Company Number: 04303233

EQUIPMAKE HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

COMPANY INFORMATION

Directors	Ian Foley Steven McGillivray James Bishop Dena Bellamy Jonathan Beasley Clive Scrivener
Registered number	04303233
Registered office	Unit 7 Snetterton Business Park Snetterton Norfolk England NR16 2JU
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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HIGHLIGHTS

Financial highlights

- Listed on the Aquis Stock Exchange and raised £16.2m of gross proceeds during the year.
- Total Revenue of £5.1m (FY2022: £3.7m), comprising:
    - £0.8m from Powertrain sales (supply only) (FY2022: £0.2m);
    - £0.9m from Powertrain sales (including vehicle integration) (FY2022: £Nil);
    - £1.6m from Electric Vehicle (“EV”) component sales (FY2022: £0.4m);
    - £1.3m of Engineering projects revenue (FY2022: £2.0m);
    - £0.3m of licensing / royalty revenue (FY2022: £nil); and
    - £0.1m of grant income (FY2022: £1.0m).
- Gross margin (inclusive of grants) of £1.2m or 23.9% (FY2022: Gross loss of £2.4m). Gross margin (exclusive of grants) of £1.3m or 25.5% (FY2022: no comparative available).
- Loss after tax was £4.8m (FY2022: £5.3m).
- Loss per share was 0.60p (FY2022: 2.3p).
- Cash at 31 May 23 was £7.0m (31 May 22: £1.9m).

Operational highlights

- Delivering vehicles into service for First Bus York and Transport for London ("TfL"), and secured orders for further bus repowers from both new and existing clients.
- Signed licensing agreement with Sona BLW Precision Forgings Ltd (“Sonar Comstar”) in India for the application of certain products in electric cars, buses, commercial vehicles and off-road vehicles in India, Thailand and other select South Asian countries.
- Secured, and successfully delivered, further orders for EV powertrains for fire trucks for both the UK and US markets.
- Obtained Innovate UK / Advanced Propulsion Centre (“APC”) grant funding of up to £1.6m for the Hydrogen Electric Integrated Drivetrain Initiative ("HEIDI").
- Secured a flexible lease on a 50,000 sq. ft unit to facilitate the production of the growing repowering business.

Board Changes

- As part of the IPO process, the board was strengthened with the appointment of Clive Scrivener as Non-Executive Chairman and Dena Bellamy and Jonathan Beasley as Non-Executive Directors.
- Dena Bellamy was appointed as the chair of the Audit Committee.
- Jonathan Beasley was appointed as the chair of the Remuneration Committee.

CHAIRMAN'S STATEMENT

The route to net zero is firmly on the agenda for governments, businesses and individual consumers, and the stakes are high.

The transition to electric vehicles is important in this journey and with the cost and efficiency of the key components including batteries, motors and inverters, their mainstream adoption is increasingly economically attractive and compelling.

Electric passenger cars receive a great deal of press attention and their volume and impact is very significant. This however is just one facet of a universal EV movement, and it is thanks to the innovation and vision of the Equipmake executive team, that our company is pioneering electrification products across multiple transport sectors, helping many industries adopt their own paths to carbon reduction.

Investors who joined us early in our journey as a public company will have noted our prominence in the bus and coach industries, a core pillar of our business. We are scaling up to meet increasing demand for repowering in this sector, including adding a second site, as it continues to provide significant opportunity for growth.

Retrofitting buses and coaches, by replacing incumbent Diesel technology with battery solutions, enables operators to accelerate their net zero ambitions, whilst providing a sustainable approach to extending the life of their assets and reducing spend on new electric vehicles. There are approximately 6,000 non-electric buses currently operating across the UK alone that are between 6 and 10 years old, being strong candidates for such retrofitting.

Government support, through various Research & Development (R&D) programmes, has been important to Equipmake's development over the past 10 years. It is pleasing however that as we begin to mature our product offering, we saw in our last financial year that 97.7% of revenue was delivered from commercial contracts, up from 72.1% in the previous period. UK government affiliated agencies, most notably Innovate UK and the Advanced Propulsion Centre, continue to strongly support the transition towards net zero and we are delighted to maintain a close relationship with them and play our role in helping meet these nationwide objectives. One demonstration of this was the grant funding of up to £1.6m, announced in April 2023, under the Hydrogen Electric Integrated Drivetrain Initiative (HEIDI). This funding is being directed to the development of an integrated Hydrogen fuel cell battery hybrid system, featuring Equipmake's motor, inverter, and related technologies for use across multiple vehicle systems including buses, goods and passenger vehicles.

Our intellectual property (IP) in particularly electric motors and inverters is central to our long-term growth. During the year we saw the start of how we intend to generate incremental returns from these assets, with our licensing agreement with Sona Comstar. This agreement sees Equipmake license certain products from its range of drive motors, inverter, and electric powertrain technology to Sona Comstar for applications in electric cars, buses, commercial vehicles and off-road vehicles in India, Thailand and other select South Asian countries. These are important markets for Equipmake, and addressing them via an agreement with Sona Comstar, a leading locally based automotive industry supplier, is a key milestone for us. In India alone, the share of electric passenger vehicles is forecast to increase to 25% by 2032, up from less than 1% in 2022, and electric buses to increase to 21% by 2032, up from 5% in 2022.

The importance of this agreement is that, in addition to the one-time licence fee received during the period, Equipmake will receive royalties on the licensed products manufactured and sold by Sona Comstar.

This is a good example of how Equipmake's IP, which has been developed over the past 10 years, can be leveraged to access new markets at minimal cost, through contractual relations with high quality partners. We expect to use this model with other suitable original equipment manufacturers (OEMs) and tier 1 suppliers over the coming years as we look to scale revenue and address new geographies and sectors.

Our strategy to diversify our sector penetration, using a common pool of core product IP, has gained momentum during the year as we have proven our product applications in selected industries. We are now working with customers in markets directly adjacent to the bus industry, including coaches, but also in natural extensions to these, with for example Emergency One, the largest fire truck manufacturer in the UK. We have also entered a technology partnership with H55 S.A. ("H55"), a leading aerospace electric propulsion company, for the intended supply of an aerospace variant of our electric motor, have supplied an ultra-high-performance motor and inverter for a rocket fuel pump with Gilmour Space and an ultra-lightweight motor and inverter for Vertical Aerospace.

CHAIRMAN'S STATEMENT

Post period end, in July 2023, we announced that we had supplied a variant of our e-drivetrain system for use in a world-first long-range electric flying boat, opening up further possibilities in the marine industry.

Our core IP and product family is directly applicable across many multi-billion-pound sectors, and our strategy is a careful and manageable route to several of those markets over time. Whilst this nascent electrification movement feels, to many, that it is only just beginning, it is important to note that Ian Foley and the Equipmake R&D team have been at its forefront for decades, which is what sets our business apart. Indeed, the majority of our business comes to us through word of mouth, with OEMs seeking us out as experts with proven production capabilities, and a track record of innovation.

It is with this in mind that I look to the future with enormous enthusiasm for how we anticipate growing our business over time, and in supporting our customers ambitions toward a lower carbon future.

I would like to extend my gratitude to the whole Equipmake team and to our shareholders for their hard work, shared vision and commitment to our company's growth.

DocuSigned by:
Clive Scrivener
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Clive Scrivener
Non-Executive Chairman
29th September 2023

Introduction

The financial year ending 31 May 2023 ("FY2023") has been a pivotal year for Equipmake, during which it has continued to prove itself as a true pioneer of electrification solutions that address the global demand for zero-emission products. During the past financial year, the Company reported a 36.3% year-on-year increase in revenue (inc. grants) to £5.1m, and secured £16.2m of gross investment, enabling the execution of its growth plans.

Business Overview

FY2023 was transformational for Equipmake. The admission to the Aquis Stock Exchange in July 2022 enabled the Company to progress its plans for growth, in particular the commercialisation of its EV powertrain solution, which culminated in the delivery of repowered buses into service for First Bus York and TfL, as well as the delivery of fire truck powertrains for both the UK and US markets.

To facilitate further expansion, in March 2023, the Company secured a flexible lease on a 50,000 sq. ft unit in Norfolk, which will provide an annual capacity for vehicle repowering of 200 units per annum, and space to increase production capacity for motor and battery build. Scaling-up will be completed in phases, with the first phase to be completed by the end of FY2024. Following completion of phase one, the Company will have the capability to deliver at a monthly run rate that equates to 100 repowers per annum.

The profile of Equipmake was enhanced further by the signing of the licencing agreement with Sona Comstar, securing an established manufacturing partner that enables it to address demand for certain EV products in India, Thailand and other select South Asian countries. Product development commenced during Q4 of FY2023, with production expected to commence in 2025.

The Company reinforced its position as a market leader of electrification products for Aerospace by delivering motors and inverters to existing clients and by securing a new partnership with Swiss electric propulsion company, H55, to certify an Electric Propulsion System (EPS) for production. The EPS will initially be used on the Bristell B23 Energic aircraft, a two-seater electric training aircraft, with initial sales expected in 2025.

The Company did experience a myriad of supply chain challenges during FY2023, particularly in respect of electrical components which impacted both availability and price, and significant one-off price spikes resulting from the Russia/Ukraine war. This ultimately impacted gross margin through the absorption of higher prices and/or the redesign of products to incorporate alternative components. The in-house engineering capability to pivot to alternative components mitigated the severity of these issues on customer deliveries and enabled the Company to report its highest annual revenue number to date.

Innovation and new product development are core principles of Equipmake and in FY2023, the Company continued to invest in these areas. During the year, it capitalised £0.8m of development costs relating to its powertrain products and was successful in obtaining up to £1.6m of grant funding via Innovate UK / APC to develop a powertrain (including the battery management system and thermal management system) that integrates with a hydrogen fuel cell. The project spans 27 months and further advances the capability of Equipmake's product range.

Current Trading

The business is trading in line with market expectations, with a strong opening orderbook and significantly advanced discussions with new and existing clients, underpinning the revenue expectation for FY2024. This includes the delivery and trial of the repowered double deck diesel vehicle for First Bus, which is still to be completed. Since the balance sheet date, the business has been successful in securing the following opportunities:

- Bus repower contracts for delivery in FY2024:
    - Newport Transport – eight repowers for £1.475m.
    - Big Bus Tours – nine repowers for £1.575m.
- Emergency One – three fire truck powertrains for £0.6m.
- Contract with a new OEM for the repower of an airside operational vehicle. The prototype project is for £0.6m and will be delivered in FY2024, but also provides a timeframe for the commencement of discussions regarding manufacturing and a supply agreement.

Outlook

The Company is buoyed by the successes achieved since the IPO and is confident that it will achieve both its short-term and long-term goals. It is converting opportunities and establishing itself across multiple markets and the scaling-up of its production capability is underway, demonstrating the leading role that Equipmake has in the transition to zero-emission powertrains.

