
SABIEN TECHNOLOGY GROUP PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

SABIEN TECHNOLOGY GROUP PLC

COMPANY INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

Directors	Charles Goodfellow Ranald McGregor-Smith Richard Parris Edward Sutcliffe
Company Secretary	Edward Sutcliffe
Registered Number	05568060
Registered office	71-75 Shelton Street London WC2H 9JQ
Independent Auditors	Moore Kingston Smith LLP 6th Floor, 9 Appold Street London EC2A 2AP
Website	www.sabien.com
Bankers	National Westminster Bank Plc 72-74 High Street Watford WD17 2GZ
Solicitors	Moore Barlow LLP Gateway House, Tollgate Chandler's Ford SO53 3TG
Nominated Advisor	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Broker	Peterhouse Capital Limited 3rd Floor, 80 Cheapside London EC2V 6EE
Registrar	Share Registrars Limited 3 The Millenium Centre Farnham GU9 7XX

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SABIEN TECHNOLOGY GROUP PLC

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

We report on the results for Sabien Technology Group Plc ("Sabien", "the Company" or "the Group") for the year ended 30 June 2022.

Sabien Technology Group highlights 2022

- Sales for the year £0.68m (2021: £0.97m)
- Management fee from associated party £0.15m (2021:£nil).
- Loss before tax £0.74m (2021 £0.51m loss)
- Sales from Alliance Partners £0.06m (2021: £0.04m)
- Deferred revenue carried into 2023 £0.18m (2021: £0.02m)
- Forward orders carried into 2023 £0.09m (2021: £0.04m)
- Overseas sales £0.06m (2021: £0.04m)
- Net cash balance at 30 June 2022 was £0.33m (30 June 2021: £1.22m)

Highlights since the year end

- Sales of £0.13m to 30 September 2022.
- Net cash balance at 30 September 2022 of £0.63m.
- £500k gross placing and £100k oversubscribed broker option.

Financial results

Revenue for the year was £0.68m (2021: £0.97m). The loss before taxation was £0.74m (2021: £0.51m loss).

At 30 June 2022, cash and cash equivalents amounted to £0.57m (2021: £1.40m).

Dividend policy

The directors propose no dividends (2021: nil) in the year.

**CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Executive Chairman's Statement

On 1 July 2021 the world in which Sabien operates was a different place from that which faces the company into 2023. Specifically, Covid was still a clear and present danger and the economic impact of our addressing this danger less understood or assessed. Today, Covid appears more under control but the impact of our fight against it is only now becoming apparent. Inflation figures, last seen in the 1970s, combine with fiscal and monetary structures ill-suited to combat them. The flight from cities appears more structural than temporary with consequential impacts on where we live and work. Energy pricing, and the inter-dependence of the market at a time of war, poses a fundamental risk for the economic system which prevailed pre-Covid.

In short: I believe that there is no return to "normal" and that the establishment of a new "normal" is months, if not years, away.

Sabien, under the management's leadership, recognised these changes early. During the year ended 30 June 2022, Sabien's Green Aggregation Strategy has focussed on three principal technology led initiatives. M2G, the existing Sabien CO2 mitigation device for commercial boilers, the UK rollout of Proton's oil to hydrogen technology, and the City Oil Field Inc. ("**COF**") plastic to oil technology.

We have shared the development of these initiatives with shareholders and the wider market throughout. In support of them, and our continuing development, the Company has raised £0.6m through a placing and broker option. This provides the Company with the wherewithal to secure the opportunities presented to it, for the benefits of shareholders and stakeholders alike.

M2G Business

Despite the world semi-conductor supply shortage and its impact on the completion of sales during the second half of the 2022 financial year, the Board is very pleased with the growth of the new M2G Cloud business.

During the 2022 financial year, 293 M2G Cloud Solutions were sold (2021: nil) of which 262 (89.4% of the annual total) occurred in the second half of the year. In addition, the Company has deferred revenue of £175k, and open orders of £91k, that will carry over into FY23 as well as £23k of recurring revenue from the M2G Cloud Solutions sold to date to be recognised in FY23. In total, M2G has 2023 revenue identified and charged, but not yet booked, of £289k (July 2021 forward revenue: £43k).

The Board is encouraged that despite the supply chain problems affecting many companies, it has secured revenue which, had it fallen in the year to 30 June 2022 would have resulted in a stable performance year-on-year including other income of £0.15m (2021:£nil) to the associated party b.grn Group Ltd ("**b.grn**"). It is encouraged, further, that the momentum of revenue is growing through the first half of the Company's financial year to 30 June 2023.

The Board was also pleased to recently announce that Sabien is working with City Energy Network Ltd and EDF Plc to obtain The Standard Assessment Procedure (SAP) approval for M2G. This has the potential to expand Sabien's reach for the M2G product line into the residential/domestic market via district heating schemes and increases its current addressable market by three times.

COF / b.grn Business

During the financial year to 30 June 2022, Sabien signed a sales agency agreement with COF. COF is a South Korean business that has developed an innovative proprietary technology - Resource Gathering Operation (RGO), which focuses on the production of light and ultra-pure fuel products from low temperature processing of end-of-life plastics. In August 2022 we announced that the sales agency agreement had been renewed for a further year. We also announced that construction has started on the first commercial COF installation in South Korea.

During the year the business has been developed in combination with Sabien's development partner b.grn Group Ltd ("**b.grn**"). Key milestones have been reached including the establishment of a range of partner relationships with funding partners and professional advisors. The latter includes development managers, ESG advisors, and real estate advisors. In consultation with advisers, b.grn has assessed a range of potential sites

**CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

in England and Wales for the first European COF installation. As previously announced, exclusivity was agreed on a site near Northampton; discussions were held in relation to a site on the Humber Estuary; and most recently an indicative bid was submitted to acquire the ex-Anglesey Aluminium site in Anglesey, supported by b.grn funding partners, from the site's administrators. These three main sites considered to date are not being actively pursued, primarily due to the level of cost involved in acquiring the sites or the time required to develop them.

Through this work to date, the Board has developed a strong understanding of the emerging real estate market in key locations in the UK. Within this, the Company and b.grn have developed an advanced assessment of the most efficient sites for the deployment of COF. From this emerging knowledge, the Company and b.grn are now actively considering a number of sites in the UK, and beyond, where b.grn could deploy COF without, necessarily, acquiring the underlying real estate. Investigations into potential sites continue with b.grn's partners. It is likely that the first active deployment will be an initial 24 tonne ("24t") per day plastic to oil proof of concept plant.

