

ENFINIUM ENERGY LIMITED

Annual Report and Financial Statements for the period ended 31 December 2021



Company Registration No. SC286672

Enfinium Energy Limited

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Enfinium Energy Limited

Officers and Professional Advisors

Directors

M Corben
M Maudsley
W Roberts
W Robertson

Registered Office

123 Victoria Street
London
England
SW1E 6DE
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
40 Clarendon Road,
Watford,
Hertfordshire,
WD17 1JJ,
United Kingdom

Registered number

SC286672

Enfinium Energy Limited

Strategic Report

The Directors present the Strategic Report for the period ended 31 December 2021.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. The purpose of the Strategic Report is to inform shareholders and help them assess how the Directors have performed in their duty to promote the success of the entity.

Principal activities

The principal activity of the Company is to act as the holding company for investments in subsidiaries that have constructed and are responsible for the ongoing operation of the waste-to-energy facilities. The Company also owns the land on which the subsidiaries facilities are built, which is leased to these companies.

The Company has two subsidiaries: Enfinium Ferrybridge 1 Limited and Enfinium Ferrybridge 2 Limited, which each operate a waste-to-energy facility based in Ferrybridge in West Yorkshire. Both facilities have a gross installed electricity capacity of 85MW and waste treatment capacity of 725,000 tonnes per year. Enfinium Ferrybridge 1 Limited has been operational since 2016 and Enfinium Ferrybridge 2 Limited since December 2019.

On 7 January 2021 the ownership of the Company changed with the 50% stake previously held by SSE Generation Limited being acquired by Enfinium Developments Limited. On 24 March 2021, this stake was acquired by Enfinium Holdings Limited.

Key performance indicators

During the period, the key performance indicators ("KPIs") used by management are set out below. Commentary on performance has been included in the results and dividends section of the Directors report.

	31 Dec 2021	31 Mar 2021
	£	£
Profit/(loss) for the period	15,355,388	(30,635)
Net assets	6,617,622	6,262,234

On behalf of the Board:



M Corben

Director

24 October, 2022

Enfinium Energy Limited

Directors' Report

The Directors present their annual report and audited financial statements for the period ended 31 December 2021. The financial statements are presented in accordance with United Kingdom Generally Accepted Accounting Practice, comprising FRS 101 ('Reduced Disclosure Framework'). The financial year end has been updated to 31 December from 31 March. This change is to align the Company to the new reporting practices of the Enfinium Group.

Results and dividends

The Statement of Comprehensive Income for the period is set out on page 13. For the period ended 31 December 2021, the Company reported profit for the period of £15,355,388 (year ended 31 March 2021 loss: £30,635). The profit was primarily driven by dividends received during the period of £15,000,000 (2021: £0).

During the period, £15,000,000 (2021: £nil) in dividends was paid to the shareholders, refer to note 15.

The Directors do not recommend payment of any further dividends in this financial period.

Future developments

The Directors aim to maintain the present management policies. They consider that the next several years will show growth in earnings from the Company supporting existing waste to energy facilities operated by other group companies and developing new facilities. There are no significant planned developments outside the running of the facility.

Directors

The Directors who served during the period and up to the date of signing these financial statements, unless otherwise stated are as follows:

M Corben	(appointed 16 June 2021)
M Maudsley	(appointed 21 January 2022)
W Roberts	
W Robertson	
J Watsford	(resigned 31 January 2022)

The Directors are included under the Directors' and Officers' indemnity insurance purchased by Enfinium Holdings Limited. This was in place throughout the period and remains in place.

Directors' compensation

No compensation was paid by the Company to Directors for the period ended 31 December 2021 (2021: £nil). The Directors are employees of related entities and are compensated by those entities.