Investments in areas including supply chain management, product development and improved facilities are targeted to improve margins, in the current and subsequent financial years, and whilst there are signs that the recent price spikes are abating, the Company remains alive to further potential opportunities and impacts going forward.

The Board's expectations for FY2024 are underpinned by a contracted orderbook of £9.2m (excluding pending opportunities above), as of 29th September 2023 with a number of opportunities at advanced stages which are expected to be converted into contracted orders in the coming months. The contracted orderbook is orders that have been contracted but where revenue hasn't been recognised.

This report was approved by the board on 29th September 2023 and signed on its behalf.

DocuSigned by:
Ian Foley
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Ian Foley
Chief Executive Officer

Introduction

The directors present their strategic report and the audited financial consolidated statements for the year ended 31 May 2023. The company acts as a holding company for Equipmake Limited, collectively referred to as Equipmake.

Principal Activity

Equipmake is a UK-based engineering specialist pioneering the development and production of electrification products across the automotive, aerospace, bus, coach, and fire truck industries, supporting the transition from fossil-fuelled to zero-emission powertrains.

Business model

Through its vertically integrated business model, Equipmake designs and manufactures a significant number of the core technologies that constitute an EV powertrain (motors, inverters, battery packs, control systems) and integrates these components into a working system. The individual components or the full powertrain can be sold to an OEM, or Equipmake can integrate the powertrain into the vehicle for the end user. It also licences its products to select partners for volume manufacture.

A key differentiator for Equipmake is its ability to provide the most appropriate solution for a given application, customising its solution to match the cost and performance demands of its customers. Given the relative immaturity of the EV market, the Company looks beyond a transactional relationship and positions itself to partner its customers with their own electrification journey. This approach has helped the Company to establish a leading position in the bus and coach repowering market and secure key customers in the electric fire truck market.

The above approach, coupled with Equipmake's reputation for innovation and high-performance products has led to it securing contracts to supply EV components into the aerospace market and facilitated the partnership with H55 to design prototype motors for its propulsion system, with the intention to develop a fully certified system for production.

Innovation and new product development is integral to the strategic direction of Equipmake. Historically, a significant amount of development has been completed with support from Innovate UK / APC grant projects and this continues to be the case. In addition to receiving funding towards development, the Company also benefits from the wider collaboration that these projects provide.

Business review

Total revenue (exclusive of grant revenue) increased to £4.9m, which represents year-on-year increase of 84.8% (FY2022: £2.7m). Total revenue (inclusive of grant revenue) increased to £5.1m, an increase of 36.3% (FY2022: £3.7m). This growth is driven by the commencement of delivery of repowered vehicles to First Bus York and motors and inverters to Equipmake's aerospace customers, increases in the delivery volumes of fire truck powertrains and its ASIL-D inverter to an electric hyper car OEM. The signing of the Sona Comstar licencing agreement also contributed £0.3m of licencing revenue which was not present in the prior year. Grant revenue decreased by £0.9m due to the timing of the completion of historic projects and the commencement of new ones.

Gross margin is reported both inclusive and exclusive of grants. Whilst grants have a positive impact on the Company, the partially funded nature of these projects results in a gross loss which distorts the operational performance of the Company. Gross margin (inclusive of grants) was £1.2m or 23.9% (FY2022: loss £2.4m). Total gross margin (exclusive of grants) was 25.5% (FY2022: no comparative available).

Administrative costs were £5.3m (FY2022: £1.9m), reflecting the investments made in a number of areas. £2.8m of the year-on-year increase relates to staff costs, reflecting a 19% increase in the average headcount (FY2023: 82, FY2022: 69) and the reporting of development costs within overheads. Costs relating to property increased by £0.2m, due to the new property lease signed at the end of March 23 and increased electricity costs. There has also been a year-on-year increase in professional fees since the IPO of £0.2m.

During the year, the Company received £16.2m in gross proceeds from the IPO and the subsequent fundraise in January/February 2023, to support the expansion plans of the business.

The cash balance at the end of the year was £7.0m (FY2022: 1.9m), an increase of £5.1m. This reflects the impact of the fundraising activities during the year, less the investments made into the business, principally funding trading activities and working capital requirements.

As part of the Company's strategy for mitigating supply chain issues and its plans for expansion, there has been a significant investment in stock. The closing value as at the balance sheet date was £3.0m, (FY2022: £0.8m). Total debtors have increased to £4.5m (FY2022: £1.9m) due to the non-linear phasing of revenue recognition and the overall increase in revenue. The value of creditors due within one year has decreased by £3.8m to £2m (FY2022: £5.8m) due to the inclusion of a £3.8m convertible loan note in the prior year total. This was converted into equity at the IPO.

Loss after taxation was £4.8m (FY2022: £5.3m) leading to a loss per share of 0.60p (FY2022: 2.3p).

Other key performance indicators

The Directors monitor the business internally with several performance indicators: orderbook, cash flow, health and safety, adherence to plan and quality. The board has assessed results against these KPIs and are happy with the progress that has been made.

The contracted orderbook value as at 31 May 2023 was £5.5m, increasing to £8.6m as at 27th September 23, reflecting the successful conversion of opportunities into orders since the start of the FY2024 financial year.

Cash at 31st May 2023 was £7.0m (2022: £1.9m), reflecting the external funding received and the significant investment made in the business during the financial year.

Principal risks and uncertainties

The directors continuously review and take steps to ensure that the risks and uncertainties faced by the Company and its subsidiary are appropriately managed and mitigated against. These risks are categorised in the table below.

Risk	Description	Mitigation Strategy
Financial risks – Price risk	The Group is exposed to price variations in respect of its purchases and its sales price.	Contractual clauses to flex the sales price when there are unavoidable significant increases in component costs. Maintain strong relationships with customers and suppliers to facilitate lower cost alternatives.
Financial risks – Liquidity risk	The Group is currently loss making and therefore requires access to cash to fund development.	The listing provides access to investors and transparency to investors of market value.
Financial risks – foreign exchange risk	The Group is exposed to foreign exchange risk with a small number of overseas customers and procures certain components in foreign currency.	When no natural hedge is possible and the currency exposure cannot be avoided, the Company will utilise forward contracts to hedge against foreign exchange risk.

Risk	Description	Mitigation Strategy
Operational risks – supply chain risk	Reliance on key suppliers / single source components. Supply chain disruptions.	In-house engineering of components to design products around multi-sourced commodities. In-house Procurement expertise to identify component shortages and dynamically manage stock levels.
Operational risks – execution risk	The Group is introducing new products and technology to the market.	In-house testing process that exceeds customer requirements coupled with operational trials.
Operational risks – Dependence on key executives and personnel	The Group's success depends to a significant degree upon the vision, technical and specialist skills, experience and performance of its Directors, senior management and other key personnel.	Contractual terms and incentives to retain existing employees. Plans to invest in formal training and development programme to facilitate development of in-house talent together with a strategy to build the senior team through external hires.
Intellectual Property (IP) risks	The Group may not be able to sufficiently protect its IP and proprietary expertise.	The Group reduces this risk by utilising the services of patent and trademark attorney and technology is patented where possible. It also controls access to the technology through software controls and encryptions.

Directors' statement of compliance with duty to promote the success of the Group (Section 172 Statement)

Section 172 of the Companies Act 2006 requires that Directors of a company must act in ways that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The board has identified the following stakeholder groups and engages with them to foster strong relations and to act fairly between them:

- Customers: Equipmake engages with customers at all stages of the project life cycle – from concept design through to the production phase and after sales service and support. This is mutually beneficial and ensures that relationships with customers are not purely transactional and are instead focused on long-term relationships.
- Employees: the employees are critical to the long-term success of Equipmake. The Company has introduced a strategy which rewards and retains its staff. Staff received share options in the previous financial year, it continually reviews its overall benefits package to maximise its value to employees and is addressing development needs through in-house and external training. Post balance sheet date, it has set up an apprenticeship scheme and a formal management training programme.
- Grant bodies and other government agencies: Equipmake has benefited from a number of Innovate UK Research and Development grants in recent years and maintains a good relationship with the grant issuing bodies. The Advanced Propulsion Centre (APC) has supported multiple projects and participated in press events post-completion of the grant projects.
- Investors and shareholders: The Company engages with investors through its annual and interim reports, AGM and analyst and investor presentations.
- Partnerships: Equipmake has established partnerships with multiple companies to facilitate the exploitation of the opportunities in the automotive, bus and aerospace markets.

This report was approved by the board on 29th September 2023 and signed on its behalf.

DocuSigned by:
Ian Foley
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Ian Foley
Chief Executive Officer

AUDIT COMMITTEE REPORT

This report is intended to give an overview of the role and activities of the Audit Committee in assisting the Board to fulfil its oversight responsibilities relating to systems of internal control and risk management, the independence and effectiveness of the external auditor and the integrity of the Group's financial statements. It details the activities, discussions and decisions that enabled the Audit Committee to fulfil its responsibilities effectively during the financial year ended 31 May 2023.

Composition and meetings

The Audit Committee is comprised of three independent non-executive directors of the Company; Dena Bellamy (Chair), Clive Scrivener and Jonathan Beasley. The Company considers that the Audit Committee members' qualifications, expertise and experience enable it to comply with the audit committee composition requirements. The Company's Chief Executive Officer, Chief Financial Officer, and Chief Operations Officer are standing invitees to all Audit Committee meetings.

The Audit Committee meets not less than twice a year at appropriate times in the reporting and audit cycle, and otherwise as required. In the year ended 31 May 2023 the Audit Committee met twice, and the attendance of members can be seen on page 16.

During the year, time has been allocated for discussions between the Company's auditors and members of the Committee only, without any executive directors of the Company present.

Role and Responsibilities

The Audit Committee was created following the Company's admission to the Aquis Stock Exchange in July 2022 and the terms of reference of the Audit Committee comply with the AQSE admission requirements. The principal roles and responsibilities of the Audit Committee are:

- Reviewing and monitoring the financial reporting undertaken by the Company;
- Assessing the independence and performance of the external auditor
- Oversight of the external audit process;
- Making recommendations to the Board on the appointment of external auditors and the audit fee;
- Reviewing the effectiveness of the Company's internal control systems, and risk assessment, management, monitoring and mitigation processes; and
- Reviewing the adequacy and effectiveness of the Company's procedures, systems and controls for detecting and preventing fraud, bribery, and money laundering and the processes for whistleblowing.

In performing its duties, the Committee maintains effective working relationships with the Board of Directors, management team, the external auditor and any specialist adviser that is engaged to support the Committee in its work.

The Chair of the Audit Committee reports to the Board on its proceedings after each meeting and makes whatever recommendations to the Board it deems appropriate on any area within its remit and on other issues on which the Board has requested the Committee's opinion.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

Year Ended 31 May 2023 Financial Reporting

The Audit Committee receives reports from the Chief Financial Officer and external auditors on the key accounting issues and areas of significant judgement within the proposed financial statements.