During the year, Sabien charged management fees of £0.15m to b.grn (2021: £nil) comprising Sabien board time managing the project and the recharge of professional fees incurred during the year to 30 June 2022.

Proton UK Business

During the year Sabien has been working with multiple UK oil field owners to identify suitable sites on which to deploy the Proton Technologies Canada Inc. ("Proton") proprietary hydrogen capture technology. In the long term, owners are motivated to develop such hydrogen production facility on their near to end of life fields. The Board believes that this motivation is secular and is likely to grow as the global fuel portfolio adapts to the clear trends in hydrocarbon demand. In the short term, reflecting the current high level of oil prices in the market, field owners have focussed on maximising short term oil production. The Proton project continues to hold strong prospects for the Group, however is not a current area of primary focus for the field owners due to the high oil price.

Sabien is working with Proton to develop its option to install a COF plant at Proton's Saskatchewan site. Sabien and Proton have discussed various options for the sale of the off-take oil from the COF process and both teams are motivated to develop the first North American COF installation.

Aeristech investment

Sabien invested £100k in Aeristech in February 2021 at a price of £2.40 per share. The investment was made to support Aeristech's development of e-boost technologies for hydrogen fuel cell, hybrid electric, and internal combustion engine powertrains. Since Sabien's investment, Aeristech has made excellent progress in developing its customer base and has raised funds at up to £3.00 per share.

Financial results

In the year to 30 June 2022, the Group has generated revenue of £0.68m (2021: £0.97m), with £0.56m recorded in the second half as well as £0.15m other income in relation to b.grn. Whilst overall revenue has decreased in comparison to 2021, the Group carries £0.29m (2021: £0.04m) into 2023. The forward revenue comprises deferred revenue unable to be completed in 2022 due to delayed supply chain caused by the worldwide semiconductor shortage, forward orders, and a growing level of recurring revenue from the M2G Cloud rollout.

Following the year end, the Group has closed a £500k placing from existing and new investors and a £100k oversubscribed broker option. Combined with our forward orders and revenue, the Group is well placed in 2023 to take its three main business lines to the next stages in their development.



Richard Parris

Executive Chairman

Date 13 October 2022

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

1. Review of the Group's Business

Sabien's strategy has been developed, and will evolve further, through the evolution of the "Green Economy". For example, the UK has committed to achieving a net zero economy by 2050. The US, across its different markets, is setting similar targets within equivalent timeframes. Similarly, the EU has agreed a target of climate neutrality by 2050. These targets are enshrined and have become one of the clear guiding principles for the transition from the pre-Covid world to that post-Covid.

These ambitious goals demand equally ambitious innovation in products, services, and technology. Sabien is committed to building a portfolio of businesses the components of which are involved directly in the application of emerging and developed technology to the emerging Green Economy. It will do so through organic, partnership and acquisition led development.

During the year ended 30 June 2022, the Group achieved the following steps in its strategic development:

- Start of rollout of M2G Cloud Connect product;
- £100k strategic investment into Proton Technologies Canada Inc., the Canadian company that produces carbon neutral hydrogen from end-of-life oil fields;
- £100k 20t per day hydrogen processing licence from Proton Technologies Canada Inc.;
- Signed exclusive UK and non exclusive other territories sales agency agreement with COF, the South Korean company that has developed a process that converts plastics to high grade fuel oil and naptha at low temperatures; and
- Establishment of b.grn Group Ltd a special purpose vehicle established with Parris Group Ltd to develop sites for the European and North American COF business.

Sabien's commitment to growth is set in a context of consistent, long term shareholder value. This context is determined by clear investment criteria which are used to establish a route to value at the point of commitment. The key consideration in assessing potential investments are the strength of the management team, a defendable technical advantage, and strong financial fundamentals.

Since incorporation, the Group has owned the rights to M1G and M2G, patented energy efficiency products for installation on commercial boilers and water heaters, both within and outside the UK. It subcontracts the manufacture of both products to its principal supplier, which is based in Northern Ireland, with UK, EMEA, and global installations delivered by Sabien engineers and trained installation partners.

The Group has a strong reputation in the marketplace, being recognised as the market leader in Boiler Optimisation Controls.

Background to the boiler optimisation business

Historically, and to gain a foothold in the UK market, the Group offered paid pilots of its M2G boiler optimisation controller. While the timeline from pilot to estate roll out was typically 6 to 18 months, this method of technology acceptance and adoption proved successful with clients resulting in the Group being awarded a number of multi-year multi-million pound contracts. Since the initial success enjoyed by the Group, whilst large contracts continue to be won, timing is variable and profitability has suffered as a result.

The Group has had a long-term goal of broadening its product offering and developing recurring revenue streams. Initial steps were to introduce a rental model option during the 2018 financial year with a goal of making the piloting and financing of M2G projects easier and risk free for its clients. In addition, a Forensic Boiler Audit (FBA) service was implemented as an additional service line for the Group. During the 2022 financial year, the M2G Cloud System was launched which provides significant advantages to the Group, and

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

includes elements of both the rental model and FBA service:

- Recurring revenue;
- Demonstrable real time savings to customers; and
- Additional and unique boiler analytics.

Market - Energy efficiency retrofit – Commercial Gas

Our clients are to be found in market sectors where the share of energy costs in total production costs is low – such as in the services sectors, public administrations, or in industries like mechanical engineering and the food sectors.

There are three overriding factors influencing contract award lead times, low gas price, availability of capital and the lack of prevalence of Automated Maintenance Reporting (AMR) and/or sub-AMR in the in-built UK building stock.

The lack of access to capital as a barrier to implementing energy efficiency initiatives in our experience and in practice, is more complex. For large companies, the internal ‘access to capital’ problem stems from neglect of energy efficiency within internal capital budgeting procedures, combined with other organisational rules such as strict requirements on payback periods.

For small and medium-sized companies, imperfect access to capital prevents the implementation of profitable energy efficiency projects. Energy efficiency investments tend to be classified as discretionary maintenance projects, they are usually given a lower priority over essential maintenance projects or strategic investments.

This bias towards strict investment criteria can be worsened by individual managers’ incentives to favour large, strategic projects, which are more prestigious than energy management activities.

In addition, top management does not consider energy-cost savings as a strategic priority. Thus, given the constraints on time and attention it can be overlooked.

Other sales channels

Outside the UK, the Group appoints “Tech Centres” and distribution partners which are organisations involved in the supply of boiler systems and controls to customers in their own territories. These Tech Centres are given training in the installation of M2G as part of the appointment process.

