Fern Trading Limited Annual Report and Accounts 2024


Registered No. 12601636

1 | OVERVIEW

Group snapshot

Revenue

Revenue in the year is **£634m** in 2024. We have generated over **£2.1bn** revenue in the last **3 years**

Carbon offsets

Our renewable energy sites' carbon saving is over **717,482** carbon tonnes this year

Energy generation

Our energy assets produced enough energy to power over **a million** UK homes, for the third year in a row

Property deployment

Since inception, we have lent over **£2.7bn** to businesses and individuals

Number of employees

We employ over **1,900** people

High-speed fibre

We have laid over **600km** of fibre to serve London businesses

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Directors' Report

Fern Trading Limited (the "Company" or together with its subsidiaries the "Group") is a diversified group of companies, which targets consistent growth for shareholders over the long term, with a focus on steady and predictable returns. It comprises nearly 320 companies that operate across a range of industries.

Over the past 14 years, our Group has established a stable presence in its sectors of operation and continues to deliver stable performance in these sectors over the long term.

Our Group comprises of energy, real estate (including property lending, housebuilding and retirement living) and fibre. We have grown to be a significant presence within our mature sectors, producing 3.7% of the UK's solar energy and 1.5% of the UK's onshore wind energy output. We continue to back property development, with a property loan book of £467m at year end, which helps to support the construction and improvement of homes and commercial spaces throughout the UK. Within the fibre and housebuilding divisions we have maintained our focus on growth, with these parts of our business having established themselves as important players in their markets and continuing to set ambitious expansion targets.

Although the more mature parts of the Group delivered positive operational performance, the financial results show an accounting loss for the period. This was driven primarily by high operational expenditure in our fibre sector as we move closer to completion of the build phase, as well as a significant reduction in wholesale energy prices. The financial performance is covered in detail in the Group Finance Review.

We have seen steady performance across our renewable energy assets, housebuilding and retirement living divisions. However, some macroeconomic factors have moved against us, including lower than forecast wholesale energy prices and inflation. We have also recognised some provisions in the commercial real estate sub-sector of our property loan book. In addition, our fibre division is still in the growth stages of its commercialisation journey as customers swap from copper to fibre broadband. It has now completed the majority of its network build activity but will continue to generate operating losses for the next three to four years whilst customer numbers grow to our target levels.

The impact of these challenges is somewhat mitigated by our strategy to intentionally operate in sectors that are more resilient in different market conditions. However, due to these headwinds, the Company's share price has remained broadly flat over the past 12 months, significantly below our target of 4.2%. Over the longer term, we continue to expect to revert to our growth target and our five-year average annualised share price growth remains steady at 3.52%.

We continue to manage the Group operations closely and expect to return to recognising an accounting profit in the medium-term, as the newer parts of the Group deliver increasing revenue and reduce their operational base cost. Our growth strategy is deliberate and forward-looking and has served us well in the past, as demonstrated when we expanded our energy division.

We remain a supportive employer, with more than 1,900 full-time staff across the businesses that we own and operate, and indirect employment provided for hundreds more people through contracts that we have in place.

A reflection on our year

We are pleased to report that in October 2023, the Group raised £217m from existing shareholders through an offer to subscribe for further shares. The funds raised have allowed the Group to grow slightly ahead of plans in certain sectors, and per our plans, we have not materially changed our business mix.

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Our Group delivered £634m of revenue (2023: £800m) for the year, with £140m of the decrease linked to a reduction in generation in our reserve power assets and an overall decrease in wholesale energy prices, and £26m due to the absence of hospital revenue following the sale of our healthcare business at the beginning of the financial year. Adverse year-on-year changes in housebuilding revenue, as explained further in the report, were fully offset by favourable revenue movements in lending and fibre, as the latter continue to focus on customer acquisition. We maintained our strategy of growing capital deployment in all our divisions, with net assets increasing to £2,447m (2023: £2,366m). The value of our Group has increased by approximately £200m in the year; this is a reflection of the underlying fair value of our subsidiaries and reduced leverage.

Our mature sectors each delivered positive financial performances from operations, despite challenges in their respective markets and we continued to expand newer parts of the Group. As a result, our current year results reflect an EBITDA of £8m (2023: £82m), and an accounting loss after depreciation, amortisation, financing costs and tax of £165m (2023: £132m loss), as less mature sectors, in particular fibre, are expected to be loss-making in their early years of operation, before becoming profitable in future.

1. Energy

The largest sector for the Group is renewables and other energy generating assets. Approximately 45% (2023: 50%) of the Group's assets are comprised of solar energy sites, onshore wind farms, biomass and landfill gas sites and reserve power sites. This slightly reduced proportion is due to the sale of Dulacca windfarm in Australia. These assets provide steady long-term revenue streams, though their value can still be impacted by changes in wholesale energy prices as we have seen this year. The combined effect of a downward shift in prices and reduced UK peak demand led to a reduction in energy revenue to £467m (2023: £606m), as the sector returned to more normalised market conditions. Our energy sector is diversified across a range of technologies to mitigate against less favourable conditions in a specific asset class and contributes towards steady operational and financial performance of the Group.

Our solar and wind farms continue to perform strongly, accounting for 53% of Group's total electricity production, with our wind assets having a notably eventful year. The construction of Guardbridge wind farm in Poland was completed in December 2023 and was commissioned shortly thereafter, benefiting from the relatively new local Contract for Differences scheme. Dulacca Wind Farm, our large-scale construction project in Western Australia started generating electricity at the beginning of the financial year end and, in line with our strategic plans, was subsequently sold for a profit in October 2023. Lastly, one of Fern's onshore windfarms in France was affected by a blade defect, which resulted in unplanned downtime for one turbine for the entire year, and some downtime for two other turbines. Our expectation is for losses to be covered via insurance and under the turbine supply agreement.

Shortly after the end of financial year, in July 2024, we sold our small non-core portfolio of commercial solar rooftop sites in the UK, along with the associated development company, in order to focus capital on other core parts of the business.

Our well-established biomass and landfill gas businesses continued to deliver stable returns throughout the year, despite our largest operational biomass plant, at Snetterton, experiencing some operational downtime due to a gearbox fault. After the year end, a generator issue caused further downtime of approximately two months. Extensive repairs were made and generation resumed at the end of November 2024. Our expectation is for

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repairs and losses to be covered by insurance. Construction of our waste-to-energy facility in Ayrshire is progressing as planned, with completion expected in 2025. Once operational, the facility will process over 185,600 tonnes of non-recyclable household, commercial, and industrial waste annually, generating 17 MW of low-carbon electricity, enough to power 30,000 homes.

Finally, our 26 reserve power sites have experienced a slowdown in generation and performance due to a milder winter and increased UK-wide availability of wind and solar, which reduced the demand for peak generation. We are closely monitoring market conditions and continue to adjust our operational strategies accordingly.

2. Lending

Our property lending business continues to be an important part of the Group, representing around 13% of the Group's assets, comprising short- and medium-term secured loans to experienced property professionals. Our average loan book comprised over 260 loans this year to borrowers in the UK.

Our loans are written at conservative loan to value ("LTV") levels (below 70%) to protect against a fall in property prices. The continued uncertainty within the property market has reinforced the importance of this strategy, which has served the Group well over its 14-year history. We continue to take a cautious approach when assessing new lending opportunities considering the changing economic outlook.

Since inception in 2010, the Group has lent over £2.7bn of property loans and has had a strong record of recovering its capital. However, continued high interest rates have made it more difficult for some borrowers to refinance at the end of their loan term. This contributed to an increase in provisions on certain loans, most of which had some provisions recognised against them in prior periods. Loans undergo a comprehensive quarterly review to assess their performance. In parallel, we have diligently focused on maximising the recovery of these loans.

This serves to emphasise the importance of our experience and approach in the sector, including: disciplined due diligence, conservative loan-to-value ratios and an ability and willingness to flex activity in this sector during times of economic uncertainty. We will continue to adopt this approach throughout the coming year, while maintaining a robust pipeline.

3. Fibre

Following the consolidation of our four residential "fibre to the premises" ("FTTP") businesses in March 2023, this year we have focussed on growing our customer base, streamlining our operations, and bringing together the four separate networks into one. This has resulted in improved efficiencies and increased brand recognition across our two distinct business lines. Our wholesale division, which holds our physical fibre network, is now operating under the "AllPoints Fibre" brand and our retail division, which sells to end customers as an internet service provider ("ISP"), is trading as "Cuckoo". The merger of the four previous fibre businesses resulted in one-off extraordinary costs associated with headcount reductions.

During the year, AllPoints Fibre continued to invest capital in expanding the footprint of our network, and now have a network capable of connecting approximately 500,000 homes, with further expansion opportunities available. We are now beyond the peak of construction, and the company is shifting its focus to commercialisation and adding customers at pace.

We have also expanded our off-net strategy, whereby AllPoints Fibre rent access to larger national networks owned by partners such as Cityfibre and BT, in order to connect Cuckoo customers to the internet. As a result of these partnerships, AllPoints Fibre can now access over 17 million homes and businesses across the UK, and Cuckoo almost doubled its customer base in the year.

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Our off-net strategy gives us an extra tool when deciding how to connect our target customers. In a small number of locations, we have decided to stop our own build, primarily where competitors have built network assets ahead of us, as the economic case for continuing was not feasible. As a result, we have recognised an impairment provision of £10m against these partially completed locations, this represents less than 2% of the total capital invested into the network. We will continue to assess whether to commercialise or stop building completely in these areas.

Elsewhere in the division, Vorboss is nearing completion of the build of its enterprise-focused fibre network in central London, with over 600km of high-density fibre cables now spread across the capital. Having built the most modern fibre network in London, Vorboss is capable of delivering internet at speeds of up to 100GB/sec to large businesses. The network build is due to complete in the next financial year, a similar timeline to our residential fibre business. The strategic focus of Vorboss is now also shifting towards commercialisation of the network.

The build out of the networks in our fibre division over the last three years has contributed to the short-term decrease in profitability of the Group, but these construction activities are now slowing down rapidly. Our goal is to reach EBITDA breakeven in the next three years.

4. Housebuilding

Our housebuilding division remains an important part of the Group, at approximately 10% of assets, and is comprised of Elivia Homes Limited ("Elivia"), our housebuilding business, and Rangeford Holdings Limited ("Rangeford"), our retirement villages business.

Elivia develops and builds upper mid-market family homes in commuter towns and villages across Hampshire, Surrey, East Sussex, Kent, Buckinghamshire and Berkshire. During the year, we successfully integrated Millwood Designer Homes which was acquired in January 2023. However, with high Bank of England base rates keeping mortgage costs high throughout the year, Elivia experienced fewer sales than planned, an overall trend in the housebuilding industry since the end of 2023. Our performance in this business was comparable to prior year and we continue to have good availability of high quality completed homes, which will support sales in the new financial year. With Bank of England rates decreasing since the year end, sales rates and transaction volumes across the industry have shown improvement from 2022-23. As mortgage rates stabilise and demand is boosted, rising household disposable incomes will enhance affordability. We anticipate continued growth in sales and house prices through 2025. We also recognise the new government's renewed focus on supporting the housing sector, reflected in their ambitious pledge

"Our mix of business areas has developed over time, driven by the overarching importance we place on meeting the objectives of our shareholders."

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to deliver 1.5 million new homes through the reinstatement of housebuilding targets and planning reforms. These measures hold significant potential to drive long-term growth in housing supply.

During the year, we increased our commitment to Elivia, providing a £75m three-year revolving credit facility via our property lending division, which further funded Elivia's medium-term strategy to deliver over 1,000 high quality family homes per year. The flexibility of the facility and the reduction in interest rates allowed us to complete a refinancing exercise following the year end, as we replaced this facility with a £100m revolving credit facility with two high street banks who are able to provide significantly cheaper capital.

Rangeford continues to expand its portfolio with four retirement villages fully open and the construction of another underway in Stapleford (near Cambridge), expected to complete in the second half of 2025. An expansion of Wadswick Green, one of our established villages, is due to open and welcome residents towards the end of 2025. We are excited by the opportunities for growth in this sector, with three further sites secured in East Grinstead (West Sussex), Elstree (Hertfordshire), and Oakley (Hampshire). The design work for these villages is well underway.

Rangeford maintained solid sales performance in the year despite the headwinds in the residential market, as delays in the sale of their previous homes can impact our buyers before they are able to move into our villages. Performance has been helped by improved sales rates at the Siddington Park village following completion of the central facility in March 2024. Construction delays on the Homewood Grove village resulted in an approximately six-month delay to the opening of the village to June 2024, pushing the first sales at this village into the 2024-25 financial year.

Inflation and Interest rates

After several years of high interest rates and inflation, we saw the latter reduce considerably over the period, reaching 2% at the end of the financial year. This resulted in a marginally negative impact on our share price due to the impact of inflation rates on our energy division. The value of our renewable energy assets is determined by discounting their projected future cashflows over the life of the respective assets (typically 20 plus years). As a significant proportion of renewable revenue is linked to inflation, reduced inflation will decrease the expected revenue of each operating site, which decreases their value.

Base rates in the UK have held relatively steady between 5% and 5.25%, after over a decade of very low rates. High interest rates are felt more closely in our lending business, and as such, we continue to take a cautious approach in this sector. We can and do reduce the number of loans we write or alter the risk profile of our loans through reducing loan to value ratios, or pausing activity in certain parts of the market, as appropriate. Additionally, we maintain close rigorous control of existing loans and monitor for any sign of distress, in order to avoid loans becoming non-performing. In a similar trend, in our Housebuilding division, higher mortgage costs have hampered sales velocity.

In contrast, in the Energy division, the impact was broadly neutral as the Group is intentionally structured such that it does not experience significant value erosion when interest rates change. An important part of this is a policy of taking out interest rate swaps on the borrowings by the Group's energy assets, which gives us protection from interest rate increases. This has resulted in debt secured against our renewable energy assets continuing to incur low interest costs, at a rate fixed when interest rates were lower.

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Current trading and outlook

Since the year end, the Group has continued to perform steadily from an operational perspective and in line with our expectations. Our growth targets for the Group over the medium and long term remain unchanged, and we continue to focus on maintaining a diversified business that is capable of delivering predictable growth for shareholders.

Following a period of downtime post year end, our largest biomass site, Snetterton, has resumed generation and is performing in line with our expectations; while construction of our energy-from-waste site is advancing well. Two of the three turbines affected by blade defects at our French windfarms have been replaced. Additionally, due to the ongoing reduction in wholesale energy prices forwards and forecasts, we do not currently forecast needing to pay the Electricity Generator Levy ("EGL"), the temporary measure introduced by the Government until March 2028 to charge an additional levy revenues for Groups generating electricity.

Over the years, we have cultivated strong relationships with our core partnership banks, both in the UK and in our locations abroad. This is evidenced by two strategic facilities secured post year-end with some of our core banks: the new Guardbridge long-term facility, and the refinancing of the Elivia revolving credit facility.

Our property lending business continues to perform strongly with a diverse loan book comprising more than 260 loans on average. We focus on short-term loans (our average current loan term is more than 20 months) which enables us to adapt to changes in outlook swiftly. We consider this is particularly important in the current economic climate.

Our recently consolidated residential fibre business is now past the peak rate of building its own network assets, and Vorboss has almost completed its London network build. This will result in capital expenditure rapidly reduce in the coming year in the fibre division. With the additional business line of being able to sell over 17m properties served by third party networks, we expect the fibre division revenues to continue to grow as customers come online, with both individuals and corporate customers benefiting from the highest internet speeds afforded by full fibre networks. Nevertheless, we do not expect the fibre division to report a profit in the coming three financial years; these are long-term assets that are expensive to build but will generate revenues well into the second half of this century.

Lastly, our housebuilding division continues to grow from strength to strength, with new sites acquired by Elivia in Hertfordshire, Berkshire and East Sussex, and ground broken at West Sussex and Surrey construction sites. In Rangeford, construction at our Stapleford site is advancing according to plan, and Homewood Grove has sold its first units, following the opening of the site in June 2024.

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Our business at a glance

What we do

Fern Trading Limited is the parent company of nearly 320 subsidiaries (together the "Group"). The Group operates across four key areas: energy, lending, fibre and housebuilding, which includes retirement living. Over the past 14 years we have built a carefully diversified group of operating businesses that are well positioned to deliver long-term value and predictable growth for our shareholders.

1. Energy division

We generate power primarily from sustainable sources and sell the energy produced either directly to industrial consumers or to large networks. Many of our renewable energy sites qualify for government incentives, that represent an additional, inflation-linked, source of income. We have also utilised our expertise in renewable energy to construct facilities for sale or ongoing operation. At year end the Group had fourteen sites under construction.

2. Lending division

We lend on a short- and medium-term, secured basis to a large number of property professionals, and our financing enable businesses to build and improve residential and commercial properties.

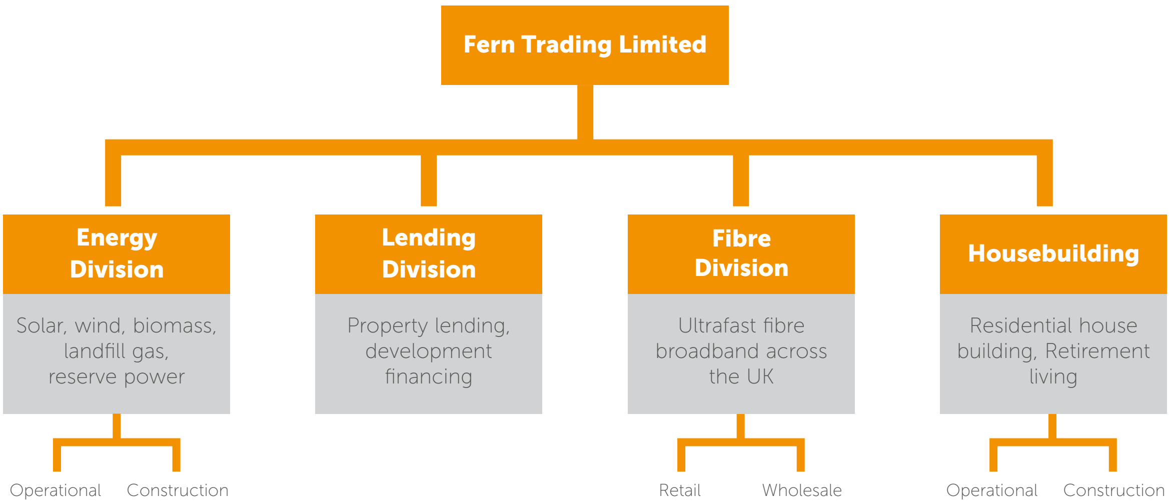
3. Fibre division

We own and operate fibre broadband networks across various areas of the UK. We build the networks and connect them to homes and businesses to provide our customers with ultrafast fibre broadband.

4. Housebuilding division

Our residential housebuilding operation develops sites from design stage to final construction to ensure the delivery of quality workmanship.

Our retirement villages provide high-quality, contemporary living spaces with a friendly community at the heart of our villages.



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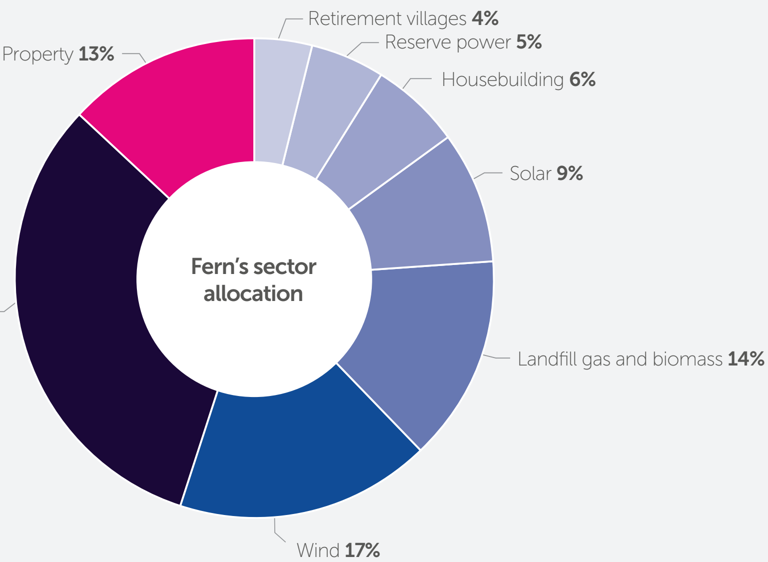
Our business at a glance

The strength of the Group's strategy is in both its operational diversity and the diverse return profiles of these businesses. Our lending business provides flexibility and strong returns over the short-term, while our energy, fibre, housebuilding and retirement living divisions offer visibility and stability of returns over the longer term.

The scale of our business is a key strength, enabling us to acquire large-scale established operations, as well as the opportunity to enter new sectors with minimal risk to the whole Group by selecting businesses with comprehensive business plans and strong management teams. This enables us to continue to diversify our business without compromising the quality of our operations.

Sector split*



Owning and operating assets	**87%**
Lending	**13%**

*Sector split is given by investment value, as represented on the company balance sheet of Fern Trading Limited.