In recommending the financial statements for signing by the Board, the Audit Committee has reviewed the following key matters:

- Revenue recognition – ensuring consistent application of recognition policies and oversight of judgements regarding stage of completion.
- Capitalisation of development costs – challenge assumptions and providing oversight.
- Going concern – reviewing and challenging the detailed financial plans for the next financial year and the two years beyond that.

The Audit Committee is satisfied that Company's financial statements and annual report give a true and fair view and are not misleading.

Priorities for the Year Ended 31 May 2024

Priorities for the 2024 financial year will include:

- Monitoring the progress of the management actions recommended by Haysmacintyre including improvements to delivery documentation to support revenue recognition and improvements reliant on the implementation of a new ERP system;
- Continued monitoring of the effectiveness of internal control systems, risk assessment, management and mitigation; and
- Continued monitoring of any relevant of developments in accounting standards and the related implementation.

External Audit

Following a formal audit tender process in 2021 and the decision to re-appoint Haysmacintyre LLP as the Company's auditor for the financial year 2023, the Audit Committee has concentrated on building an effective working relationship with the external auditor. Their performance is reviewed by the Audit Committee which considers their effectiveness, independence and partner rotation. This is the second year of Christopher Cork's tenure as audit engagement partner.

The Audit Committee reviewed the scope of the external audit and agreed the key areas of focus with Haysmacintyre, ahead of the audit, on 21st July 2023. The auditors presented their findings and conclusions from the audit to the Audit Committee on 21st September 2023.

In relation to 2023, Haysmacintyre LLP provided audit services in respect of the Company's accounts only. Fees of £2,050 were paid in respect of support provided by the tax team in respect of the Group VAT registration which was initiated before appointment of Haysmacintyre LLP as auditors. In addition, fees of £85,250 were paid in respect of reporting accountant services provided through an independent team and partner within the organisation. It is the policy of the Board to seek proposals and quotations from a number of suppliers when undertaking significant non-audit work to ensure that the Company benefits from the best combination of quality of work and value for money.

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Ian Foley
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Dena Bellamy
Chair of Audit Committee

Remuneration Committee and Its Responsibilities

The Remuneration Committee is comprised of non-Executive Directors. It is chaired by Jonathan Beasley with Clive Scrivener and Dena Bellamy also members of the Committee. The Remuneration Committee meets no less than twice a year. Formed in August 2022, in the period to 31 May 2023 the Remuneration Committee met twice and the attendance of members can be seen on page 16.

The Remuneration Committee is responsible for, among other things:

- Setting the remuneration policy for all Executive Directors, the chair of the Board and the Company secretary, including pension rights and any compensation payments.
- Recommending and monitoring the level and structure of remuneration for Executive Directors.
- Approving the design of and determining targets for the Company's performance related pay and share option schemes.

When setting the Company's remuneration policy, the Remuneration Committee takes into account all factors which it deems necessary, including relevant legal and regulatory requirements and provisions and recommendations of the Quoted Companies Alliance's Corporate Governance Code 2018 ("QCA Code") and associated guidance.

The Company's remuneration policy also aims to ensure that remuneration packages for Executive Directors are competitive and comparable with companies of a similar size, complexity, and nature. It is designed to attract, retain, and motivate Executive Directors with the requisite skills and capabilities to successfully run the Company, without paying more than is necessary, and support the delivery of the Company's business objectives and strategic goals in the short, medium, and long-term.

Remuneration for Executive Directors comprises fixed remuneration (salary and other taxable benefits), and pension contributions which is designed to motivate and achieve maximum performance from the Executive Directors over the longer term.

In coming to these decisions, the Remuneration Committee considers the overall performance of the business and of the individual Executive Directors, as well as a review of renumeration rates across the Company undertaken by the Company's Human Resources Department, to ensure appropriateness, equality, and competitiveness.

Periodically the Chief Executive Officer, Chief Financial Officer, Head of Human Resources and Operations Director attend Remuneration Committee meetings by invitation.

During any meeting surrounding Executive Director remuneration, it is the policy of the Committee that only non-Executive members of the Committee are present.

In performing its duties, the Committee maintains effective working relationships with the Board of Directors and management team and any specialist advisor that is engaged to support the Committee in its work.

The Chair of the Remuneration Committee reports to the Board on the committee's proceedings after each meeting on all matters within its duties and responsibilities, and formally reports to the Board on how it has discharged its responsibilities.

The Remuneration Committee also makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

This financial year has seen the establishment, and initial meetings, of the Renumeration committee. The year has been one of familiarisation and establishing new ways of working. Activities realised by members of the committee this year include:

- Review and approval of the 2022 staff salary alignment review exercise;
- Development of a senior hire notification and approval process;
- Support regarding senior and executive level recruitment;
- Planning for future short term and long-term incentive programmes;
- Re-alignment of short-term incentive targets in-line with realised equity raises; and
- Development of a new Remuneration policy for launch toward the end of 2023.

The coming year will see the establishment of a new sub-committee comprising of other members of the HR and other operational teams and meet on a more regular basis, in order to realise a greater level of activity.

Non-Executive Director Remuneration

Non-Executive Directors receive fees which were set prior to the Company's listing on the Aquis stock exchange by the previous Equipmake board.

Non-Executive Director fees are reviewed annually by the Board in line with the overall Company pay review process. Neither the non-Executive Directors nor the Remuneration Committee are involved in any decisions about their own remuneration. Non-Executive Director fees have not been increased during the period of this annual report and Non-Executive Directors do not participate in any performance related remuneration arrangements.

Executive Director remuneration (audited information)

During this review period, the committee has not had cause to review Executive pay, this is scheduled for November 2023 to be consistent with the overall company pay review. Executive Directors will not be involved with any decisions regarding their own remuneration reviews.

The table below shows a breakdown of the Executive Director remuneration for the year ended 31 May 2023, together with comparative figures for the year ended 31 May 2022:

	Ian Foley		Steven McGillivray		James Bishop	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Salary	£144.4[1]	£90.0	£90.0[2]	£5.9 [4]	£97.6[3]	£6.4 [4]
Annual bonus	-	-	-	-	-	-
Taxable benefits	£3.2	£1.2	£1.2	-	£1.3	£0.1
Share incentive plan	-	-	£35.3	-	-	£442.7
Director emoluments	**£147.6**	**£91.2**	**£126.5**	**£5.9**	**£98.9**	**£449.2**
Pension contributions	£40.0	£40.0	£2.8	£0.1	£3.1	£0.1
Total	**£187.6**	**£131.2**	**£129.3**	**£6.0**	**£102.0**	**£449.3**

[1] Total shown is net of approved salary sacrifice deductions. Current annual salary of £195,000 from 29th July 2022, less annual pension salary sacrifice of £40,000.
[2] Total shown is net of approved salary sacrifice deductions. Current annual salary of £105,000 from 29th July 2022, less annual zero-emission car salary sacrifice of £13,977 (£9,318 sacrificed in year).
[3] Total shown is net of approved salary sacrifice deductions. Current annual salary of £115,000 from 29th July 2022, less annual zero-emission car salary sacrifice of £13,379.
[4] 2022 comparatives reflect remuneration following appointment as a Director on 6th May 2022. Any remuneration prior to this date is not reflected in this disclosure.

Non-Executive Director Remuneration (audited information)

The table below shows remuneration for services for the year end 31 May 2023, together with comparative figures for the year end 31 May 2022.

	2023			2022		
	Salary £'000	Benefits £'000	Total £'000	Salary £'000	Benefits £'000	Total £'000
Clive Scrivener[1]	£41.9	-	£41.9	-	-	-
Jonathan Beasley[2]	£29.3	-	£29.3	-	-	-
Dena Bellamy[3]	£29.3	-	£29.3	-	-	-

[1] Clive Scrivener was appointed on 29th July 2022. Current annual salary of £50,000 from date of appointment.
[2] Jonathan Beasley was appointed on 29th July 2022. Current annual salary of £35,000 from date of appointment.
[3] Dena Bellamy was appointed on 29th July 2022. Current annual salary of £35,000 from date of appointment.

Details of Executive Director Share Awards (audited information)

Subject to performance conditions being met, options over the Company's ordinary shares held by Directors at 31 May 2023 are as follows:

	Scheme	Date of grant	At 31 May 2022[10]	Granted during the year	Lapsed during the year	At 31 May 2023	Exercise Price (£)	Vesting criteria
Steven McGillivray	EMI	19/07/22	-	2,000,000	-	2,000,000	£0.09	Note 1
	EMI	19/07/22	-	2,000,000	-	2,000,000	£0.09	Note 2
	EMI	19/07/22	-	1,000,000	-	1,000,000	£0.09	Note 3
			-	**5,000,000**	**-**	**5,000,000**		
James Bishop	EMI (A shares)	28/11/21	5,550,264	-	-	5,550,264	£0.0001	Note 4
	EMI (A shares)	28/11/21	5,550,264	-	-	5,550,264	£0.0001	Note 5
	EMI (A shares)	28/11/21	5,550,264	-	-	5,550,264	£0.0001	Note 6
	Non-EMI (A-shares)	01/06/22	-	3,028,167	-	3,028,167	£0.0001	Note 7
	Non-EMI (A-shares)	01/06/22	-	3,028,167	-	3,028,167	£0.0001	Note 8
	Non-EMI (A-shares)	01/06/22	-	3,028,167	-	3,028,167	£0.0001	Note 9
			16,650,792	**9,084,501**	**-**	**25,735,293**		
			16,650,792	**14,084,501**		**30,735,293**		

[1] Performance based vesting criteria. Options vest if the revenue in the signed, audited financial statements of Equipmake Holdings PLC for year ended 31st May 2023 exceeds target.
[2] Performance based vesting criteria. Options vest if the revenue in the signed, audited financial statements of Equipmake Holdings PLC for year ended 31st May 2024 exceeds target.
[3] Time-based vesting criteria. 50% of total vests on 29th July 2025 and then 10% on 29th July annually until 2030.
[4] Options are over A shares which convert into ordinary shares upon exercise. These options have vested but have not been exercised.
[5] Options are over A shares which convert into ordinary shares upon exercise. Options vest when the market capitalisation of the Company reaches £200m.
[6] Options are over A shares which convert into ordinary shares upon exercise. Options vest when the market capitalisation of the Company reaches £400m.
[7] Options are over A shares which convert into ordinary shares upon exercise. These options have vested but have not been exercised.
[8] Options are over A shares which convert into ordinary shares upon exercise. Options vest when the market capitalisation of the Company reaches £200m.
[9] Options are over A shares which convert into ordinary shares upon exercise. Options vest when the market capitalisation of the Company reaches £400m.
[10] Options are over A shares which convert into ordinary shares upon exercise. The May 2022 ordinary shares total is based on the terms of the option agreements in place at the time.