The Group sells both directly and through a number of Global, EMEA and local outsourcing and energy service companies, commercial real estate services and investment companies. Sabien’s sales focus is organisations with multi-site estates within both the public and private sectors.

Team

The Group employs its own project management and technical engineering staff who are responsible for ensuring the smooth roll-out and quality control of each M2G pilot and installation project. Headcount currently stands at 11.

Other Technology Development

In addition to the established boiler optimisation business, Sabien’s green aggregation strategy is also developing two new technologies:

1. City Oil Field Inc. Plastics to Oil Business
2. Proton Technologies Canada Inc. – clean hydrogen production

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

The Board expects both technologies over time to develop into standalone divisions of the Group.

Plastic to Oil Business

The Group's strategy is focussed on signing the first site in the UK as a proof of concept 24t per day processing plant in conjunction with Sabien's b.grn Group Ltd development partner. Feedstock contracts and oil offtake discussions are in progress as key requirements to establish the first Western Hemisphere commercial plant.

Clean Hydrogen

The Group's strategy is focussed on locating a suitable end of life onshore oil field owner in the UK to partner in developing a 20t per day hydrogen production facility.

2. Principal risks and uncertainties facing the Group

The principal risks faced by the Group are:

- Technology developments and competitive products;
- Changes in legislation;
- Supply chain issues;
- Inability to meet customer demand;
- Brand awareness and maintenance of reputation;
- Employee retention;
- Raising further finance;
- UK Energy Efficiency Barriers;
- Continued impact of COVID-19; and
- Insufficient financial resources to complete rollout of new product lines.

The Group places great importance on internal control and risk management. A risk-aware and control-conscious environment is promoted and encouraged throughout the Group. The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Group.

The risks outlined above are not an exhaustive list of those faced by the Group and are not intended to be presented in any order of priority. The Group holds weekly management meetings at which, inter alia, business risks are reviewed and any areas that are causing concern are discussed. A plan of action to resolve issues is then put in place. Whilst many of the key risks are common across many industries, the Board has set out detail below in relation to the energy efficiency industry specific risks that affect the Group.

UK Energy Efficiency Barriers

Information, its provision and lack of trust, misaligned financial incentives, and behaviour barriers mean energy efficiency is undervalued. These barriers are often inter-related and work together to reduce investment in energy efficiency.

The UK market is underdeveloped thus has relatively limited/mixed expertise and 'know-how' on the Client, vendor side for energy efficiency investment.

Information

One of the key characteristics of an embryonic market is there is a lack of access to trusted and appropriate information.

Energy efficiency improvements are typically made through purchasing upgraded equipment, retro-fit technology and additives however the biggest challenge facing the market is identifying the absolute savings in energy and emissions which means that potential buyers are not in a position to assess the benefits of an

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

energy efficiency proposal.

The upgraded and cloud enabled M2G has been designed to resolve these issues.

Financing

Energy efficiency projects can be undermined by the absence of standardised monitoring and verification processes which means that the benefits of energy efficiency investments are not trusted.

It can be difficult to relate back to individual activities to identify opportunities to make energy efficiency improvements. In the absence of clear, trusted information, many buyers do not prioritise energy efficiency investments.

Misaligned financial incentives

It is not always the case that the person who is responsible for making energy efficiency improvements will receive the benefits of their actions.

Commercial rented tenants are responsible for their own bills and therefore it is in their interest to reduce the bills, but contractual arrangements around landlord/tenants or facilities management may inhibit investment.

Therefore, energy efficiency investments are not prioritised as they might otherwise be. Energy costs can be a relatively small proportion of costs for many sectors, but in aggregate that energy use is a huge ask of our energy system.

Undervaluing energy efficiency

The lack of salience of energy efficiency increases the impact of hassle costs and behavioural barriers. Energy efficiency changes may involve significant hassle costs for those carrying out the investment, which increases the costs of the investment e.g. disruption caused by building works or disruption to production lines.

Energy efficiency improvements may not be seen as strategic for a company and therefore not prioritised.

Outside of the energy intensive industry sectors, energy bills are only a small proportion of business costs. If the relative gain is small, then the hassle costs can act as a significant barrier, especially if there is uncertainty around the benefits of the investment. While hassle costs are not a market failure, they compound the impact of other behavioural barriers, reducing investment in energy efficiency. This is often why companies are reluctant to invest in energy efficiency, seeking short payback times, even if a project is cost-effective and meets Simple Payback (SPB) criteria. Wider economic uncertainty is also reducing willingness to invest.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

3. Performance of the business in the financial year**Business Development - UK**

The Group achieved sales in the year of £0.68m (2021: £0.97m). Alliance Partners contributed £0.06m of sales representing 9% of the total for the year. The volume of sales from Alliance Partners will vary from year to year and is dependent on the stage at which each partner is at in the sales cycle with its own clients and pipeline.

Business Development - Overseas

The Group sells M2G internationally through its network of “Sabien Tech Centres” and distribution partners. A “Sabien Tech Centre” is a company outside the UK with:

- An established distribution network and an existing client base in the commercial and industrial heating sector;
- Engineering capability and capacity; and
- Competence in commercial boilers and currently offering energy efficiency solutions as part of their product and service suite.

The network requires a level of M2G operational support in knowledge transfer/sharing and product training.

During the course of the financial year, overseas sales represented 9% of total sales at £0.06m (2021 - £0.04m). In 2013, the Group appointed Fireye, Inc. as a non-exclusive distributor in the USA as well as other overseas territories. Through this relationship with Fireye and with other parties, we have appointed Tech Centres in a number of territories throughout the world.

Through our new US subsidiary, Sabien Inc, we intend to further develop this relationship and bring additional value to the Group in the future. For further information on Fireye NXM2G, please visit <https://www.fireye.com/Systems/System/Nexus-NXM2G-Efficiency-Control>.

COVID-19

While there remains uncertainty as to the future impact of the COVID-19 pandemic, the Group continues to conduct ongoing risk assessments of the potential impact of the pandemic on its business.

Customer confidence has increased compared to the height of the pandemic last year. Despite this, the Board is aware that uncertainties around the pandemic remain and that these continue to affect demand as potential customers may be more reluctant to commit to future spending. The Group continues to work with its main supplier to actively address the risk of disruption. The Group has taken actions to enhance its operational resilience and position the business towards becoming fully operational.

