

BRADY.

Brady Energy UK Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021



Company No. SC195633

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Company information

Registered office: 40 Torphichen Street
Edinburgh
EH3 8JB
Scotland
UK

Director: Andrew Woolley (appointed 01 February 2021)

Auditor: Ernst and Young LLP
Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

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Director's report

The Director presents their Director's Report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

Brady Energy UK Limited (the "Company" or "Brady") develops and sells trading and risk management software for the energy market, along with associated services.

Results and dividends

The Company made a loss £605,000 for the year ended 31 December 2021 (2020: £109,000). No dividends were declared or paid in the year (2020: £nil).

Business review

The Company had the following key performance indicators (KPIs) in 2021:

KPI	2021 £'000	2020 £'000	Explanation
Revenue	481	1,218	Revenue represents direct sales to customers or on behalf of group companies and consulting services revenue from fellow group companies. Revenue has decreased by £737,000 (61%) which is due to a reduction of £673,000 (78%) in consulting services income from fellow group companies as a result of changes to employing entity of some employees. Revenue to external customer has decreased by £64,000 (18%), largely as a result of no licence sales in 2021.
Operating loss	496	-	The operating loss has increased by £496,000. This is largely due to the reduction in consulting services revenue from group companies.
Cash at 31 December	12	23	Cash at year end had decreased by £11,000 due to the timing of working capital movements.

Outlook

In 2022, the Company purchased various energy market trade and assets from other companies within the Brady group. Details are in note 21.

The Company will focus on key areas of execution, including product strategy, technology innovation and customer experience. It will fully align the business around its product and market strategies to deliver optimal financial performance, quality of service and a positive employee experience.

Financial risk management objectives and policies

The Company uses various financial instruments, including cash, trade receivables, trade payables and intercompany loans. The main purpose of these financial instruments is to provide finance for the Company's operations.

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Director's report (continued)

Financial risk management objectives and policies (continued)

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

Risk	Explanation	Mitigation
Credit risk	<p>The Company's principal financial assets are cash and trade receivables.</p> <p>The principal credit risk lies with trade receivables and contract assets.</p>	<p>In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.</p> <p>Due to government sanctions imposed following the invasion of Ukraine, credit risk on receivables due from Russian customers may arise. There is no impact on the 2021 financial statements.</p>
Liquidity risk	<p>Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due.</p>	<p>The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.</p> <p>Intra-group funding is utilised to maintain liquidity and the Company receives loans and provides loans to / from other Group companies.</p>

Directors

The Directors who served the Company during the year and to the date of this report, except as stated otherwise, were as follows:

Andrew Woolley (appointed 01 February 2021)

Fabienne Kangayan (resigned 14 July 2022)

Carmen Carey (resigned 31 March 2021)

Rebecca Roberts (resigned 01 February 2021)

Qualifying third party indemnity provisions

The Company has entered into qualifying third party indemnity arrangements for the benefit of the Company and its Directors in a form and scope that comply with the requirements of the Companies Act 2006. The arrangements in place were in force throughout the year and remain in force.



Director's report (continued)

Going concern

The Company made a loss before tax in the year ended 31 December 2021 of £0.6 million and at 31 December 2021 had net liabilities of £2.4 million. The Director has reviewed the cash flow forecasts of the Company for the period through to 31 December 2023.

The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch, cost base, foreign exchange and the level of capital expenditure.

On the basis of the Directors' assessment of the Company's and immediate Parent Company's financial position and of the enquires made of the Directors of Brady Acquisition Limited, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Statement of Director's responsibilities

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)". Under company law the

Director must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that year. In preparing these financial statements, the Director is 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 has 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.

The Director is 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

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Director's report (continued)

Statement of Director's responsibilities (continued)

Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

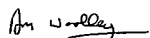
Small company provision

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Auditor

Pursuant to Section 485 of the Companies Act 2006, a resolution to appoint Ernst and Young LLP as the auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Andrew Woolley, Director

29 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRADY ENERGY UK LIMITED

Opinion

We have audited the financial statements of Brady Energy UK Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the countries which the company operates.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated these enquiries through our review of board meeting minutes. We tested management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through our discussions with management to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding and tested internal controls designed by the company to prevent, deter and detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

A handwritten signature in black ink, appearing to read 'Ruth Logan' followed by 'Ernst & Young LLP'.