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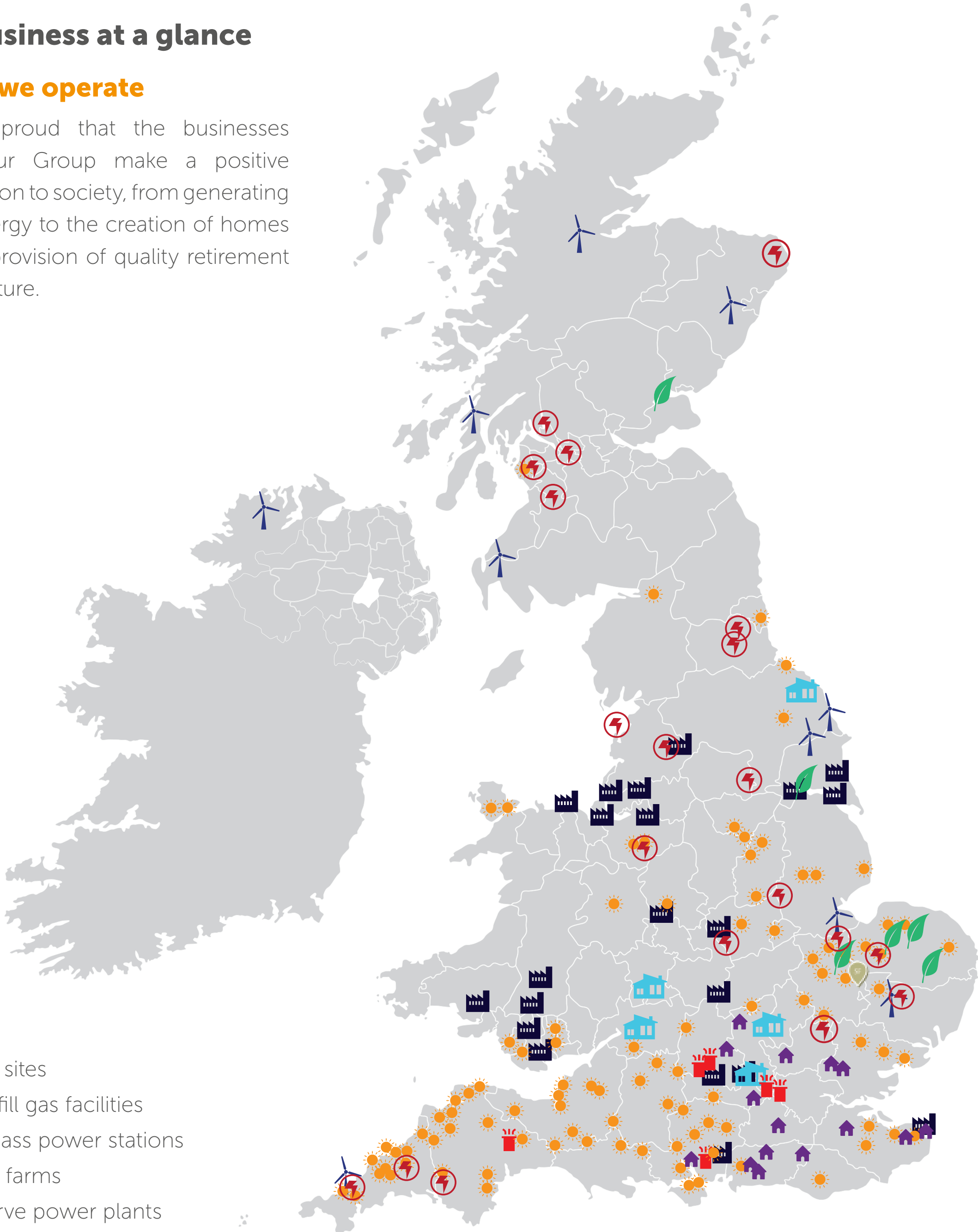
Our business at a glance

Where we operate

We are proud that the businesses within our Group make a positive contribution to society, from generating clean energy to the creation of homes and the provision of quality retirement infrastructure.



- Solar sites
- Landfill gas facilities
- Biomass power stations
- Wind farms
- Reserve power plants
- Retirement villages
- Housebuilding
- Fibre networks

As we've grown our expertise in these sectors in the UK, we've been able to use our industry knowledge to take our expertise to exciting opportunities overseas, including constructing solar and wind farms in Australia, France, Ireland and Poland.

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Our business at a glance

Making a difference

We are proud to operate a Group that makes a positive contribution to society across the UK, generating renewable energy, providing quality retirement living and sustainable new homes, aimed at improving energy efficiency, and delivering high-speed broadband to underserved areas of the country. This is aligned to our environmental, social, and governance ("ESG") policy, which is drafted and approved by the Board of Directors (the "Board" or the "Directors").

Energy

The Group owns and operates 229 energy sites which generated over 2,945 GWh this year—enough electricity to power more than one million homes. Our energy generation portfolio is intentionally diverse, incorporating solar, wind, reserve power, biomass, and landfill gas technologies. This strategic mix ensures that our energy output always contributes to baseload supply, even under varying weather and environmental conditions, helping the UK meet its renewable energy targets.

The Fern Community Fund, a social initiative of the Group, is another way we contribute to the communities in which we operate. This year, the fund committed £1.3m to support local community groups. Additionally, through our Student Scholarship Fund, we provided financial assistance to 22 local university students. We also distributed winter fuel subsidies to 754 residents who live near our sites, further demonstrating our commitment to positively impacting the local communities around our renewable energy projects.

Lending

The 172 new loans we advanced during the year have helped to fund the construction of much needed residential properties, as well as commercial property creating valuable new employment.

Fibre

AllPoints Fibre are developing a network which can provide connectivity to millions of customers across the UK. Most of the residential fibre networks we have built ourselves are in areas that did not previously have access to full fibre internet connectivity fit for modern ways of working and communicating.

Vorboss continues to break barriers and set new standards in the telecoms sector and beyond. It has been recognised as one of the Sunday Times Best Places to Work in the UK and Best Places to Work for Women. As well as helping give London the connectivity it needs as a centre for global commerce, we are proud of Vorboss' commitment to inclusion, equity, and diversity in building up the local workforce it has needed to build such a game-changing network.

Housebuilding

All homes produced by our housebuilding division are designed to have an EPC rating of at least B, putting them in the top 12% of all homes in England and Wales. We design innovative, energy-efficient homes with vast experience in timber frame and low/zero-carbon technologies, recognised through Planet Mark accreditation, and we also offer solar panels and air source heat pumps as standard.

Our retirement villages provide high-quality, contemporary living spaces, with over 600 accommodation units currently in place. We have nearly 200 further units in various stages of development, and our secured pipeline sites offer potential for a further 450 units.

These villages provide a friendly community for our residents through central facilities and a hub of social activity which is a key differentiator of our villages.

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Our strategy in focus

Our businesses

Energy

Through our energy division, the Group owns and operates energy sites which supply gas and electricity into the network, as well as constructing renewable energy sites for future sale. Of the 229 energy sites that we own and operate, 203 provide renewable energy, contributing to the Group's position amongst the largest producers of renewable energy from commercial scale solar sites in the UK. Renewable energy sites are typically expected to generate stable profits for many years, due to low operating costs and revenues linked to inflation. As such, owning and operating these energy sites is a key part of our strategy to deliver reliable, long-term financial performance.

Renewable energy sites generate power from sustainable sources and sell energy produced either directly to large industrial consumers or to the network. Many of our renewable energy sites also qualify for government incentives, which means a portion of the generated energy benefits from rates that are 'locked in' for a specified period, once a qualifying site is operational and accreditation has been granted. This has reduced some of the impact of the volatility in long-term energy price forecasts.

Owning and operating energy sites is a core part of our strategy and currently makes up approximately 45% of the Group's assets. This year, this part of the Group has generated lower revenues than expected due to market conditions, but crucially it has the potential to provide stable returns over the long-term. This combination is key to our strategy to balance risk and return across the range of Group activities to generate target predictable returns for shareholders.

Our energy sites generated 2,945 GWh of power.

Due to the high-quality energy sites that we own, we are able to secure long-term financing from mainstream banks at competitive rates to enhance our returns, which in the long-term helps us to deliver the level of returns our shareholders expect.

While our renewable energy business started in the solar energy sector, the Group has built expertise across other technologies including onshore wind, biomass and landfill gas, supported by reserve power plants which provide backup power to the National Grid. The Group therefore benefits from diversification within this part of the business, since weaker conditions for energy production from one technology often result in stronger production elsewhere. The Group also gains significant benefit from its scale in this sector as our business is spread across 229 sites, significantly reducing the risk to Group profitability if one site suffers an operational disruption.

In addition to our UK sites, the Group continues to operate sites overseas, in jurisdictions that we understand well. Currently we operate wind farms in Ireland, Poland and France and solar sites in France. In October 2023 we sold Dulacca wind farm

**Did you know?
If laid end to end, our solar panels would stretch from London to Mexico City.**

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Our strategy in focus

(Australia) shortly after achieving commercial operation for a profit of £26m, having commenced construction in 2021.

We continue to look at construction opportunities both in the UK and overseas, the latter representing an attractive opportunity as they build on our sector expertise in countries at an earlier stage of renewable development.

Lastly, following expansion over the past three years we sold Zestec, our commercial rooftop solar developer, as we focused capital deployment on other areas of the Group.

Lending

Lending is a core part of our business and has provided the Group with a profitable and cash generative sector over the past 14 years. This well-established part of the Group mainly consists of property lending, which provides short-term financing to experienced professional property developers, buy-to-let landlords seeking bridging finance; and development financing, which provides short- and medium-term financing to companies.

A key benefit of the scale of the Group and of the business that we have built up in this sector is our ability to mitigate risk through having a large number of loans spread across relatively small projects to individual borrowers. We proactively manage counterparty risks through undertaking careful borrower due diligence, taking security over assets typically on a first charge basis and maintaining conservative loan-to-value ratios. Not all loans will perform as expected and these measures help to minimise the impact of performance issues on an individual loan. This is further mitigated through the value that we lend to individual borrowers, relative to our total loan book, which is spread on average across more than 260 loans.

Fibre

Our fibre division includes two strategic areas – residential fibre to the premise ("FTTP"), and enterprise fibre. We also have small operations in software and mobile.

Through our FTTP business, we are building new physical fibre networks for communities in the UK and have completed new fibre infrastructure in underserved parts of Devon, Somerset, Dorset, Wiltshire, Hampshire, Worcestershire, Yorkshire and the Home Counties. We have now built a network capable of connecting approximately 500,000 properties.

The UK remains behind other developed nations when it comes to households accessing full fibre broadband, and our FTTP business is now well positioned to be a key player in bringing ultrafast connectivity to communities around the UK.

Lending continues to be an important part of our business and has provided the Group with a profitable and cash generative sector over the past fourteen years.

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Our strategy in focus

Building a new network involves connecting large data centres and telephone exchanges in the UK with homes and businesses, effectively replacing the copper wires that were laid in the first half of the 20th century. Following the consolidation of our FTTP division in March 2023, our focus has been on the integration of the four businesses and establishing distinct wholesale network and ISP divisions, AllPoints Fibre and Cuckoo respectively.

Through AllPoints Fibre, we are delivering our wholesale strategy which entails using our own fibre infrastructure and that of others to serve multiple ISPs and their end customers. We can now serve over 17m customers across the UK, using our own regional network assets where we have built them – typically in small towns and villages – and those of larger partners like Cityfibre and BT Openreach in other locations. This enables us to reach nationally without requiring the upfront capital costs of building the network ourselves everywhere

Our residential ISP operates under the Cuckoo brand, where we use AllPoints Fibre's network to provide full fibre internet to customers across the UK. In October 2024, we also announced the acquisition of a small ISP, Brillband, which will be the second residential ISP operating on AllPoints Fibre's wholesale network.

Through Vorboss, we are coming to the end of building the most modern enterprise fibre network in London. Vorboss has installed over 600km of fibre optic cables in the capital since 2020 and during the year it started to open up the network to wholesale channels – i.e. selling to end customers via intermediaries. This has widened the reach of the network to potential customers who can benefit from the market leading 10Gbps and 100Gbps products Vorboss offers as standard.

Mobile is our newest area of strategic development. During the year, Y Corporation (previously named Vitrifi Digital) developed its product offering and, shortly after year end, launched its first customer-facing Mobile Virtual Network Operator ("MVNO") – Y Mobile. Y Mobile is UK's first data-led eSIM MVNO, addressing two key issues: the frustration of paying for voice and text features that go unused, and the environmental toll of physical SIM cards.

Our fibre division will remain in a growth phase over the next few years and during these years we do not expect it to report an accounting profit.

Housebuilding

Our residential building business, Elivia, is a full-service housebuilder, which acquires land and develops sites from design stage to engineering and then final construction to ensure the delivery of quality workmanship. Elivia strives to deliver high quality and design-led aspirational homes, comprising a mix of open market and affordable homes, with over 35 sites in various stages of construction. Elivia is headquartered near Beaconsfield with regional offices in Fareham, Hampshire and West Malling, Kent.

As part of our housebuilding division, the Group operates in the retirement living sector. Our retirement living business, Rangeford, owns and operates four retirement villages in Wiltshire, North Yorkshire, Gloucestershire and Surrey. It is currently constructing one sites for future operations, and has exchanged or secured exclusivity on three further sites, spread across the country.

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Directors

The experienced Board of Directors for the Fern Group are responsible for determining the strategy of the business and for accounting for the Company's business activities to shareholders. They have a set of complementary commercial, energy sector-related and strategic skills.

Keith Willey Non-Executive Director and Chairman

Keith is an associate professor of strategy and entrepreneurship at London Business School. He also holds various non-executive directorships and advisory roles at high growth and more mature companies. In his role as non-executive chairman he is responsible for the effective operation of the Board, as well as its governance. He brings to the Fern business independent commercial experience gained from his time in academia, private equity investment, consulting and various hands-on operational roles.

Paul Latham Non-Executive Director

Paul was previously the Chief Executive of Fern. He has had various general management and internal consulting roles across a number of sectors and brings with him a wealth of industry and business experience, including building key elements of the infrastructure for Capital One Bank (Europe) plc as it grew from a start-up business to a company with 2,000 employees. Paul has worked at Octopus Investments since 2005.

Peter Barlow Non-Executive Director

Peter has over 30 years' experience in international financing of infrastructure and energy. As a senior executive for International Power, Peter was responsible for arranging over $12bn of project and corporate funding, as well as banking relationships and treasury activities. He has spent over 20 years working internationally for HSBC, Bank of America and Nomura, financing acquisitions and greenfield projects in the energy and infrastructure sectors. His combination of Board-level financing and energy experience over numerous energy sub-sectors, and his all-round knowledge of all the sectors in which Fern operates, adds significant value to the operation of the Board as well as its strategy formation and deployment.

Sarah Grant Director

Sarah has worked at Octopus Investments since 2013, she has a particular focus on debt raising and relationships with banks and other lenders, which she coordinates across the Octopus group. She also chairs the Octopus Investments Investment Committee and is a director of Octopus AIF Management Ltd. Octopus Investments is a key supplier of resource and expertise to Fern. Sarah's dual role ensures that the relationship between Octopus and Fern works well and always operates in the best interests of Fern's shareholders. She has over 25 years' experience and previously held roles at Société Générale and Rothschild.

Tim Arthur Non-Executive Director

Tim is a chartered accountant with more than 25 years' international experience as a finance director of both public and private companies. Initially he worked for Price Waterhouse in Birmingham and Chicago. More recently he was Chief Financial Officer of Lightsource Renewable Energy Ltd, a global leader in the funding, development and long-term operation of solar photovoltaic projects. Tim brings extensive financial and accountancy knowledge to the Board as well as an understanding of dynamic technology businesses gained from his executive positions.

2 | STRATEGIC REPORT

Principal risks and uncertainties

Principal risks

Management identify, assess and manage risks associated with the Group's business objectives and strategy. Risks arise from external sources, those which are inherent commercial risks in the market, and from operational risks contained within the systems and processes employed within the business. Overall risk exposure is managed across the Group through the diversification of activities, both by sector and geography.

The principal risks that the Group are exposed to are described below, along with the mitigating actions we take to reduce the potential impact of the risk. We also include our assessment of whether the likelihood of the risk has increased, decreased or remained the same.

Energy Division		
Risk	**Mitigations**	**Change**
Market risk: The energy sector has returned to normalised market conditions, after experiencing significant turbulence, however there is a risk that forecast levels of income are not achieved due to further drops in wholesale energy prices, and changes in off-take contracts or government scheme. Changes in Government policy may result in reduced income streams within the Group due to additional levies.	• Contracts are entered into which fix the income for a portion of the energy generated by our sites, with 19% of our revenue is generated from fixed contracts. • Long-term government backed offtake agreements are in place, such as the Renewable Obligation Certification ("ROC") and Feed-in Tariff (FIT) schemes. 46% of our energy income was generated from such revenue schemes • The Group ensures engagement with the Government and the Office of Gas and Electricity Markets ("OFGEM") to contribute to an industry voice with policy makers who set future regulatory requirements.	= No change
Operational risk: Levels of energy produced may be lower than anticipated due to sub-optimal weather conditions or performance issues with equipment, which may result in significant unplanned downtime.	• Unpredictability of the weather is mitigated through diversification of technologies and location of sites. • Regular servicing of assets is undertaken to ensure assets are kept in good condition and minimise the risk that assets are unavailable for a longer period.	= No change
Financial risk: Revenues (from energy generation) or sale proceeds (from the sale of sites) generated from overseas sites are lower than expected due to fluctuations in foreign exchange rates.	• Management ensures only a small portion of the Group's assets and revenues are expected to be derived from overseas sites.	= No change
Construction risk: Construction of the sites takes longer or is more costly than anticipated due to resource availability or increased cost of raw materials.	• The Group enters fixed price contracts with contractors where appropriate to reduce exposure to increasing costs.	= No change

2 | STRATEGIC REPORT

Principal risks and uncertainties

Fibre Division		
Risk	**Mitigations**	**Change**
Market risk: Expected sales from customers are lower than anticipated due to increased competition from other providers. A change in policy by the regulators in favour of larger operators could impact our ability to deliver planned development, reducing revenues and efficiencies gained from a larger presence in a particular area.	• Following the consolidation of our FTTP businesses, we are pursuing a wholesale network strategy, increasing our network commercialisation opportunity of our own regional network assets. We also have national reach via our partners like Cityfibre and BT Openreach allowing access to customers in a wider array of locations. • Management engages proactively with the Office of Communications and the Government ("Ofcom") to ensure the benefits of smaller operators are well understood and their interests are appropriately represented. • We are an active participant in relevant industry bodies, particularly those representing alternative network operators.	= No change
Construction risk: Construction of the network takes longer or is more costly than anticipated due to resource availability or increased cost of raw materials.	• In the year we moved past our peak FTTP build phase and closer to completion of our Vorboss London build. The strategic focus has shifted to commercialisation of our fibre networks.	↓ Decreased (due to construction largely finalised)
Operational risk: Network service is interrupted or unreliable leading to potential loss of customers and reputational damage.	• Our networks are built in a resilient way with diverse route options should a failure occur in one route. • This, combined with an ability to identify and resolve connectivity issues quickly, minimises downtime of the networks.	= No change

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Principal risks and uncertainties

Lending Division		
Risk	**Mitigations**	**Change**
Market risk: Increasing inflation and interest rates lead to a market-wide affordability issue, resulting in a drop in property values across all sectors of real estate. This may impact our ability to recover a loan in full through a refinance or sale.	• The teams pro-actively manage our position in the marketplace and are prepared to enforce where needed if a loan moves into default. • Our loans are made at conservative loan-to-value ("LTV") ratios with a maximum LTV of 70%.	= No change
Counterparty risk: Loans may be made to unsuitable counterparties, impacting our ability to recover the loan balance in full.	• Loans are secured against physical underlying security, such as a charge over the property or other assets of the borrower. These are typically on a first charge basis to ensure maximum chance of recovery should enforcement action be needed. • Thorough due diligence is performed prior to writing loans, including property or land valuations and credit checks done on borrowers. • Where loans are written for assets under construction, milestones and covenants are put in place to ensure stages are complete prior to releasing further drawdowns.	= No change

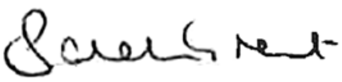
Housebuilding Division		
Risk	**Mitigations**	**Change**
Market risk: A fall in house prices could impact our ability to generate expected revenue from the sale of apartments in our retirement villages and housing developments built by Elivia. An increase in interest rates could lead to delays in the purchase process, resulting into completion and revenue not being realised as planned.	• Planning consents on undeveloped land are optimised to maximise revenues and reduce the risk of losses on sale. • During the underwriting process for each site, the proposed pricing is reviewed against current sales in the area. Minimal HPI is used and price movement/sales speed sensitivities are included and reviewed	↑ Increased (due to consistently high interest rates)
Construction risk: Construction takes longer or is more costly than anticipated due to resource availability or increased cost of raw materials. Inability to engage with suitable contractors, who are financially stable and can honour fixed-price contract in the current environment.	• The Group enters fixed price contracts where appropriate to reduce exposure to increasing material costs. • The Group only works with reputable third parties with a strong track record of delivering similar projects. • The assessment of all potential projects include conservative building cost assumptions with material contingency levels and a healthy allowance for inflation which is benchmarked against other comparable projects.	= No change

2 | STRATEGIC REPORT

Principal risks and uncertainties

Group		
Risk	**Mitigations**	**Change**
Market risk: An increase in base rates may increase costs on debt facilities, impacting the Group's ability to service debt as it falls due.	• Where floating rate debt is in place (where interest varies in line with an underlying benchmark rate), the Group typically enters into hedging arrangements to fix a portion of these payments throughout the term of the facility. Hedging arrangements are outlined in Note 21 of the financial statements.	= No change
Liquidity risk: Poor management of cash within the Group could impact the Group's ability to meet obligations as they fall due.	• A detailed cash flow forecast is prepared and reviewed by management on a monthly basis, incorporating cash availability and cash requirements across the Group. On at least a quarterly basis this is shared with the Board. • The Group monitors bank covenants on an ongoing basis to ensure continued adherence to covenants. Where covenants can't be met, forecasts are updated for the lower cash available as a result of the restriction. • The Group has a flexible finance facility which can be drawn on at short notice to meet immediate business needs.	= No change
Health and Safety risk: The safety of our employees and those employed through contracts are of paramount importance. There is a risk that accidents in the workplace could result in serious injury or death.	• We have developed robust health and safety policies in compliance with ISO45001 across the Group to ensure the well-being of our staff. • Health and safety training is provided to our staff and contractors on a regular basis.	= No change
Cyber Security risk: An attack on our IT systems and data could lead to disruption of our operations and loss of customer data. Loss or misuse of data may result in reputational damage, regulatory action under GDPR and potential fines.	• We employ a Chief Information Security Officer ("CISO") who is responsible for data security across the Group and reports quarterly to the Board. • The CISO works closely with our businesses to ensure adequate standards of security and information management are met. • Each of our businesses that hold customer data has their own dedicated resource for IT and security.	= No change

The strategic report was approved by the Board of Directors on 24 December 2024 and signed on its behalf by:



SM Grant
Director
24 December 2024

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Corporate governance

Section 172 (1) statement

The Board considers that they have adhered to the requirements of section 172 of the Companies Act 2006 (the "Act"), and have, in good faith, acted in a way that would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to all stakeholders and matters set out in section 172(1)(a to f of the Act) in the decisions taken during the year ended 30 June 2024.