The COVID-19 pandemic could result in changes to the outlook in the Group’s markets. Areas of the business that could be impacted include a decrease in spending by key customers, the failure of suppliers to source parts to manufacture our units, the requirement for the Group or its suppliers to reduce site operational levels, the inability to meet delivery requirements, the inability to adequately staff the business, and an increase in the cost or lack of availability of funding. Any of the above could have a material adverse effect on the Group. However, the uncertainties surrounding the development of this pandemic make it difficult to predict the full extent to which the Group may be affected.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

4. Key Performance Indicators ("KPIs")

The Group has identified a number of financial and non-financial key performance indicators which are regularly monitored to ensure that business is on track or to give warning where problems may be arising:

Financial: The management's focus is on the development of sales, the maintenance of a healthy gross margin and prudent cost control. The two main performance indicators are unit sales and gross profit margin. During the year, the Group moved away from the legacy M2G product to focus on the new M2G Cloud system. During the year the Group sold 293 units (2021: zero M2G Cloud units, 450 M2G units) and the gross profit margin was 66.0% (2021: 84.2%). The margin has decreased in the year due to:

- the prior year revenue including £156k of rental and rental contract termination revenue at 100% margin;
- high fixed cloud hosting fees in the current year which are not being fully recovered;
- units sold to a government department where cloud service revenue has been deferred until the units are delivered in the next financial year. Normally an element of this revenue would offset the hosting fees; and
- increased electronics material cost due to the worldwide semi-conductor shortage.

Non-financial: The Group's reputation for project management and delivery of its product's benefits on time and within budget is key to its continuing business success. Management is always looking at improving the quality of the Group's performance and will continue to invest in products and solutions to enable it to maintain and enhance its reputation.

5. Strategy and future developments

The Group intends to invest for growth in the following areas:

- Completion of next generation M2G device integrating remote commercial boiler management within a single Cloud-enabled device;
- Development of the key US market through Original Equipment Manufacturer (OEM) relationships;
- Maintaining a network of overseas distribution partners to deliver material revenue for the Group;
- Maintaining or exceeding an installation capacity in line with company forecasts and to continue providing our clients and partners with a world class project management service and experience;
- Maintaining brand awareness and reputation of the Group;
- Acquisitions of compatible businesses within 'green energy' environmental opportunities; and
- Licensing of relevant green energy technologies.

This report was approved by the board on 13 October 2022 and signed on its behalf by:



Richard Parris
Director

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2022**

The Company adopts the Quoted Companies Alliance Corporate Governance Code (QCA Code). The QCA Code provides UK small and mid-sized companies with a corporate governance framework that is appropriate for a Company of our size and nature. The Board considers the principles and recommendations contained in the QCA Code to be appropriate for the Company.

Statement of compliance with the QCA Code and applying the principles of good governance

The Company is committed to meeting these principles as far as it reasonably can, and the commentary below reflects the extent to which the Company has complied with the QCA Code during the period under review.

The ten principles set out in the QCA Code are listed below together with a short explanation of how the Company applies each of the principles.

Principle One

Business Model and Strategy

Subject to a near term review of the Company's market and capabilities, the Company intends to invest for growth in the following areas:

- Completion of next generation Cloud M2G device integrating remote commercial boiler management within a single Cloud-enabled device, removing the need for the additional Cloud Connect device;
- Development of the key US market through Original Equipment Manufacturer (OEM) relationships;
- Maintaining a network of overseas distribution partners to deliver material revenue for the Group;
- Maintaining or exceeding an installation capacity in line with company forecasts and to continue providing our clients and partners with a world class project management service and experience;
- Maintaining brand awareness and reputation of the Group;
- Acquisitions of compatible businesses within 'green energy' environmental opportunities; and
- Licensing of relevant green energy technologies.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, www.sabien-tech.co.uk, and via Richard Parris, Executive Chairman and Edward Sutcliffe, Company Secretary who are available to answer investor relations enquiries.

Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, a companywide internal information system shares live information on key suppliers, customers and projects, allowing the Company to efficiently fulfil customer requirements.

**CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Furthermore, all employees of the Company participate in an annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to promote successful two-way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Principle Four

Risk Management

The Board, through its committees is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage significant risks faced by the Group. The table below outlines the risks faced by the Group, identifies their impact and the controls that are in place to mitigate them.

Activity	Risk	Impact	Control(s)
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisations	Strong compliance regime instilled at all levels of the Company including regular review of any changes to current legislation
Strategic	Inadequate disaster recovery procedures	Loss of key operational and financial data	Robust compliance Secure off site storage of data
	Lack of recurring revenue	Over reliance on capital sales which can be unpredictable	Development of cloud enabled subscription model and development of new business lines
Financial	Liquidity, market and credit risk	Inability to continue as a going concern	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Reduction in asset values	Appropriate authority and investment levels as set out by Treasury and Investment Policies Audit committee

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have established an organisational structure with clear operating procedures, and lines of responsibility. In particular, any capital investment requires a business case to be presented to and approved by the Board. Financial reporting is carried out within a comprehensive financial planning and accounting framework with oversight by the Audit Committee. The Board has reviewed the need for an internal audit function and concluded that such a function is not currently appropriate given the size of the Group.

SABIEN TECHNOLOGY GROUP PLC

CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Principle Five

A Well-Functioning Board of Directors

As at the date hereof the Board comprised the Executive Chairman, Richard Parris, Chief Financial Officer and Executive Director Edward Sutcliffe, and the Non-Executive Directors, Charles Goodfellow, and Randal McGregor-Smith.

Biographical details of the current Directors are set out within Principle Six.

Executive and Non-Executive Directors retire by rotation in accordance with the Company's Articles of Association which prescribe that at every Annual General Meeting one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Non-executive directors are initially appointed for a three year term but their appointment is terminable by either party on three months' written notice. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least six times per annum. It has established an Audit Committee, a Remuneration Committee, a Nominations Committee and a Risk Committee, the particulars of which appear hereafter. The Executive and Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. Charles Goodfellow and Randal McGregor-Smith are considered to be Independent Directors by the Board. The Board shall review further appointments as scale and complexity grows.

Attendance at Board and Committee Meetings

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. In order to be efficient, the Directors meet formally and informally both in person and by telephone. The following table shows attendance of the directors at Board and Audit Committee meetings.

	Board	Board	Audit Committee	Audit Committee
	Attended	Eligible to Attend	Attended	Eligible to Attend
Charles Goodfellow	17	17	2	2
Randal McGregor-Smith	18	18	2	2
Richard Parris	17	17	-	-
Edward Sutcliffe	17	17	-	-
	Risk Committee	Risk Committee	Remuneration Committee	Remuneration Committee
	Attended	Eligible to Attend	Attended	Eligible to Attend
Charles Goodfellow	1	1	1	1
Randal McGregor-Smith	1	1	1	1
Richard Parris	-	-	-	-
Edward Sutcliffe	-	-	-	-

The Nominations Committee did not meet in the year.

**CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of four Directors. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets.

The Board recognises that it currently has a limited diversity, and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Richard Parris

Executive Chairman and Chief Executive

Richard was until 2018 the Chairman and Chief Executive of Intercede, an AIM-traded technology company, which he founded in 1992 and which was admitted to trading on AIM in 2001. Richard Parris is an engineer by training and an entrepreneur by experience, he operationally led Intercede through all phases of its growth, including building its UK technology team to invent, develop and commercialise new software products, including the adoption of Cloud services and IoT delivery models as the core of future business transformation, and securing contracts with major US OEMs to expand US sales.

Edward Sutcliffe

Chief Financial Officer and Executive Director

Edward is an experienced business advisor with a wide range of accounting, management, transactional, turnaround, and board level skills. A Fellow of the Institute of Chartered Accountants in England and Wales, Edward has worked internationally, providing consultancy and expertise in areas including private equity, due diligence, debt raising, financial modelling and analysis, and management and board reporting.

Charles Goodfellow

Independent Non-executive Director

Charles is a corporate broker with over 25 years' experience of fundraising for small and mid-caps and private companies across a range of sectors and jurisdictions. In addition, he was previously a Director of Acorn Growth plc (re-named Vodere plc).

Charles chairs the Audit and Remuneration Committees and is a member of the Risk and Nominations Committees.

Ranald McGregor-Smith

Independent Non-Executive Director

Ranald has worked as a corporate adviser and broker for most of his career and has significant experience in leadership roles at a number of advisory firms, where he worked with both listed and private companies.

He has worked with and advised a host of companies and their boards through a 33-year banking career which has encompassed a period of significant change in the equity capital markets. In 2010, Ranald co-founded Whitman Howard Ltd, an investment banking business, before its sale to a large competitor in 2020. Prior to this Ranald spent 20 years at Hoare Govett, latterly as a Board Director.

Ranald chairs the Risk and Nominations Committees and is a member of the Audit and Remuneration Committees.

**CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, and individual Directors will be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Executive Chairman arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Executive Chairman is responsible for the effectiveness of the Board, primary contact with shareholders, and oversight of management of the Company's business.

Audit Committee

Since January 2021, the Audit Committee has been chaired by Charles Goodfellow who is supported by Randal McGregor-Smith. This committee meets twice a year. It is responsible for making recommendations to the Board on the appointment of auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for the reporting of the financial performance of the Group and for reviewing financial statements prior to publication.

**CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Remuneration Committee

Since September 2019 the Remuneration Committee has been chaired by Charles Goodfellow and he has been supported by Ranald McGregor-Smith since January 2021. The Remuneration Committee meets as required during each financial year. It is responsible for reviewing the performance of the executive directors and setting the scale and structure of their remuneration and the basis of their service agreements with due regard to the interest of shareholders. The Remuneration Committee shall also determine the allocation of share options to employees. It is a rule of the Remuneration Committee that a Director shall not participate in discussions or decisions concerning his/her own remuneration.

Nominations Committee

Since January 2021, the Nominations Committee has been chaired by Ranald McGregor-Smith who is supported by Charles Goodfellow. The Nominations Committee meets to review the size, structure and composition of the Board ensuring that the Board and its Committees have appropriate balance of skills, knowledge and experience. The Nominations Committee reviews all Board appointments.

Risk Committee

Since January 2021, the Risk Committee has been chaired by Ranald McGregor-Smith who is supported by Charles Goodfellow. The Risk Committee assists the Board in fulfilling its oversight responsibilities with regard to Group risk management and compliance framework and governance structure that supports it.

Non-Executive Directors

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. Non-Executive Directors retire by rotation in accordance with the Company's Articles of Association which prescribe that at every Annual General Meeting one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Non-executive directors are initially appointed for a three year term but their appointment is terminable by either party on three months' written notice.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, www.sabien-tech.co.uk, and via Richard Parris, Executive Chairman and Edward Sutcliffe, Company Secretary who are available to answer investor relations enquiries.

The Company shall include, when relevant, in its annual report, any matters of note arising from the Audit or Remuneration Committees.

SABIEN TECHNOLOGY GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the consolidated financial statements for the year ended 30 June 2022. The financial statements have been prepared in accordance with UK adopted International Accounting Standards. In accordance with S414C(11) of the Companies Act 2006, the directors have chosen to include information about future developments and principal risks and uncertainties in the Strategic Report.

Principal Activities

The principal activity of the Group during the year was building a portfolio of businesses which are involved directly in the application of emerging and developed technology to the emerging Green Economy. The Group's principal revenue generating activity during the year was the design, manufacture and sale of M1G and M2G, boiler energy efficiency technologies, which are proven to reduce energy consumption on commercial boilers by up to 35%.

Review of Business

A review of the business, its development and performance for the year and its position at the year end, together with the future prospects of the Group, is contained in the Chairman & Chief Executive Officer's Report and the Strategic Report.

Governance and the Board

The Board's governance system provides balanced support for the executive management team in the development of the Group's strategy and with the need to ensure effective monitoring of its implementation. The Board and its committees have considered the significant events of the year and their impact on the Group's business and reputation.

During the year the Audit and Remuneration Committees were chaired by Charles Goodfellow, and the Risk and Nomination Committees were chaired by Ranald McGregor-Smith. The Board remains confident in the work of those committees and the overall system of governance.

Events after the reporting date

On 22 August 2022 the Company announced that it had raised £600k (gross) from a placing and oversubscribed broker option. In addition, it was announced that Parris Group Limited (see note 23) would convert £97,500 of its loan into share capital.

Results and Dividends

The Group loss for the year, before taxation, amounted to £0.74m (2021: £0.51m loss). The Directors do not recommend a final dividend this year (2021 – nil).

Directors

The Directors who served during the year and their beneficial interest in the Company's issued share capital at year end were:

	Date of Appointment	New ordinary shares of 3p each		New ordinary shares of 3p each	
		Nos. 2022	% 2022	Nos. 2021	% 2021
C Goodfellow	17 January 2019	-	-	-	-
R McGregor-Smith	1 February 2021	-	-	-	-
R Parris	2 September 2019	1,506,460	10.2	1,506,460	10.3
E Sutcliffe	1 March 2021	-	-	-	-

SABIEN TECHNOLOGY GROUP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Substantial shareholdings

At 30 June 2022, the Company had been notified that the following were interested in 3% or more of the issued Ordinary shares of the Company:

	Number of new ordinary shares	% of issued share capital
Diversity Network Investments Limited	1,662,675	11.3
Richard Parris	1,506,460	10.2
Sanderson Capital Partners and Related Parties	633,333	4.3
Monecor (London) Limited	511,667	3.5

At 30 June 2022, there were 14,720,168 Ordinary shares in issue.