Principal risks and uncertainties

The Company operates in the global economy exposed to risk from a variety of sources. Risks which management considers most significant are identified below:

Health, Safety Security and the Environment ("HSSE")

Protecting the health and safety of employees and the neighbouring community is a priority for the Company. Excellent HSSE performance is critical to the success of the business and protecting the Company's reputation. The Company acts to minimise the HSSE risks associated with its operations by ensuring high standards in equipment design, the application of quality processes and procedures and working with competent and well-trained staff and contractors. A comprehensive annual HSSE programme is carried out, with emphasis on constant improvement, comprehensive planned maintenance, regular safety audits, inspections and walkthroughs.

Enfinium Energy Limited

Directors' Report (Continued)

Principal risks and uncertainties (continued)

Health, Safety Security and the Environment ("HSSE") (continued)

The Company operates an Environmental Management System, which includes continuous emissions monitoring, to ensure that emission targets are met or exceeded. The fleet of plants operated by the Company are recently constructed with leading-edge technology for emissions control.

For a full discussion of the Company's environmental, social and governance strategy and performance, please see the latest annual ESG report on our website www.enfinium.co.uk/esg/

Operational risk

The Company seeks to maximise the use of its subsidiaries available plant capacity throughout the period and avoid unplanned mechanical failure. Facilities and systems are designed with redundancy and are maintained to sustain equipment availability. Operations are managed to ensure a high degree of reliability.

Market risk

Non-recyclable waste under long term fixed price contracts is provided by commercial suppliers, for most of the subsidiary capacity. A proportion of plant capacity remains uncontracted and is subject to variable market price.

The electricity generated at the facilities is sold under a long term offtake arrangement which guarantees all of the volume sold at variable wholesale prices.

Counterparty risk

Subsidiaries of the Company have signed long-term supply agreements with commercial suppliers of non-recyclable waste. All long-term suppliers undergo a credit evaluation before contracts are put in place and ongoing credit worthiness is monitored.

Liquidity risk

Liquidity risk is the risk that the Company cannot fulfil its financial obligations when they become due. Current cash balances and future cash flows from operating activities are expected to meet these future liquidity requirements.

The Company has not identified any significant impacts during the period and no impacts are expected as a result of COVID-19 or other events.

Section 172 (1) Statement

Section 414CZA(1) of the Companies Act 2006 requires the Directors to explain how they considered the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('S172 (1)') when performing their duty to promote the success of the Company. When making decisions, each Director ensures that they act in the way that would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following:

(a) The likely consequences of any decision in the long term

The Directors understand the business and the evolving environment in which the Company operates, including the challenges of operating in a regulated sector. They receive updates on the evolving environment on a regular basis from both management and industry experts.

The strategy set by the board of Directors is intended to continue running the plants to maximise capacity in a safe and environmentally responsible manner.

Enfinium Energy Limited

Directors' Report (Continued)

Section 172 (1) Statement (continued)

(b) The interests of the Company's employees

The Directors recognise that the success of the business depends on attracting, retaining, and motivating high quality employees. The Directors take into account the implications of decisions which may affect the perception of the Company as a responsible employer, on determining remuneration and benefits, and on providing a healthy and safe workplace environment.

The Directors understand our people are key to our success and want our employees to be successful both individually and as members of a team. To meet the interests of our employees the Directors actively engage with and listen to their employees by conducting safety walks, employee engagement surveys and roadshows where the company's Objectives and Targets are communicated and employees provide feedback on what areas of the business can be improved. Monthly Safety Health Environmental and Quality ("SHEQ") site meetings are held with the Representative of Employee Safety and Site Management in attendance and every quarter we celebrate the SHEQ awards by rewarding employees for their positive safety performance or innovative ideas.

Our colleagues want to be kept informed of changes to the business and to understand that management are aware and responsive to their concerns.

(c) The need to foster the Company's business relationships with suppliers, customers, and others

The Directors seek to promote strong mutually beneficial relationships with suppliers, customers, the regulators, and authorities.