In the performance of its duty to promote the success of the Group, the Board has regard to a number of matters, including the likely consequence of any decisions in the long-term, and listens to the views of the Group's key stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes. The Board fulfils these duties partly by delegation to committees and the Boards of subsidiary undertakings, who operate within a corporate governance framework across the Group.

At every Board meeting a review of health and safety across the Group, financial and operational performance, as well as legal and regulatory compliance, is undertaken. The Board also reviews other areas over the course of the financial year including the Group's business strategy, key risks, stakeholder-related matters, diversity and inclusivity, environmental matters, corporate responsibility, and governance, compliance and legal matters.

Principal decisions

We define principal decisions taken by the Board as those decisions that are of a strategic nature and that are significant to any of our key stakeholder groups. The Board considers that the following are examples of principal decisions it made in the year ended 30 June 2024:

- Progressing with the sale of Dulacca Wind Farm, a fully owned 181 MW windfarm located in Queensland, Australia, previous acquired in August 2021. The Board assessed any conflicts of interest, as the sale was to a party connected to Octopus Investments and determined the transaction was executed at arm's length. The opportunity was evaluated on how it aligned with our strategy to construct and sell renewable assets in attractive geographies, which in turn can make a positive contribution to the local community and environment.
- Completing the offering of rights to existing shareholders to subscribe to additional shares. The Board evaluated the possible impact on stakeholders, particularly shareholders, and observed that the process does not change how the Board and Group engage with shareholders or their view of the Group, rather it enhances capital deployment in the context of attractive opportunities, in order to deliver long-term value and organic growth for our shareholders.
- Continuously evaluating capital allocation in the group, in order to align deployment with the Group strategy, risk appetite and target performance. The Board considered the interests of various stakeholders, including shareholders, employees, and customers, and approved additional capital for land acquisitions in Elivia in order the deliver long term growth, alongside maintaining consistent levels of deployment in the fibre division, as the division matures and focuses on customer acquisition

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Corporate governance

Business strategy
Our business strategy is set out on pages 14 to 16 of the Strategic Report. Management prepares a detailed Group budget which is approved by the Board on an annual basis and forms the basis for the Group's resource planning and deployment decisions. In making decisions concerning the business plan, the Board has regard first and foremost to its strategic focus, but also to other matters such as the interests of its various stakeholders and the long-term impact of its actions on the Group's future and reputation.

Shareholders
Shareholder relations and generating shareholder value is a key consideration when the Board is making strategic decisions. The prime medium by which the Group communicates with shareholders is through the annual report and financial statements, which aim to provide shareholders with a full understanding of the Group's activities and its results. This information is published on our website at www.ferntrading.com.

Employees
The Group's employees are fundamental to the overall success of the business. The Directors fulfil their duty to employees by entrusting oversight to subsidiary boards.

The directors of the subsidiary undertakings manage the day to day decision making, engagement and communications with employees and ensure that people are treated fairly and are valued with respect to pay, benefit and conditions. We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The Group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at a local level and the publication of monthly key performance indicators covering output, operating costs, and health and safety.

The health and safety of our employees in the workplace is a continual focus for the Group, given its broad operational business. The Directors review health and safety reporting at each board meeting to ensure appropriate policies and procedures are in place to protect the health and safety of our employees and contractors. Where there are potential deficiencies or issues, these are followed up and resolved on a timely basis, with the Board having oversight of the actions taken.

The Group outsources activities and management of certain operational activities to external suppliers. Where activities are outsourced the Board ensures that they are managed by reputable suppliers who meet all the relevant industry and regulatory commitments as well as treating employees fairly. Expected standards are documented in all service contracts and adherence to these are continually monitored by Board through their service agreement with Octopus Investments Limited.

Suppliers and customers
The Group acts in a fair manner with all suppliers and customers and seeks to maintain strong business relationships with them. This is achieved by all contracts being negotiated through a fair and transparent tender process which includes assessing the impact on the long-term objectives of the Group. We review our payment processing times against contracts every six months to ensure suppliers are paid promptly and this information for the company is available here:

https://check-payment-practices.service.gov.uk/company/12601636/reports/

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Corporate governance

The Group ensures it acts fairly and in a transparent manner to all customers across all divisions and services, and actively engages to resolve any disputes or defaults. The Board closely monitors customer metrics and engages with the management team to understand the issues if business performance does not meet customers' expectations.

The Board considers Octopus Investments Limited to be a key business partner and supplier with responsibility for the provision of operational oversight, financial administration and company secretarial services.

Community and environment

The provision and operation of sustainable infrastructure is at the centre of the Group's strategic goals. Through its business activities the Group seeks to make a positive contribution to the community, environment and economy. Our renewable energy business is helping the UK meet its renewable energy targets, our fibre network will give people in rural communities access to high-speed broadband, and our retirement villages create communities of people in their later years, reducing the strain on our healthcare services. We are also building new homes to address the UK's shortage of properties.

Business conduct

As Directors our intention is to behave responsibly, ensuring management operate the business with integrity and in accordance with the high standards of conduct and governance expected of a business such as ours. Our intention through our business strategy (outlined on pages 14 to 16 is to operate in sectors and work with other businesses that share our values

Business ethics and governance

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of the Group. Further detail can be found in the statement of directors responsibilities on page 38. In the year to 30 June 2024 no areas of concern have been flagged in this regard.

Employee, human rights, social and community issues, environment policy and anti-corruption and bribery matters

The Board's policy on employee, human rights, social and community issues, environment policy and anti-corruption and bribery matters is discussed in the Directors' Report on page 38. The Board actively promotes a corporate culture that is based on ethical values and behaviours.

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Task force on Climate-related Financial Disclosures ("TCFD")

In December 2015, the TCFD was established by the Financial Stability Board ("FSB") to develop recommendations and encourage companies to take account of how they identify and manage climate-related issues. The TCFD requires companies to produce climate-related disclosures across four key pillars: Governance, Strategy, Risk Management and Metrics & Targets. The TCFD has noted eleven key recommendations across these pillars that enable companies to provide information to shareholders and other stakeholders.

The Group's operations play an important role in the UK's long-term transition to a net zero economy, as renewable energy and the development of lower-carbon alternatives are critical to a move away from fossil fuels. Capital deployment in renewable energy assets, such as our 80 ground-mounted solar sites, enables our business and shareholders to generate returns from this transition, whilst having an inherently positive impact on climate change and the environment.

Of the Group's divisions, the Board considers the energy division to be most at risk to climate change and conversely most able to take advantage of the opportunities presented by a transition to a lower-carbon economy. Whilst the Board considers the impact of climate-related issues across all our energy, lending, fibre and housebuilding (including retirement living) divisions, the disclosures set out below are mainly with reference to the Group's energy subsidiaries.

Statement of Compliance

The Board is pleased to confirm that it supports the TCFD's aims and objectives and has included climate-related financial disclosures in line with the four key pillars and eleven recommendations. In addition, to mitigate the financial impact of sustainability risks, we apply Sustainability Accounting Standards Board ("SASB") guidance on materiality, assessing whether, and to what extent, sustainability issues (including climate risks) could impact performance.

Governance

Disclose the organisation's governance around climate-related risks and opportunities

a) Describe the board's oversight of climate-related risks and opportunities.

   Climate-related risks and opportunities form part of the Board's strategy. A key aspect of the Group's business model, determined by the Board, and adhered to by divisional management teams, is to deploy capital in renewable energy assets to benefit from the wider transition to a lower-carbon economy.

   The Board is responsible for monitoring climate-related government policy and physical climate changes to inform the deployment strategy and the materiality of risks faced by the Group's subsidiary companies. The Board monitors strategic risks and opportunities, financial performance, and any adverse or positive impacts on revenues or costs that could result from climate-related risks and opportunities.

   The Board reviewed and approved an ESG Policy document that was first adopted in September 2020, with the latest version approved in April 2023. The Board therefore ensures that each new opportunity, and existing divisions on an on-going basis, adheres to the Group's ESG policy.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

   At a company level, transition and physical risks and opportunities are considered throughout the acquisition, construction and due diligence

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Task force on Climate-related Financial Disclosures ("TCFD")

process right through to the on-going management. The Board has reviewed and approved ESG criteria specific to the Group's business that are considered by commercial and management teams, including those operating in the fibre and housebuilding sectors. The day-to-day management and assessment of climate-related risks and opportunities is therefore undertaken by divisional management teams and reported to the Board where necessary.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

Given the Group's long-term experience in its operating sectors and strong links to its suppliers, particularly in the energy and housebuilding sectors, the Group is well positioned to overcome risks and take advantage of opportunities arising from climate change. Climate-related risks and opportunities are also at the core of the Group's strategy and are discussed right the way through the business, from Board level to the individual subsidiary companies within the Group. Climate plays a part in shaping the Group's long-term business, strategy and financial planning.

The Group's fibre division has now moved past the peak of its construction stage, and will be able to reduce emissions associated with construction, going forward. Fibre has a positive long-term impact on the environment as once the infrastructure is in place and operating, it is seen as a low carbon technology. A well-constructed and operated fibre connection facilitates a reduction in carbon emissions in the long-term due to the potential for home working and smart cities.

In the Group's housebuilding division, one major risk is ensuring short- and long-term construction processes are managed in line with potential exposure to climate risks, such as flooding. The Group aims to mitigate this risk, as all developments within the housebuilding sector (including retirement living) have technical flood risk assessments carried out before land is purchased.

The Group is also subject to regulatory risk as all homes and developments must satisfy environmental planning conditions, which may change as regulations are introduced to support the UK's transition to net zero. This presents the Group with the opportunity to go above and beyond applicable regulatory standards for energy efficiency of new build homes and become a leader in this regard. It is important for the housebuilding division to satisfy all environmental planning conditions and seek financially viable opportunities to exceed regulatory standards. The Group looks to develop strategies around progressive adoption of Modern Methods of Construction ("MMC") including timber frames, solar panels, air source heat pumps and electric vehicle charging points where appropriate. Where possible, the Group moves operational assets onto renewable energy tariffs and carefully chooses suppliers to reduce the impact of climate-related risks.

Within the energy division, the Group is in a strong position to take advantage of opportunities and mitigate risks that arise from the transition to a net zero economy. The main short-term risk arises from competition as competitors could

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Task force on Climate-related Financial Disclosures ("TCFD")

identify gaps as they seek to deploy more capital into renewable energies. The Group's successful track record helps it seize opportunities derived from the need to tackle climate change and continue to acquire and build new large-scale impact projects, such as our Waste-to-Energy or the expansion into commercial solar rooftops.

The Group also faces risks from increased variability in weather patterns and potentially more extreme weather, creating difficulty to accurately budget production and financial performance. The Group constantly assesses the risks and opportunities presented by variable weather as part of ongoing due diligence and performance management.

Over the longer term, regulatory changes could impact the Group and could lead to changes in government incentives for constructing and operating renewable energy assets. The Group could be more exposed to volatile power prices as renewable energy becomes an increasingly sizeable proportion of total energy produced by the UK market. To mitigate this risk, the Group enters into short- and long-term contracts which fix the income for all, or a portion of the energy generated by a site. Long-term government backed agreements are also in place, such as the Renewable Obligation Certification ("ROC") scheme. This aligns with the Group's strategy of continuing to develop predictable, long-term revenue streams, providing resilience against volatile pricing changes in the UK energy market.

As new technologies at renewable energy or housebuilding sites are developed and become more reliable, opportunities may arise for the Group to integrate these as the technologies mature and become cheaper. However, there is a risk that deployment into newer technologies could underperform compared to the business cases. Whilst representing a risk, it is expected that the negative impact would be immaterial to the Group's operations, due to diversification.

b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.

Financial projections, including those that are utilised for the preparation of the financial statements and included for budget preparations, are based on financial models. Each model, such as company valuations or business plans, will contain different underlying assumptions on key inputs such as power price curves, operating and maintenance costs or future revenues which are all impacted by transitioning to a lower-carbon economy. The most material impact on the valuation of renewable energy assets is usually wholesale energy prices and operational performance. The Octopus Investments Valuation Committee is responsible for reviewing these assumptions and the sensitivities associated and is therefore considered as part of the valuation process.

The above could impact financial returns positively if the shift towards renewable energy and sustainable homes is successful or negatively if the transition is slow. Extreme weather such as storms, flooding or fires could cause damage at the Group's wind and solar farms and housebuilding sites, impacting any operating and maintenance costs, write-offs or impairments and longer-term budgets. Constructing our assets to the highest quality standard and going above and beyond the relevant regulatory standards by adopting MMCs will impact the Group's operating and maintenance costs further. The Group's cost projections are captured at point of acquisition, and models are updated regularly with diversification of suppliers

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Task force on Climate-related Financial Disclosures ("TCFD")

and appropriate levels of insurance obtained. The Group's biomass plants operate a diversified supply chain of feedstock and strategic stores to ensure sufficient fuel stores. In case of failed fuel supply from extreme weather conditions, there are contractual recourse obligations between the site and suppliers for protection against loss of revenues.

Climate-related risks also have an impact on accounting estimates and judgements within the financial statements. The Group's balance sheet includes a decommissioning provision relating to the future obligation to return land on which there are operational biomass, wind and solar farms to their original condition. This accounting estimate is determined to a significant degree by the future dismantling and restoration costs, as well as the timing of the dismantlement, all of which will be impacted by physical climate risks and raw materials required for restoration. The Group engages with a third party to perform the assessment of costs to be incurred, including an assessment of future climate risks.

c) Describe the resilience of the organisation's strategy taking into consideration different future climate scenarios. Including a 2°C or lower scenario.

The Group benefits from a quicker transition to a lower-carbon economy, such as in a 2°C climate pathway (i.e. limiting global temperature increase to well below 2°C) whilst taking the steps to ensure we remain resilient to the risks associated with scenarios such as a 4^{0}C pathway.

Under a 1.5°C scenario, the world will experience a significant shift away from traditional fossil fuels towards renewable energy sources as countries and businesses alike implement strong decarbonisation plans to reach net zero. Delivery on these ambitions requires a significant increase in the pace of capital deployment into renewable energy, all of which leads to a growth in the Group's acquisition opportunities.

The main risk from a beneficial transition to renewable energies is from competition and the potential for price cannibalisation. The Group's strategy is resilient to this as they focus on being leaders in the market and seek first-mover advantages before any form of price erosion can take place. Increasing demand for the electrification of industries will provide vast deployment opportunities for renewable assets, with rising demand supporting the power price for electricity, mitigating price cannibalisation. The Group's housebuilding sector could also benefit from such a transition by facing lower costs on installation of solar panels or heat pumps as technologies advance and become cheaper to access.

Under a 4°C scenario, it is assumed that the transition to a lower-carbon economy has been slower and the incentives to construct and operate renewables have not been forthcoming. There is also the increased physical risk of more extreme weather delaying the introduction and operation of renewable assets. Whilst this could impact the Group's revenue potential, this would discourage competition and the Group would be well placed to take advantage of any opportunity that arose. The Group's strategy is further resilient as the unpredictability of weather is mitigated through diversification of technologies and location of sites. The Group's increased deployment into the fibre, lending and housebuilding sectors is just one of the methods the Group is using to mitigate possible impacts

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Task force on Climate-related Financial Disclosures ("TCFD")

of relying on a poorly supported renewable energy sector and lower-carbon transition that would occur in a 4°C scenario.

When comparing the two scenarios, the Group is set to benefit more from a 2°C scenario than a 4°C scenario pathway. The Board believes the business strategy is resilient and flexible to either scenario enabling the Group to continue to provide returns whilst contributing to the transition to a lower-carbon economy.

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

a) Describe the organisations process for identifying and assessing climate-related risks.

Climate-related risks are considered by management teams at both a Group and entity level with the specific climate-related risks largely identified, assessed and managed within the deployment process.

The Group takes responsibility for understanding and assessing each of its group companies against a consistent framework which includes climate-related risks. In our energy sector, to identify climate-related risks in a subsidiary, management teams use SASB tools as part of ongoing due diligence. Relevant climate-related risks are considered and identified ahead of capital deployment for new opportunities.

b) Describe the organisations process for managing climate-related risks.

At a divisional level, transition and physical risks are considered throughout the acquisition process. Climate-related risks are managed by incorporating questions into an ESG matrix to prompt additional due diligence on assets, requiring the review of natural hazards in the region the asset is located and any mitigation strategies can then be determined.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisations overall risk management.

Where material risks have been identified, the Group implements an appropriate strategy to address the ones highlighted by the above processes. Strategies include diversification of the Group's operations in terms of assets and geography, appropriate levels of insurance, and seeking different opportunities in sustainability through homebuilders and diversified supply chains.

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Task force on Climate-related Financial Disclosures ("TCFD")

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

As mentioned under the Risk Management pillar, management teams assess the relevant climate-related risks and opportunities of potential acquisitions in relation to set criteria. The ESG Risk Matrix used for our energy assets has a total score of 15, with a score of 9 or more required to indicate compliance with ESG policy requirements.

b) Disclose scope 1, scope 2 and if appropriate scope 3 greenhouse gas ("GHG") emissions and the related risks.

The Group's location-based scope 1, 2 and 3 emissions are disclosed in the table above. In accordance with SECR, the Group's scope 3 emissions include only those relating to business travel.

Throughout the year, overall emissions have considerably reduced, primarily driven by a 45% reduction in Scope 1 emissions. More specifically, the Group has seen a reduction in emissions from our reserve power sites, which account for 70% of reported figures. Our 26 reserve power sites provide vital back up power to the National Grid in times of peak demand, and emissions are expected to vary year on year, due to fluctuations in the energy generation required to balance the grid and supplement baseload power. We have thus seen a 58% reduction in emissions from the prior year in our reserve power sites alone, a function of the sites being called upon with less frequency due to a milder winter and increased availability of other energy asset classes.

Emissions (Location Based)	2024 (tCO2e)	2023 (tCO2e)	% Change
Scope 1	122,767	221,552	(45)
Scope 2	6,278	5,123	23
Scope 3	20,178	2,024	897
Total	**149,223**	**228,699**	**(6)**

Aggregated Metrics	2024	2023	% Change
Total emissions data (tCO2e)	149,223	228,699	(35)
Energy Consumption (mWh)	7,813,636.0	6,782,733.45	15
Emission intensity (tCO2e/Total Energy Consumption)	0.0191	0.0337	(43)

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Task force on Climate-related Financial Disclosures ("TCFD")

Quality of data provided

The Group appointed Minimum, who are carbon accounting experts, to independently calculate its Greenhouse Gas ("GHG") emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'. The GHG emissions have been assessed following the ISO-14064:2018 standard and have used the 2023/24 emission conversion factors published by the Department for Energy Security and Net Zero ("DESNZ") where available, and bespoke Minimum emission factors for: Business travel (spend-based) and Employee Commuting. The reporting year shown is from 1 July 2023 to 30 June 2024, and compared with FY24. One litre of fuel is assumed to be 10.6 kWh.