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
30 September 2022



Statement of comprehensive income

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	5	481	1,218
Cost of sales		(230)	(229)
Gross profit		251	989
Operating expenses		(747)	(989)
Operating loss	6	(496)	-
Net finance cost	8	(109)	(109)
Loss before tax		(605)	(109)
Tax	9	-	-
Loss after tax and total comprehensive loss for the year		(605)	(109)

All of the activities of the Company in the current and prior years are classed as continuing.

The Company has no recognised gains or losses other than the loss for the current and preceding years as set out above.

The accompanying accounting policies and notes form part of these financial statements.



Statement of financial position

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	28	43
Right of use assets	11	428	490
Total non-current assets		456	533
Current assets			
Trade and other receivables	12	118	136
Cash and cash equivalents	13	12	23
Total current assets		130	159
Liabilities			
Current liabilities			
Trade and other payables	14	(2,508)	(1,950)
Lease liabilities	11	(62)	(59)
Net current liabilities		(2,440)	(1,850)
Total assets less current liabilities		(1,984)	(1,317)
Non-current liabilities			
Lease liabilities	11	(432)	(494)
Net liabilities		(2,416)	(1,811)
Equity attributable to the owners of the Company			
Share capital	16	-	-
Retained earnings	16	(2,416)	(1,811)
Deficit in shareholder funds		(2,416)	(1,811)

The accompanying accounting policies and notes form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue by the Board of Directors on 29 September 2022 and signed on their behalf by:

Andrew Woolley, Director

Company number: SC195633

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Statement of changes in equity

For the year ended 31 December 2021

		Called up share capital	Equity reserve	Retained earnings	Total
	Note	£'000	£'000	£'000	£'000
At 1 January 2020		-	4	(1,706)	(1,702)
Movements between reserve classes			(4)	4	-
Total comprehensive loss for the year			-	(109)	(109)
At 31 December 2020	16	-	-	(1,811)	(1,811)
Total comprehensive loss for the year				(605)	(605)
At 31 December 2021	16	-	-	(2,416)	(2,416)

The accompanying accounting policies and notes form part of these financial statements.

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Notes to the financial statements

1. General information

The Company is a private company limited by shares incorporated and domiciled in Scotland. The address of its registered office, which is also its principal place of business, is 40 Torphichen Street, Edinburgh, Scotland, EH3 8JB.

2. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)". The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated. All amounts in the financial statements and notes have been rounded off to the nearest thousand Pound Sterling, unless otherwise stated.

These financial statements have been authorised for issue and approved by the Directors on 29 September 2022.

Going concern

The Company made a loss before tax in the year ended 31 December 2021 of £0.6 million and at 31 December 2021 had net liabilities of £2.4 million. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 December 2023.

The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch, cost base, foreign exchange and the level of capital expenditure.

On the basis of the Directors' assessment of the Company's and immediate Parent Company's financial position and of the enquires made of the Directors of Brady Acquisition Limited, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and VAT) of goods and services in the normal course of business. The Company has multiple revenue streams and the policy for each is detailed below. The Company acts as the principal in all sales.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations

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Principal accounting policies (continued)

Revenue recognition (continued)

3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative stand-alone selling prices.

Subscription of software, term licences and associated installation services

Revenue from rental (subscription) of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to 'go-live', until the contract end date. Software rental contracts are under a 'right to access' model and the Company retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to 'go-live'. Software term licence contracts are under a 'right to use' model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Company's software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised on completion of related performance obligations, typically when the customer has the ability to 'go-live'.

Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Company has an enforceable right to payment for work completed to date on a time and materials basis.

The Company performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is typically when the customer has the ability to 'go-live'.

Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

Contract asset and liabilities

The Company recognises the following contract assets in the statement of financial position:

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Principal accounting policies (continued)

Contract asset and liabilities (continued)

- Amounts recoverable on contracts, if the Company satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Company invoices the customer.
- Contract fulfilment costs if the following criteria are met
- The costs directly relate to a contractual performance obligation;
- The costs relate to satisfaction of a performance obligation in the future; and
- The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Company expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the statement of financial position.