Attributes we consider when selecting a supplier include health and safety, sustainability, and innovation. The Board recognises that our relationships with our suppliers are important to the Company's long-term success. In order to build and maintain strong relationships with our suppliers we follow a prompt payment policy to ensure suppliers are paid efficiently. We comply with the Modern Slavery Act, and the Directors are regularly briefed on supplier feedback and issues.

There is a large spend for the annual outage on parts and labour and after every outage we hold review meetings to assess the performance of the Company regarding work quality, adhering to site health and safety rules and the quality of the parts supplied.

We aim to build strong lasting relationships with our customers by holding meetings with them to understand their needs and views. Where possible, we are flexible to any fuel supply issues and work with the customer to come to an agreement which satisfies our business requirements and the customer's needs.

We engage with the government and regulators through a range of industry consultations, forums, meetings, and conferences. We use these platforms to communicate our opinions to the relevant policy makers. Key areas of focus are compliance with laws and regulations (including the environmental permit), and health and safety. The Board is updated on legal and regulatory developments and take these into account when considering future actions.

(d) The impact of the Company's operations on the community and the environment

The Company is committed to understanding the interests of these stakeholder groups. The Directors receive information on these topics on a periodic basis to provide relevant information for specific board decisions.

In order to meet this objective, we engage with the community in which we operate to build trust and to understand the local issues that are important to them. The SHEQ manager attends regular community liaison meeting with residents, police, and local government. Any issues that arise are reported back to the Board.

Before business decisions are finalised, we consider the environmental impact of those decisions and how their environmental impact can be minimised, for example the disposal of business waste and how this might be minimised. For a full discussion of the Company's environmental, social and governance strategy and performance, please see the latest annual ESG report on our website www.enfinium.co.uk/esg/

We have a charitable donations procedure which allows local charities to submit a request for help with work they are doing.

Enfinium Energy Limited

Directors' Report (Continued)

Section 172 (1) Statement (continued)

(d) The impact of the Company's operations on the community and the environment (continued)

Our communities want our continued support with local issues. Planned outage's (typically annual) impact on the local community in that there is an increase in vehicles and staff on site. This is beneficial to the local economy in the form of accommodation and subsistence whilst working on the outage.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Directors recognise the importance of acting in ways which promote high standards of business conduct. The board periodically reviews and approves clear operating frameworks, such as the health and safety rules, to ensure that its high standards are maintained both within the businesses and the business relationships the Company has with stakeholders.

(f) The need to act fairly as between members of the Group

The Directors aim to act fairly between the Group's members when delivering the Group's strategy. The Company is owned by a single infrastructure fund so there is little scope for discriminatory treatment.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to prepare the financial statements on a going concern basis. Projected cash flows from operations are sufficient to service the loans used to finance the construction of the facilities and provide sufficient liquidity to fund working capital.

In early 2020 a novel strain of coronavirus ("COVID-19") emerged to become a global pandemic. Actions taken to restrict the transmission of the virus in the UK have had a significant impact on the UK economy and the mobility of employees, contractors, and suppliers. The COVID-19 pandemic presented significant new risks and uncertainties to the Company, which it has managed with no significant impact on business activities or financial results.

The company put in place several contingency measures as part of a Pandemic Preparedness Plan including separation of shift staff, additional hygiene measures and sourcing alternative suppliers.

During the period ended 31 March 2021, there was some initial disruption in the local waste market and a suppression of electricity prices due to reduced industrial consumption. but prices recovered later in the period. Although there was some shortfall in plant utilisation levels and revenue there have been no significant financial consequences arising from the pandemic. In 2021, volumes and prices have returned to anticipated levels. Pandemic restrictions did not interrupt operations in any significant way during 2021. The Directors will continue to monitor the development of the pandemic and Government advice into 2022 to ensure that preparedness is maintained.