The emissions were categorised into location-based Scope 1, 2 and 3 emissions, in alignment with the World Resources Institute's 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' guidelines with the below definitions:

- Scope 1: All direct GHG emissions by the Group from sources under their control (e.g. burning fuel)
- Scope 2: Indirect GHG emissions from where the energy the Group purchases and uses is produced (e.g. when generating electricity used in the buildings)
- Scope 3 : All indirect emissions not covered by scope 2 that occur up and down the value chain (e.g. from business travel, employee commuting, use of sold products, distribution).

Minimum used a survey-based approach to collect data, allowing subsidiary companies to submit total values for different activities or detailed consumption figures. Wherever possible, primary data was collected, be it kWhs of electricity consumed, m^3 of natural gas burnt and kilometres travelled by different modes for scope 3 emissions. We are pleased to report that of the data collected for the TCFD and SECR disclosures, 99% is based on actual figures submitted by the subsidiary companies.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Group, through the development and operation of primarily renewable energy assets, inherently contributes to the UK achieving its net zero target and helps drive the transition away from fossil fuels. Although the majority of the Group's energy generating assets, such as wind and solar, are low-carbon by nature, other Group divisions are more carbon intensive and drive higher emissions. For instance, the operation of the Group's reserve power plants, or the construction of our fibre, home and energy assets. Where possible, the Group moves operational assets onto renewable tariffs, and seeks to partner with suppliers and contractors that are like-minded in their climate ambitions.

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Group finance review

Review of financial statements

The purpose of this report is to provide additional explanatory information on the financial statements. In measuring our performance, the financial measures that we use include those that have been derived from our reported results in order to eliminate factors that distort year-on-year comparisons. These are considered non-GAAP financial measures.

A reconciliation of these to the financial results can be found in note 27 of the notes to the financial statements.

The financial statements show assets at amortised cost, as such they do not reflect the future value that we expect to derive from these businesses. To that extent accounting performance may differ materially from the share price and may not reflect changes in the full market value of assets or businesses owned by the Group.

The composition of the Group remained largely consistent, with the main change resulting from the sale of Dulacca Wind Farm (Australia), in October 2023, for a profit of £26m. This came at the end of a two-year construction process and the asset being commissioned.

Cash reserves at year end remained at a healthy level of £115m, which serves to fund the operational needs of our divisions.

	2024 £'000	2023 £'000	Movement £'000	Movement %
Revenue	**633,946**	**800,351**	(166,404)	(21%)
EBITDA	**8,135**	**81,963**	(73,827)	(90%)
Loss before tax	**(185,109)**	**(148,767)**	(36,342)	24%
Lending book (net of provisions)	**437,168**	**439,535**	(2,367)	(1%)
Cash	**115,481**	**156,919**	(41,438)	(26%)
Net debt	**842,353**	**1,001,265**	(158,912)	(16%)
Net assets	**2,447,379**	**2,366,052**	81,327	3%

Financial performance

The Group has reported a loss before tax of £185m for the year ended 30 June 2024, compared to the prior year loss of £149m. This was driven primarily by macroeconomic factors, as wholesale energy prices have dropped considerably versus prior year levels, impacting revenues earned in the energy division. Similarly, overall EBITDA decreased by 90% to £8m (2023: £82m), which is primarily due to operational growth in our newer divisions, particularly fibre. The consolidation of our four residential "fibre to the premises" ("FTTP") businesses in the prior year resulted in improved efficiency, however some short-term restructuring costs were incurred as the businesses came together.

Revenue decreased by £166m to £634m (2023: £800m), with the decrease primarily linked to reduced demand in reserve power portfolio and over all lower

*Earnings before interest, tax, depreciation and amortisation.

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Group finance review

wholesale energy prices (£140m) and the absence of hospital revenue (£26m) following the sale of our healthcare business towards the beginning of the financial year. The focus on customer acquisition and commercialisation in our fibre division resulted in increased revenues in this division to £26m (2023: £16m), which helped offset the £12m decrease in housebuilding revenue (2024: £92m; 2023: £104m), as completions were delayed as buyers adjusted their behaviour in a continued period of high interest rates.

Revenue from our lending division remained consistent year on year at £49m, as the £466m loan book performed in line with expectations. We have taken some further provisions on a small number of loans, most of which were already non-performing, but in the year it has become apparent that further impairments are required than we previously expected

Financial position

Continued shareholder interest and investment has seen net assets grow to £2,447m (2023: £2,366m). In the year ended 30 June 2024, we issued 160m shares (2023: 142m) for a total consideration of £297m (2023: £257m), including £217m from existing shareholders through an offer to subscribe for further shares.

Our overall fixed assets decreased following the sale of Dulacca Wind Farm, which accounted for a £265m drop. However, as we continued construction in core areas, we further expanded our fibre assets by £71m and our energy-from-waste site, by £7m. We expect to finalise construction of the latter towards the end of 2025.

Net current assets of £832m (2023: £814m) increased year on year, and movements from day-to-day operations in different parts of the Group largely offset each other. Our housebuilding division made great progress in building an additional £103m high-quality housing stock, which we expect to be sold in the new financial year. Further construction in different parts of the Group, as well as reduced revenue, led to a decrease in cash of £41m and an increase in the utilisation of our short-term revolving facility by £50m, as we utilised the latter for working capital requirements. Our property loan book, net of provisions, remained at approximately £437m (2023: £439m), and at 30 June 2024 represented 18% of net assets (2023: 20%).

Cash and cash equivalents as at 30 June 2024 were £115m (2023: £157m). Taking into account the operating loss, net cash used in operating activities was £167m (2023: outflow £166m), which has been utilised alongside external long-term financing and capital raised by new share issues to grow the business. In addition, we have focused on managing our external borrowings, and have reduced net debt by approximately £160m in the year.

Of the cash held at year end, £111m was held in our energy, housebuilding and fibre subsidiaries, where there are a number of construction and infrastructure projects under way, requiring cash to be readily available for stage payments due in the months after year end.

Goodwill, at £462m (2023: £514m), continues to be a significant number on the balance sheet and arises on the acquisition of some businesses. Acquired businesses, for example renewable energy sites, often have a market value in excess of the company's net assets, reflecting their reliable future income streams. Put simply, the market value of our operational businesses reflects the value of future expected profits, not the cost of simply buying tangible assets such as solar panels or wind turbines. We pay market value for the sites we acquire, which may exceed the value of identifiable assets such as the solar panels and so generates goodwill, which essentially represents the value of the expected future income streams. Goodwill recognised is tested for impairment annually, and will gradually be written off, typically over the life of the site, as expected returns are realised.

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Group finance review

Sector performance

Energy

The energy division continued its track record of performance, although it achieved lower revenues of £467m (2023: £606m), as the energy market returned to more normalised conditions. Lower UK demand for peak generation, due to a milder winter and increased UK-wide availability of wind and solar, led to reduced generation in our UK-based reserve power portfolio, which negatively impacted revenue by £124m year-on-year. In addition, wholesale energy prices saw an overall decrease, as the average price per unit for the overall division fell to £72.3 per MWh from £107.7 per MWh in the prior year (-33%). When excluding reserve power, we observed a less poignant price drop at -10% (2024: £64.0 per MWh; 2023 £71.6 per MWh).

This was balanced by high availability and robust demand in our wind, solar, biomass and landfill gas parts of the business, and was enhanced by our international presence and the production from newly constructed assets overseas. Guardbridge, our Polish windfarm, was commissioned in December 2023 and started generating revenue shortly after. Additionally, Dulacca Wind Farm, our remaining Australian asset, was sold as intended during the year, for a gain of £26m.

Our generation output has reduced slightly year on year to 2,945 GWh (2023: 3,070 GWh), mainly due to lower demand in our reserve power division. Aside from those mentioned above, there were no substantial changes to our energy generating assets. However, one of our onshore windfarms in France was affected by a blade defect, which resulted in unplanned downtime for one turbine for the entire year, and some downtime for two other turbines. Our expectation is for losses to be covered via insurance and under the turbine supply agreement, which will reflected in the accounts when the funds are received.

	FY2024 Production (MWh)	**FY2023 Production (MWh)**	**FY2024 External Availability**	**FY2023 External Availability**
Biomass	**983,573**	991,873	**81.30%**	83.50%
Landfill Gas	**221,712**	225,680	**96.20%**	96.20%
Reserve Power	**167,251**	405,802	**94.00%**	94.60%
Solar	**516,528**	569,063	**96.70%**	94.80%
Wind	**1,055,625**	876,374	**93.80%**	92.60%
Total	**2,944,689**	3,068,792		

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While total operating costs remained consistent year on year for most technologies, at £307m (2023: £372m), the Group recorded a £83m decrease associated with gas procurement costs for reserve power plants, driven by a milder winter and increased UK-wide availability of wind and solar. This was offset by a £20m increase in the cost of biomass fuel, as inflation impacted the cost of straw. As a consequence of wholesale energy prices decreases, Energy EBITDA also decreased by 33% to £159m (2023: £237m).

Lending

Revenue from lending remained consistent at £49m (2023: £49m). Deployment remained steady in the year, and although arrangement fees reduced in the year, we earned higher interest on the £466m loan book (2023: £474m) and increased in the numbers of loans to 263 (2023: 219 loans). We advanced 172 new loans in the year and continued to focus on capital recovery of non-performing loans.

EBITDA for the lending division increased to £23m profit from £8m loss in the prior year which includes provisions of £13m recognised against property loans during the year (2023: £43m), most of which had some provisions recognised against them in prior years.

Fibre

Overall, the fibre division has increased its revenue by 54% year on year, from £16m in 2023 to £25m in the current year. Although building a fibre network is capital intensive and leads to a physical asset on balance sheet, the division also incurs large operating expenses as the businesses scale their operations and develop market presence. This resulted in a reported EBITDA loss of £142m (2023: £120m loss), which is in line with expectations and reflects the development stage of the division.

Throughout this year, in our FTTP business, our focus has been on the operational merger of our four legacy businesses and we operate under two distinct business lines, a wholesale division and an ISP. Reaching this stage of the construction has allowed us to perform a comprehensive asset impairment review of our fibre assets, and determine if we will extract their full value in the future, specifically from partially completed assets. We have recognised a provision of £10m against certain partially completed fibre assets, in areas where we continue to assess whether to commercialise or stop building completely. This represents just under 2% of the total capital invested into the network and will be revisited on a yearly basis. Additionally, an in-depth review of our inventory resulted in a proposed £12m provision for inventory damaged, obsolete or no longer required. This will also be reviewed annually, as we work with external parties to re-purpose excess stock. Both provisions are recognised against Assets under Construction.

Housebuilding

Housebuilding operations now comprise of Elivia and Rangeford and contributed £92m (2023: £130m) to Group revenue for the year, which reflects decreased revenue following the sale of One Healthcare (2024: £nil; 2023: £26m). As Elivia sold 141 units in the year (2023: 132), and Rangeford delivered 52 units (2023: 47), the division realised a positive £10m EBITDA (2023: £1.5m loss). The division results are reflective of no longer including One Healthcare expenses, post-sale, and we benefited from a one-off reversal of impairment of approximately £10m, in relation to assets previously held for sale.

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Group finance review

Funding and liquidity

Our strategy within our renewable energy business is to secure long-term financing at conservative levels from mainstream banks to enhance returns. At year end we had drawn £958m of external debt in this part of the Group, with a further £135m available to be drawn. As part of that, the Group has access to a Revolving Credit Facility of £290m, which is linked to the net assets of our energy divisions. This allows us to manage short-term cash fluctuations, which can be driven by seasonality of operating working capital. The facility is due to mature on 16 February 2026 and the directors are confident that it will be extended prior to maturity (see further details on page 51).

By taking on modest amounts of debt from mainstream banks, the Group can own and operate assets that would otherwise not generate sufficient returns for our shareholders. This approach also allows us flexibility in financing our businesses and managing cash flow. We believe that failing to adopt this strategy would have a negative impact on business return and shareholder value over the long term. 80% of our interest payable is at a fixed rate and therefore we are not significantly exposed to current interest rate volatility. The Group applies hedge accounting for interest rate swaps which means any changes in the fair value of the swap is recognised in reserves (cash flow hedge reserve), with only the ineffective portion of the hedge recognised in the P&L.

We continually review financing arrangements to ensure that they are competitive and optimised for the needs of the business.

Looking ahead

At the end of the financial year, we continue to believe that the business is well-positioned to take advantage of future growth opportunities across our core business areas. Energy and lending operations are well established in the market and continue to make excellent progress with robust performances in the new financial year.

Our deployment of capital in the fibre division will continue to slow in the coming year as we are now well past the majority of our network construction activities. We expect to pass the milestone of 100,000 residential customers on our network in the next financial year as the rate of growth accelerates thanks to our growing national footprint. Sales activity in our housebuilding division remains strong against a challenging market and are reporting profits in line with budget, alongside acquiring strategic sites in attractive locations.

We expect to generate strong operating returns from our established divisions for the coming years, in addition to the anticipated outflows for our construction phase assets, while at the same time growing our fibre and housebuilding divisions to maturity.

Sarah Grant

SM Grant
Director
24 December 2024

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Directors' report for the year ended 30 June 2024

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 30 June 2024.

Results and dividends

For a summary of the Group's results, refer to the Group finance review on page 32.

The Directors have not recommended payment of a dividend (2023: £Nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

PS Latham

KJ Willey

PG Barlow

T Arthur

SM Grant

Post balance sheet events

Refer to note 23 in the Notes to the financial statements.

Principal activities and business review

Refer to the Strategic Report on page 10.

Future developments

Refer to the Strategic Report on page 14.

Business relationships

Refer to the section 172 statement on page 22.

Going Concern

The Directors perform an annual going concern review that considers the Group's ability to meet its financial obligations as they fall due, for the period to 31 December 2025. For full details, refer to the Going Concern note on page 51.

Financial risk management

The Group's objectives and policies on financial risk management including information on the exposure of the Group to credit risks, liquidity risks and market risks are set out in note 21 to the financial statements. The Group's principal risks are set out in the strategic report on page 18.

Matters covered in the strategic report

As permitted by section 414c (11) of the Companies Act 2006, the Directors have elected to disclose information required to be in the Directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Promotion of a corporate culture that is based on ethical values and behaviours

The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset. The Group endeavours to conduct its business with integrity, in an ethical, professional and responsible manner, treating our employees, customers, suppliers and partners with courtesy and respect.

Employment of disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Should a person become disabled while in the Group's employment, every effort is made to retain them in employment, giving alternative training as necessary.

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Directors' report for the year ended 30 June 2024

Employee information

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility.

The Group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at a local level and the publication of monthly key performance indicators covering output, operating costs and health and safety.

Outsourcing

The Group has in place an agreement with Octopus Investments Limited to provide services to the Group covering operational oversight, administration, company secretarial and company accounting.

Environmental policy and reporting

The Board adopted an updated environmental, social and corporate governance ("ESG") policy in April 2023. The Group recognises the need to conduct its business, in a manner that is responsible to the environment, wherever possible.

The Board is pleased to confirm that it supports the aims and objectives of the Task force on Climate-related Financial Disclosures ("TCFD") and has included climate-related financial disclosures on page 25, in line with the four key pillars and eleven recommendations.

Bribery act

The Group's has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained.

Whistleblowing

In accordance with the recommendations of The UK Corporate Governance Code, the Board has considered the arrangements in place to encourage staff of the Group or manager of the Group to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow-on action where necessary, to take place within the organisation.

Modern slavery

We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains, consistent with our obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners. As part of our contracting processes, we expect our suppliers to comply with the Modern Slavery Act 2015.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the 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 Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group

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Directors' report for the year ended 30 June 2024

and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 Group and Company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy from legislation in other jurisdictions.

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Directors' report for the year ended 30 June 2024

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Directors' confirmations

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

- so far as the director is aware, there is no relevant audit information of which the Group and 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 Group and Company's auditors are aware of that information.

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

Ernst & Young LLP having been appointed in 2022, have indicated their willingness to be reappointed for another term and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

The Directors' report was approved by the Board of Directors on 24 December 2024 and signed on its behalf by:

SM Grant
Director
24 December 2024

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Independent auditors' report to the members of Fern Trading Limited

Opinion

We have audited the financial statements of Fern Trading Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the Group profit and loss account, the Group statement of comprehensive income, the Group and parent company balance sheet, the Group and parent company statement of changes in equity, the Group statement of cash flows, the Statement of accounting policies and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the parent company's affairs as at 30 June 2024 and of the Group's 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 Group 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 Group and parent company's ability to continue as a going concern to 31 December 2025.

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 Group'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

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Independent auditors' report to the members of Fern Trading Limited

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 Group and the parent 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 38 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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Independent auditors' report to the members of Fern Trading Limited

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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Companies Act 2006, those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In the addition, the Group has to comply with laws and regulations relating to its operations, including health and safety, relevant employee law matters, general data protection regulations and the UK Bribery Act.
- We understood how the Group is complying with those frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance procedures as to any fraud risk framework within the entity, including whether a formal fraud risk assessment is completed. We corroborated our enquiries through review of the following documentation or performance of the following procedures:
- obtaining an understanding of entity-level controls and considering the influence of the control environment;
- obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls; and
- review of board meeting minutes in the period and up to date of signing.
- we assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by holding a discussion within the audit team which included:
- identification of related parties, including circumstances related to the existence of a related party with dominant influence;
- understanding the Group's business, the control environment and assessing the inherent risk for relevant assertions at the significant account level including discussions with management to gain an understanding of those areas of the financial statements which were susceptible to fraud, as identified by management; and
- considered the controls that the Group has established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud including gaining an understanding of the entity level controls and policies that the Group applies.

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Independent auditors' report to the members of Fern Trading Limited

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries through journal analytics tools, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; tested accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

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.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
24 December 2024

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Group profit and loss account for the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Turnover	1	**633,946**	800,351
Cost of sales		**(375,661)**	(526,367)
Gross profit		**258,285**	273,984
Administrative expenses		**(428,559)**	(379,077)
Operating profit/(loss)	2	**(170,274)**	(105,093)
Other income	1	**6,852**	4,968
Income from other fixed asset investments		**747**	955
Profit/(loss) on disposal of subsidiaries		**27,751**	(1,045)
Other interest receivable and similar income	6	**2,030**	713
Interest payable and similar charges	6	**(52,215)**	(49,265)
Profit/(loss) before taxation		**(185,109)**	(148,767)
Tax on profit/(loss)	7	**20,306**	17,208
Profit/(loss) for the financial year		**(164,803)**	(131,559)
Attributable to Fern		**(159,360)**	(132,896)
Minority interest		**(5,443)**	1,337
		(164,803)	(131,559)

All results relate to continuing activities.

Group statement of comprehensive income for the year ended 30 June 2024

	2024 £'000	2023 £'000
Profit/(loss) for the financial year	**(164,803)**	(131,559)
Other comprehensive income		
Movements in cash flow hedges (net of deferred tax)	**(20,006)**	39,599
Foreign exchange gain/(loss) on retranslation of subsidiaries	**92**	(9,093)
Other comprehensive income for the year	**(19,914)**	30,506
Total comprehensive income for the year	**(184,717)**	(101,053)
Attributable to		
• **Owners of the parent**	**(179,274)**	(102,390)
• **Non-controlling interests**	**(5,443)**	1,337
	(184,717)	(101,053)

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Group balance sheet as at 30 June 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Intangible assets	8	**493,545**	528,874
Tangible assets	9	**1,833,078**	2,035,554
Investments	10	**13,522**	13,742
		2,340,145	2,578,170
Current assets			
Stocks	12	**362,928**	263,616
Debtors (including £66m (2023: £161m) due after more than one year)	13	**784,524**	825,068
Cash at bank and in hand	11	**115,481**	156,919
		1,262,933	1,245,603
Creditors: amounts falling due within one year	14	**(431,104)**	(430,891)
Net current assets		**831,827**	814,712
Total assets less current liabilities		**3,171,972**	3,392,882
Creditors: amounts falling due after more than one year	15	**(687,275)**	(949,946)
Provisions for liabilities	17	**(37,319)**	(76,884)
Net assets		**2,447,380**	2,366,052
Capital and reserves			
Called up share capital	18	**191,670**	175,876
Share premium account		**889,369**	608,084
Merger reserve		**1,623,784**	1,613,899
Cash flow hedge reserve		**47,495**	91,516
Profit and loss account		**(286,701)**	(110,530)
Total shareholders' funds		**2,465,617**	2,378,846
Non-controlling interests		**(18,237)**	(12,794)
Capital employed		**2,447,380**	2,366,052

These consolidated financial statements on pages 45 to 95 were approved by the Board of directors on 24 December 2024 and are signed on their behalf by:

SM Grant
Director
Registered number 12601636

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Company balance sheet as at 30 June 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Investments	10	**3,426,517**	2,991,990
		3,426,517	2,991,990
Current assets			
Debtors	13	**57,714**	26,543
Cash at bank and in hand	11	**120**	17,478
		57,762	44,021
Creditors: amounts falling due within one year	14	**(263)**	(700)
Net current assets		**57,571**	43,321
Total assets less current liabilities		**3,484,088**	3,035,31
Net assets		**3,484,088**	3,035,311
Capital and reserves			
Called up share capital	18	**191,670**	175,876
Share premium account		**889,369**	608,084
Merger reserve		**1,886,204**	1,986,457
Profit and loss account		**516,845**	264,893
Total shareholders' funds		**3,484,088**	3,035,311

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the financial period dealt with in the financial statements of the Company was £155,194,237 (2023: £192,055,220).