Auditors

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

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

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

The auditors, Moore Kingston Smith LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved and authorised for issue by the Board on 13 October 2022 and signed on its behalf by:



Richard Parris
Executive Chairman

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

The directors are responsible for preparing the Annual Report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with UK adopted International Accounting Standards.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**SECTION 172(1) STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

Section 172(1) of the Companies Act 2006 requires the Directors of the Company to act in a way 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:

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

The table below sets out the key stakeholder groups, their interest and how the Company has engaged with over the reporting period.

Stakeholder Group	Their interests	How management and / or Directors engage
Investors	<ul style="list-style-type: none"> •Comprehensive review of financial performance of the business •Business sustainability •High standard of governance •Awareness of long-term strategy and direction 	<ul style="list-style-type: none"> •Annual and interim reports •Company website •Shareholder circulations •Company announcements •AGM •Stock exchange announcements
Employees	<ul style="list-style-type: none"> •Job satisfaction and fulfilment •Health and safety on site •Training and development •Career progression •Inclusion 	<ul style="list-style-type: none"> •Performance reviews, objective setting and formal policies and procedures •Regular dialogue with key management •Company culture which promotes inclusion and sharing of ideas •Employee share option policy •Additional health and safety support from outsourced specialists
Customers	<ul style="list-style-type: none"> •Performance reviews, objective setting and formal policies and procedures •Regular dialogue with key management •Company culture which promotes inclusion and sharing of ideas •Employee share option policy •Additional health and safety support from outsourced specialists 	<ul style="list-style-type: none"> •Customer survey •Clear and consistent communication •Post installation support •Analysis of savings •Fully qualified installers
Suppliers	<ul style="list-style-type: none"> •Prompt payment •Maintain dialogue and visibility on orders •Long term relationship •Growth of purchasing 	<ul style="list-style-type: none"> •Deposit payments on large orders •Advanced notice on orders •Maintained relationship since inception of the company •Open dialogue to highlight any possible supply chain issues
Community and the environment	<ul style="list-style-type: none"> •Sustainability •Energy usage •Recycling and waste management 	<ul style="list-style-type: none"> •Products promote energy reduction •Corporate and social responsibility policy •Environmental policy •Comply with the Waste Electric and Electronic Equipment (WEEE) Regulation

**REMUNERATION REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

This report should be read in conjunction with note 28 to the accounts. The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of executive directors. In doing so, the Committee's aims are:

- To determine the policy for the remuneration of the executive directors;
- To review the on-going appropriateness of the remuneration policy;
- To approve the design of and review share incentive plans and bonus schemes and to determine the awards to be made under such plans or schemes; and
- To ensure that the remuneration policies adopted by the Company give due regard to any legal requirements, the provisions and recommendations in the QCA Code and the AIM rules and associated guidance.

The components of remuneration are:

- Basic salary and benefits determined by the Remuneration Committee which are included in employment agreements and reviewed annually;
- Bonuses based upon performance of the Company and the individual concerned; and
- Share options.

Service contracts

The employment contracts of the executive directors with the Company are terminable by either party with no less than three months' notice in writing to the other. The remuneration of the non-executive directors is determined by the Board within the limits set out in the Articles of Association.

The service contracts of the directors, one third of whom who are eligible for re-election at the Annual General Meeting, are as follows:

	Notice period
C Goodfellow	1 month
R McGregor-Smith	3 months
R Parris	3 months
E Sutcliffe	3 months

SABIEN TECHNOLOGY GROUP PLC

**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

**Director's remuneration during the
period (audited)**

	2022 Payee	Salaries and fees £000	Taxable benefits £000	Total 2022 £000	Total 2021 £000
Executive directors					
R Parris	Parris LLP	75	-	75	75
E Sutcliffe (appointed 1 March 2021)	E Sutcliffe	42	1	43	13
Non-executive directors					
C Goodfellow	Woodlands Lery Ltd	30	-	30	30
R McGregor-Smith (appointed 1 February 2021)	Bridgend Finance Limited	57	-	57	29
C. de Boucaud Truell (resigned 22 January 2021)	C. de Boucaud Truell	-	-	-	26
M. Nijhof (resigned 22 January 2021)	Unfold EU B.V.	-	-	-	26
Total		204	1	205	199

Sabien Technology Group Share Option Plan (audited)

Under the Plan, the Group can make awards of share options to selected directors and eligible employees.

No Directors who served during the year held any share options.

The mid-market price of the Company's shares at the end of the financial year was 18.85p.



Richard Parris
Executive Chairman
13 October 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABIEN TECHNOLOGY GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2022**

Opinion

We have audited the financial statements of Sabien Technology Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and 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 UK adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 30 June 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards.
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards. and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent Company 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 as applied to listed entities 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.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile. We conducted substantive audit procedures and evaluated the group's internal control environment. The components of the group were evaluated by the group audit team based on a measure of materiality, considering each component as a percentage of the group's total assets, current assets, revenue and gross profit, which allowed the group audit team to assess the significance of each component and determine the planned audit response.

For those components that were evaluated as significant components, either a full scope audit or specified audit approach was determined based on their relative materiality to the group and our assessment of the level of audit risk. For significant components requiring a full scope approach, we evaluated the controls in place at those components by performing walkthroughs over the financial reporting systems identified as part of our risk assessment. We also reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant classes of 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 parent company and of the financial information of Sabien Technology Limited. We performed specified audit procedures over Sabien Inc.

SABIEN TECHNOLOGY GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABIEN TECHNOLOGY GROUP PLC (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Audit Area and Description Carrying value of intangibles

The intangible assets in the Consolidated Statement of Financial Position represent intellectual property being the rights to the M2G product acquired from the inventors and licences. The overall decline in revenue over the past five years, and the pre taxation losses are potential indicators of an impairment of the carrying value of the intangible assets.

Audit Approach

In order to satisfy ourselves that the carrying value of the intangible asset was appropriate:

- We critically assessed the assumptions underpinning the Directors' IAS 36 valuation of the intellectual property.
- We critically assessed the Directors' assertion that no impairment was required by reference to trading performance and forecasts.
- We performed sensitivity analysis of the Directors' IAS 36 valuation.
- We considered the appropriateness of the amortisation policy for intellectual property.

