (on a sample basis) journal entries to identify material unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to obtaining representations from management and directors as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

EV Finco Limited

Independent auditor's report to the members of EV Finco Limited *(continued)*

Year ended 31 March 2023

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tobias Wilson FCA BA(Hons) (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

25 October 2023.

EV Finco Limited

Statement of comprehensive income

Year ended 31 March 2023

	Note	2023 £000	2022 £000
Administrative expenses		(166)	(159)
Operating loss		(166)	(159)
Interest payable and similar expenses	6	(10,056)	(8,086)
Loss before taxation		(10,222)	(8,245)
Tax on loss	7	337	(28)
Loss for the financial year and total comprehensive income		<u>(9,885)</u>	<u>(8,273)</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

EV Finco Limited

Statement of financial position

31 March 2023

	Note	£000	2023 £000	£000	2022 £000
Fixed assets					
Investments	8		29,387		29,387
Current assets					
Debtors: due within one year	9	396		123	
Debtors: due after more than one year	9	4,331		6,574	
Cash at bank and in hand		<u>1</u>		<u>1</u>	
		4,728		6,698	
Creditors: Amounts falling due within one year	10	<u>(14,632)</u>		<u>(831)</u>	
Net current (liabilities)/assets			<u>(9,904)</u>		<u>5,867</u>
Total assets less current liabilities			19,483		35,254
Creditors: Amounts falling due after more than one year	11		<u>(106,916)</u>		<u>(112,802)</u>
Net liabilities			<u>(87,433)</u>		<u>(77,548)</u>
Capital and reserves					
Capital contribution reserve	14		965		1,626
Profit and loss account	14		<u>(88,398)</u>		<u>(79,174)</u>
Shareholders deficit			<u>(87,433)</u>		<u>(77,548)</u>

These financial statements were approved by the board of directors and authorised for issue on 24/10/23....., and are signed on behalf of the board by:

David Proctor

Mr D N Proctor
Director

Company registration number: 08925721

The notes on pages 13 to 22 form part of these financial statements.

EV Finco Limited

Statement of changes in equity

Year ended 31 March 2023

	Capital contribution reserve £000	Profit and loss account £000	Total £000
At 1 April 2021	2,201	(71,476)	(69,275)
Loss for the year	—	(8,273)	(8,273)
Total comprehensive income for the year	—	(8,273)	(8,273)
Unwinding of capital contribution	(575)	575	—
Total investments by and distributions to owners	(575)	575	—
At 31 March 2022	1,626	(79,174)	(77,548)
Loss for the year	—	(9,885)	(9,885)
Total comprehensive income for the year	—	(9,885)	(9,885)
Unwinding of capital contribution	(661)	661	—
Total investments by and distributions to owners	(661)	661	—
At 31 March 2023	965	(88,398)	(87,433)

The notes on pages 13 to 22 form part of these financial statements.

EV Finco Limited

Notes to the financial statements

Year ended 31 March 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is EV Technology Centre, 19 Frensham Road, Sweet Briar Industrial Estate, Norwich, Norfolk, NR3 2BT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The directors have considered the activities of the Company and the wider Group within which it sits. Having done so they consider that the Company will continue to meet its debts as they fall due in the foreseeable future and is a going concern. Accordingly, they have adopted this basis of preparation.

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the directors have assessed the potential cash generation of the wider group for the foreseeable future. The wider group's base case forecasts assume a measured level of growth supported by increased investment in its wider cost structure. While the base case forecasts has the full support of the Group's investors, the directors have also considered a range of downside scenarios. The scenarios were informed by a broad ranging review of the macroeconomic environment including oil prices, interest rate fluctuations and continued global inflationary pressures. Under each scenario the Group maintains positive cash flows and a strong working capital position.