These financial statements on pages 45 to 95 were approved by the Board of directors on 24 December 2024 and are signed on their behalf by:

SM Grant
Director
Registered number 12601636

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Group statement of changes in equity for the year ended 30 June 2024

	Called up share capital	Share premium account	Merger reserve	Cash flow hedge reserve	Profit and loss account	Total share-holders' funds	Non-controlling interest	Capital employed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 July 2022 (as stated)	161,662	364,882	1,635,569	51,917	9,791	2,222,821	(2,901)	2,220,920
Profit for the financial year	–	–	–	–	(132,896)	(111,226)	1,337	(109,889)
Changes in market value of cash flow hedges	–	–	–	39,599	–	39,599	–	39,599
Foreign exchange loss on retranslation of subsidiaries	–	–	–	–	(9,093)	(9,093)	–	(9,093)
Other comprehensive income/(expense) for the year	–	–	–	39,599	(9,093)	30,506	–	30,506
Total comprehensive income/(expense) for the year	–	–	–	39,599	(141,989)	(102,390)	1,337	(101,053)
Non-controlling interest arising on business combination	–	–	–	–	–	–	(11,230)	(11,230)
Utilisation of merger reserve	–	–	(21,670)	–	21,670	–	–	–
Shares issued during the year	14,214	243,202	–	–	–	257,417	–	257,417
Balance as at 1 July 2023	**175,876**	**608,084**	**1,613,899**	**91,516**	**(110,528)**	**2,378,846**	**(12,794)**	**2,366,052**
Profit for the financial year	**–**	**–**	**–**	**–**	**(159,360)**	**(159,360)**	**(5,443)**	**(164,803)**
Changes in market value of cash flow hedges	**–**	**–**	**–**	**(20,006)**	**–**	**(20,006)**	**–**	**(20,006)**
Foreign exchange gain on retranslation of subsidiaries	**–**	**–**	**–**	**–**	**92**	**92**	**–**	**92**
Other comprehensive income/(expense) for the year	**–**	**–**	**–**	**(20,006)**	**92**	**(19,914)**	**–**	**(19,914)**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**(20,006)**	**(159,268)**	**(179,274)**	**(5,443)**	**(184,717)**
Disposal of subsidiary	**–**	**–**	**–**	**(24,015)**	**(3,523)**	**(27,538)**	**–**	**(27,538)**

4 | FINANCIAL STATEMENTS 30 JUNE 2024

	Called up share capital	Share premium account	Merger reserve	Cash flow hedge reserve	Profit and loss account	Total share-holders' funds	Non-controlling interest	Capital employed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Utilisation of merger reserve	**–**	**–**	**9,885**	**–**	**(9,885)**	**–**	**–**	**–**
Shares issued during the year	**15,998**	**281,285**	**–**	**–**	**–**	**297,283**	**–**	**297,283**
Shares cancelled during the year	**(204)**	**–**	**–**	**–**	**(3,496)**	**(3,700)**	**–**	**(3,700)**
Balance as at 30 June 2024	**191,670**	**889,369**	**1,623,784**	**47,495**	**(286,701)**	**2,465,617**	**(18,237)**	**2,447,380**

Company statement of changes in equity for the year ended 30 June 2024

	Called up share capital	Share premium account	Merger reserves	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 30 June 2022	161,662	364,882	1,986,457	72,839	2,585,839
Profit for the financial year	–	–	–	192,055	192,055
Utilisation of merger reserve	–	–	–	–	–
Total comprehensive income	–	–		192,055	192,055
Shares issued during the year	14,214	243,202	–	–	257,416
Shares cancelled during the year	–	–	–	–	–
Balance as at 30 June 2023	**175,876**	**608,084**	**1,986,457**	**264,893**	**3,035,311**
Profit for the financial year	**–**	**–**	**–**	**155,194**	**155,194**
Utilisation of merger reserve	**–**	**–**	**(100,253)**	**100,253**	**–**
Total comprehensive income	**–**	**–**	**(100,253)**	**255,447**	**155,194**
Shares issued during the year	**15,998**	**281,285**	**–**	**–**	**297,283**
Shares cancelled during the year	**(204)**	**–**	**–**	**(3,496)**	**(3,700)**
Balance as at 30 June 2024	**191,670**	**889,369**	**1,886,204**	**516,844**	**3,484,088**

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Group statement of cash flows for the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit/(loss) for the financial year attributable to the owners of the parent		**(159,360)**	(132,896)
Adjustments for:			
Tax on profit/(loss)	7	**(20,306)**	(17,208)
Interest receivable and similar income	6	**(2,030)**	(713)
Interest payable and other similar charges	6	**52,215**	49,264
Gain on disposal of subsidiaries	8	**(27,751)**	1,045
Income from fixed asset investments		**(747)**	(955)
Amortisation and impairment of intangible fixed assets	8	**52,171**	43,991
Depreciation of tangible fixed assets	9	**108,324**	103,754
Impairment of fixed assets		**12,716**	21,670
Non-cash staff costs		**–**	3,961
Movements on derivatives and foreign exchange		**4,256**	(19,149)
Increase in stock		**(99,312)**	(48,283)
(Increase)/decrease in debtors		**(6,579)**	(160,903)
Increase/(decrease) in creditors		**(62,366)**	105,863
Non-controlling interests	19	**(5,443)**	1,337
Non-cash movement of goodwill		**5,638**	–
Tax received/(paid)		**(18,047)**	8,528
Net cash used from operating activities		**(166,621)**	(40,694)
Cash flows from investing activities			
Purchase of subsidiary undertakings (net of cash acquired)		**81**	(19,176)
Sale of subsidiary undertakings and joint venture		**121,773**	120,521
Purchase of tangible assets		**(206,788)**	(490,656)
Sale of tangible fixed assets		**1,780**	–
Sale of intangible assets		**(10,242)**	90
Purchase of unlisted investments		**(60,533)**	(65,335)
Sale of unlisted investments	10	**61,500**	88,000
Interest received	6	**2,030**	713
Movements in merger relief reserve		**9,885**	–
Net cash used in investing activities		**(80,514)**	(365,843)
Cash flows from financing activities			
Proceeds from financing		**88,154**	284,617
Repayments of financing		**(121,602)**	(186,453)
Interest paid		**(52,215)**	(49,264)
Proceeds from share issue	18	**297,283**	257,417
Cancellation of shares	18	**(3,700)**	–
Net cash generated from financing activities		**207,920**	306,317
Net (decrease)/increase in cash and cash equivalents		**(39,215)**	(99,496)
Cash and cash equivalents at the beginning of the year	11	**156,919**	256,415
Exchange gains on cash and cash equivalents		**(2,223)**	724
Cash and cash equivalents at the end of the year	11	**115,481**	156,919

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Statement of accounting policies

Company information

Fern Trading Limited is a private company limited by shares and incorporated on 14 May 2020. The company is domiciled in England, the United Kingdom and registered under company number 12601636. The address of the registered office is at 6th Floor, 33 Holborn, London, England, EC1N 2HT.

Statement of compliance

The Group and individual financial statements of Fern Trading Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The consolidated financial statements include the results of all subsidiaries owned by Fern Trading Limited as listed in note 29 of the annual financial statements. Certain companies of these subsidiaries, which are listed in note 29, have taken the exemption from an audit for the year ended 30 June 2024 permitted by section 479A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company has given a statutory guarantee, in line with section 479C of Companies Act 2006, of all the outstanding net liabilities as at 30 June 2024.

Going concern

The Group's and the Company's business activities, together with the factors likely to affect its future development, performance and position are set out the Strategic Report on pages 4 to 21. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 32 to 36. The principal risks of the Group are set out on pages 18 to 21.

The Directors perform an annual going concern review that considers the Group's ability to meet its financial obligations as they fall due, for the period to 31 December 2025. The assessment is to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Group to continue as a going concern.

In coming to the conclusion that the going concern basis remains appropriate, the Directors have also considered the Group's current liquidity and available external financing facilities, with particular consideration given to the repayment obligations of those facilities. The Directors note that the Group's £290m Revolving Credit Facility ("RCF") is due to mature on 16 February 2026, which is two months after the end of the going concern assessment period. The Directors are confident that an extension of the RCF will be available prior to maturity, based on conversations with existing banks and other relationship banks which have expressed interest to participate, all of whom are long-term partners of the Group. The Group is in compliance with the covenants of the RCF, with adequate headroom and no mitigating actions, and is confident in its ability to maintain compliance moving forward. The Directors intend for the extension to cover the same assets, commitment terms and amount as the current facility.

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Statement of accounting policies

Other than the requirement to extend the RCF in February 2026, no significant issues have been noted and as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and that the going concern basis of preparation is appropriate.

In reaching this conclusion the Directors have reviewed the financial impact multiple scenarios (base, upside and conservative scenarios) on the Group's balance sheet, profit and loss and cash flows with specific consideration given to the following:

The Group prepared forecasts on base case and upside scenarios which detail our current operational strategy, and our growth pipelines respectively. A conservative forecast was also produced in order to ascertain what scenarios would result in risks to the Group's liquidity position, which considered the liquidity impact of deployment strategies that are controllable by the Group, as well as the unlikely case of no additional shareholder investment. Under all three scenarios the Group was able to sustain its current operational costs and meet all liabilities as they fall due for the period ended 31 December 2025 when utilising the available facilities within the Group.

The Group has a number of financing facilities that contain covenants requiring the Group to maintain specified financial ratios and comply with certain other financial covenants. These financial covenants are tested at least biannually, and, at the date of this report, the Group is in compliance with all its financial covenants. Forecast covenant compliance during the going concern period indicates headroom in excess of 40% on all covenants. On the RCF facility, the Group's main funding facility, while the Group is forecasting revenue and EBITDA growth it would take a 57% decline from prior year relevant revenues to breach covenants on this facility. These circumstances are both considered remote during the period to 31 December 2025.

At 30 June 2024, the Group had available cash of £115m and headroom available of £135m including the RCF of £290m. Long term debt of £96m is due to mature in less than one year, with the remainder of £862m payable in more than one year, including £175m drawn from the RCF. The Group's facilities, repayment dates and undrawn amounts are set out in Note 16 Loans and Borrowings.

Key accounting judgement and estimates have been made with consideration given to the current economic outlook. Key estimates include loan recoverability, valuation of work in progress, decommissioning provisions, impairment of goodwill and investments, business combinations and hedge accounting. Details are set out on pages 60 to 61.

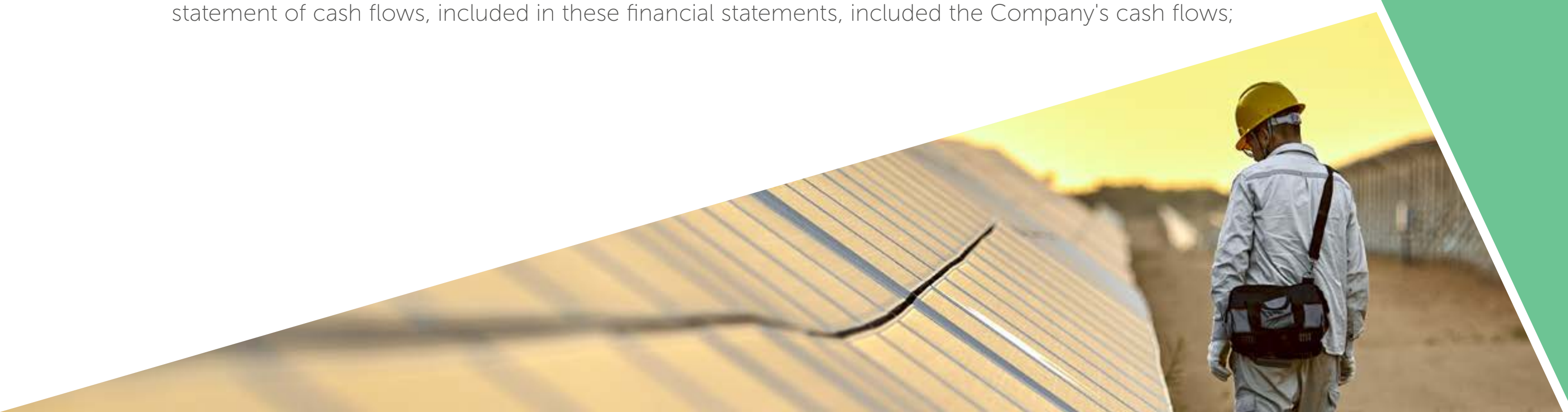
Based on the above assessment of current economic conditions and the impact on the Group's financial position, liquidity and financial covenants, the Directors have concluded that the Group and the Company has adequate resources to continue in operational existence for the next 12 months, to 31 December 2025. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, included the Company's cash flows;



4 | FINANCIAL STATEMENTS 30 JUNE 2024

Statement of accounting policies

ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

iii. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The consolidated financial statements include the results of Fern Trading Limited and all its subsidiary undertakings made up to the same accounting date. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the income statement from the effective date of acquisition or disposal.

All undertakings over which the Group exercises control, being the power to govern the financial and operating policies so as to obtain benefits from their activities, are consolidated as subsidiary undertakings. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where the Group has written a put option over shares held by a non-controlling interest, the Group derecognises the non-controlling interest and instead recognised contingent deferred consideration liability within other payables for the estimated amount likely to be paid to the non-controlling interest on exercise of those options. The residual amount, representing the difference between any consideration paid/payable and the non-controlling interest's share of net assets, is recognised as goodwill. Movements in the estimated liability after initial recognition are recognised as goodwill.

Foreign currency

i. Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is pound sterling and rounded to thousands.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

All foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

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Statement of accounting policies

iii. Translation

The trading results of Group undertakings are translated into pounds sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Turnover

The Group operates a number of classes of business. Revenue is derived by the following:

- Energy
  Turnover from the sale of electricity generated by solar farms, wind generating assets, reserve power plants and biomass and landfill sites is recognised on an accruals basis in the period in which it is generated. Revenue from long-term government backed offtake agreements, such as the Renewable Obligation Certification ("ROC") scheme are accrued in the period in which it relates to. Turnover from the sale of fertiliser by biomass and landfill businesses is recognised on physical dispatch.
- Lending
  Turnover represents arrangement fees and interest on loans provided to customers, net of any value added tax. Loan interest is recognised on an accrual basis in line with contractual terms of the loan agreement. Arrangement fees are spread over the life of the loan to which they relate.
- Fibre
  Turnover is recognised at the fair value of the consideration received for internet connectivity and related IT services provided in the normal course of business, and is shown net of VAT. Turnover is recognised based on the date the service is provided.
- Housebuilding
  Turnover is recognised on legal completion of the sale of property, land and commercial spaces. Turnover from housing association contracts is recognised by reference to the value of work completed as a proportion of the total contract value. Turnover for retirement living is recognised when the significant risks and rewards of ownership of retirement properties have passed to the buyer (on legal completion), the amount of revenue can be recognised reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Short-term benefits

Short-term benefits including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

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Statement of accounting policies

ii. Defined contribution pension plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

iii. Share-based payments

Cash-settled share-based payments are measured at fair value at the balance sheet date. The Group recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of units that will actually vest and the current proportion of the vesting period. Changes in the value of this liability are recognised in the income statement.

The Group has no equity-settled arrangements.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and released to the profit and loss account over the term of the debt.

Current and deferred tax

Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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Statement of accounting policies

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and the equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated as goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ("CGU's") that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is determined based on the estimated lifespan of the assets acquired. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding ten years. Goodwill is reviewed and assessed for impairment indicators on an annual basis and any impairment is charged to the profit and loss.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. Tangible assets are depreciated over their estimated useful lives, as follows:

Land and buildings	2% to 4% straight line
Power stations	3% to 5% straight line
Plant and machinery	4% to 33% straight line
Network assets	4% to 6% straight line

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or depreciation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

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Statement of accounting policies

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Development rights	25 and 30 years
Software	2 to 10 years

Amortisation expenses are included in administrative expenses. Development rights relate to planning consent to build a solar farm and a wind farm acquired on acquisition.

Where factors, such as changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments

The Company holds investments in a subsidiary at cost less accumulated impairment losses. If an impairment loss is subsequently reversed, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Cash

Cash includes cash in hand and deposits repayable on demand. Restricted cash represents cash for which the Group does not have immediate and direct access or for which regulatory or legal requirements restrict the use of the cash.

Stocks

Raw materials, spare parts and consumables are valued at the lower of cost and net realisable value. Where necessary, a provision is made for obsolete, slow-moving and defective stock. Cost is determined on the

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first-in, first-out (FIFO) method.

Fuel stocks (MBM and litter) are valued on an average cost basis over one to two months and provision for unusable litter is reviewed monthly and applied to off-site stock.

Fuel stock of straw has been valued at the historical cost per tonne of straw. A provision for unusable straw is identified on an individual stack basis and is reviewed monthly. Stocks are used on a first in, first out ("FIFO") basis by age of straw.

Stocks of ash at Fibrophos are valued at the lower of cost and net realisable value to the Group.

Stocks of property development work in progress ("WIP") are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present locations and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss through the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

Accrued income

Accrued income on loans is calculated at the rate of interest set out in the loan contracts. Energy income is accrued over the period in which it has been generated.

Deferred income

Deferred income is recognised in accordance with the terms set out in the contact. Deferred income is released to the profit and loss account in the period to which it relates.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Provisions

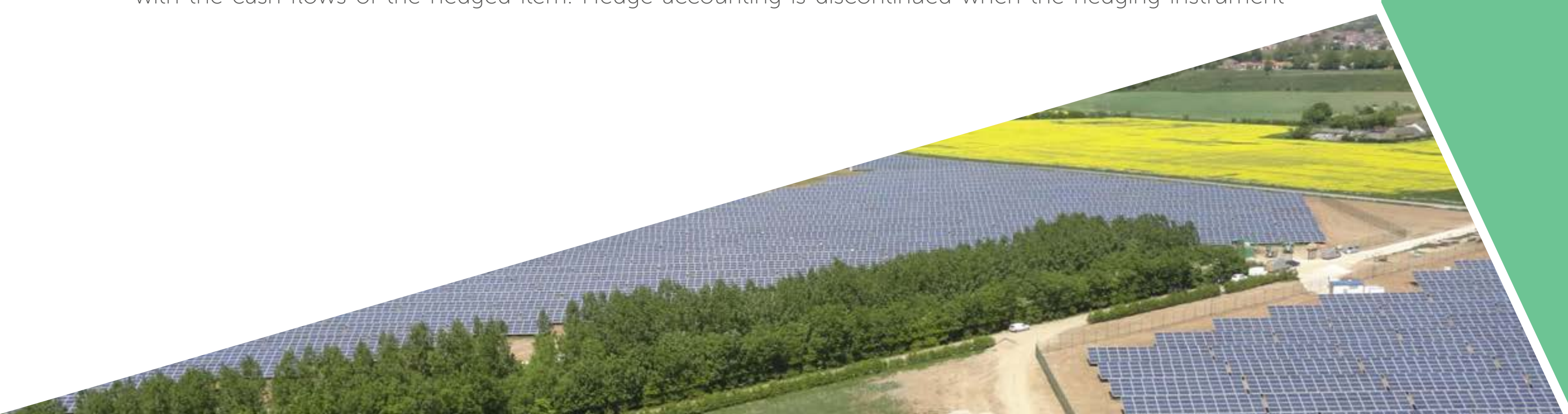
Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Hedging

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the profit and loss.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss in accordance with the cash flows of the hedged item. Hedge accounting is discontinued when the hedging instrument



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expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Share capital

Ordinary shares issued by the Group are recognised in equity at the value of the proceeds received, with the excess over nominal value being credited to share premium.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Key accounting judgements and estimates

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates and judgements in preparing these financial statements are:

i. Recoverability of loans and advances to customers (estimate)

Loans and advances to customers, including associated accrued income balances, are reviewed for impairment on a biannual basis. In considering the need for a provision, management determine their best estimate of the expected future cash flows on a case by case basis. As this estimate relies on a certain number of assumptions about future events which may differ from actual outcomes, including the borrower's ability to repay interest and capital due in future periods, this gives rise to judgement as to whether there is a shortfall between the carrying value and the fair value of the debtor balance.

Management note that provisions against loans and advances is a critical estimate and have therefore performed sensitivity analysis on the provision. The results of the sensitivity analysis conclude that a change of +/- one per cent in the amount provided against the estimated balance at risk would have resulted in £3.6m less/more expenditure being charged to the income statement during the period. See note 13 for the carrying amount of the debtors and provisions at 30 June 2024.

ii. Value of property development work in progress ('WIP') (estimate)

Property development WIP is reviewed for impairment on a periodic basis. In considering the need for a provision, management determine their best estimate of the recoverable value. Management engage an expert external valuer to provide key assumptions about future events which may differ from actual outcomes, including property valuations, rate of sales and development costs.