Financing elements

The Company does not expect to have any contracts where the period between revenue recognition and payment by the customer exceeds one year. Consequently, the Company applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

Contract modifications

From time to time, there is a change in scope of the original contract between the Company and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

- The change order includes distinct goods or services; and
- The price changes relative to the stand alone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Company accounts for the change order as if it were part of the performance obligations in the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.

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Principal accounting policies (continued)

Employee benefits

Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within trade and other payables in the consolidated statement of financial position.

Retirement benefits

The Company operates a defined contribution pension arrangement. The amount charged to the statement of comprehensive income represents the contributions payable in the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share-based payments

Brady Technologies Limited (formerly Brady plc) ('the Group') issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant using the Black-Scholes option pricing model. The fair value is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based on the Group's estimate of the number of shares that will eventually vest.

Interest income and expense

Interest income and expense is included in the statement of comprehensive income on a time basis, using the effective interest method by reference to the principal outstanding.

Tax

The tax charge or credit comprises current tax payable and deferred tax:

Current tax

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with the tax base. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the statement of comprehensive income, except



Principal accounting policies (continued)

where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

Foreign currencies

The functional and presentational currency of the Company is Sterling.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the statement of comprehensive income within "operating expenses". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the statement of comprehensive income so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Leasehold improvements: over the period of the lease
- Computer equipment: three years
- Fixtures, fittings & equipment: three years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

Leased assets

Identification of a lease

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and

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Principal accounting policies (continued)

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial measurement

At the lease commencement date, the Company recognises a right-of-use (RoU) asset and a lease liability on the statement of financial position.

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Company;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. To determine the incremental borrowing rate, the Company uses recent third party financing arrangements as a starting point, adjusted to reflect changes in the Company's position since the financing was received and for any lease-specific factors such as term, country, currency or security.

Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent measurement

The Company depreciates the RoU asset on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Company also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss so as to produce a constant periodic rate of interest of the remaining balance of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

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Principal accounting policies (continued)

Practical expedients

The Company has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets (leases with initial lease liability of under £5,000) using the practical expedients in IFRS 16. Instead of recognising a RoU asset and

a lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the

lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade payables

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

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Principal accounting policies (continued)

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

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital.

3. Critical accounting judgements and key sources of estimation uncertainty

Preparation of these financial statements in accordance with FRS 101 requires the Directors to make certain accounting judgements and estimates that affect the amounts reported in the financial statements and accompanying notes. The resulting estimates will, by definition, seldom equal the actual result.

The Directors consider the following to be critical accounting judgements or key sources of estimation uncertainty affecting the results of the Company in the current and preceding financial years:

Revenue recognition

Significant management judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the sale of licences and provision of services including integration and development. The Directors consider recognition of their separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each separable component of revenue. In respect of a licence, this would usually be at the point control is passed on to the customer, typically on functional acceptance tests. Client development and other customisation work may be subject to user acceptance tests. Revenue for these services is generally recognised on the basis of work done but where issues of client acceptance are identified, then revenue is deferred until issues are resolved.



4. Disclosure exemptions

In preparing these financial statements the Company, as a wholly owned subsidiary of Brady Technologies Limited (formerly Brady plc), has taken advantage of the disclosure exemptions conferred by FRS 101 as follows:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of the second sentence of paragraph 110, paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, paragraph 58, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 9
- paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
- paragraph 118(e) of IAS 38 Intangible Assets.
- the requirement of paragraphs 10(d), 10(f), 16, 38(a)-(d), 40(a)-(d), 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18(a) of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member.



5. Revenue

The revenue is attributable to the principal activities of the Company.

An analysis of sales revenues split between external customers and other group companies is given below

	2021 £'000	2020 £'000
Revenue to external customers	295	359
Revenue to other group companies	186	859
Total revenue	481	1,218

Revenue from two (2020: three) customers of Brady Energy UK Ltd contributed more than 10% individually to the company's external revenues and amounted to £240,000 (2020: £288,000).

Revenue to other Group companies comprises consultancy services.