On 4 February 2021, there was a change in the ultimate ownership of the company. The Company is now part of a pure-play WtE business in the UK, operating plants with an annual capacity to process non-recyclable waste of 2.3 million tonnes. This group was refinanced during the year implementing a corporate facility that provides cost efficient capital and ensure group access to liquidity.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors are not aware of any material uncertainties that cast significant doubt over the Company's ability to continue as a going concern.

Enfinium Energy Limited

Directors' Report (Continued)

Going concern (continued)

Recent geopolitical conflict in Ukraine, have threatened peace and have helped to fuel global uncertainty. The outcome of the conflict is uncertain, but it is having wide ranging consequences on the stability of the region and the world economy. Certain countries including the UK, have imposed strict financial and trade sanctions against Russia and such sanctions may have far reaching effects on the global economy. Parts and services for the operating businesses are predominantly sourced in the UK, Europe and the US. There are no key supplier exposures beyond those zones. Management are monitoring the situation particularly the impact on input prices to the construction projects. There is no indication that the effects on the global economy so far, will present a significant risk to the going concern status of the business.

Independent auditors

During the period, the Directors appointed PricewaterhouseCoopers LLP as auditors of the Company for 2021, in accordance with Section 485 of the Companies Act 2006. During 2022, there will be a Board resolution proposing the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company.

Provision of information to the auditors

Directors' confirmations in the case of each director in office at the date the Directors' Report is approved:

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

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act of 2006.

Approved by the Board of Directors on 24 October 2022 and signed on its behalf.



M Corben
Director
24 October 2022

Enfinium Energy Limited

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', 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 of 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;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

On behalf of the Board:



M Corben
Director
24 October 2022

Independent auditors' report to the members of Enfinium Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Enfinium Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the period from 1 April 2021 to 31 December 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to

Independent auditors' report to the members of Enfinium Energy Limited (continued)

Reporting on other information (continued)

conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the environment, health and safety and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential inclusion of fraudulent

Independent auditors' report to the members of Enfinium Energy Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

journals designed to manipulate the financial statements. Audit procedures performed by the engagement team included:

- obtaining an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework;
- enquiry of management and those charged with governance around actual and potential litigation and claims;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates, and evaluating the business rationale of significant transactions outside the normal course of business; and
- reviewing the disclosures in the annual report and the financial statements against specific legal requirements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



John Dashwood (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
25 October 2022

Enfinium Energy Limited
Statement of Comprehensive Income
for the period ended 31 December 2021

		For the period ended 31 Dec 2021	For the year ended 31 Mar 2021
	Note	£	£
Administrative expenses		—	(30,661)
Other operating income		438,750	—
Operating profit/(loss)	5	438,750	(30,661)
Finance income		—	26
Dividend income	13	15,000,000	—
Profit/(loss) before taxation		15,438,750	(30,635)
Income tax expense	6	(83,362)	—
Profit/(loss) for the period		15,355,388	(30,635)

Continuing operations

The activities of the Company relate entirely to continuing operations.

Total other comprehensive income

During 2021 and 2021, the Company had no other comprehensive income or loss.

The accompanying notes on pages 16 to 24 are an integral part of the financial statements.

Enfinium Energy Limited
Statement of Financial Position
As at 31 December 2021

		31 Dec 2021	31 Mar 2021
	Note	£	£
Non-current assets			
Investments	7	6,262,234	6,262,234
Property, plant and equipment	8	10,308,753	9,755,755
Total non-current assets		16,570,987	16,017,989
Total assets		16,570,987	16,017,989
Current liabilities			
Trade and other payables	9	83,362	900,000
Total current liabilities		83,362	900,000
Non-current liabilities			
Trade and other payables	9	9,870,003	8,855,755
Total non-current liabilities		9,870,003	8,855,755
Total liabilities		9,953,365	9,755,755
Equity			
Called up share capital	11	3,604,750	3,604,750
Additional paid in capital		3,258,320	3,258,320
Retained earnings		(245,448)	(600,836)
Total equity		6,617,622	6,262,234
Total liabilities and equity		16,570,987	16,017,989

The financial statements of Enfinium Energy Limited (registered number SC286672) were approved by the Board of Directors and authorised for issue on 24 October 2022.