These estimates give rise to judgement as to whether there is a shortfall between the carrying value and the fair value of the balance as at the 30 June 2024. Post year end, management have reviewed the assumptions used to determine the value of property development WIP and have observed no changes in performance that would impact the valuation as at the 30 June 2024. See note 12 for the carrying amount of the property development WIP.

iii. Business combinations (estimate)

The cost of a business combination is the fair value of the consideration given, liabilities incurred plus the

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costs directly attributable to the business combination. Fair value of these combinations is a key estimate and more details are provided on page 56.

iv. Decommissioning provision (estimate)
The provision for decommissioning costs is measured at management's best estimate of the present value of the expenditure required to settle the future obligation to return land on which there are operational wind and solar farms, to its original condition. The level of the provisions is determined to a significant degree by the estimation of future dismantling and restoration costs, as well as the timing of dismantlement.

Wind Farms (estimate):
Management note that decommissioning provisions is a critical estimate and have therefore performed sensitivity analysis. The results of the sensitivity analysis conclude that a change of +/- one per cent in the discount rate would have resulted in £2.2m increase/decrease in the provision. See note 17 for the provision recognised at 30 June 2024. Management utilise external expertise to provide an estimated cost to dismantle and have used a discount rate of 4.7% to reflect the time in value of money and the risks specific to the obligation.

UK Solar (estimate):
Management note that decommissioning provisions is a critical estimate and have therefore performed sensitivity analysis. The results of the sensitivity analysis conclude that a change of +/- one per cent in the discount rate would have resulted in £3.0m increase/decrease in the provision. See note 17 for the provision recognised at 30 June 2024. Management utilise external expertise to provide an estimated cost to dismantle and have used a discount rate of 4.7% to reflect the time in value of money and the risks specific to the obligation.

French Solar (judgment):
Management believe that given the nature of these particular assets, the lessor may wish to either take title of the assets for either continued use or to realise value through selling the assets and as such do not believe that an outflow is probable to settle this restoration obligation. Management will continue to monitor the situation at each balance sheet date.

v. Deferred customer acquisition costs (estimate)
Sales, marketing and installation costs incurred to acquire customers in the fibre division are capitalised and amortised over the expected customer tenure, with the average customer tenure determined based on available internal and external churn rate data. This estimated customer tenure will be reviewed annually and if evidence exists to support a differing tenure the contract asset deferral period will be revised.

vi. Impairment of goodwill and investments (estimate)
The value of goodwill held by the Group and investments in subsidiary undertakings held by the Company is reviewed annually for impairment. The recoverability of these balances is considered with reference to the present value of the estimated future cash flows. These calculations use cash flow projections which extend forward forecast business performance together with assumptions surrounding the expected life of the asset, externally prepared forecasts and valuations, and any adjustments required to the discount rate to take account of business risk. The estimated present value of these future cash flows is sensitive to the discount rate and growth rate used in the calculation, all of which require management's judgement. Testing of the carrying value has been performed during the year, which has involved several scenarios being modelled. Based on this testing and the resulting impairment recognised on investments, management believes there is sufficient headroom to support the value of goodwill and investments in subsidiary entities.

Management note that impairment of goodwill and investments is a critical estimate and have therefore performed sensitivity analysis on the provision. The results of the sensitivity analysis conclude that a change of +/- one per cent in the amount provided against the estimated balance at risk would have resulted in £5.14m less/more expenditure being charged to the income statement during the period. See note 8 for the carrying amount of the goodwill and investments at 30 June 2024.

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Notes to the financial statements for the year ended 30 June 2024

1 Turnover

Analysis of turnover by category

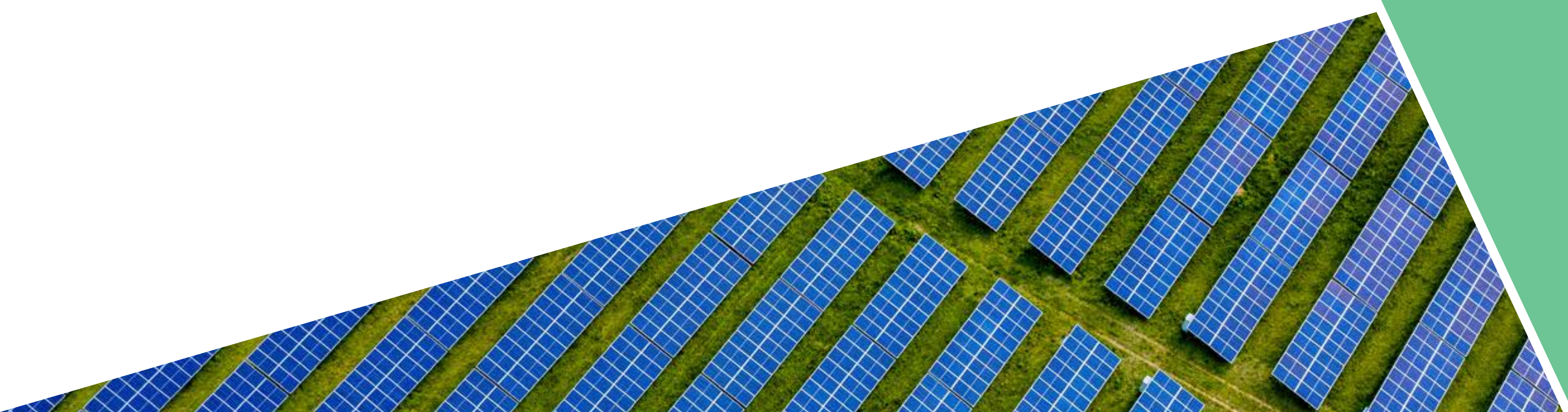
	2024 £'000	2023 £'000
Lending activities	**49,198**	48,613
Energy operations – solar, reserve power and wind	**247,851**	393,562
Energy operations – biomass and landfill	**219,237**	212,158
Healthcare operations	**–**	25,794
Retirement Village	**28,102**	29,055
Housebuilding	**64,016**	74,932
Fibre operations	**25,542**	16,237
	633,946	800,351

Analysis of turnover by geography

	2024 £'000	2023 £'000
United Kingdom	**511,270**	669,180
Europe	**116,762**	127,287
Rest of world	**5,914**	3,884
	633,946	800,351

Other income

	2024 £'000	2023 £'000
Liquidated damages and insurance proceeds	**6,852**	4,968



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Notes to the financial statements for the year ended 30 June 2024

2 Operating profit

This is stated after charging/(crediting):

	2024 £'000	2023 £'000
Amortisation of intangible assets (note 8)	**45,634**	43,055
Impairment of intangible assets (note 8)	**6,537**	936
Depreciation of tangible assets (note 9)	**108,323**	103,754
Impairment of fixed assets and WIP (note 9)	**12,716**	21,670
Auditors' remuneration – Company and the Group's consolidated financial statements	**56**	53
Auditors' remuneration – audit of Company's subsidiaries	**1,248**	1,129
Auditors' remuneration – non-audit services	**482**	564
Auditors' remuneration – tax compliance services	**547**	507
Difference on foreign exchange	**2,248**	650
Operating lease rentals	**17,780**	12,677

3 Staff costs

	2024 £'000	2023 £'000
Wages and salaries	**100,142**	94,557
Social security costs	**13,708**	10,168
Other pension costs	**5,063**	3,304
	118,913	108,029

The Group provides a defined contribution schemes for its employees in the UK. The amount recognised as an expense for the defined contribution scheme is shown in the table above.

The monthly average number of persons employed by the Group during the year was:

	2024 Number	2023 Number
Production	**1,032**	1,067
Administration	**895**	851
Directors	**5**	5
	1,932	1,923

The Company had one other employee other than Directors during the period ended 30 June 2024 (2023: 1).

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Notes to the financial statements for the year ended 30 June 2024

4 Directors' remuneration

	2024 £'000	2023 £'000
Emoluments	**314**	293

During the year no pension contributions were made in respect of the directors (2023: none).

The Group has no other key management (2023: none).

5 Employee share scheme

A number of subsidiaries of the Group operate a cash-settled LTIP to qualifying employees, whereby employees render services in exchange for cash, the amount of which is determined by reference to the valuation of the underlying subsidiary. The fair value of the liability for the awards made is measured at each reporting date and at the settlement date. The fair value is recognised over the vesting period. The amount of expense recognised takes into account the best available estimate of the number of units expected to vest under the service and performance conditions underlying each award granted.

Cash-settled share-based payment transactions with employees

	2024 Number of awards	2023 Number of awards
Opening outstanding balance	**3,555,897**	3,678,314
Movement during the year	**(282,896)**	(122,417)
Closing outstanding balance	**3,273,001**	3,555,897

The total credit for the year was £1,234,000 (2023: charge £3,961,000) and at the 30 June 2024 there was a liability of £4,230,000 included within creditors greater than one year (2023: £5,464,000).

6 Interest

Interest receivable and similar income	**2024 £'000**	2023 £'000
Interest on bank balances	**2,030**	713

Interest payable and similar expenses	**2024 £'000**	2023 £'000
Interest on bank borrowings	**47,238**	46,322
Amortisation of issue costs on bank borrowings	**4,977**	2,943
	52,215	49,265

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Notes to the financial statements for the year ended 30 June 2024

7 Tax on profit/(loss)

a) Analysis of charge in year

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax charge on profit/(loss) for the year	**0**	(99)
Adjustments in respect of prior periods	**(2,555)**	623
Foreign tax suffered	**3,155**	2,089
Foreign tax adjustment in respect of prior periods	**239**	–
Total current tax charge/(credit)	**838**	2,613
Deferred tax:		
Origination and reversal of timing differences	**(13,229)**	(25,748)
Adjustments in respect of prior periods	**(7,917)**	7,285
Effect of change in tax rates	**2**	(1,358)
Total deferred tax	**(21,144)**	(19,821)
Tax charge on profit/(loss) on ordinary activities	**(20,306)**	(17,208)

b) Factors affecting tax charge for the year

The tax assessed for the year is equal to (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 21%). The differences are explained below:

	2024 £'000	2023 £'000
Profit/(loss) before tax	**(185,109)**	(148,767)
Profit/(loss) before tax multiplied by blended rate of corporation tax in the UK of 25% (2023: 21%)	**(46,277)**	(30,497)
Effects of:		
Expenses not deductible for tax purposes	**18,117**	12,874
Income not taxable for tax purposes	**(15,376)**	(892)
Other effects	**3,246**	(5,407)
Deferred tax not provided	**30,217**	–
Adjustments in respect of prior periods	**(10,234)**	7,896
Effects of change in tax rates	**–**	(1,182)
Total tax charge for the year	**(20,306)**	(17,208)

c) BEPS Pillar 2:

Legislation covering the OECD's BEPS Pillar Two principles has been enacted or substantively enacted in all jurisdictions the Group currently operates. The legislation will be effective for the Group's financial year beginning 1 July 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in all but one of the jurisdictions in which the Group operates are above 15%. However, for one jurisdiction where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%, the Group does not expect a material exposure to Pillar Two income taxes.

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Notes to the financial statements for the year ended 30 June 2024

d) Deferred tax

The amount of deferred tax liabilities and deferred tax assets at the end of the reporting period fully offset each other to nil. Full details for deferred tax assets and liabilities are provided in note 28.

8 Intangible assets

Group	Software £'000	Goodwill £'000	Development rights £'000	Total £'000
Cost				
At 1 July 2023	11,748	760,687	5,098	777,533
Acquired through business combinations (note 26)	–	1,086	–	–
Additions	10,293	19	–	11,398
Derecognition of minority interest	–	(5,638)	–	(5,638)
Disposals	(256)	(1,044)	(4,058)	(5,358)
Transfers	20,061	–	–	20,061
At 30 June 2024	**41,846**	**755,110**	**1,040**	**797,996**
Accumulated amortisation				
At 1 July 2023	1,754	246,655	250	248,659
Disposals	–	–	(306)	(306)
Impairment	–	6,537	–	6,537
Charge for the year	5,800	39,778	56	45,634
Transfers	3,785	–	–	3,785
Gain on translation	–	142	–	142
At 30 June 2024	**11,339**	**293,112**	–	**304,451**
Net book value				
At 30 June 2024	**30,507**	**461,998**	**1,040**	**493,545**
At 30 June 2023	9,997	514,032	4,848	528,874

The gain on translation of foreign currency denominated goodwill is recognised in other comprehensive income. Amortisation of goodwill is charged to administration costs.

Details of the subsidiaries acquired during the year ended 30 June 2024 can be found in note 26.

On 24th October 2023 Fern Trading Development Limited, a subsidiary of the Group sold the entire share capital of Dulacca HoldCo Pty Ltd and its subsidiaries for consideration of £139m, with a gain on disposal of £26m being recognised in the profit and loss account. Development rights relating to this sale were £4m with accumulated amortisation of £0.3m.

Impairment of £6.5m has been recognised on goodwill (2023: £0.9m). No assets have been pledged as security for liabilities at year end (2023: none). The Company had no intangible assets at 30 June 2024 (2023: none).

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Notes to the financial statements for the year ended 30 June 2024

9 Tangible assets

Group	Land and buildings £'000	Power stations £'000	Plant and machinery £'000	Network assets £000	Assets under construction £'000	Total £'000
Cost						
At 1 July 2023	18,991	320,987	1,508,751	275,329	588,824	2,712,882
Additions	2,402	10,074	22,795	53,868	175,943	265,412
Acquired through business combinations (note 26)	–	–	330	–	–	–
FX/fair value movement	–	–	2,625	–	(974)	1,651
Transfers	(3,873)	616	7,602	202,304	(270,326)	(63,677)
Disposals	–	–	(5,109)	(306)	(275,711)	(281,126)
At 30 June 2024	**17,520**	**331,677**	**1,536,994**	**531,195**	**217,756**	**2,635,142**
Accumulated depreciation						
At 1 July 2023	1,669	122,811	533,847	19,001	–	677,328
Charge for the year	581	16,820	69,113	21,810	–	108,324
Disposals	315	(132)	(2,853)	(250)	–	(2,920)
Transfers	(108)	–	(1,367)	(2,044)	–	(3,519)
Impairment	–	–	–	520	22,533	23,053
FX/fair value movement	–	–	(202)	–	–	(202)
At 30 June 2024	**2,457**	**139,499**	**598,538**	**39,037**	**22,533**	**802,064**
Net book value						
At 30 June 2024	**15,063**	**192,178**	**938,456**	**492,158**	**195,223**	**1,833,078**
At 30 June 2023	17,322	198,176	974,904	256,328	588,824	2,035,554

Included within tangible assets are capitalised finance costs directly attributable to bringing the asset into use. The net carrying amount of assets held under finance leases included in plant, machinery, fixtures and fittings is £nil (2023: £nil). Included in network assets is a provision of £520,000 (2023: £2,070,000) for obsolete equipment and development. During the year, an impairment charge of £22,533,000 (2023: £nil) was recognised for assets under construction.

The Company had no tangible assets at 30 June 2024 (2023: none).

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Notes to the financial statements for the year ended 30 June 2024

10 Investments

Group	Unlisted investments £'000	Total £'000
Cost and net book value		
At 1 July 2023	13,742	13,742
Additions	61,280	61,280
Disposals	(61,500)	(61,500)
At 30 June 2024	**13,522**	**13,522**
At 30 June 2023	13,742	13,742

Company	Subsidiary undertakings £'000	Total £'000
Cost		
At 30 June 2023	2,991,990	2,991,990
Additions	534,780	534,780
At 30 June 2024	**3,526,770**	**3,526,770**
Accumulated impairments		
At 30 June 2023		
Impairments	(100,253)	(100,253)
At 30 June 2024	**(100,253)**	**(100,253)**
Net book value		
At 30 June 2024	**3,426,517**	**3,426,517**
At 30 June 2023	2,991,990	2,991,990

Details of related undertakings are shown in note 29.

Unlisted investments comprise the Group's holding of the members' capital of Terido LLP, a lending business, Fern co-founded Terido LLP in October 2012 with the intention of conducting a proportion of its future trade through the partnership. Additions and disposals of unlisted investments relate to contributions and withdrawals in Terido LLP in line with Fern's cash requirements and to utilise surplus funds. The directors do not consider Terido LLP to be subsidiary undertakings of Fern Trading Limited.

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Notes to the financial statements for the year ended 30 June 2024

11 Cash at bank and in hand

Cash includes cash in hand and deposits repayable on demand.

Restricted cash represents cash for which the Group does not have immediate and direct access or for which regulatory or legal requirements restrict the use of the cash.

	Group	
	2024	2023
	£'000	£'000
Cash at bank and in hand	**78,209**	104,744
Restricted cash	**37,272**	52,175
Cash at bank and in hand	**115,481**	156,919

Restricted cash is comprised of £37,271,539 of cash held in subsidiaries with bi-annual distribution windows (2023: £52,175,231).

The Company had a cash balance of £120,000 as at 30 June 2024, none of which was restricted (2023: £17,478,000).

12 Stocks

	Group	
	2024	2023
	£'000	£'000
Ash stock	**2,822**	1,978
Fuel, spare parts and consumables	**21,389**	27,132
Property development WIP	**338,717**	234,506
	362,928	263,616

The amount of stocks recognised as an expense during the year was £156,768,000 (2023: £157,827,000).

Included in the fuel, spare parts and consumables stock value is a provision of £737,000 for unusable fuel stock (2023: £378,000). Including in property development WIP is a provision of £77,000 (2023: £591,000) for warranty and site specific provisions.

There has been no impairment recognised during the year on stock (2023: none). No inventory has been pledged as security for liabilities (2023: none).

The Company had no stocks at 30 June 2024 (2023: none).

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Notes to the financial statements for the year ended 30 June 2024

13 Debtors

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Amounts falling due after one year				
Loans and advances to customers	**40,672**	141,927	**–**	–
Prepayments	**25,000**	18,714	**–**	–
Amounts falling due within one year				
Loans and advances to customers	**396,102**	297,609	**–**	–
Trade debtors	**25,543**	26,075	**–**	14
Amounts owed by related parties (note 24)	**–**	–	**47,676**	21,227
Other debtors	**31,300**	21,338	**–**	494
Corporation tax	**–**	3,475	**9,902**	4,624
Derivative financial instruments (note 21)	**200,361**	108,164	**–**	–
Prepayments and accrued income	**199,574**	189,146	**136**	184
Assets held for resale	**–**	18,620	**–**	–
	784,524	825,068	**57,714**	26,543

Loans and advances to customers are stated net of provisions of £29,146,000 (2023: £34,942,000). Prepayments and accrued income are stated net of provisions of £23,206,000 (2023: £20,427,000).

Assets held for resale were in relation to One Healthcare where tangible fixed assets were reclassified to current assets as at 30 June 2023 and subsequently disposed of. A previous impairment related to assets held for sale was reversed in the period, of £9,885,000.

No interest is charged on amounts owed by group undertakings, as the outstanding balances are unsecured and repayable on demand (2023: none).

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Notes to the financial statements for the year ended 30 June 2024

14 Creditors: amounts falling due within one year

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts (note 16)	**270,560**	217,142	**–**	–
Trade creditors	**38,777**	50,183	**1**	1
Other taxation and social security	**1,090**	–	**–**	–
Other creditors	**34,077**	52,303	**71**	–
Finance leases (note 16)	**371**	29,844	**–**	–
Accruals and deferred income	**86,229**	81,419	**191**	699
	431,104	430,891	**263**	700

15 Creditors: amounts falling due after more than one year

	Group	
	2024	2023
Amounts falling due between one and five years	**£'000**	£'000
Bank loans and overdrafts (note 16)	**463,699**	700,520
Finance leases (note 16)	**–**	2,052
Other creditors	**–**	2,274
	463,699	704,846

	Group	
	2024	2023
Amounts falling due after more than five years	**£'000**	£'000
Bank loans and overdrafts (note 16)	**223,576**	240,522
Finance leases (note 16)	**–**	4,578
	223,576	245,100
Total creditors falling due after more than one year	**687,275**	949,946

The Company has no creditors due in greater than one year.

Amounts owed to related parties are unsecured, non-interest bearing and repayable on demand.

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Notes to the financial statements for the year ended 30 June 2024

16 Loans and other borrowings

Group	2024 £'000	2023 £'000
Due in one year	**270,560**	217,142
Due between one and five years	**463,699**	700,520
Due in more than five years	**223,576**	240,522
	957,835	1,158,184

The Company had no bank loans at 30 June 2024.