Priorities for the Year Ended 31 May 2024

Priorities for the 2024 financial year will include:

- Establishment and approval of a new equity reward scheme that will attract and retain new senior level capability to the organisation to support the growth plan of the business.
- Monitor and support the rollout of a performance driven appraisal methodology throughout the company and ensure its alignment with Senior Executives.
- Monitor the further development of remuneration policies, appropriate to an enlarged organisation.
- Establish an RC sub-committee meeting monthly to support the proposed increased activity.

DocuSigned by:
Jonathan Beasley

Jonathan Beasley
Chair of Remuneration Committee

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 May 2023.

Principal activity

Equipmake is a UK-based engineering specialist pioneering the development and production of electrification products across the automotive, aerospace, bus, coach, and fire truck industries support of the transition from fossil-fuelled to zero-emission powertrains.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

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

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

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

Results and dividends

The loss for the year, after taxation, amounted to £4,831,375 (2022: loss £5,310,231). No dividend was declared and or paid in the year (2022: £395,000).

Directors and Directors' interests

The directors who served during the year were:

Ian Foley (Chief Executive Officer)

Steven McGillivray (Chief Financial Officer and Company Secretary)

James Bishop (Chief Operating Officer)

Clive Scrivener (appointed 29 July 2022 – Non-Executive Chairman)

Dena Bellamy (appointed 29 July 2022 – Non-Executive Director)

Jonathan Beasley (appointed 29 July 2022 – Non-Executive Director)

The Directors who held office at the end of the period had the following interests in the Ordinary shares of the Company:

	Number of £0.0001 ordinary shares at start of period	% of issued share capital at start of period	Number of £0.0001 ordinary shares at end of period	% of issued share capital at end of period
Ian Foley	375,000,000	75.00%	375,000,000	39.55%
Steven McGillivray	-	0.00%	-	0.00%
James Bishop	-	0.00%	588,235	0.06%
Clive Scrivener	-	0.00%	470,588	0.05%
Jonathan Beasley	-	0.00%	-	0.00%
Dena Bellamy	-	0.00%	-	0.00%

Please refer to the remuneration committee note for further information regarding Directors' interests via share options.

During the year the following meetings were held:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
No of meetings	9	2	2
Attendance by director:			
Ian Foley	9	-	1
Steven McGillivray	9	2	2
James Bishop	9	-	1
Clive Scrivener	9	2	2
Jonathan Beasley	9	2	2
Dena Bellamy	9	2	2

Future developments

The Group's future development and strategy is covered in the Chief Executive Officer's report.

Engagement with suppliers, customers and others

Board engagement with stakeholders is explained in more detail in the s172(1) disclosure section of the strategic report.

Research and Development

Equipmake actively pursues research and development and incurred £2.5m of qualifying research and development expenditure for the purposes of R&D tax relief in the year (2022: £4.2m).

Greenhouse gas emissions, energy consumption and energy efficiency action

Equipmake Holdings PLC has not included the requirements of the Streamlined Energy and Carbon Reporting (SECR) due to the Group and its subsidiaries not meeting the threshold for reporting.

Going concern

Company law requires the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors have reviewed the financial forecasts which anticipate significant revenue growth over the next few years, in line with the strategy communicated at the IPO. Given that a significant proportion of revenue for the next twelve months is already secured, the review focused the application of a number of reasonable sensitivities regarding the work that is still to be awarded. Given the availability of numerous mitigation levers, such as the deferral of capital expenditure, recruitment and discretionary overhead spend, and the rephasing of working capital commitments to align with order conversion, the Directors confirm that they consider that the going concern basis remains appropriate.

The Directors believe that the Group has sufficient financial resources to meet its commitments for the foreseeable future and for a period of at least twelve months following the date of these financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

There are no other post balance sheet events that require adjustment or disclosure in these financial statements.

Auditors

Haysmacintyre LLP are the auditors to the Company and in accordance with section 485 of the Companies Act 2006, Haysmacintyre LLP having expressed their willingness to continue in office, will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 29th September 2023 and signed on its behalf.

DocuSigned by:
Ian Foley
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Ian Foley
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUIPMAKE HOLDINGS PLC

Opinion

We have audited the financial statements of Equipmake Holdings Plc ("the parent Company") and its subsidiary ("the Group") for the year ended 31 May 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash flow statement and related notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 May 2023 and of the Group's loss for the year then ended; and
- 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 United Kingdom, including the Financial Reporting Council'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.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included the following procedures covering a period to 30th September 2024:

- Discussing management's assessment of the group's ability to remain a going concern;
- Reviewing and understanding the cash flow forecasts which are the central element of management's going concern assessment;
- Assessing and challenging the inputs in and judgements made in the preparation of the cash flow forecasts;
- Reviewing stress tests including sensitivity analysis to consider the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the group's ability to adopt the going concern basis; and
- Obtaining an understanding of the financial performance of the Group up to the date of approval of the financial statements, including cash flow and management's latest assessments as to sales orders and pipeline.

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

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. A full scope audit approach was applied on the component of the Group based on its relative materiality to the Group and our assessment of the audit risks. We evaluated controls by performing walkthroughs over the financial reporting systems identified as part of our risk assessment, reviewed the financial reporting process, and addressed critical accounting matters.

We then undertook substantive testing on significant transactions and material account balances. In order to address the audit risks identified during our planning procedures, we performed a full scope audit of the financial statements of the Group, parent company and its subsidiary Equipmake Limited.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How we addressed the key audit matter in the audit
Fraud in revenue recognition Revenue is a significant item in the statement of comprehensive income and impacts a number of management's key judgements, performance indicators and key strategic indicators. There is a risk of a material misstatement of revenue due to fraud or error arising from: • Recognition of revenue in the incorrect period. • Revenue not being recognised in accordance with FRS 102. • Manipulation of recognition of revenue around the year-end through management override of internal controls.	Our audit work included, but was not restricted to: • Evaluating the group's revenue recognition accounting policies with reference to the requirements of FRS 102. • Performing substantive testing on a sample of individual revenue transactions throughout the year to evaluate whether revenue is recognised in accordance with FRS 102. Testing procedures included agreeing revenue transactions to supporting evidence including sales invoice, delivery notes, and the associated terms and conditions to ensure performance obligation had been met. • Performing a reconciliation of cash receipts to reported revenues. • Reviewing credit notes, invoices and receipts around the reporting date to ensure they were recorded in the correct accounting period. • Performing sales cut off tests to ensure revenue had been recognised in the correct period. This involved obtaining an understanding of the execution of the performance obligations relation to each stream of income to ensure income was recognised in the correct period. • Our review involved an assessment to test the appropriateness of the recognition of accrued income and deferred income for all income

Key audit matter	How we addressed the key audit matter in the audit
	streams. Our testing involved verification terms and conditions of sale, invoices, purchase orders, contracts and delivery notes. Accrued income was tested for post year end billing and recoverability. • Testing the existence of trade debtors to supporting evidence for the goods and services sold and cash receipts. • Reviewing the adequacy of disclosures in the financial statements in accordance with the accounting standards.

Key audit matter	How we addressed the key audit matter in the audit
Capitalisation and valuation of development costs The Group capitalised development expenditure of £810,000 during the year ended 31 May 2023. There is a significant degree of judgement and subjectivity involved in assessing whether the internally generated intangible assets qualify for capitalisation in accordance with FRS 102. Given the consequent risk of a material overstatement of assets and understatement of expenditure, we therefore identified the capitalisation of development costs as a key audit matter.	Our audit work included, but was not restricted to: • Performing procedures to assess whether the criteria for capitalisation of development costs had been met by reference to FRS 102. • Testing a sample of additions to underlying timesheet data and project plan documents to ensure the development costs had been accounted for correctly. • Performing a review to ensure there were no indicators of impairment. • Considering the application of amortisation charges against capitalised developments costs and the appropriateness of assessed useful economic lives. • Reviewing disclosures within the financial statements to ensure they were adequate and in accordance with the accounting standards.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the group, we considered loss before tax to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. The group's function was previously more focused on research and development however is has now transitioned more into production with revenue and profit or loss being a key metric. With the business continuing in its growth phase, expenditure is still in excess of turnover and therefore a loss before tax benchmark is deemed more appropriate. Based on our professional judgement, we determined materiality for the group to be £237,000, being on 4.9% of the loss before tax.

Due to the nature of the parent company, we considered gross assets to be the main consideration for users of the financial statements, accordingly this consideration influenced by our judgement of materiality. Based on our professional judgement, we determined overall materiality for the parent company to be £167,000, based on 0.7% of gross assets.

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e., our tolerance for misstatement in an individual account or balance) for the Group and Parent Company was 75% of materiality, namely £178,000 and 125,000 respectively.

We agreed to report to the Audit Committee all audit differences in excess of £11,800 for the Group and £8,350 for the Parent Company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that were identified when assessing the overall presentation of the financial statements.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to requirements in respect of employment law, including but not limited to health and safety regulation and Aquis Apex Market rules. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate manual journal entries to revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory requirements applicable the Group and considered that the most significant are the Companies Act 2006, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the rules of Aquis Apex Market and UK tax legislation. We obtained and understanding of how the Group comply with these requirements by discussions with management and those charged with governance;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;

- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- Performing procedures including substantive testing procedures to concluded on the appropriateness of revenue recognition throughout the year and around the year end.

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

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

Use of our report

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

DocuSigned by:
Christopher Cork
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Christopher Cork (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 29th September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 May 2023 £'s	Year ended 31 May 2022 £'s
Turnover	4	5,053,540	3,706,785
Cost of sales		(3,845,263)	(6,087,868)
Gross loss		1,208,277	(2,381,083)
Administrative expenses		(5,346,307)	(1,919,378)
Other operating income	5	280,658	565,132
Share based payment charge	29	(475,321)	(574,227)
Exceptional items	12	(615,064)	(750,000)
Operating loss	6	(4,947,757)	(5,059,556)
Interest receivable and similar income	10	16,908	(1,182)
Interest payable and similar expenses	11	(86,505)	(144,994)
Loss before taxation		(5,017,354)	(5,205,732)
Tax on loss	13	185,979	(104,499)
Loss for the financial year		(4,831,375)	(5,310,231)
Total other comprehensive income		-	-
Total comprehensive loss for the year		(4,831,375)	(5,310,231)
Loss for the year attributable to:			
Non-controlling interests		-	(692,772)
Owners of the parent Company		(4,831,375)	(4,617,459)
		(4,831,375)	(5,310,231)
Loss per share		**£'s**	**£'s**
Basic and diluted	27	(0.0060)	(0.023)

Date: 29th September 2023

The Group's activities derive from continuing operations.