M Corben
 Director, signed on behalf of the Board of Directors.

The accompanying notes on pages 16 to 24 are an integral part of the financial statements.

Enfinium Energy Limited
Statement of Changes in Equity
for the period ended to 31 December 2021

	Called up share capital	Additional paid- in capital	Retained earnings	Total equity
	£	£	£	£
Balance as at 1 April 2020	3,604,750	3,258,320	(570,201)	6,292,869
Loss for the financial year	—	—	(30,635)	(30,635)
Balance as at 31 March 2021	3,604,750	3,258,320	(600,836)	6,262,234
Profit for the financial period	—	—	15,355,388	15,355,388
Dividends	—	—	(15,000,000)	(15,000,000)
Balance at 31 December 2021	<u>3,604,750</u>	<u>3,258,320</u>	<u>(245,448)</u>	<u>6,617,622</u>

The accompanying notes on pages 16 to 24 are an integral part of the financial statements.

Enfinium Energy Limited

Notes to the Financial Statements

1. General information

The Company is a private limited by shares company incorporated in the United Kingdom owned by Enfinium Holdings Limited.

At 31 December 2021, the Company was an indirect, wholly owned UK based subsidiary of Enfinium Group Limited, a UK based corporation which was ultimately controlled by Igneo Infrastructure Partners.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly-owned subsidiary of a company established in the U.K. and it is included in the audited financial statements of its UK-established ultimate parent, Enfinium Group Limited. The registered office of Enfinium Holdings Limited is registered address: 123 Victoria Street, London, England, SW1E 6DE, United Kingdom. These financial statements therefore present information about the Company as an individual entity only and not as a group.

The functional currency of the Company is pound sterling which is the currency of the primary economic environment in which the Company operates.

The Company's purpose is a holding company for its wholly owned 100% investment in Enfinium Kelvin Limited.

2. Statement of compliance

The financial statements of Enfinium Energy Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

3. Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The Company has transitioned to FRS 101 from FRS 102, to align the Company to the new reporting practices of the Enfinium Group.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In transition to FRS 101 from FRS 102 the Company has made no measurement and recognition adjustments. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7, 'Statement of cash flows';
- New IFRSs that have been issued but are not yet effective and which have not been applied by the Company;
- Financial instrument disclosures required by IFRS 7 "Financial Instrument Disclosures";
- The requirements of paragraph 17 and 18A 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 wholly-owned members of a Group;
- Capital management disclosures required by paragraphs 134 of 136 of IAS 1 "Presentation of Financial Statements";
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

3. Significant accounting policies (continued)

(b) Going concern

The financial statements have been prepared under the going concern basis. On financial close, new long term loans were entered into to satisfy the long term finance required for the facility.

The COVID-19 pandemic, as noted in the Directors Report, does not significantly alter the judgement that the going concern basis should be applied.

(c) Foreign currencies

Transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Exchange differences in monetary items are recognised in the statement of comprehensive income in the period in which they arise.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Foreign exchange differences are taken to the statement of comprehensive income in the period in which they arise.

(d) Impairment of non-financial assets

The carrying value of the Company's assets, with the exception of financial receivables and deferred tax assets are reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized in the income statement whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate
Land	no depreciation

(f) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- a. Amortised cost;
- b. Fair value through profit or loss; or
- c. Fair value through other comprehensive income.

Fair values are classified by reference to the inputs to the valuation technique used to derive them, using the following hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs are observable for the asset or liability either directly or indirectly but are not quoted prices included in Level 1;
Level 3 – inputs are unobservable for the asset or liability.

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

The Company's financial instruments carried at fair value at 31 December 2021 have been valued with reference to level 2 fair value measurements.