The bank loans are secured against assets of the Group with each loan as held by the subsidiary shown below:

	Interest rate	2024 £'000	2023 £'000
Viners Energy Limited	SONIA + 1.7% + 0.2766%	**390,734**	411,016
Cedar Energy and Infrastructure Limited	SONIA + 2%	**175,000**	125,000
Elios Energy 2 Limited	Fixed Rate: (1,70%) Floating rate : (EURIBOR 3m +1,20%)	**23,523**	26,609
Elios Energy 3 France SAS	1.2% + 6 month EURIBOR rate per annum	**51,137**	55,553
Boomerang Energy Limited	6M SONIA + 1.75%	**262,033**	281,938
Melton Renewable Energy UK Limited	SONIA + CAS + 3% margin	**55,408**	72,717
Dulacca WF Holdco PTY Ltd	1.7% + BBSY	**–**	156,563
Elivia Homes Limited	5% + SONIA + 2.5% non-utilisation fee	**–**	18,749
Millwood Designer Homes Limited	3% + SONIA + 1.2% non-utilisation fee	**–**	10,000
Zestec Asset Management Limited	Fixed rate 2.5%	**–**	39
		957,835	1,158,184

Finance leases

The future minimum finance lease payments are as follows:

	2024 £'000	2023 £'000
Payments due:		
Not later than one year	**313**	1,195
Later than one year and not later than five years	**58**	6,594
Later than five years	**–**	79,141
Total gross payments	**371**	86,930
Less: finance charges	**–**	(50,457)
Carrying amount of the liability	**371**	36,473

The finance leases primarily relate to a leased building and healthcare equipment, the latter of which were disposed of during the current period. There are no contingent rental, renewal or purchase option clauses. Rents payable increase by local inflation. Finance leases were secured against the leased assets.

The Company had no finance leases at 30 June 2024.

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Notes to the financial statements for the year ended 30 June 2024

17 Provisions for liabilities

Group	Decommissioning provision £'000	Deferred tax £'000	Total £'000
At 1 July 2023	**37,441**	**39,443**	**76,884**
Increase recognised in profit and loss	366	(13,227)	(12,861)
Increase recognised through other comprehensive income	–	(7,064)	(7,064)
Increase recognised in fixed assets	(812)	–	(812)
Adjustment in respect of prior years	–	(7,917)	(7,917)
Movement arising from the acquisition or disposal of business	–	(11,236)	(11,236)
Unwinding of discount	1,153	–	1,153
Other non-cash movement	(766)	–	(766)
Gain on translation	(63)	–	(63)
At 30 June 2024	**37,319**	–	**37,319**

The decommissioning provision is held to cover future obligations to return land on which there are operational wind, biomass and solar farms, to their original condition. The amounts are not expected to be utilised for in excess of 25 years.

The Company had no provisions at 30 June 2024.

18 Called up share capital and other reserves

The Group and Company have the following share capital:

Group **Allotted, called-up and fully paid**	**2024** **£'000**	2023 £'000
1,916,695,026 (2023: 1,758,757,920) Ordinary shares of £0.10 each	**191,670**	175,876

Company **Allotted, called-up and fully paid**	**2024** **£'000**	2023 £'000
1,916,695,026 (2023: 1,758,757,920) Ordinary shares of £0.10 each	**191,670**	175,876

During the year the Group issued 159,975,617 (2023: 142,135,908) ordinary shares of £0.10 each for an aggregate nominal value of £15,998,000 (2023: £14,214,000). Of the shares issued during the year, total consideration of £297,283,000 (2023: £257,417,000) was paid for the shares, giving rise to a premium of £281,285,000 (2023: £243,203,000). During the year the Group purchased 2,038,511 (2023: nil) of its own ordinary shares of £0.10 each with an aggregate nominal value of £204,000 (2023: £nil). Total consideration

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Notes to the financial statements for the year ended 30 June 2024

of £3,700,000 (2023: £nil) was paid for the shares, giving rise to a premium of £3,496,000 (2023: £nil). The shares were immediately cancelled after purchase.

During the year the Company issued 159,975,617 (2023: 142,135,908) ordinary shares of £0.10 each for an aggregate nominal value of £15,998,000 (2023: £14,214,000). Of the shares issued during the year, total consideration of £297,283,000 (2023: £257,417,000) was paid for the shares, giving rise to a premium of £281,285,000 (2023: £243,203,000). During the year the Company purchased 2,038,511 (2023: nil) of its own ordinary shares of £0.10 each with an aggregate nominal value of £204,000 (2023: £nil). Total consideration of £3,700,000 (2023: £nil) was paid for the shares, giving rise to a premium of £3,496,000 (2023: £nil). The shares were immediately cancelled after purchase.

There is a single class of ordinary shares. There are no restrictions on voting, the distribution of dividends, and the repayment of capital.

Cash flow hedge reserve
The cash flow hedge reserve is used to record transactions arising from the Group's cash flow hedging arrangements.

Merger reserve
The merger reserve arises from the difference between the fair value of the shares issues and the book values of the subsidiaries acquired.

19 Non-controlling interests

The movement in non-controlling interests was as follows:

		Group	
Group	Note	**2024 £'000**	2023 £'000
At 1 July 2023		**(12,794)**	(2,901)
Sale of subsidiary undertakings and acquisition of non-controlling interest		–	(11,231)
Total comprehensive loss attributable to non-controlling interests		**(5,443)**	1,337
At 30 June 2024		**(18,237)**	(12,795)

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Notes to the financial statements for the year ended 30 June 2024

20 Contingencies

As at 30 June 2024 there were no contingencies across the Group or Company.

21 Financial instruments

Carrying amounts of financial assets and liabilities:

	Group		Company	
Group	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	**493,617**	508,042	**507**	509
Measured at fair value through other comprehensive income	**65,546**	105,691	**–**	–
Carrying amount of financial liabilities				
Measured at amortised cost	**1,055,410**	1,265,555	**123**	1

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Notes to the financial statements for the year ended 30 June 2024

Derivative financial instruments

The Group's financial risk management seeks to minimise the exposure to market risk, credit risk, liquidity and cash flow risk, and energy market risk.

a) Market risk

Energy market risk

The energy sector has returned to normalised market conditions, after experiencing significant turbulence, however there is a risk that forecast levels of income are not achieved due to further drops in wholesale energy prices, and changes in off-take contracts or government scheme.

Currency risk

The Group presents its consolidated financial statements in sterling and conducts business in a number of other currencies, principally Euro and Australian dollar. Consequently, the Group is exposed to foreign exchange risk due to exchange rate movements, which affect the Group's transactional expenses and the translation of earning and net assets of its non-sterling operations

Transactional exposures

Transactional exposures arise from administrative and other expense in currencies other than the Group's presentational currency (Sterling). The Group has elected to naturally hedge exposure, and match expenses with revenue in foreign currencies, where applicable.

Translational exposures

Balance sheet translational exposures arise on consolidation on the retranslation of the balance sheet of non-sterling operations into sterling, the Group's presentational currency. The level of exposure is reviewed by management and the potential foreign exchange movement is within an acceptable level of risk and therefore, typically, the Group's policy to not to actively hedge these exposures.

Interest rate risk

The Group has exposure to fluctuations in interest rates on is borrowings. Where the Group enters into borrowing arrangements with floating rate interest, a swap arrangement is entered into to fix a portion of the interest in order to mitigate against an increase in interest rates. The portion of interest to be fixed is assessed on a case by case basis. Management can elect whether to hedge account for these arrangements on an individual transaction basis and have elected to apply hedge accounting for interest rate swaps. The swaps are based on a principal amount of the loan facility and mature on the same date. On 30 June 2024 the outstanding interest rate swaps have a maturity in excess of five years and the fair value is in an asset position of £65,546,000 (2023: liability of £105,691,000).

Price risk

The Group is a short- to medium-term lender to the residential property market. To the extent that there is deterioration in the level of house prices that affects the properties that the Group's loans are secured against, there is a risk that the Group may not recoup its full exposure. This is mitigated by the short-term nature of the loans and the conservative level of loan to value that the Group is prepared to lend at.

b) Credit risk

Customer credit risk is mitigated through the Group's credit control policies, which are in place to ensure that our customers have an appropriate credit history and are monitored on an ongoing basis.

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Notes to the financial statements for the year ended 30 June 2024

c) Liquidity risk

Liquidity risk are managed by ensuring that sufficient cash is available to fund continuing and future operations.

Liquidity risk arises on bank loans in place across the Group and is managed through careful monitoring of covenants and sensible levels of debt. Borrowing is on a long-term basis, whereas our revenue is received throughout the year, as well as interest and redemptions on our short-term loan book. Cash flow risk is managed through ongoing cash flow forecasting to ensure receipts are sufficient to meet liabilities as they fall due.

22 Capital and other commitments

At the year end the Group had capital commitments as follows:

Group	2024 £'000	2023 £'000
Contracted for but not provided in these financial statements	36,300	118,859
Undrawn facilities on loans to borrowers	202,352	197,320

At 30 June the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2024		2023	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Payments due:				
Not later than one year	13,838	2,098	10,350	781
Later than one year and not later than five years	48,784	2,619	34,358	709
Later than five years	107,783	2,261	98,367	–
	170,405	6,978	143,075	1,490

The Group had no other off-balance sheet arrangements (2023: none).

Under sections 394A and 479A of the Companies Act 2006, the parent company Fern Trading Limited has guaranteed all outstanding liabilities on those companies taking the exemption to which the subsidiaries list on pages 84 to 94 were subject to at the 30 June 2024 until they are satisfied in full. These liabilities total £915m. Such guarantees are enforceable against Fern Trading Limited by any person to whom any such liability is due.

The Company had no capital or other commitments at 30 June 2024.

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Notes to the financial statements for the year ended 30 June 2024

23 Events after the end of the reporting period

On 19 July 2024, Fern UK Power Development Limited ("FUKPD"), a subsidiary of the Group successfully sold its subsidiaries to Sky Rooftop Holdings 1 Limited, an entity managed by Octopus Energy Generation. Together, the subsidiaries made up our commercial solar portfolio, Zestec.

On 30 October 2024, Fern Fibre Trading Limited, a subsidiary of the Group successfully acquired Brillband Limited, small ISP which will be the second residential ISP operating on AllPoints Fibre's wholesale network.

On 29 November 2024, Elivia Homes Limited, a subsidiary of the Group successfully completed a refinancing exercise of its internally funded revolving credit facility, as we replaced this facility with a £100m revolving credit facility with two high street banks

24 Related party transactions

Under FRS 102 33.1A disclosures need not be given of transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

During the year, fees inclusive of VAT of £103,122,000 (2023: £90,490,000) were charged to the Group by Octopus Investments Limited, a related party due to its significant influence over the entity. Octopus Investments Limited was recharged legal and professional fees totalling £40,880 (2023: £75,000) by the Group. At the year end, an amount of £nil (2023: £nil) was outstanding which is included in trade creditors.

The Group is entitled to a profit share as a result of its contribution in Terido LLP, a related party due to key management personnel in common. In 2024 a share of profit equal to £747,000 (2023: £955,000) has been recognised by the Group. At the year end, the Group has an interest in the member's capital of £13,522,000 (2023: £13,742,000) and accrued income due of £778,000 (2023: £2,812,000).

The Group engages in lending activities which include balances provided to related parties. Regarding entities with key management personnel in common, loans of £63,351,000 (2023: £65,070,000), accrued income of £39,352,000 (2023: £28,896,000) and deferred income of £Nil (2023: £Nil) were outstanding at year end. During the year interest income of £10,456,000 (2023: £9,162,000) and fees of £54,000 (2023: £214,000) were recognised in relation to these loans.

Other than the transactions disclosed above, the Company's other related party transactions were with its wholly owned subsidiary members of the Group.

25 Ultimate parent company and controlling party

In the opinion of the directors, there is no ultimate controlling party or parent company.

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Notes to the financial statements for the year ended 30 June 2024

26 Business combinations

a) Glas 1 acquisition

On 17 November 2023, the Group expanded its Zestec development pipeline and acquired Glas 1 Limited through the purchase of 100% of share capital for consideration of £1,094,154. Once construction is finalised, the asset will be a 40-acre ground-mounted solar farm, located on Glasgow Airport-owned land next to Barnsford Road.

The following tables summarise the consideration paid by the Group, the fair value of the assets acquired, and the liabilities assumed at the acquisition date.

Consideration	£'000
Cash	898
Directly attributable costs	196
Total consideration	**1,094**

Details of the fair value of the net assets acquired and goodwill arising are as follows:

	Book value £000	Adjustments £000	Fair value £000
Fixed assets	330	–	330
Trade and other receivables	7	–	7
Cash and cash equivalents	27	–	27
Trade and other creditors	(356)	–	(356)
Net assets acquired	**8**	**–**	**8**
Goodwill			1,086
Total consideration		**–**	**1,094**

Goodwill resulting from the business combination was £1,086,000 and has an estimated useful life of 10 years, reflecting the lifespan of the assets acquired.

The consolidated statement of comprehensive income for the year includes loss before tax of £0.1m in respect of this acquisition.

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Notes to the financial statements for the year ended 30 June 2024

27 Reconciliation of Non-GAAP Financial Measures

Our reported results are prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, as detailed in the Financial Statements starting on page 45 of the Annual Report. In measuring our performance, the financial measures that we use include those that have been derived from our reported results in order to eliminate factors that distort year-on-year comparisons. These are considered non-GAAP financial measures.

Net debt

We provide net debt in addition to cash and gross debt as a way of assessing our overall cash position and it is computed as follows:

	Note	**2024 £'000**	2023 £'000
Bank loans and overdrafts	16	782,835	1,033,184
Other loans	14, 15	175,000	125,000
Gross debt		**957,835**	**1,158,184**
Cash at bank and in hand	11	(115,481)	(156,919)
Net debt		**842,354**	**1,001,265**

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Notes to the financial statements for the year ended 30 June 2024

EBITDA

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is calculated by adjusting profit after tax for interest, tax, depreciation and amortisation, in addition to income and expenses that do not relate to the day to day operations of the Group. We provide EBITDA in addition to profit after tax as it allows us to assess our performance without the effects of financing and capital expenditures.

The following table details the adjustments made to the reported results:

	Note	**2024** £'000	2023 £'000
Profit/(loss) for the financial year		(164,803)	(131,559)
Add			
Amortisation of intangible assets	2	45,634	43,055
Impairment of goodwill	8	6,537	936
Depreciation of tangible assets	2	108,323	103,754
Impairment of fixed assets	9	12,716	21,670
Exceptional items		(1,653)	49,264
Interest payable and similar expenses	6	52,215	12,674
Tax	7	(20,306)	(17,208)
Less			
Income from other fixed asset investments		(747)	(955)
Profit on disposal of subsidiaries		(27,751)	1,045
Interest receivable and similar income	6	(2,030)	(713)
EBITDA		**8,135**	81,963

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Notes to the financial statements for the year ended 30 June 2024

28 Deferred tax

Deferred tax (asset)/liability	2024 £	2023 £
At 1 July 2023	**39,444**	37,901
Adjustment in respect of prior years	**(7,917)**	7,286
Deferred tax charge to I/S for the period	**(13,227)**	(27,106)
Deferred tax charge in equity for the period	**0**	0
Deferred tax charge in OCI for the period	**(7,064)**	21,363
Movement arising from the acquisition or disposal of business	**(11,236)**	–
At 30 June 2024	**0**	39,444

The deferred tax (asset)/liability is made up as follows:

	2024 £	2023 £
Fixed asset timing differences	**155,583**	128,270
Short-term timing differences	**(22,098)**	1,844
Non trading timing differences	**15,763**	12,648
Losses	**(149,248)**	(115,611)
Cash flow hedge reserve	**–**	12,293
	–	39,444

The Company has no deferred tax to disclose (2023: £Nil).

Deferred tax assets have been recognised after assessing the probability of future taxable profits across the group, against which such assets would be realised. As part of the assessment, Management considered the business plan that has been prepared for the Fibre division, which sets out how that division is expected to become profitable in the near future. Management is confident that the forecast prepared supports recognition of deferred tax assets up to the level of deferred tax liabilities, resulting in a net £nil position as at 30 June 2024 and as set out above. Management also considered that it would be an overly aggressive position to recognise an overall deferred tax asset on additional losses.

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Notes to the financial statements for the year ended 30 June 2024

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Deferred tax (assets)	2024 £000	2023 £000
Recoverable within 12 months	–	–
Recoverable after 12 months	(171,346)	(129,721)
	(171,346)	(129,721)

Deferred tax liabilities	2024 £000	2023 £000
Payable within 12 months	2,750	–
Payable after 12 months	168,596	169,164
	171,346	169,164

In accordance with the requirements of FRS 102, due to uncertainties over the timing and nature of profits against which it will reverse, no deferred tax asset has been recognised at 30 June 2024 in relation to the losses carried forward in certain Group companies. Details of the unprovided deferred tax assets are stated below, calculated at the rate of Corporation Tax in the UK substantively enacted at the balance sheet date, of 25% (2023: 25%):

	2024 £000	2023 £000
Fixed assets	(2,655)	–
Timing differences - trading	(3,760)	(2,887)
Losses	(89,807)	(31,528)
Tax losses carried forward	(96,222)	(34,415)

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Notes to the financial statements for the year ended 30 June 2024

29 Related undertakings

Details of the subsidiary undertakings are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
40fi Limited**	United Kingdom	Ordinary	100%	IT Security provider
Abbots Ripton Solar Energy Holding Limited**	United Kingdom	Ordinary	100%	Holding company
Adalinda Solar SPV 1 Limited**	United Kingdom	Ordinary	100%	Energy generation
Agrisol-2 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
AI Networks Limited**[15]	United Kingdom	Ordinary	100%	Holding company
Allpoints Fibre Limited**[6]	United Kingdom	Ordinary	100%	Fibre network production
Allpoints Fibre Networks Limited** (previously:Giganet Limited**)	United Kingdom	Ordinary	100%	Fibre network production
Auchencarroch Energy Limited[2]	United Kingdom	Ordinary	100%	Energy generation
Auquhirie Land Company Limited**[10]	United Kingdom	Ordinary	100%	Energy generation
Avenue Solar Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Banbury Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Batisolaire 5 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Batisolaire 7 S.a.r.l.[4]	France	Ordinary	100%	Holding company
Beetley Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Beighton Energy Limited*	United Kingdom	Ordinary	100%	Dormant company
Beinneun Wind Farm Ltd**	United Kingdom	Ordinary	100%	Energy generation
Bellhouse Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Birch Estate Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Blaby Solar Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
BNRG IOW Limited**	United Kingdom	Ordinary	100%	Energy generation
Bolam Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Boomerang Energy Limited	United Kingdom	Ordinary	100%	Holding company
Boreas Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Bratton Fleming Limited**	United Kingdom	Ordinary	100%	Energy generation
Breck Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Bryn Yr Odyn Solar Developments Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Bryn Yr Odyn Solar Developments Limited**	United Kingdom	Ordinary	100%	Energy generation
Bury Power Limited**	United Kingdom	Ordinary	100%	Energy generation
C.E.P.E du pays de St Seine S.a.r.l.[7]	France	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
C.E.P.E. Berceronne S.a.r.l.[7]	France	Ordinary	100%	Energy generation
C.E.P.E. de Grandbois S.a.r.l.[7]	France	Ordinary	100%	Energy generation
C.E.P.E. de La Roche Quatre Rivieres S.a.r.l.[7]	France	Ordinary	100%	Energy generation
C.E.P.E. de la Salesse S.a.r.l.[7]	France	Ordinary	100%	Energy generation
C.E.P.E. de Lacombe S.a.r.l.[7]	France	Ordinary	100%	Energy generation
C.E.P.E. de Marsanne S.a.r.l.[7]	France	Ordinary	100%	Energy generation
C.E.P.E. Haut du Saule[7]	France	Ordinary	100%	Energy generation
Cactus Central Limited (in liquidation)	United Kingdom	Ordinary	100%	Holding company
Cactus Trading North Limited (in liquidation)	United Kingdom	Ordinary	100%	Provision of healthcare services
Cactus Trading South Limited (in liquidation)	United Kingdom	Ordinary	100%	Provision of healthcare services
Cadoxton Reserve Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Caicias Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Cark Limited[5]	Ireland	Ordinary	100%	Energy generation
Caswell Solar Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Cathkin Energy Limited[2]	United Kingdom	Ordinary	100%	Energy generation
Causilgey Limited**	United Kingdom	Ordinary	100%	Energy generation
Cedar Energy and Infrastructure Limited	United Kingdom	Ordinary	100%	Holding company
CERS S.A.S[7]	France	Ordinary	100%	Holding company
Chelson Meadow Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Chisbon Solar Farm Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Chittering Solar Two Limited**	United Kingdom	Ordinary	100%	Energy generation
Cilgwyn Energy Limited*	United Kingdom	Ordinary	100%	Dormant company
Clann Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Claramond Solar SPV 1 Limited**	United Kingdom	Ordinary	100%	Energy generation
CLP Developments Limited*	United Kingdom	Ordinary	100%	Dormant company
CLP Envirogas Limited	United Kingdom	Ordinary	100%	Energy generation
CLP Services Limited*	United Kingdom	Ordinary	100%	Dormant company
CLPE 1991 Limited*	United Kingdom	Ordinary	100%	Dormant company
CLPE 1999 Limited	United Kingdom	Ordinary	100%	Holding company
CLPE Holdings Limited	United Kingdom	Ordinary	100%	Holding company
CLPE Projects 1 Limited	United Kingdom	Ordinary	100%	Holding company
CLPE Projects 2 Limited	United Kingdom	Ordinary	100%	Holding company