Carrying value of investments and investment in subsidiaries

The cost of investment in Aeristech Limited, Proton Technologies Canada Inc. and Sabien Technology Limited in the Company and Consolidated Statements of Financial Position are £100,000, £100,000 and £6,457,000 respectively at the year end with the latter having been fully impaired in a prior year.

In order to satisfy ourselves that the carrying value of the investments in Aeristech Limited, Proton Technologies Canada Inc. and Sabien Technology Limited were appropriate:

- We critically assessed the assumptions underpinning the Directors' IAS 36 valuation of the investment in Aeristech Limited, Proton Technologies Canada Inc. and Sabien Technology Limited.
- We critically assessed the Directors' assertion that the cost of investment in Sabien Technology Limited remains fully impaired by reference to trading performance and forecasts and that no impairment in Aeristech Limited and Proton Technologies Canada Inc. is required.

SABIEN TECHNOLOGY GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABIEN TECHNOLOGY GROUP PLC (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Audit Area and Description

Going concern

The pre taxation losses and the limited visibility on future cash flow receipts indicate that the Company and Group may have a going concern issue.

Audit Approach

In order to satisfy ourselves that the going concern basis is appropriate:

- We critically assessed the client's cashflow forecast to 30 June 2024 and assessed the underlying assumptions.
- We critically assessed the Directors' assertion that the Company and Group is a going concern by reference to post year end trading and cashflows and ability to raise further funds if required.

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 revenue to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group and parent to be £23,000 based on a percentage of gross assets (1.7%). Based on our professional judgement, we determined materiality for the Parent Company to be £16,500 based on a percentage of gross assets (2%).

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 was 50% of materiality, namely £11,500 and £8,250 respectively.

We agreed to report to the Audit Committee all audit differences in respect of the Group and Parent in excess of £1,150 and £825 respectively and, 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 we identified when assessing the overall presentation of the financial statements.

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 entity's ability to continue to adopt the going concern basis of accounting included a critical assessment of the detailed cash flow projections prepared by the directors, which are based on their current expectations of trading prospects, and obtaining an understanding of all relevant uncertainties, including those arising as a result of the ongoing COVID-19 pandemic and the measures taken to contain it. We have factored the ongoing impact of COVID-19 into our analysis of the risks affecting the ability of the group to continue to trade and meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABIEN TECHNOLOGY GROUP PLC
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where 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 20, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABIEN TECHNOLOGY GROUP PLC
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the FRC's website at <https://www.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>

This description forms part of our auditor's report.

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

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, the rules of the Alternative Investment Market and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

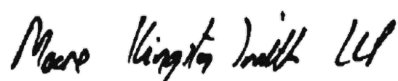
There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

SABIEN TECHNOLOGY GROUP PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABIEN TECHNOLOGY GROUP PLC
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



**Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor**

6th Floor
9 Appold Street
London
EC2A 2AP
13 October 2022

SABIEN TECHNOLOGY GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £000	2021 £000
Revenue		679	971
Cost of sales		(231)	(153)
Gross profit		448	818
Administrative expenses		(1,327)	(1,182)
Exceptional item	8	(9)	(180)
Operating loss	7	(888)	(544)
Other income	10	158	35
Finance cost	12	(13)	-
Loss before tax		(743)	(509)
Tax credit	13	-	-
Loss for the year attributable to equity holders of the parent company		(743)	(509)
Other comprehensive income		-	-
Total comprehensive income for the year		(743)	(509)
Loss per share in pence - basic	14	(5.06)	(6.22)
Loss per share in pence - diluted	14	(5.06)	(6.22)

The earnings per share calculation relates to both continuing and total operations.

The notes on pages 35 to 62 form part of these financial statements.

SABIEN TECHNOLOGY GROUP PLC

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

Company Reg No: 05568060

		Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
	Notes				
ASSETS					
Non-current assets					
Property, plant and equipment	15	2	35	-	-
Intangible assets	16	152	57	97	-
Investments	18	200	100	200	100
Total non-current assets		354	192	297	100
Current assets					
Inventories	17	40	24	-	-
Trade and other receivables	20	387	51	231	180
Cash and bank balances	21	573	1,399	306	977
Total current assets		1,000	1,474	537	1,157
TOTAL ASSETS		1,354	1,666	834	1,257
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	487	161	98	99
Borrowings	23	138	36	102	-
Total current liabilities		625	197	200	99
Non-current liabilities					
Borrowings	23	109	145	-	-
Total non-current liabilities		109	145	-	-
Equity					
Equity attributable to equity holders of the parent					
Share capital	24	3,354	3,350	3,354	3,350
Share premium		3,543	3,508	3,543	3,508
Other reserves		1	1	10	1
Retained earnings		(6,278)	(5,535)	(6,273)	(5,701)
Total equity		620	1,324	634	1,158
TOTAL EQUITY AND LIABILITIES		1,354	1,666	834	1,257

SABIEN TECHNOLOGY GROUP PLC

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

As permitted by section 408 of the Companies Act 2006, the Income Statement of the Parent Company is not presented as part of these financial statements. The loss dealt with in the accounts of the Parent Company is £572k (2021: £993k loss). There is no other comprehensive income in the Parent Company.

The financial statements were approved and authorised for issue by the Board on 13 October 2022 and were signed on its behalf by:



Richard Parris
Executive Chairman

The notes on pages 35 to 62 form part of these financial statements.

SABIEN TECHNOLOGY GROUP PLC

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash flows from operating activities				
Loss before taxation	(743)	(509)	(572)	(993)
Adjustments for:				
Depreciation and amortisation	63	51	3	-
Loss on disposal of fixed assets	-	11	-	-
Gain on foreign currency reserve	(9)	-	-	-
Finance cost	13	-	3	-
Less movement in interest accrual	(2)	-	(2)	-
Fixed assets transferred to inventory	6	-	-	-
Equity settled current liability	33	-	33	-
(Decrease) / increase in trade and other receivables	(334)	32	(65)	284
(Increase) / decrease in inventories	(16)	15	-	-
Increase / (decrease) in trade and other payables	326	(466)	14	(430)
Net cash outflow from operating activities	(663)	(866)	(586)	(1,139)
Cash flows from investing activities				
Investments acquired	(100)	(100)	(100)	(100)
Purchase of property, plant and equipment	-	(33)	-	-
Purchase of intangible assets	(131)	-	(100)	-
Net cash used in investing activities	(231)	(133)	(200)	(100)
Cash flows from financing activities				
Proceeds from borrowings	100	-	100	-
Repayment of borrowings	(36)	-	-	-
Interest paid	(11)	-	-	-
Proceeds from share issues	15	1,700	15	1,700
Share issue costs	-	(80)	-	(80)
Net cash generated by financing activities	68	1,620	115	1,620
Net (decrease) / increase in cash and cash equivalents	(826)	621	(671)	381
Cash and cash equivalents at the beginning of the year	1,399	778	977	596
Cash and cash equivalents at the end of the year	573	1,399	306	977
Cash and cash equivalents comprise				
Cash and cash equivalents	573	1,399	306	977
Invoice financing (included in other payables)	-	-	-	-
	573	1,399	306	977

The notes on pages 35 to 62 form part of these financial statements.