Financial assets

Financial assets are initially measured at transaction price plus costs, other than those classified at fair value, which are measured at fair value.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Financial assets at amortised cost

Financial assets at amortised cost include trade receivables and other loans and receivables. Financial assets that are debt instruments are measured at amortised cost only if both of the following conditions are satisfied:

- a. Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows; and
- b. Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount at initial recognition.

Impairment of financial assets at amortised cost

The expected credit loss model has not been applied to the Company's financial assets held at amortised cost as the Directors have no expectation of impairment. No impairment losses have been recognised during the period.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

The Company's financial liabilities comprise derivative financial instruments used for hedging, trade and other payables, obligations under leases and loans and borrowings at amortised cost.

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis and included within finance costs in the income statement.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Financial liabilities (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company. Incremental costs directly attributable to the issue of equity instruments are deducted, net of tax, from the proceeds.

(g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied the exemptions of paragraph 22-49 of IFRS 16 "Leases" in respect of short-term leases and leases for which the underlying asset is of low value as permitted by paragraph 5 of IFRS 16. Low value leases have been defined by the Company as leases for which the present value of future lease payments is less than £10,000. Short term leases have been defined as leases with a term of less than 1 year.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(h) Taxation

Current and deferred taxes are recognised in the statement of comprehensive income, except for when the tax relates to items recognised in other comprehensive income or equity, in which case the current and deferred tax are also recognised in other comprehensive income or equity, respectively.

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

3. Significant accounting policies (continued)

(h) Taxation (continued)

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities and assets are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. Critical accounting judgements and key sources of estimation uncertainty

The Company's principal accounting policies are set out in Note 3. Management is required to exercise significant judgement and make use of estimates and assumptions in the application of these policies. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgmental nature of such estimates, actual result could be different from the assumptions used.

(a) Estimates

Significant estimates and associated assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates are made taking into account historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

No significant estimates, assumptions and sources of uncertainty were noted in preparing the Company's 2021 financial statements.

(b) Judgements

Significant judgments are those made by management when applying its accounting policies that are considered to have the most significant impact on amounts recognised in the consolidated financial statements.

Those judgments that are considered to have the most significant impact on amounts recognised in the consolidated financial statements, apart from those involving estimations (which are disclosed separately below), is the following:

Impairment of investments

Investments are tested for impairment where there are financial or non-financial indicators that the carrying value of investments may be greater than the expected present value of future cash flows. Judgement is required to determine whether such indicators exist. Where it is determined that a test for impairment is required, the inputs into the impairment model such as growth, future cash flows and discount rates are estimated. These estimates and assumptions can have a significant impact on the result of the calculation and determine whether impairment is recognised.

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

5. Operating profit/(loss)

Operating profit/(loss) is stated after crediting:

		For the period ended 31 Dec 2021 £	For the year ended 31 Mar 2021 £
	Note		
Other operating income			
Rental income	13	438,750	—

6. Income tax expense

	For the period ended 31 Dec 2021 £	For the year ended 31 Mar 2021 £
Current tax		
Current tax on profits for the period	(83,362)	—
Total current tax expense	(83,362)	—

UK corporation tax is calculated at 19% (year ended 31 March 2021: 19%) of the estimated assessable profits for the period.

In May 2021, legislation was enacted to increase to the corporation tax rate to 25% from April 2023. Therefore the increased rate of 25% has been used to value any timing difference that are scheduled to unwind after that date to determine the value of deferred tax.