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Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
CLPE Projects 3 Limited	United Kingdom	Ordinary	100%	Holding company
CLPE ROC – 1 Limited	United Kingdom	Ordinary	100%	Energy generation
CLPE ROC – 2 Limited	United Kingdom	Ordinary	100%	Energy generation
CLPE ROC – 3 Limited	United Kingdom	Ordinary	100%	Energy generation
CLPE ROC – 3A Limited	United Kingdom	Ordinary	100%	Energy generation
CLPE ROC – 4 Limited	United Kingdom	Ordinary	100%	Energy generation
CLPE ROC – 4A Limited	United Kingdom	Ordinary	100%	Energy generation
Clyne Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Colsterworth Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Connon Bridge Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Cotesbach Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Cour Wind Farm (Scotland) Limited**[10]	United Kingdom	Ordinary	100%	Energy generation
Crapnell Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Crayfern Homes (South Coast) Limited**[11]	United Kingdom	Ordinary	100%	Development of building projects
Crayfern Limited**[11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Crayfern Sunley (Slinfold) Limited**[11]	United Kingdom	Ordinary	100%	Development of building projects
Craymarsh Limited**	United Kingdom	Ordinary	100%	Energy generation
Cressing Solar Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Cuckoo Fibre Limited**	United Kingdom	Ordinary	100%	Fibre network production
Cuckoo Internet Ltd**	United Kingdom	Ordinary	100%	Fibre network production
Culvery Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Cynon Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Dafen Reserve Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Dairy House Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Deepdale Farm Solar Ltd**	United Kingdom	Ordinary	100%	Energy generation
Doveryard Limited**	United Kingdom	Ordinary	100%	Energy generation
Drapers Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Dyffryn Brodyn Limited**	United Kingdom	Ordinary	100%	Energy generation
Eakring Limited**	United Kingdom	Ordinary	100%	Holding company
Elecsol Camargue S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 11 S.a.r.l.[4]	France	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Elecsol France 15 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 19 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 22 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 24 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 25 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 28 S.ar.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 41 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol France 7 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elecsol Haut Var S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Elios Energy 2 France SAS[4]	France	Ordinary	100%	Holding company
Elios Energy 2 Limited	United Kingdom	Ordinary	100%	Holding company
Elios Energy 3 France SAS[7]	France	Ordinary	100%	Holding company
Elios Energy Holdings 2 Limited[**]	United Kingdom	Ordinary	100%	Holding company
Elios Energy Holdings 3 Limited[**]	United Kingdom	Ordinary	100%	Holding company
Elios Energy Holdings Limited[**]	United Kingdom	Ordinary	100%	Holding company
Elios Renewable Energy Limited[**]	United Kingdom	Ordinary	100%	Holding company
Elivia Development Finance Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Elivia Holdings Limited[**]	United Kingdom	Ordinary	100%	Financial services holding companies
Elivia Homes (Central) Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Elivia Homes (Dormant 2) Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Elivia Homes (Grange Road) Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Elivia Homes (Netley) Limited[**11]	United Kingdom	Ordinary	100%	Development of building projects
Elivia Homes (Southern) Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Elivia Homes (Surbiton) Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Elivia Homes Limited[**11]	United Kingdom	Ordinary	100%	Development of building projects
Elivia North Limited[**11]	United Kingdom	Ordinary	100%	Development of building projects
Elivia Oxford Limited[**11]	United Kingdom	Ordinary	100%	"Construction of domestic buildings Buying and selling of own real estate"
Elivia South Limited[**11]	United Kingdom	Ordinary	100%	Construction of domestic buildings

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Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Elivia Southern Limited**11	United Kingdom	Ordinary	100%	"Construction of domestic buildings Buying and selling of own real estate"
Ellicombe Limited**	United Kingdom	Ordinary	100%	Energy generation
Energy Power Resources Limited	United Kingdom	Ordinary	100%	Energy project development and management services
EPR Ely Limited	United Kingdom	Ordinary	100%	Energy generation
EPR Eye Limited	United Kingdom	Ordinary	100%	Energy generation
EPR Glanford Limited	United Kingdom	Ordinary	100%	Energy generation
EPR Renewable Energy Limited	United Kingdom	Ordinary	100%	Holding company
EPR Scotland Limited[3]	United Kingdom	Ordinary	100%	Energy generation
EPR Thetford Limited	United Kingdom	Ordinary	100%	Energy generation
Eucalyptus Energy Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Eucalyptus Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Feltwell Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Fern Connect Limited**16	United Kingdom	Ordinary	100%	Mobile services
Fern Energy Cour Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Energy Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Energy Wind Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Fibre Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Fibre Trading Limited**	United Kingdom	Ordinary	93%	Holding company
Fern Healthcare Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Infrastructure Limited** +	United Kingdom	Ordinary	100%	Holding company
Fern Networks Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Renewable Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Services Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Trading Development Limited**	United Kingdom	Ordinary	100%	Holding company
Fern Trading Group Limited +	United Kingdom	Ordinary	100%	Holding company
Fern UK Power Developments Limited**	United Kingdom	Ordinary	100%	Holding company
Fibrophos Limited	United Kingdom	Ordinary	100%	Supply of fertiliser
Four Burrows Limited**	United Kingdom	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Fraisthorpe Wind Farm Ltd[**]	United Kingdom	Ordinary	100%	Energy generation
Garlaff Energy Limited[*2]	United Kingdom	Ordinary	100%	Dormant company
Giganet Fibre Ltd[**]	United Kingdom	Ordinary	100%	Fibre network production
Glenchamber Wind Energy Limited[**13]	United Kingdom	Ordinary	100%	Energy generation
Grange Wind Farm Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Guardbridge sp. z o.o.[1]	Poland	Ordinary	100%	Energy generation
Harbourne Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Haymaker (Mount Mill) Ltd[**]	United Kingdom	Ordinary	100%	Energy generation
Haymaker (Natewood) Holdings Limited[**]	United Kingdom	Ordinary	100%	Holding company
Haymaker (Natewood) Ltd[**]	United Kingdom	Ordinary	100%	Energy generation
Haymaker (Oaklands) Holdings Limited[**]	United Kingdom	Ordinary	100%	Holding company
Haymaker (Oaklands) Ltd[**]	United Kingdom	Ordinary	100%	Energy generation
Helm Power 2 Limited[**]	United Kingdom	Ordinary	100%	Holding company
Helm Power Limited[**]	United Kingdom	Ordinary	100%	Holding company
Higher Knapp Farm Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Hill End Farm Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Hollamoor Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Hull Reserve Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Hursit SPV 1 Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Immingham Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Irwell Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Jameson Road Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Jurassic Fibre Holdings Limited[**]	United Kingdom	Ordinary	100%	Holding company
Jurassic Fibre Limited[**]	United Kingdom	Ordinary	100%	Fibre network production
Kiln Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Larigan Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Lenham Solar Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Little T Solar Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Littleton Solar Farm Limited[**]	United Kingdom	Ordinary	100%	Energy generation
LLU Communications Ltd[**15]	United Kingdom	Ordinary	100%	Fibre network production
Loddon Power Limited[**]	United Kingdom	Ordinary	100%	Energy generation
Lovedean Limited[**]	United Kingdom	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Luminance Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
M 12 Solutions Limited**	United Kingdom	Ordinary	100%	Fibre network production
Manston Thorne Limited**	United Kingdom	Ordinary	100%	Energy generation
March Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Marden Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Marley Thatch Solar Ltd**	United Kingdom	Ordinary	100%	Energy generation
MDH (Group) Limited**11	United Kingdom	Ordinary	100%	Holding company
Meadows Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Melbourn Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Melton LG Energy Limited	United Kingdom	Ordinary	100%	Holding company
Melton LG Holding Limited	United Kingdom	Ordinary	100%	Holding company
Melton LG ROC Limited	United Kingdom	Ordinary	100%	Asset leasing company
Melton Renewable Energy (Holdings) Limited	United Kingdom	Ordinary	100%	Holding company
Melton Renewable Energy Newco Limited	United Kingdom	Ordinary	100%	Holding company
Melton Renewable Energy UK Limited	United Kingdom	Ordinary	100%	Holding company
Mill Hill Farm Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Millwood Contracts Limited**11	United Kingdom	Ordinary	100%	Construction of domestic buildings
Millwood Designer Homes Kent Ltd**11	United Kingdom	Ordinary	100%	Construction of domestic buildings
Millwood Designer Homes Limited**11	United Kingdom	Ordinary	100%	Construction of domestic buildings
Millwood Homes (Southern) Limited**11	United Kingdom	Ordinary	100%	Construction of domestic buildings
Mingay Farm Holding Limited**	United Kingdom	Ordinary	100%	Holding company
MSP Decoy Ltd**	United Kingdom	Ordinary	100%	Energy generation
MSP Strete Ltd**	United Kingdom	Ordinary	100%	Energy generation
MSP Tregassow Limited**	United Kingdom	Ordinary	100%	Energy generation
MTS Hatchlands Solar Ltd**	United Kingdom	Ordinary	100%	Energy generation
Nevern Power Limited**	United Kingdom	Ordinary	100%	Energy generation
New Row Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Newlands Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Ninnis Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
North Perrott Fruit Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Northwich Power Limited**	United Kingdom	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Notos Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Ogmore Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Oldhall Energy Recovery Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Orta Wedgehill Solar Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Orta Wedgehill Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Palfreys Barton Limited**	United Kingdom	Ordinary	100%	Energy generation
Parciau Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Parciau Limited**	United Kingdom	Ordinary	100%	Energy generation
Park Broadband Limited**[15]	United Kingdom	Ordinary	100%	Fibre network production
Pearmat Solar 2 Ltd**	United Kingdom	Ordinary	100%	Energy generation
Pitchford (Condover Airfield & Stockbatch) Limited**	United Kingdom	Ordinary	100%	Energy generation
Pitts Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Porthos Solar Limited**	United Kingdom	Ordinary	100%	Holding company
Pyms Lane Solar Ltd**	United Kingdom	Ordinary	100%	Energy generation
Queens Park Road Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Rangeford Care Limited**	United Kingdom	Ordinary	100%	Care services for a retirement village
Rangeford Chertsey Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford Cirencester Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford Dorking Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford East Grinstead Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford Elstree Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Rangeford Pickering Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford RAP Limited**	United Kingdom	Ordinary	100%	Retirement village development
Rangeford Retirement Living Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Rangeford Stapleford Limited**	United Kingdom	Ordinary	100%	Retirement village development
Reaches Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Redlake Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Ryston Estate Limited**	United Kingdom	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Sammat S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Seaward Strategic Land Ltd**[11]	United Kingdom	Ordinary	100%	Construction of domestic buildings
Selby Power Limited**	United Kingdom	Ordinary	100%	Energy generation
SFP Fibre Limited**	United Kingdom	Ordinary	100%	Fibre network production
Singrug Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Singrug Limited**	United Kingdom	Ordinary	100%	Energy generation
Six Hills Lane (Ragdale) Limited**	United Kingdom	Ordinary	100%	Energy generation
Skelbrooke Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Slaughtergate Limited**	United Kingdom	Ordinary	100%	Energy generation
Snetterton Renewable Power Fuels Limited**	United Kingdom	Ordinary	100%	Supply of biomass fuel
Snetterton Renewable Power Holdings Limited	United Kingdom	Ordinary	100%	Holding company
Snetterton Renewable Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Solarfi LP08 S.a.r.l[4]	France	Ordinary	100%	Energy generation
Solarfi SP01 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Solarfi SP02 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Solarfi SP04 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Solarfi SP05 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Solarfi SP08 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Solarfi SP10 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Southcombe Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
St Asaph Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Steadfast Parkhouse Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Steadfast Rudge Solar Ltd**	United Kingdom	Ordinary	100%	Energy generation
Steadfast Shipton Belinger Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Stellar Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Stoneyhill Energy Limited*[2]	United Kingdom	Ordinary	100%	Dormant company
Sulis Energy Limited**	United Kingdom	Ordinary	100%	Holding company
Summerston Energy Limited[2]	United Kingdom	Ordinary	100%	Energy generation
Sunley Crayfern Lavant LLP**[11]	United Kingdom	NA	50%	Dormant LLP
Swish Fibre Limited**	United Kingdom	Ordinary	100%	Holding company
Swish Fibre Networks Limited**	United Kingdom	Ordinary	100%	Fibre network production

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Swish Fibre Services Limited**	United Kingdom	Ordinary	100%	Fibre network production
Swish Fibre Yorkshire Limited**	United Kingdom	Ordinary	100%	Fibre network production
TGC Solar 102 Limited**	United Kingdom	Ordinary	100%	Energy generation
TGC Solar 107 Limited**	United Kingdom	Ordinary	100%	Energy generation
TGC Solar 68 Limited**	United Kingdom	Ordinary	100%	Energy generation
TGC Solar 83 Limited**	United Kingdom	Ordinary	100%	Energy generation
The Fern Power Company Limited**	United Kingdom	Ordinary	100%	Holding company
The Hollies Solar Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Thoresby Estate (Budby) Limited**	United Kingdom	Ordinary	100%	Energy generation
Tillingham Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Todhills Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Tredown Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Turves Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
UKSE 15 Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
United Mines Energy Limited	United Kingdom	Ordinary	100%	Energy generation
VCSE Ltd**[15]	United Kingdom	Ordinary	100%	Fibre network production
Victoria Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Viners Energy Limited	United Kingdom	Ordinary	100%	Holding company
Vitrifi Limited**	United Kingdom	Ordinary	100%	Fibre network production
Voltafrance 1 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Voltafrance 13 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Voltafrance 5 S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Voltafrance S.a.r.l.[4]	France	Ordinary	100%	Energy generation
Vorboss Limited[15]	United Kingdom	Ordinary	89%	Holding company
Vorboss US Inc.[9]	United States	Ordinary	100%	Fibre network production
Wadswick Green Limited**	United Kingdom	Ordinary	100%	Retirement village operator
Wadswick Green Property Services Limited**	United Kingdom	Ordinary	100%	Service charge administrator
Warrington Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Waterloo Solar Park Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Waterloo Solar Park Limited**	United Kingdom	Ordinary	100%	Energy generation
Week Farm 2 Limited**	United Kingdom	Ordinary	100%	Energy generation

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Name	Country of incorporation	Class of shares	Holding	Principal activity
Westwood Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Westwood Solar Limited**	United Kingdom	Ordinary	100%	Energy generation
Wetherden Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Wharf Power Limited**	United Kingdom	Ordinary	100%	Energy generation
Whiddon Farm Limited**	United Kingdom	Ordinary	100%	Energy generation
Whinney Hill Energy Limited	United Kingdom	Ordinary	100%	Energy generation
Wincelle Solar Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
Wolverhampton Power Ltd**	United Kingdom	Ordinary	100%	Energy generation
Wryde Croft Wind Farm Limited**[13]	United Kingdom	Ordinary	100%	Energy generation
WSE Bradford Limited**	United Kingdom	Ordinary	100%	Energy generation
WSE Hullavington Holdings Limited**	United Kingdom	Ordinary	100%	Holding company
WSE Hullavington Limited**	United Kingdom	Ordinary	100%	Energy generation
WSE Park Wall Limited**	United Kingdom	Ordinary	100%	Energy generation
WSE Pyde Drove Limited**	United Kingdom	Ordinary	100%	Energy generation
Y Corporation Limited**[16] (previously Vitrifi Digital Limited)	United Kingdom	Ordinary	90%	Mobile services

Incorporated/Acquired/Restored after year end	Date
Brillband Limited**	30/10/2024
DY Oldhall Energy Recovery Holdings Limited**	15/10/2024

*Subsidiaries exempt from audit by virtue of s480A of the Companies Act 2006.
**Subsidiaries exempt from audit by virtue of s479A of the Companies Act 2006.
+ Direct subsidiary.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

4 | FINANCIAL STATEMENTS 30 JUNE 2024

Notes to the financial statements for the year ended 30 June 2024

Dissolved or sold during the year and up until signing	Date
Dulacca WF Holdco PTY Ltd	24/10/2023
Dulacca Energy Project Holdco Co Pty Ltd	24/10/2023
Dulacca Energy Project Co PTY Ltd	24/10/2023
Dulacca Energy Project FinCo PTY Ltd	24/10/2023
Swish Fibre Contracting Limited	07/03/2024
Fern Rooftop Solar (A) Limited	19/07/2024
Fern Rooftop Solar (BBD) Limited	19/07/2024
Fern Rooftop Solar (Zestec) Limited	19/07/2024
Glas 1 Limited (acquired 17/10/2023)	19/07/2024
Zestec Asset Management Limited	19/07/2024

The registered office of all companies listed above is at 6th Floor, 33 Holborn, London, England, EC1N 2HT except for those set out below:

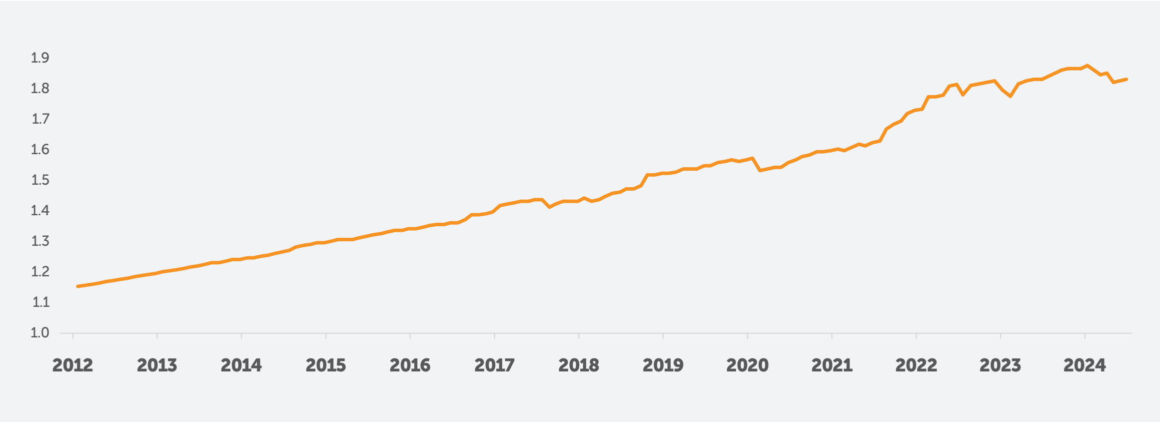
1. ul. Grzybowska 2/29, 00-131, Warsaw, Poland
2. Pinsent Masons LLP, Capital Square, 58 Morrison Street, Edinburgh, Scotland, EH3 8BP
3. 1 West Regent Street, Glasgow, G2 1AP
4. 22 rue Alphonse de Neuville, 75017 Paris, France
5. 6th Floor, 2 Grand Canal Square, Dublin 2, D02 A342, Ireland
6. The Carriage House, Station Works, Station Road, Claverdon, Warwickshire, United Kingdom, CV35 8PE
7. Zone industrielle de Courtine 115 Rue Du Mourelet 84000 Avignon, France
8. 13 Salisbury Place, London, England, W1H 1FJ
9. The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington 19801, United States
10. 4th Floor Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EN
11. Suites 5 & 6 Woodlands Court, Beaconsfield, United Kingdom, HP9 2SF
12. Level 33, 101 Collins Street, Melbourne, Victoria, 3000, Australia
13. Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR
14. 7-8 Stratford Place, London, England, W1C 1AY
15. 10 Exchange Square, London, United Kingdom, EC2A 2BR
16. 1st Floor Unit 27 Tileyard Road, London, United Kingdom, N7 9AH

5 | APPENDIX – SHARE PRICE PERFORMANCE (UNAUDITED)

Fern's share price has performed in line with targets

Fern Trading Limited is an unlisted company. Every month, our Board of Directors agrees a price at which it will be willing to issue new shares. The share price is unaudited.

Share price growth since inception: Fern Trading Limited



Performance is calculated based on the sale price for Fern's shares at 2 June each year. The share price is not subject to audit by Ernst & Young LLP.

Annual discrete performance

Financial Year	Discrete share price performance
June 2023-24	**(0.27%)**
June 2022-23	**3.10%**
June 2021-22	**9.91%**
June 2020-21	**4.87%**
June 2019-20	**0.33%**
June 2018-19	**6.23%**
June 2017-18	**1.05%**
June 2016-17	**5.54%**
June 2015-16	**3.83%**
June 2014-15	**3.98%**
June 2013-14	**3.72%**
June 2012-13	**3.97%**
June 2011-12	**1.02%**

Source: Octopus Investments Limited, 3 June 2024.

6 | COMPANY INFORMATION

Directors and advisers

Directors

PS Latham
KJ Willey
PG Barlow
T Arthur
SM Grant

Company secretary

Octopus Company Secretarial Services Limited

Company number

12601636

Registered office

6th Floor, 33 Holborn,
London, England EC1N 2HT

Independent auditors

Ernst & Young LLP
Bedford House,
16 Bedford Street,
Belfast BT2 7DT

Forward-looking statements

This Annual Report contains certain forward-looking statements related to the Company's future business and financial performance and future events or developments. These statements are based on the current knowledge and expectations of management and are subject to assumptions, risks and uncertainties, some of which are related to factors that are beyond the control of the Company. Accordingly, no assurance can be given that any particular expectation will be met and forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Past performance cannot be relied on as a guide to future performance. Nothing in this Annual Report should be construed as a profit forecast.