In addition to these forecast scenarios, consideration has been given to the longer-term funding of the Company and the Group, which is largely reliant upon bank and shareholder provided debt facilities. It is expected that such facilities will continue to be available for the foreseeable future, notwithstanding the fact that a material element of the shareholder provided facilities are due for repayment within that period. The basis for this judgement takes into account the following:

- Bank facilities: Facilities held at 31 March 2023 were due for repayment on 30 June 2023. On 25 July 2023 it was agreed with existing lenders to extend such facilities for a period ending 30 September 2025. The terms of such facilities are materially consistent with those already held.
- Loan notes: A material element of the group's loan note debt is contractually due for repayment on 30 June 2024. Such debt is subject to terms which determine that repayment may be deferred at the direction of the principal shareholder (being also the majority loan note holder). The principal shareholder has indicated that if prejudicial to the going concern of the company or its subsidiaries they would effect such deferral for a period of at least 18 months from the approval of these financial statements.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Other factors that have been taken into account include:

- Net current liabilities: At 31 March 2023 the company reported net current liabilities of £10.2m. This reflects the ageing of bank facilities at that date. Subsequent to 31 March 2023 such facilities have been extended to 30 September 2025. This is discussed above.
- Net liabilities: At 31 March 2023 the company reported net liabilities of £87.8m. These liabilities principally relate to long-term debt (loan notes) that is repayable in part at 30 June 2024 and in part at 30 September 2026. This is discussed above.

While there remains an inherent volatility in energy related markets (to which the wider group is exposed), the company (taking the various matters noted above into consideration) considers that it is well placed to achieve its goals in the foreseeable future. Whilst there remains a risk given the global economic uncertainty that there could be further operational or economic shocks, the Company and wider Group has demonstrated an ability to navigate such eventualities successfully.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of EV Holdings Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements contain information about EV Finco Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, EV Holdings Limited, a company registered in England.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements and estimates. Such judgements and estimates (together with associated assumptions) are based on historical experience and other factors that are considered to be relevant and 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 judgements that have the most significant effect on the amounts recognised in the financial statements, the key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are outlined below.

Loan note modifications

The critical judgement applied by the directors in preparing these financial statements is with regard to whether changes to the terms of loan notes in prior years constituted a substantial modification requiring a de-recognition of or adjustment to the instruments' carrying values. Further judgement was required concerning the market rate of interest that would be applicable to debt of similar terms and condition. Refer to note 10 for further details.

Impairment of investments

When assessing whether there has been an impairment to the carrying value of investments in subsidiary undertakings, management make an estimate of the fair value of such investments. Such an estimate takes into account various factors including an assessment of maintainable earnings, market multiples that may be achieved and other factors relating to what an open market value may be including the existence of new technologies and competitor activity. Further details of carrying value is given at note 6 to these financial statements. It is considered that there are no impairments at the year end.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost less accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Financial instruments

The Company enters into basic and complex financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors / creditors, loans from banks and other third parties and loans to related parties. These transactions are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments like loans and other debtors / creditors are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs, unless they are included in a hedging arrangement.

4. Auditor's remuneration

	2023 £000	2022 £000
Fees payable for the audit of the financial statements	4	4

5. Staff costs

The average number of employees during the year was 5 (2022: 5).

6. Interest payable and similar expenses

	2023 £000	2022 £000
Bank loan foreign exchange losses	1,289	389
Loan note interest	7,484	6,936
Other interest payable and similar charges	1,283	761
	<u>10,056</u>	<u>8,086</u>

The loan note interest is accrued and rolled into the loan principal. The interest payment is not expected to occur until the loan notes are redeemed.

Interest on loan notes includes £660,972 (2022: £574,876) in respect of the unwinding of discounts applied on loan notes that were subject to substantial modification.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

7. Tax on loss

Major components of tax (income)/expense

	2023 £000	2022 £000
Current tax:		
Adjustments in respect of prior periods	–	28
Surrender of tax losses to group	(337)	–
Total current tax	(337)	28
Tax on loss	<u>(337)</u>	<u>28</u>

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

The differences are explained below:-

	2023 £000	2022 £000
Loss on ordinary activities before taxation	(10,222)	(8,245)
Loss on ordinary activities by rate of tax	(1,942)	(1,567)
Adjustment to tax charge in respect of prior periods	–	28
Effect of expenses not deductible for tax purposes	1,582	1,318
Unused tax losses	23	249
Tax on loss	<u>(337)</u>	<u>28</u>

The Company has not recognised a deferred tax asset in respect of the losses carried forward as there is no certainty around the timing of future taxable profits. The unrecognised deferred tax losses amount to £4,176,395 (2022: £4,783,291).

8. Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 April 2022 and 31 March 2023	<u>57,208</u>
Impairment	
At 1 April 2022 and 31 March 2023	<u>27,821</u>
Carrying amount	
At 31 March 2023	<u>29,387</u>
At 31 March 2022	<u>29,387</u>

The directors believe that the carrying value of the investments is supported by their value in use.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

8. Investments *(continued)*

Subsidiaries, associates and other investments

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
E.V. Offshore Limited (held directly)	EV Technology Centre 19 Frensham Road Sweet Briar Estate Norwich, Norfolk NR3 2BT	Ordinary	100
EVO Incorporated (held indirectly)	557 West Sam Houston Parkway North Suite 100, Houston TX 77043	Ordinary	100
EV Canada Inc (held indirectly)	Suite 890, 736-8th Avenue SW Calgary Alberta T291H4	Ordinary	100
Epidote Limited (held indirectly)	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN	Ordinary	100
Epidote Holdings Limited (held indirectly)	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN	Ordinary	100
EV Australasia Pty Ltd (held indirectly)	Level 11, 845 Bourke Street Melbourne Victoria, 3000	Ordinary	100

The financial statements for the year ended 31 March 2023 of E.V. Offshore Limited, Epidote Holdings Limited and Epidote Limited have been exempted from audit under s479A of the Companies Act 2006 by way of parent guarantee from EV Holdings Limited.

9. Debtors

Debtors falling due within one year are as follows:

	2023 £000	2022 £000
Amounts owed by group undertakings	337	—
Prepayments and accrued income	50	123
Other debtors	9	—
	<u>396</u>	<u>123</u>

Debtors falling due after one year are as follows:

	2023 £000	2022 £000
Amounts owed by group undertakings	<u>4,331</u>	<u>6,574</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment. The amounts were shown as due after one year to reflect the expected repayment profile.

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

10. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Bank loans	14,549	757
Trade creditors	57	–
Amounts owed to group undertakings	3	1
Accruals and deferred income	23	73
	<u>14,632</u>	<u>831</u>

Refer to note 15 for details concerning the renewal of bank facilities after 31 March 2023 and that loans became repayable on 30 September 2025.

11. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Loan notes	106,916	99,433
Bank loans	–	13,369
	<u>106,916</u>	<u>112,802</u>

Analysis of the maturity of debenture loans and bank loans is given below:

	2023 £000	2022 £000
Amounts falling due within 1 year	14,549	757
Amounts falling due 1-2 years	–	13,369
Amounts falling due 2-5 years	106,916	99,433

EV Finco Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2023

12. Loans

The bank loans are secured via fixed and floating charges against the assets of the company and its subsidiaries and a shareholder guarantee on the sum of £7.5m.

The Company is party to an inter-company guarantee to the wider Group's bankers. EV Holdings Limited, E.V. Offshore Limited, EV Canada INC, EVO INC and EV Australasia PTY Limited are also party to the agreement.

The bank loans are denominated in USD and interest is charged at 5.5% over USD denominated LIBOR.

Subsequent to 31 March 2023 the bank facilities were extended, such that they became repayable on 30 September 2025. See note 15.

Debenture loans (loan notes)

The loan notes are secured via fixed and floating charges against the assets of the company and its subsidiaries. The loan notes were issued in three years and by reference to their year of issue the principal terms may be summarised as follows:

- (i) On 24 June 2014 loan notes were issued with an initial capital value of £45,949,306. Such loan notes are quoted on the International Stock Exchange (formerly the Channel Islands Securities Exchange) and initially attracted interest at 8% per annum compounded every 6 months unless paid. The loan notes and associated interest are due for repayment at the earlier of an exit by Dunedin Buyout Fund III L.P., the ultimate controlling undertaking, or 30 June 2024. During the year ended 31 March 2018 PIK notes of £3,083,192 were added to the listed debt such that the total capital value at 31 March 2020 was £49,032,498. Since their issuance these loan notes have been subject to two modifications. The modifications may be summarised as follows:
 - 8 November 2017: Repayment extended to 30 September 2026 (or an exit if earlier). Interest between 1 October 2016 and 30 September 2022 waived. Interest from 1 October 2022 13.25% per annum.
 - 15 March 2019: Interest from 1 October 2022 16.5% per annum.
- (ii) On 24 June 2014 loan notes were issued with an initial capital value of £6,950,000. Such loan notes attract interest at between 0% and 8% per annum (subject to whether the loan note holders are an employee of the wider group) compounded every 6 months unless paid. The loan notes and associated interest are due for repayment at the earlier of an exit by Dunedin Buyout Fund III L.P., the ultimate controlling undertaking, or 30 June 2024.
- (iii) On 29 September 2016 certain loan note beneficiaries holding 96.9% of the original principal issued on 24 June 2014 (above), agreed to: (i) subscribe for additional loan notes of £2,500,000 with an interest rate of 15% and on terms otherwise largely consistent with the original loan notes as set out above (at point (i)) and (ii) provide a guarantee for an additional £2,500,000 of cash that can only be drawn under specific circumstances.
- (iv) On 27 September 2018 loan notes were issued with an initial capital value of £5,500,000 (£3 million of which was drawn on 27 September 2018 and the balance on 15 March 2019). Such loan notes initially attracted interest at 30% per annum compounded every 6 months unless paid. The loan notes and associated interest are due for repayment at the earlier of an exit by Dunedin Buyout Fund III L.P., the ultimate controlling undertaking, or 30 June 2024. On 4 March 2020 the terms of these loan notes were amended such that interest between 1 April 2019 and 30 June 2024 was waived. This modification is deemed to be a substantial change to the original terms and as a consequence the carrying value of the loan notes at the date of modification has been adjusted to a fair value based on a deemed market rate of 15% per annum (being a judgement as to market rate for debt of this nature). The difference between the carrying value at 4 March 2020 and the fair value (£2.7 million) is considered to be a capital contribution from the loan note holder. This capital contribution is being amortised over the remaining term of the loan notes such

EV Finco Limited

Notes to the financial statements (continued)

Year ended 31 March 2023

that an effective rate of interest equivalent to 14.45% per annum is charged over the remaining term of the loan notes.

13. Called up share capital

Issued, called up and fully paid

	2023		2022	
	No.	£000	No.	£000
Ordinary shares of £1 each	1	–	1	–

14. Reserves

Accumulated losses includes all current and prior year retained profits and losses.

The capital contribution reserve represents contributions from shareholders resulting from the amendment to the loan note agreements including the waiving of interest due. It is being amortised over the remaining term of the debt agreements.

15. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2023	2022	2023	2022
	£000	£000	£000	£000
Dunedin Buyout Fund III L.P. and PKA Ltd (Ultimate controlling party and shareholder)	6,671	6,158	(94,468)	(87,797)
J J R Thursby (Director and shareholder)	797	736	(10,551)	(9,755)

The Company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 and has not disclosed transactions with other undertakings within the group headed by EV Holdings Limited. Details of the subsidiary companies are shown in note 6.

16. Controlling party

The immediate and ultimate parent undertaking is EV Holdings Limited.

The ultimate controlling undertaking is Dunedin Buyout Fund III L.P., a limited partnership registered in Scotland. In the opinion of the directors, there is no one controlling party within this entity.

EV Holdings Limited is the holding company of the smallest and largest group of undertakings for which group financial statements are drawn up. Copies of the consolidated financial statements of EV Holdings Limited are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

17. Events after 31 March 2023

Bank Facilities held at 31 March 2023, totalling £14.5m were due for repayment on 30 June 2023. On 25 July 2023 it was agreed with existing lenders to extend such facilities for a period ending 30 September 2025. The terms of such facilities are materially consistent with those already held other than the total value was reduced to £13.6m (the company choosing to apply available cash to reduce indebtedness) and the shareholder guarantee being reduced to £5.7m.