The notes on pages 33 to 55 form an integral part of these Financial Statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 May 2023 £'s	As at 31 May 2022 £'s
Assets			
Fixed assets			
Intangible assets	15	783,037	-
Tangible assets	16	772,681	527,139
		1,555,718	527,139
Current assets			
Stocks	18	2,958,325	807,973
Debtors: amounts falling due within one year	19	4,501,978	1,920,728
Cash at bank and in hand	20	6,999,686	1,876,083
Total current assets		14,459,989	4,604,784
Liabilities			
Creditors: amounts falling due within one year	21	(1,957,276)	(5,794,645)
Net current assets /(liabilities)		12,502,713	(1,189,861)
Total assets less current liabilities		14,058,431	(662,722)
Creditors: amounts falling due after more than one year	22	(255,183)	(307,169)
Provisions for liabilities:			
Other provisions	25	-	(44,057)
Net assets /(liabilities)		13,803,248	(1,013,948)
Capital and reserves			
Share capital	26	94,823	50,000
Share premium	28	19,128,427	-
Other reserves	28	5,748,311	5,748,311
Profit and loss account	28	(12,217,861)	(7,386,486)
Share-based payment reserve	28	1,049,548	574,227
Total capital and reserves		13,803,248	(1,013,948)

The notes on pages 33 to 55 form an integral part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 29th September 2023 and were signed on its behalf by:

DocuSigned by:
Ian Foley
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Ian Foley
Chief Executive Officer
Company number: 04303233

COMPANY BALANCE SHEET

Assets	Note	As at 31 May 2023 £'s	As at 31 May 2022 £'s
Fixed assets			
Investments	17	17,933,408	6,458,087
		17,933,408	6,458,087
Current assets			
Debtors: amounts falling due within one year	19	50,452	1,269,386
Cash at bank and in hand	20	6,601,712	1,737,118
Total current assets		6,652,164	3,006,504
Liabilities			
Creditors: amounts falling due within one year	21	(504,334)	(3,859,315)
Net current assets/ (liabilities)		6,147,830	(852,811)
Total assets less current liabilities		24,081,238	5,605,276
Net assets		24,081,238	5,605,276
Capital and reserves			
Share capital	26	94,823	50,000
Share premium	28	19,128,427	-
Other reserves	28	4,962,502	4,962,502
Merger relief reserve	28	849,982	849,982
Profit and loss account	28	(2,004,044)	(831,435)
Share-based payment reserve	28	1,049,548	574,227
Total capital and reserves		24,081,238	5,605,276

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £1,172,609 (2022: £876,485).

The notes on pages 33 to 55 form an integral part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 29th September 2023 and were signed on its behalf by:

DocuSigned by:
Ian Foley
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Ian Foley
Chief Executive Officer
Company number: 04303233

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'s	Share premium £'s	Other reserves £'s	Profit and loss account £'s	Share based payment reserve £'s	Equity attributable to owners of parent company £'s	Non-controlling interests £'s	Total equity £'s
Balance at 01 June 2021		**2**	**-**	**5,835,579**	**(2,987,394)**	**-**	**2,848,187**	**1,302,639**	**4,150,826**
Comprehensive loss for the									
Loss for the year		-	-	-	(4,617,459)	-	(4,617,459)	(692,772)	(5,310,231)
		-	-	-	(4,617,459)	-	(4,617,459)	(692,772)	(5,310,231)
Transactions with owners									
Reclassification of non-controlling interest following share-for-share exchange		-	-	-	609,867	-	609,867	(609,867)	-
Dividends: Equity capital	14	-	-	-	(395,000)	-	(395,000)	-	(395,000)
Share-based payments movement	29	-	-	-	-	574,227	574,227	-	574,227
Share-for-share exchange	26	16,000	-	(49,770)	-	-	(33,770)	-	(33,770)
Issue of B shares	26	5,000,000	-	(5,000,000)	-	-	-	-	-
Cancellation of B shares	26	(5,000,000)	-	5,000,000	-	-	-	-	-
Purchase of own shares	26	(3,500)	-	-	3,500	-	-	-	-
Bonus issue of shares	26	37,498	-	(37,498)	-	-	-	-	-
Total transactions with owners		49,998	-	(87,268)	218,367	574,227	755,324	(609,867)	145,457
Balance at 31 May 2022		**50,000**	**-**	**5,748,311**	**(7,386,486)**	**574,227**	**(1,013,948)**	**-**	**(1,013,948)**

The notes on pages 33 to 55 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Other reserves	Profit and loss account	Share based payment reserve	Equity attributable to owners of parent company	Non-controlling interests	Total equity
		£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Balance at 01 June 2022		**50,000**	**-**	**5,748,311**	**(7,386,486)**	**574,227**	**(1,013,948)**	**-**	**(1,013,948)**
Comprehensive loss for the year									
Loss for the year		-	-	-	(4,831,375)	-	(4,831,375)	-	(4,831,375)
		-	-	-	(4,831,375)	-	(4,831,375)	-	(4,831,375)
Transactions with owners									
Loan conversion	26	8,824	3,741,176	-	-	-	3,750,000	-	3,750,000
Issue of shares	26	35,999	16,199,001	-	-	-	16,235,000	-	16,235,000
Share issue costs		-	(811,750)	-	-	-	(811,750)	-	(811,750)
Share-based payments charge	29	-	-	-	-	475,321	475,321	-	475,321
Total transactions with owners		44,823	19,128,427	-	-	475,321	19,648,571	-	19,648,571
								-	
Balance at 31 May 2023		**94,823**	**19,128,427**	**5,748,311**	**(12,217,861)**	**1,049,548**	**13,803,248**	**-**	**13,803,248**

The notes on pages 33 to 55 form an integral part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Other reserves	Merger relief reserve	Profit and loss account	Share based payment reserve	Total equity
		£'s	£'s	£'s	£'s	£'s	£'s	£'s
Balance at 01 June 2021		**2**	**-**	**-**	**-**	**436,550**	**-**	**436,552**
Comprehensive loss for the year								
Loss for the year		-	-	-	-	(876,485)	-	(876,485)
		-	**-**	**-**	**-**	**(876,485)**	**-**	**(876,485)**
Transactions with owners								
Dividends: Equity capital	14	-	-	-	-	(395,000)	-	(395,000)
Share-based payments charge	29	-	-	-	-	-	574,227	574,227
Share-for-share exchange	26	16,000	-	-	5,849,982	-	-	5,865,982
Issue of B shares	26	5,000,000	-	-	(5,000,000)	-	-	-
Cancellation of B shares	26	(5,000,000)	-	5,000,000	-	-	-	-
Purchase of own shares	26	(3,500)	-	-	-	3,500	-	-
Bonus issue of shares	26	37,498	-	(37,498)	-	-	-	-
Total transactions with owners		49,998	-	4,962,502	849,982	(1,267,985)	574,227	5,168,724
Balance at 31 May 2022		**50,000**	**-**	**4,962,502**	**849,982**	**(831,435)**	**574,227**	**5,605,276**

The notes on pages 33 to 55 form an integral part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Other reserves	Merger relief reserve	Profit and loss account	Share based payment reserve	Total equity
		£'s	£'s	£'s	£'s	£'s	£'s	£'s
Balance at 01 June 2022		**50,000**	**-**	**4,962,502**	**849,982**	**(831,435)**	**574,227**	**5,605,276**
Comprehensive income for the year								
Loss for the year		-	-	-	-	(1,172,609)	-	(1,172,609)
		-	**-**	**-**	**-**	**(1,172,609)**	**-**	**(1,172,609)**
Transactions with owners								
Loan conversion	26	8,824	3,741,176	-	-	-	-	3,750,000
Issue of shares	26	35,999	16,199,001	-	-	-	-	16,235,000
Share issue costs		-	(811,750)	-	-	-	-	(811,750)
Share based payments charge	29	-	-	-	-	-	475,321	475,321
Total transactions with owners		44,823	19,128,427	-	-	-	475,321	19,648,571
Balance at 31 May 2023		**94,823**	**19,128,427**	**4,962,502**	**849,982**	**(2,004,044)**	**1,049,548**	**24,081,238**

The notes on pages 33 to 55 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Cash flows from operating activities		
Loss for the year	(4,831,375)	(5,310,231)
Adjustments for:		
Amortisation of intangible assets	27,380	-
Depreciation of tangible assets	187,108	220,668
Profit on disposal of tangible assets	(14,951)	-
Interest paid	86,505	144,994
Interest received	(16,908)	1,182
RDEC Taxation credit (net)	(197,854)	(445,496)
SME R&D credit	(232,389)	-
Increase in stocks	(2,150,351)	(763,526)
Increase in debtors	(2,137,644)	(443,613)
(Decrease)/increase in creditors	(156,025)	598,558
(Decrease)/increase in provisions	(44,057)	44,057
Corporation tax received	-	353,149
Share-based payments expense	475,321	574,227
Fair value losses - convertible loan	-	750,000
Stamp duty paid on share-for-share exchange	-	(33,770)
Net cash flows used in operating activities	**(9,005,240)**	**(4,309,801)**
Cash flows from investing activities		
Purchase of tangible fixed assets	(443,198)	(135,248)
Sale of tangible fixed assets	25,500	-
Intangible assets - capitalisation of internal development cost	(810,417)	-
Net cash used in investing activities	**(1,228,115)**	**(135,248)**
Cash flows from financing activities		
Issue of ordinary shares	16,235,000	-
Share issue costs	(811,750)	-
New secured hire purchase loans	106,779	-
Repayment of obligations under finance leases and hire purchase	(144,177)	(89,488)
Dividends paid	-	(395,000)
Interest paid	(32,434)	(35,679)
Interest received	3,540	-
New convertible loan	-	3,000,000
Net cash from financing activities	**15,356,958**	**2,479,833**
Net increase/(decrease) in cash and cash equivalents	5,123,603	(1,965,216)
Cash and cash equivalents at the beginning of the year	1,876,083	3,841,299
Cash and cash equivalents at the end of the year	**6,999,686**	**1,876,083**

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MAY 2023

	At 1 June 2022 £'s	Cash flows £'s	Payments made in year £'s	Increase in lease liability £'s	At 31 May 2023 £'s
Cash at bank and in hand	1,876,083	5,123,603	-	-	6,999,686
Finance leases	(444,681)	-	144,179	(106,779)	(407,281)
Convertible loan notes	(3,750,000)	3,750,000	-	-	-
	(2,318,598)	**8,873,603**	**144,179**	**(106,779)**	**6,592,405**

The notes on pages 33 to 55 form an integral part of these Financial Statements.

1. General information

Equipmake Holdings Plc is a public company limited by shares incorporated in England and Wales. The company registration number is 04303233. The registered office is Unit 7, Snetterton Business Park, Snetterton, Norfolk, NR16 2JU.

The Group consists of the parent Equipmake Holdings Plc and subsidiary Equipmake Limited. All Group entities are included within the consolidation.

Equipmake is a UK-based engineering specialist pioneering the development and production of electrification products across the automotive, aerospace, bus, coach, and fire truck industries support of the transition from fossil-fuelled to zero-emission powertrains.