An analysis of external sales revenue by activity and time of revenue recognition is given below:

	Recurring support, maintenance and rentals £'000	Services including development £'000	Software licenses £'000	Total £'000
Year ended 31 December 2021				
Total revenue to external customers	295	-	-	295
Timing of revenue recognition				
At a point in time	-	-	-	-
Over time	295	-	-	295

	Recurring support, maintenance and rentals £'000	Services including development £'000	Software licenses £'000	Total £'000
Year ended 31 December 2020				
Total revenue to external customers	324	8	27	359
Timing of revenue recognition				
At a point in time	-	8	27	35
Over time	324	-	-	324



Revenue (continued)

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	Notes	2021 £'000	2020 £'000
Current contract assets relating to:			
Recurring support, maintenance and rentals	12	3	-
Current contract liabilities relating to:			
Recurring, maintenance, hosting and rentals	14	12	80

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities:

	2021 £'000	2020 £'000
Revenue recognised that was included in the contract liability at the beginning of year:		
Advance billing for recurring revenue	80	68

Assets recognised from costs to fulfil a contract

The Company has not recognised any assets at 31 December 2021 (2020: £nil) in relation to costs to fulfil a long-term contract.

6. Operating loss

The following items have been charged / (credited) to the statement of comprehensive income in arriving at operating loss for the year.

	Notes	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	10	13	13
Depreciation of right of use assets	11	62	62
Net foreign exchange losses / (gains)		6	(5)
Non-recurring items		-	15
Loss on disposal of property, plant and equipment	10	2	-

Auditor's remuneration in respect of audit services for the Company for the current year was £7,500 (2020: £7,500). These costs were borne by another Group undertaking with no right of recharge.

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7. Directors and employees

	2021 £'000	2020 £'000
Wages and salaries	596	837
Social security costs	68	119
Post-employment benefits: defined contribution pension arrangements	51	58
	715	1,014

The average number of staff employed by the Company (including Executive Directors) during the financial year amounted to:

	2021 No.	2020 No.
Sales, service and client support	3	4
Development	4	5
Administration	1	1
	8	10

On 31 October 2021, all employees were transferred under TUPE to a sister company, Brady Trading Limited. The Company had no employees from this date onwards.

The Directors of the Company, being employees of other Group companies, have not received any emoluments in respect of their qualifying services from the Company in either the current or preceding financial years.

Total emoluments received by these Directors from the Group for the year amounted to £444,000 (2020: £641,000).

8. Net finance cost

	Note	2021 £'000	2020 £'000
Interest payable to fellow group undertakings		85	82
Lease liability interest payable	11	24	27
		109	109

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9. Taxation

Income tax recognised in the statement of comprehensive income

	2021 £'000	2020 £'000
Current Tax		
UK corporation tax based on loss for the year at 19% (2020: 19%)	-	-
Tax on loss	-	-

Factors affecting tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained as follows:

	2021 £'000	2020 £'000
Loss before taxation	(605)	(109)
Loss multiplied by standard rates of tax of 19%	(115)	(21)
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	1	34
Tax losses for which no deferred tax was recognised	114	(13)
Tax on loss	-	-

Factors affecting future tax charge

The Company has tax losses of £3.3 million (2020: £2.4 million) that are available for offset against future taxable profits. A deferred tax asset of £0.8 million (2020: £0.5 million) has not been recognised in respect of these losses as future taxable profits are uncertain.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

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10. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures, Fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2021	44	24	32	100
Additions in period	-	-	-	-
Disposals	(3)	(3)	(32)	(38)
At 31 December 2021	41	21	-	62
Depreciation				
At 1 January 2021	(9)	(16)	(32)	(57)
Charge for the year	(5)	(8)	-	(13)
Disposals	1	3	32	36
At 31 December 2021	(13)	(21)	-	(34)
Net book value				
At 31 December 2021	28	-	-	28
At 31 December 2020	35	8	-	43

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11. Right of use assets

The Company has a following lease contract for an office.