The tax charge for the period can be reconciled to the statement of comprehensive income as follows:

	For the period ended 31 Dec 2021 £	For the year ended 31 Mar 2021 £
Profit/(loss) before tax	15,438,750	(30,635)
Tax on profit/(loss) on at standard UK corporation tax rate	(2,933,362)	5,821
Amounts not deductible/(taxable)	—	(5,821)
Non-taxable dividends	2,850,000	—
Total tax expense	(83,362)	—

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

7. Investments

	31 Dec 2021	31 Mar 2021
	£	£
Investment	6,262,234	6,262,234

Subsidiaries

Subsidiary undertakings	Class of holdings	Ownership
123 Victoria Street, London, United Kingdom, SW1E 6DE		
Enfinium Ferrybridge 1 Limited	Facility operation	100%
Enfinium Ferrybridge 2 Limited	Facility operation	100%

8. Property, plant and equipment

	Land
	£
Cost	
At 1 April 2021	9,755,755
Additions	552,998
At 31 December 2021	10,308,753
Carrying amount	
At 1 April 2021	9,755,755
At 31 December 2021	10,308,753

9. Trade and other payables

	31 Dec 2021	31 Mar 2021
	£	£
Within non-current liabilities		
Amounts owed to related parties	9,870,003	8,855,755
Within current liabilities		
Amounts owed to related parties	83,362	900,000

Refer to note 13 for further details on amounts owed to related parties.

10. Financial instruments

At period end the company has no financial assets or liabilities measured at fair value through comprehensive income (FVOCI) or those measured at fair value through profit or loss.

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

11. Called up share capital

	31 Dec 2021	31 Mar 2021
	£	£
Called up share capital (3,604,750 ordinary share of £1)	3,604,750	3,604,750

12. Capital commitments

At 31 December 2021, the Company has no outstanding capital commitments (2021: £nil).

13. Related party transactions

The Company acquired the land on which the facilities of its subsidiaries, Enfinium Ferrybridge 1 Limited and Enfinium Ferrybridge 2 Limited operate on. The subsidiaries funded the acquisition which is reflected in the amounts owed below. The land, now owned was leased to the subsidiaries and classified as an operating lease from a lessor perspective.

	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Mar 2021
	£	£	£	£
	Income from related parties	Dividends received from related parties	Amounts due to related parties	Amounts due to related parties
Enfinium Ferrybridge 1 Limited	155,250	15,000,000	5,025,060	4,877,878
Enfinium Ferrybridge 2 Limited	283,500	—	4,844,943	4,877,877
Enfinium Holdings Limited	—	—	83,362	—
	<u>438,750</u>	<u>15,000,000</u>	<u>9,953,365</u>	<u>9,755,755</u>

14. Ultimate controlling party

The share capital is jointly held by Enfinium Holdings Limited and Enfinium Ferrybridge Limited, both companies registered at C/O Enfinium, 123 Victoria Street, London, United Kingdom, SW1E 6DE.

The ultimate UK parent of Enfinium Energy Limited is Enfinium Group Limited a company registered at 123 Victoria Street, London, England, SW1E 6DE. The ultimate controlling party of Enfinium Group Limited is European Diversified Fund III SCSp (a private equity fund based in Luxembourg) managed by Igneo Infrastructure Partners (a private equity fund manager in Australia).

The smallest Group which includes the Company as part of its consolidated financial statements is Enfinium Holdings Limited. Copies of the consolidated financial statements are available upon request from the Company Secretary, at 123 Victoria Street, London, England, SW1E 6DE.

15. Statutory and other information

None of the Directors received any compensation in respect of fees or services to the Company during 2021 or 2020. The Directors are employees of related parties and are compensated by those entities.

On 30 June 2021, a dividend of £15,000,000 was received from the Company's subsidiaries. On the same day, a dividend of the same quantity was declared by the Company. The accumulated deficit on Retained Earnings (£600,836 at 31 March 2021) resulted in insufficient distributable earnings being available to fully fund the dividend at the time it was declared. This has resulted in an accumulated deficit of £245,448 at 31 December 2021. Subsequent earnings on the land lease arrangements with the subsidiaries means that, at the date these financial statements were authorised, the deficit has been offset and the company has positive retained earnings.

Enfinium Energy Limited

Notes to the Financial Statements (Continued)

16. Subsequent events

We evaluated subsequent events for potential recognition and disclosure, with no events identified that would require adjustments or disclosure in our financial statements.