These financial statements are presented in sterling which is the functional currency of the entity and are rounded to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 ''The Financial Reporting Standard applicable in the UK and Republic of Ireland'' (''FRS 102'') and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where parent of that group prepares publicly available consolidated financial statements, including the Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to respectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 June 2016.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate. The loss for the year was in line with expectations and the £16.2m of gross fundraising completed during the year, provides adequate funding for the Company to execute its plans for growth. The Company has prepared detailed financial forecasts and cash flow projections which reflect the anticipated revenue growth over the next few years, in line with the strategy communicated at the IPO. After considering a number of reasonable sensitivities and the availability of a number of mitigation levers, such as the deferral of capital expenditure, recruitment and discretionary overhead spend, as well as the re-phasing of working capital

2. Accounting policies (continued)

commitments to align with order conversion, the Directors confirm that sufficient cash is available to meet the Company's liabilities as they fall due for the foreseeable future and at least twelve months from the date of approval of these financial statements. The detailed cash flow calculations are based on the Company's annual budget, approved by the board and reflect a number of key assumptions including:

- revenue growth supported by current orderbook and opportunity pipeline;
- margin rates incorporating expected input costs and sales prices;
- working capital requirements incorporating current customer and supplier payment terms;
- increased overhead spend to support the anticipated increase in revenue; and
- continued investment in product development.

Further detail regarding current trading and the outlook for the business is provided with the CEO statement on pages 4 and 5 of this report. The Directors believe that the Company is well placed to navigate the challenges that it is likely to face during a period of significant growth and have a reasonable expectation that it has sufficient resources to meet its financial obligations for the foreseeable future. On this basis, the Directors continued to adopt the going concern basis for preparation of these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 year 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.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding trade discounts, and net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (under "ex works" incoterms, this is typically when the goods are made available for transport or collection but the transfer of rights depends on the contractual terms agreed), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Revenue from licencing agreements is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement, including consideration of ongoing obligations, guaranteed minimum payments and payments contingent upon future events.

2. Accounting policies (continued)

2.6 Leases

Operating leases: the Group as a lessee

Rentals paid under operating leases are charged to profit and loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Finance leases: The Group as a lessee

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to statement of comprehensive income, so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss as other income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income within turnover in the same period as the related expenditure, which is recognised in cost of sales. These grants relate to the primary function of the business and facilitate the delivery of the Group's primary purpose. Other grants are shown within other operating income.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss 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.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. 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 in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition. The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on

2. Accounting policies (continued)

an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12 Taxation

Tax is recognised in profit or loss except that a charge 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 and the Group operate and generate income.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence. This includes fair value adjustments in respect of the convertible loan notes and transaction costs associated with the IPO.

In respect of IPO transactions fees, £0.6m in the current financial year were expensed to the Statement of Comprehensive Income and £0.5m of broker fees was charged to share premium. In FY2022 these costs were prepaid. Fees prepaid in 2023 were £Nil (2022: £0.1m).

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	20% Straight line
Plant and machinery	20-33% Straight line
Specialist assets	50% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

Assets under development are recognised at their cost. No depreciation is charged on these assets until the assets are complete and available for use.

2. Accounting policies (continued)

2.15 Intangible items

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Intangible assets are reviewed for impairment each financial year.

Research and development

Internally generated intangible assets arising from development, or the development phase of internal projects, have been recognised in the year where the following can be demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
b) Intention to complete the intangible asset and use or sell it;
c) Ability to use or sell the intangible asset;
d) How the intangible asset will generate probable future economic benefits (e.g., the existence of a market);
e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) Ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs have been recognised as an intangible asset for the first time in the year, as it can be demonstrated that all of the criteria for recognition have been met.

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

All development costs capitalised in the year relate to development of an integrated electric vehicle powertrain, for which it was considered that there was insufficient evidence of probable future economic benefits in prior periods to recognise as an asset. Advancement of the development work and fulfilment of customer orders, demonstrating feasibility and existence of a market for the products, has prompted a decision to capitalise development costs in the year. Expenditure on these assets items previously recognised as an expense have not been recognised as part of the cost of the asset.

Completed assets are being amortised over 3-5 years straight line.

2.16 Investments

Investments in subsidiaries are initially measured at cost at acquisition and reviewed for impairment at each reporting date, with any movement in the fair value recognised in the profit and loss. Where an investment is acquired in stages, it may be more appropriate to recognise the fair value during initial recognition and then assess the deemed cost for impairment at each reporting date.

The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are required immediately in the profit and loss account.

2.17 Stocks and work-in-progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

Work-in-progress (“WIP’’) includes an allocation of direct labour costs and overhead appropriate to the stage of manufacture. At each balance sheet date, stocks and WIP are assessed for impairment. If impairment has occurred, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

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 profit or loss 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.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2. Accounting policies (continued)

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Derivatives

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Group enters into currency forward contracts. These are measured at fair value at the end of the reporting period, with any changes in fair value recognised in profit or loss.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could materially differ from those estimates. The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date include:

Revenue recognition
The Company has established a clear decision matrix for each order/contract to ensure a consistent approach for determining the basis for recognising revenue. In some circumstances, judgements are made in respect of the amount of revenue to be recognised at each reporting date. For example, where goods and services supplied on the same contract cannot be split for the purposes of revenue recognition and the work is performed over a period of months or years, the Company would recognise revenue based on the stage of completion. Further details regarding the calculation are included under note 2.5.

Share based payments
Some of Equipmake Limited's employees have been granted share options by the Company. The fair value of these options on the date of grant has been determined using the Black Scholes Model. The directors consider this the most suitable model for calculating the fair value of the options. For further details, see note 29.

The management believe that there will not be only one acceptable choice for estimating the fair value of share-based payment arrangements. The judgements and estimates that management apply in determination of the share- based compensation are summarised below:

- Selection of valuation model
- Making assumptions used in determining the variables used in a valuation model:
  I. Expected life
  II. Expected volatility
  III. Expected dividend yield
  IV. Probability of performance-based vesting conditions being met.

Options with both time-based and performance-based vesting conditions were granted in the year. The vesting thresholds for the performance-linked options were revised during the year in line but remain consistent with the revenue forecasts for FY2023 and FY2024. Given that the Directors believe that the Company will achieve its revenue targets for FY2023 and FY2024, a charge has been recognised for the relevant portion of the vesting period.

Share options were also granted to two non-employees of the Company. A share-based payments charge has been recognised in respect of one of these individuals, for whom it has been judged that share options were awarded as a result of past services provided to the Company.

Development costs
Management has reviewed activity relating to both customer-related and internal product development projects during the period and capitalised costs where it is considered that the FRS102 criteria have been met. The judgements and estimates that management apply when identifying costs to be capitalised are summarised below:

- Estimated size and value of the market for the product being developed;
- Assessment of technical, financial and other resources required and available to complete development;
- Technical feasibility of completing the development work;
- Completion status of the development work; and
- Expected useful life of the asset once completed.

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Impairment of investments and inter-company receivable

The directors have assessed the valuation of the investment in Equipmake Limited (subsidiary) and inter-company receivable held in Equipmake Holdings PLC, at the balance sheet date. The Directors believe that due to the ongoing development of the Company's products, its considerable pipeline of opportunities and the market capitalisation / share price of the Company (along with the raising of £10m of gross funding via an IPO on the Aquis Stock Exchange for Equipmake Holdings Plc and a further £6.2m in a subsequent funding round), that this investment is not impaired.

Stock

The directors have assessed whether any inventories are impaired by comparing the estimated selling price less costs to complete to the carrying amount at year end. Judgements and estimates that management apply in making this assessment include:

- Identification of defective, slow-moving or obsolete stocks;
- Estimates of prices obtainable for the goods at the time that they will be available for sale; and
- Projected costs of completion and sale.

Contingent liability

A contingent liability for the provision of warranties is calculated by management. Warranties requires management's best estimate of the expenditure that will be incurred in respect of warranty claims, which are detailed in the terms and conditions of sale. Certain contracts contain an obligation for Equipmake to provide a warranty on the products that it provides. The precise terms of the warranty vary on a contract-by-contract basis but currently range between three and eight years. Given that these products are new to the market, Equipmake is unable to reference a history of warranty claims in order to provide a basis for estimating an accurate provision. The Company acknowledges the contractual obligation but is unable to provide a basis for estimation of a provision that complies with the requirements of the accounting standards.

4. Segmental reporting and turnover

Segmental information is presented in respect of the Group's operating segments based on the format that the Group reports to its chief operating decision maker, for the purpose of allocating resources and assessing performance.

The Group considers that the chief operating decision maker comprises the Executive Directors of the business.

The Directors manage the Group as a single business delivering electric power train solutions across a range of markets. Information that was made available to the chief operating decision maker in the reporting period included a split of gross margin by customer project, and therefore segmental information is presented along the same lines. Operating segments that share similar characteristics have been aggregated where the criteria for aggregation have been met.

Comparative segmental analysis has not been provided for the year ended 31 May 2022 because the information is not available.

4. Segmental reporting and turnover (continued)

	Powertrain (inc. vehicle integration)	Powertrain (supply only)	EV components	Engineering projects	Licencing/ royalties	Total (excluding Grants)	Grants	Total
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Revenue	900,000	849,700	1,575,545	1,311,951	300,000	4,937,196	116,344	5,053,540
Cost of sales	(1,016,277)	(875,551)	(956,171)	(831,472)	-	(3,679,471)	(165,792)	(3,845,263)
Gross Margin	**(116,277)**	**(25,851)**	**619,374**	**480,479**	**300,000**	**1,257,725**	**(49,448)**	**1,208,277**
Administrative expenses	-	-	-	-	-	-	-	(6,436,692)
Other operating income	-	-	-	-	-	-	-	280,658
Operating loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,947,757)**
Net interest	-	-	-	-	-	-	-	(69,597)
Loss before taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,017,354)**
Taxation	-	-	-	-	-	-	-	185,979
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,831,375)**

An analysis of turnover by class of business is as follows:	**For the year ended 31 May 2023 £'s**	**For the year ended 31 May 2022 £'s**
Powertrain (inc. vehicle integration)	900,000	-
Powertrain (supply only)	849,700	167,156
EV components	1,575,545	416,946
Engineering projects	1,311,951	2,021,458
Grants receivable	116,344	1,035,396
Other	300,000	65,829
	5,053,540	**3,706,785**
Analysis of turnover by country of destination:		
United Kingdom	2,550,385	2,588,683
Rest of Europe	1,265,000	391,646
Asia (exc. Far East)	300,000	-
Rest of world	908,955	649,816
Far East	29,200	76,640
	5,053,540	**3,706,785**

All revenue reported is external to the Group.

Details of external customers where revenue is 10% or more of the Group's total revenues (inclusive of grants) are as follows:

- £1,021,593 (20.2%) in the EV components segment.
- £900,000 (17.8%) in the Powertrain (inc. vehicle integration) segment.
- £849,700 (16.8%) in the Powertrain (supply only) segment.
- £786,703 (15.6%) in the Engineering projects and EV components segments.
- £668,260 (13.2%) in the Engineering projects segment.