	Property £'000	Total £'000
Cost		
At 1 January 2021 and 31 December	619	619
Depreciation		
At 1 January 2021	(129)	(129)
Charge for the year	(62)	(62)
Disposals	-	-
At 31 December 2021	(191)	(191)
Net book value		
At 31 December 2021	428	428
At 31 December 2020	490	490

The statement of financial position includes the following amounts relating to this lease:

	2021 £'000	2020 £'000
Right of use assets		
Property	428	490
Lease liabilities		
Current	62	59
Non-current	432	494
	494	553

The statement of comprehensive income includes the following amounts relating to right of use assets:

	Notes	2021 £'000	2020 £'000
Included in operating expenses			
Depreciation charge relating to right of use property asset	6	62	62
Included in net finance cost			
Lease liability interest payable	8	24	27

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12. Trade and other receivables

	Note	2021 £'000	2020 £'000
Trade receivables		14	110
Amounts owned by group undertakings		89	-
VAT receivable		7	14
Prepayments and accrued income		5	12
Contract assets	5	3	-
		118	136

The amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Trade receivables and contract assets are stated after provisions for impairment of £nil (2020: £nil). The loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows:

31 December 2021	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount trade receivables £'000	14	-	-	-	14
Gross carrying amount contract assets £'000	3	-	-	-	3
Loss allowance '000	-	-	-	-	-

31 December 2020	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount trade receivables £'000	55	55	-	-	110
Gross carrying amount contract assets £'000	-	-	-	-	-
Loss allowance £'000	-	-	-	-	-

13. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents at bank	12	23

The carrying amount of cash and cash equivalents approximates to fair value because of the short-term maturity of these instruments.



14. Trade and other payables

	Note	2021 £'000	2020 £'000
Trade payables		7	9
Amounts owed to group undertakings		2,479	1,719
Taxation and social security		1	28
Other payables		-	10
Contract liabilities	5	12	80
Accruals		9	104
		2,508	1,950

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

15. Share capital

Allotted, called up and fully paid:

	2021 No	£	2020 No	£
Ordinary shares of £1 each	76	76	76	76

16. Reserves

	2021 £'000	2020 £'000
Equity reserve	-	-
Retained earnings	(2,416)	(1,811)

Equity reserve

The equity reserve was a reserve in relation to share options issued in Brady Technologies Limited but not yet exercised. All options lapsed in 2020.

Retained earnings

Retained earnings are the cumulative profit and loss of the Company, net of any distribution to owners.

17. Capital commitments

The Company had no capital expenditure contracted for but not provided in the financial statements at 31 December 2021 or 31 December 2020.

18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021 or 31 December 2020.

19. Related party transactions

The Directors remuneration is disclosed in note 7.

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As a wholly owned subsidiary of Brady Technologies Limited, the Company is exempt from the requirements of FRS 101 to disclose transactions with other members of the group headed by Brady Acquisition Limited on the grounds that the Group accounts are publicly available from Companies House.

20. Controlling party

As at 31 December 2021 the immediate parent undertaking is Brady Energy Norway AS, a company incorporated in Norway.

Brady Acquisition (Holding) Limited, a company incorporated in England and Wales, and a wholly owned subsidiary of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, is the ultimate parent undertaking. The ultimate controlling party is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.

The smallest and largest group in which the results of the Company are consolidated for the year ended 31 December 2021 is that headed by Brady Acquisition Limited. Copies of these financial statements may be obtained from Companies House.

21. Events after the reporting period

No adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

The following non-adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

Group reorganisation

On 1 January 2022, the Company purchased certain trade and assets relating to the Energy market from Brady Technologies Limited. The Company acquired net liabilities of £118,000 for consideration payable of £882,000.

On 15 April 2022, the Company purchased trade and assets relating to the Energy market from Brady Trading Limited, a sister company owned by Brady Technologies Limited. The Company acquired intangible assets of £509,000 and other net assets of £2,676,000 for consideration payable of £3,185,000. All the UK business in the Energy market lies with the Company following this transaction. The Company agreed a loan facility with Brady Trading Limited of up to £3,185,000 for the purposes of satisfying the consideration. The loan facility is interest free and is repayable within 15 days of demand.

On 30 April 2022, the Company agreed a further loan facility with Brady Trading Limited of up to £1,465,000. The loan facility bears interest at 4% per year and is repayable within 15 days of demand.

On 30 April 2022, the loan facilities between Brady Trading Limited and the Company was novated to Brady Technologies Limited. The terms of the loan facilities remain the same. The amount owed by the Company at this date was £4,647,000.

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21. Events after the reporting period (continued)

Market conditions

The Company has considered the impact of the invasion of Ukraine by Russia in March 2022 and the subsequent sanctions imposed on Russian businesses and individuals. There is no impact on the Company in 2021 or 2022.