5. Other operating income

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Government grants receivable	-	15,136
RDEC claim	244,265	549,996
Other income	36,393	-
Total other operating income	**280,658**	**565,132**

6. Operating loss

The operating loss is stated after charging:	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Operating lease payments - property	269,645	174,211
Operating lease payments - other	48,154	32,995
Depreciation of tangible fixed assets – owned (note 16)	169,035	209,159
Depreciation of tangible fixed assets – held under finance lease and hire purchase (note 16)	87,096	141,525
Amortisation of intangible fixed assets (note 17)	27,380	-
Profit on the sale of tangible fixed assets	(14,951)	-
Foreign exchange loss	84,801	8,081
Share-based payments (note 29)	475,321	574,227
Research and development costs *	1,752,143	4,230,735
Exceptional items (note 12)	615,064	750,000

*Based on qualifying R&D expenditure (of this, a further £724,353 was capitalised).

7. Auditors' remuneration

Fees payable to the Group's auditor and its associates for the audit of the:	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Group's annual financial statements	**83,500**	**65,000**
Other fees payable to the Group's auditor and its associates in respect of:		
Reporting accountant services	85,250	60,000
All other services	2,050	1,200
	87,300	**61,200**

8. Employees

Staff costs, including directors' remuneration, were as follows:	Group 2023	Group 2022	Company 2023 £'s	Company 2022 £'s
Wages and salaries	3,600,915	2,537,185	413,443	-
Social security costs	405,474	278,944	49,909	-
Cost of defined contribution scheme	112,266	88,286	38,840	-
Share based payments	150,803	574,227	-	-
	4,269,458	**3,478,642**	**502,192**	-

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

	For the year ended 31 May 2023	For the year ended 31 May 2022
Employees	82	69

The Company has no employees other than the directors, who did not receive any remuneration (2022: £Nil). Remuneration of Directors is paid from Equipmake Limited and recharged to Equipmake Holdings Plc.

9. Directors

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Directors' emoluments	438,109	102,218
Group contributions to defined contribution pension schemes	45,947	40,220
Share-based payments	76,892	442,714
	560,948	**585,152**

During the year retirement benefits were accruing to 3 directors (2022: 3) in respect of defined contribution pension schemes. The number of directors who received shares under long term incentive schemes was 1 (2022: 1).

The highest paid director's emoluments were as follows:

Directors' emoluments and amounts receivable under long-term incentive schemes £147,584 (2022: £449,099, inclusive of £442,714 related to share-based payments).

Group contributions to defined contribution pension schemes £40,000 (2022: £110).

10. Interest receivable

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Other interest receivable / (payable)	16,908	(1,182)
	16,908	**(1,182)**

11. Interest payable and similar expenses

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Loan interest payable	86,505	32,526
Other interest payable	-	112,468
	86,505	**144,994**

12. Exceptional items

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Costs relating to Equipmake's admission to AQSE	(615,064)	-
Fair value adjustment - convertible loan note	-	(750,000)
	(615,064)	**(750,000)**

As at 31 May 2023, exceptional costs are in respect of IPO transactions fees expensed to the Statement of Comprehensive Income. In FY2022 these costs were prepaid. Fees prepaid in 2023 were £Nil (2022: £0.1m).

In the year ended 31 May 2022 exceptional cost were expensed as part of the fair value adjustment in respect of a convertible loan note. As at 31 May 2023, there was a fair value adjustment of £Nil.

13. Taxation

	For the year ended 31 May 2023 £'s	For the year Ended 31 May 2022 £'s
Corporation tax		
Current tax on RDEC	46,410	104,499
Tax credit – R&D SME scheme	(232,389)	
	(185,979)	104,499
Total current tax		
Deferred tax	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	**(185,979)**	**104,499**

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 20 % (2022: 19%). The standard rate of corporation tax for the year is calculated to be 20% as a result of the UK corporation tax main rate increasing from 19% to 25% on 1st April 2023.

The differences are explained below:

Reconciliation of effective rate and tax charge	For the year ended 31 May 2023 £'s	For the year Ended 31 May 2022 £'s
Loss on ordinary activities before tax	(5,017,354)	(5,205,732)
Loss multiplied by the rate of corporation tax in the UK of 20 % (2022: 19%)	(1,003,471)	(989,089)
Effects of:		
Unrecognised deferred tax assets	1,030,305	607,688
Remeasurement of deferred tax for changes in tax rates	(204,624)	-
Enhanced super deduction	(4,613)	
Expenses not deductible for tax purposes	228,412	265,650
Depreciation on ineligible assets	401	
SME R&D tax credit	(232,389)	
Adjustments in respect of prior years	-	11,252
Total tax charge for the year	**(185,979)**	**104,499**

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantially enacted as part of the 2021 Budget on 24 May 2021. This included an increase to the main rate from 19% to 25% from April 2023. The Company will be taxed at a rate of 25% unless its profits are sufficiently low enough to qualify for a lower rate of tax, the lowest being 19%.

Where applicable, deferred taxes at the balance sheet date have been measured using tax rates between 19% and 25% to reflect the rate of the timing differences are likely to unwind and are reflected in the financial statements.

Deferred tax is not recognised in respect of losses of £11,632,746 (2022: £8,281,504) due to the uncertainty that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

14. Dividends

	For the year ended 31 May 2023 £'s	For the year ended 31 May 2022 £'s
Ordinary dividends	-	395,000
	-	**395,000**

15. Intangible assets

Group	Development expenditure £'s	Other Intangibles £'s	Total £'s
Cost			
At 1 June 2022	-	11,471	11,471
Additions – internally developed	810,417	-	810,417
At 31 May 2023	810,417	11,471	821,888
Amortisation			
At 1 June 2022	-	11,471	11,471
Charge	27,380	-	27,380
At 31 May 2023	27,380	11,471	38,851
Net book value			
At 31 May 2023	**783,037**	**-**	**783,037**
At 31 May 2022	**-**	**-**	**-**

No intangible assets are held within the parent company.

The average remaining useful life of intangible assets being amortised is 3.6 years. The cost of assets not yet being amortised is £568,694, with amortisation expected to commence for these assets in the year ending 31 May 2024. Of this, £461,704 will be amortised over 3 years and £106,990 will be amortised over 5 years.

16. Tangible fixed assets

Group	Leasehold property £'s	Plant and machinery £'s	Specialist equipment £'s	Assets in development £'s	Total £'s
Cost or valuation					
At 1 June 2021	55,452	722,037	502,119	-	1,279,608
Additions	25,144	58,820	-	51,283	135,247
At 31 May 2022	80,596	780,857	502,119	51,283	1,414,855
Depreciation					
At 1 June 2021	18,347	223,807	424,894	-	667,048
Charge for the year	11,509	131,934	77,225	-	220,668
At 31 May 2022	29,856	355,741	502,119	-	887,716
Cost or valuation					
At 1 June 2022	80,596	780,857	502,119	51,283	1,414,855
Additions	19,676	317,904	-	105,620	443,200
Disposals	-	(72,680)	-	-	(72,680)
At 31 May 2023	100,272	1,026,081	502,119	156,903	1,785,375
Depreciation					
At 1 June 2022	29,856	355,741	502,119	-	887,716
Charge for the year	18,073	169,035	-	-	187,108
Eliminated on disposal	-	(62,130)	-	-	(62,130)
At 31 May 2023	47,929	462,646	502,119	-	1,012,694
Net book value					
At 31 May 2023	**52,343**	**563,435**	**-**	**156,903**	**772,681**
At 31 May 2022	50,740	425,116	-	51,283	527,139

Specialist/technical plant and equipment relates to project specific equipment whose value is consumed over the life of the relevant project. Cost of such assets are therefore written off over the minimum project duration.

The net book value of fixed assets includes £275,216 (2022: £225,533) in respect of assets held under finance leases and hire purchase contracts.

17. Fixed asset investments

	Investments in subsidiary companies £'s
Cost or valuation	
At 1 June 2021	82
Additions	33,795
Fair value of addition arising on share-for-share exchange	5,849,982
Other movements – share-based payments	574,228
At 31 May 2022	6,458,087
At 1 June 2022	6,458,087
Additions	11,000,000
Other movements – share-based payments	475,321
At 31 May 2023	17,933,408

On 31 May 2023, Equipmake Holdings PLC allotted 11,000 ordinary shares of £0.01 each in Equipmake Limited, as consideration for releasing Equipmake Limited from its obligation to repay an £11,000,000 intercompany loan. The share issue reflects the long-term nature of the funding relationship between Equipmake Holdings and Equipmake Limited, with Equipmake Limited being the primary trading and operating entity within the Group.

Subsidiary undertaking

The following was the only subsidiary undertaking of the Company during the year ended 31 May 2023:

Name	Registered office	Class of shares	Holding
Equipmake Limited	Unit 7 Snetterton Business Park, Snetterton, Norfolk, NR16 2JU, England	Ordinary/ Deferred	100%

18. Stocks

	Group 2023 £'s	Group 2022 £'s
Work in progress	485,452	197,418
Raw materials	2,472,873	610,555
	2,958,325	**807,973**

All stock is held within the subsidiary company Equipmake Limited.

The cost of Group stocks recognised as an expense in the year ended 31 May 2023 amounted to £2,961,711 (2022: £3,106,835).

19. Debtors

	Group 2023 £'s	Group 2022 £'s	Company 2023 £'s	Company 2022 £'s
Trade debtors	2,463,277	533,740	-	-
Amounts owed by group undertakings	-	-	-	1,265,867
Other debtors	231,677	230,956	16,504	3,429
Prepayments and accrued income	931,284	710,536	33,948	90
Tax recoverable	875,740	445,496	-	-
	4,501,978	**1,920,728**	**50,452**	**1,269,386**

20. Cash and cash equivalents

	Group 2023 £'s	Group 2022 £'s	Company 2023 £'s	Company 2022 £'s
Cash at bank and in hand	6,999,686	1,876,083	6,601,712	1,737,118
	6,999,686	**1,876,083**	**6,601,712**	**1,737,118**

21. Creditors: Amounts falling due within one year

	Group 2023 £'s	Group 2022 £'s	Company 2023 £'s	Company 2022 £'s
Trade creditors	470,449	546,807	22,855	-
Amounts owed to group undertakings	-	-	282,776	-
Other taxation and social security	138,234	85,371	3,515	-
Obligations under finance lease and hire - purchase contracts	152,098	137,512	-	-
Other creditors	216,611	144,163	161,729	109,315
Convertible loan notes	-	3,750,000	-	3,750,000
Accruals and deferred income	979,884	1,130,792	33,459	-
	1,957,276	**5,794,645**	**504,334**	**3,859,315**

On 18 January 2022, the Company issued convertible loan notes for £3,000,000. These were subsequently recognised at fair value at the end of the 31 May 2022. The loan notes converted to ordinary shares immediately upon listing of the Company, and as such there is no such balance as at 31 May 2023. Until the loan notes converted, interest was accrued on the principal amount at 10% per annum.

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

	Group 2023 £'s	Group 2022 £'s
Net obligations under finance leases and hire purchase contracts	255,183	307,169
	255,183	**307,169**

No asset under finance lease were held within the parent company.

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:	Group 2023 £'s	Group 2022 £'s
Within one year	152,098	137,512
Between 1-5 years	255,183	307,169
	407,281	**444,681**

	Group 2023 £'s	Group 2022 £'s
HP Loan 1 - £69,300 at 2.49%. Repayable until November 2023	7,694	22,573
HP Loan 2 - £278,010 at 2.70%. Repayable until December 2024	96,036	152,870
HP Loan 3 - £87,750 at 5.51%. Repayable until November 2025	58,611	78,539
HP Loan 4 - £201,600 at 4.33%. Repayable until February 2026	144,828	190,699
HP Loan 5 - £91,400 at 6.03%. Repayable until September 2026	87,402	-
HP Loan 6 - £15,379 at 4.58%. Repayable until October 2025	12,710	-
	407,281	**444,681**

24. Financial instruments

	Group 2023 £'s	Group 2022 £'s	Company 2023 £'s	Company 2022 £'s
Financial liabilities				
Other financial liabilities measured at fair value through profit or loss	(16,231)	(3,859,315)	(3,922)	(3,859,315)

Financial liabilities measured at fair value through profit and loss comprise:

- A convertible loan note which was included in full in creditors due within 1 year as at 31 May 2022; at 31 May 2023 there was no such balance. As at 31 May 2023, there was a fair value adjustment of £Nil (2022: £750,000).
- US dollar forward contracts outstanding at 31 May 2023 of £16,231 (2022: £Nil).

25. Provisions and contingent liabilities

Warranty provision	Group 2023 £'s	Group 2022 £'s
Opening balance - 1 June	44,057	-
Charged to the profit and loss	(44,057)	44,057
Closing balance 31 May	-	**44,057**

No warranty provisions were held within the parent company.

The warranty provision relates to management's best estimate of costs be incurred in respect of warranty claims for items sold in the year, where warranty terms have been agreed in the terms and conditions of sale. As at 31 May 2023 no such warranty provision was held. The warranty provision in the previous year was not considered material.

25. Provisions and contingent liabilities (continued)

Certain sales contracts contain an obligation for Equipmake to provide a warranty; however, the products sold are new to the market and intended for long-term use. This lack of historical data, combined with a lack of comparable data on similar products and known challenges in establishing the party responsible in the event of a warranty claim, has led to management making the assessment that a provision for warranty costs cannot be reliability estimated at this point in time. It is expected that a provision for warranty costs will be recognised in future periods once sufficient data becomes available.

26. Share capital

Allotted, called up and fully paid	**As at 31 May 2023 £'s**	**As at 31 May 2022 £'s**
948,229,409 (2022: 500,000,000) Ordinary Shares of £0.0001 each	94,823	50,000
The following amendments to Share Capital took place in the year:		
Share issue on conversion of convertible loan – 88,235,294 Ordinary Shares of £0.0001 each	8,824	-
Share issue – 235,294,115 Ordinary Shares of £0.0001 each	23,529	-
Share issue – 124,700,000 Ordinary Shares of £0.0001 each	12,470	-
Total	**94,823**	**50,000**

The following other movements in relation to Share Capital are as follows:

In January 2022, prior to its IPO, the Company secured £3m of investment from an existing shareholder in the form of a convertible loan note. The loan was converted into equity as part of the IPO process at a 20% discount to the market rate, resulting in a share issue of 88,235,294 Ordinary Shares.

On 28 July 2022, the Company issued 198,823,529 £0.0001 Ordinary Shares at an issue price of £0.0425 and subsequentially on 29 July 2022, the Company issued 36,470,586 £0.0001 Ordinary Shares at an issue price of £0.0425.

On 29 July 2022, the Company was admitted to the Aquis Access Stock Exchange (Ticker: EQIP).

On 31 January 2023, the Company issued 23,626,996 £0.0001 Ordinary Shares at an issue price of £0.05, raising a total of £1.181 million for the Company (before expenses).

On 1 February 2023, the Company issued 101,073,004 Ordinary Shares at an issue price of £0.05, raising a total of £5.054 million for the Company (before expenses).

27. Earnings per share

Basic loss per share of 0.60p (2022: 2.3p) is based on the following data:

	2023 £'s	**2022 £'s**
Earnings used in calculation of total earnings per share: Earnings on total losses attributable to equity holders of the parent	(4,831,375)	(4,617,459)
Shares in issue		
Weighted average number of ordinary £0.0001 shares in issue	811,174,508	208,333,375
Earnings/(loss) per share	**(0.0060)**	**(0.023)**

27. Earnings per share (continued)

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company, being loss making in both this year and the comparative year would mean that any exercise would be anti-dilutive.

28. Reserves

Share premium- Group and Company

The share premium account represents amounts subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

Other reserves - Group

Brought forward other reserves comprise the amount attributable to the owners of the Company following the issue of shares in the subsidiary at a premium to non-controlling interests in previous financial years.

Other reserves - Company

Brought forward result of a reduction in capital which resulted in the cancellation of 5,000,000 £1 B ordinary shares during the financial year ended 31 May 2022, £5,000,000 was credited against the proceeds of this issue.

Share-based payments reserve - Group and Company

Used to reflect the assessed fair value of the equity settled options issued as share-based payments.

Merger relief reserve - Company only

The merger relief reserve accounts for the uncapitalised fair value adjustment in respect of the investment in the wholly owned subsidiary Equipmake Limited which is eliminated on consolidation and therefore not presented on a Group basis.

Profit and loss account - Group and Company

Profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

29. Share-based payments

The parent company (Equipmake Holdings Plc) operates an equity based share based remuneration scheme for employees of Equipmake Limited. These share options have been granted to employees of Equipmake Limited but will ultimately be settled in equity in Equipmake Holdings Plc. The share based payments charge has been recognised as an expense in the financial statements of Equipmake Limited, in accordance with the accounting standards. The fair value is measured by use of the Black Scholes option pricing method.

Under the schemes listed below, options have been granted to subscribe for shares in Equipmake Holdings Plc.

Equipmake Holdings Plc granted share options on the 26 November 2021 with 138,888 options granted in respect of A Ordinary shares of £0.0001 each. The vesting criteria of the options were based on the exit price (vesting of option on an exit event other than a listing) or the Company value on the exercise date (vesting of option on listing). Across all option holders, 1.5% of the fully diluted share capital vested when the Company completed the IPO in July 2022. A further 1% would vest when the Company value exceeds £200m. A further 1% would vest when the Company value exceeds £400m. 0.5% would vest when the Company value exceeds £800m. The share-based payments charge in respect of these options was recognised in full in the year to 31 May 2022.

Equipmake Holdings Plc granted non-EMI options over A Ordinary shares in the year to 31 May 2022, of which 2,308,744 were substantially modified on 1 June 2022. The revised non-EMI options updated the terms of the agreements to prevent dilution on a listing. Subject to the EMI options being capable of exercise in full, the recipient will be granted the option to acquire a number of A Ordinary shares which, when added to the A Ordinary shares issuable on exercise of the EMI options, equates to 4% of the fully diluted share capital. These options shall lapse on the same date as the EMI options. The initial fair value of the combined EMI and non-EMI share options were recognised 31 May 2022 and so only the revised fair value from modification has been recognised.

29. Share-based payments (continued)

Equipmake Holdings Plc granted 24,950,000 share options on 19 July 2022. At the year ended 31 May 2023 700,000 options had lapsed. The vesting conditions of these options were either performance related or time based, vesting over a period of 3 to 8 years. Performance related vesting conditions are linked to revenue, though the option agreements state that the options can vest on management discretion. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option on the grant date. Options shall lapse on the tenth anniversary of the Grant Date (other lapses conditions are outlined in the Options Agreement).

In addition, share options were also granted on 25 July 2022, to two non-employees of the Company. A share-based payments charge has been recognised in respect of 7,653,061 options granted to one of these individuals, for whom it has been judged that share options were awarded as a result of past services provided to the Company.

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
B/fwd.	0.01	22,201,056	-	-
Granted during the year	6.54	34,911,805	0.01	22,201,056
Lapsed	10.00	(700,000)	-	-
Outstanding at the end of the year	3.92	56,412,861	0.01	22,201,056
Exercisable at the end of the year	1.01	18,555,643	0.01	-

The presentation in the comparative period included options presented over A Ordinary shares. Following IPO this has been restated to present as options over Ordinary shares only.

	1 June 2022	**19 July 2022**	**25 July 2022**	**2022**
Option pricing model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Weighted average share price (pence)	4.25	4.25	4.25	3,012
Exercise price (pence)	0.01	9	0.01	0.000001
Weighted average contractual life (years)	10	5.7	2	1
Expected volatility	50.79%	50.79%	50.79%	50.79%
Risk-free interest rate	1.940%	1.940%	1.940%	0.612%

	2023 £'s	**2022 £'s**
Equity-settled schemes recognised in the profit or loss for the year	475,321	574,227
	475,321	**574,227**

30. Capital commitments

Group and Company had capital commitments as follows:

	Group 2023 £'s	Group 2022 £'s
Contracted for but not provided in these financial statements	676,082	66,267
	676,082	**66,267**

31. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £112,266 (2022: £88,286). Contributions totalling £34,992 (2022: £20,642) were payable to the fund at the balance sheet date and are included in creditors.

32. Commitments under operating lease

The Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following years:

	Group 2023 £'s	Group 2022 £'s
Not later than 1 year	430,886	205,130
Later than 1 year and not later than 5 years	241,932	512,635
	672,818	**717,765**

33. Related party transactions

As permitted by FRS102 paragraphs 1.12e and 33.1a, the Company has taken advantage of the exemption from disclosing the transactions entered into between two or more members of a group as all subsidiary undertakings are wholly-owned by a member of that group.

The Key Management Personnel of Equipmake Limited are the same as Equipmake Holdings Plc, being the Directors.

The following director loans existed during the year within the consolidated figures:

The balance brought forward on the director loan account was £70 (2022: £4,192). During the year there were drawings of £4,443 (2022: £1,242) and repayments of £4,512 (2022: £5,364) with a carry forward balance owed to the Company of £1 (2022: £70). No interest was charged during the year (2022: £Nil).

34. Post balance sheet events

There are no other post balance sheet events that require adjustment or disclosure in these financial statements.

35. Controlling Party

The Directors do not consider there to be one ultimate controlling party.

The ultimate controlling party of the Group, by virtue of his majority shareholding, was Ian Foley as at 31 May 2022. As at 31st May 2023, Ian Foley controlled 39.55% (2022: 75%) of the shareholding.