SABIEN TECHNOLOGY GROUP PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 July 2020	3,058	2,180	1	(5,026)	213
Changes in equity for year					
Loss for the year	-	-	-	(509)	(509)
Share issues	292	1,408	-	-	1,700
Share issue costs	-	(80)	-	-	(80)
Balance at 1 July 2021	3,350	3,508	1	(5,535)	1,324
Changes in equity for year					
Loss for the year	-	-	-	(743)	(743)
Share issues	4	44	-	-	48
Foreign exchange variance	-	-	(9)	-	(9)
Warrant issue	-	(9)	9	-	-
At 30 June 2022	3,354	3,543	1	(6,278)	620

The notes on pages 35 to 62 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 July 2020	3,058	2,180	1	(4,708)	531
Changes in equity for year					
Loss for the year	-	-	-	(993)	(993)
Share issues	292	1,408	-	-	1,700
Share issue costs	-	(80)	-	-	(80)
Balance at 1 July 2021	3,350	3,508	1	(5,701)	1,158
Changes in equity for year					
Loss for the year	-	-	-	(572)	(572)
Share issues	4	44	-	-	48
Warrant issue	-	(9)	9	-	-
At 30 June 2022	3,354	3,543	10	(6,273)	634

The notes on pages 35 to 62 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. Reporting entity

The Company is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1.

The nature of the Group's operations and principal activities are set out in the Directors' Report.

2. Accounting policies

2.1 Introduction

The following significant principal accounting policies have been used consistently in the preparation of the consolidated financial information. The consolidated information comprises the Company and its subsidiaries (together referred to as "the Group").

2.2 Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards. They were approved for issue by the Company's board of directors on 13 October 2022.

The Directors expect to apply these accounting policies, which are consistent with UK adopted International Accounting Standards, in the Group's Annual Report and Financial Statements for all future reporting periods.

The consolidated financial statements have been prepared on the historical cost basis and are presented in £'000 unless otherwise stated.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

Except as noted below, the financial information of subsidiaries is included in the consolidated financial statements using the acquisition method of accounting. On the date of acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Accounting for the Company's acquisition of the controlling interest in Sabien Technology Limited: The Company's controlling interest in its directly held subsidiary, Sabien Technology Limited, was acquired through a transaction under common control, as defined in IFRS 3 Business Combinations. The directors note that transactions under common control are outside the scope of IFRS 3 and that there is no guidance elsewhere in IFRS covering such transactions.

IFRS contain specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included at paragraphs 10 to 12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This requires, inter alia, that where IFRS does not include guidance for a particular issue, the directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards. In this regard, it is noted that the UK standard FRS 6 Acquisitions and Mergers which was in place at the time of the transaction addresses the question of business combinations under common control.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

In contrast to IFRS 3, FRS 6 sets out accounting guidance for transactions under common control which, as with IFRS 3, are outside the scope of that accounting standard. The guidance contained in FRS 6 indicates that merger accounting may be used when accounting for transactions under common control.

Having considered the requirements of IAS 8, and the guidance included in FRS 6, it is considered appropriate to use a form of accounting which is similar to pooling of interest when dealing with the transaction in which the Company acquired its controlling interest in Sabien Technology Limited.

In consequence, the consolidated financial statements for Sabien Technology Group Plc report the result of operations for the year as though the acquisition of its controlling interest through a transaction under common control had occurred at 1 October 2005. The effect of intercompany transactions has been eliminated in determining the results of operations for the year prior to acquisition of the controlling interest, meaning that those results are on substantially the same basis as the results of operations for the year after the acquisition of the controlling interest.

Similarly, the Consolidated Statement of Financial Position and other financial information have been presented as though the assets and liabilities of the combining entities had been transferred at 1 October 2005.

Whilst FRS 6 is no longer effective similar requirements are set out in the current UK Financial Reporting Standard, FRS 102, in respect of such transactions.

The Group did take advantage of section 131 of the Companies Act 1985 and debited the difference arising on the merger with Sabien Technology Limited to a merger reserve. When consolidated retained earnings are available, any debit reserves are offset against these retained earnings. As there were consolidated retained earnings available in the year ended 30 June 2012, the merger reserve was offset against those retained earnings.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Assets are written off on a straight-line basis over their estimated useful life commencing when the asset is brought into use. The useful lives of the assets held by the Group are considered to be as follows:

Office equipment, fixtures and fittings 3-4 years

2.5 Intangible assets

Intellectual property, which is controlled through custody of legal rights and could be sold separately from the rest of the business, is capitalised where fair values can be reliably measured.

Intellectual property is amortised on a straight line basis evenly over its expected useful life of 20 years.

Impairment tests on the carrying value of intangible assets are undertaken:

- At the end of the first full financial year following acquisition; and
- In other periods if events or changes in circumstances indicate that the carrying value may not be fully recoverable.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

extent of the impairment loss (if any). Recoverable amount is the higher of the fair value, less costs to sell, and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only in so far that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in income immediately.

2.6 Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment in value.

2.7 Investments in associates

Associates are entities over which the group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted associate equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted associates is tested for impairment in accordance with the policy described in note 19.

2.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.9 Deferred consideration**

Deferred consideration is discounted from the anticipated settlement date at the Group's weighted average cost of capital.

2.10 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from sale of goods is recognised when signed agreements are exchanged between the two parties for the manufacture and/or delivery of goods. Where the Group is responsible for the project management of the installations, revenue is normally recognised upon installation at the customer site, however there are occasions when the sale of the product and the installation are invoiced and recognised separately when each element is complete. Where goods are delivered to overseas distributors, revenue is recognised at the time of shipment from the company's warehouse.

Revenue from services generally arises from (1) pilot projects for customers and is recognised once the pilot has been completed and the results notified to the customer. Pilot projects generally have a duration of between 1 and 3 months; and (2) Cloud Service revenue which is recognised evenly over the period of the contract.

Revenue from operating lease services rendered to customers is recognised on a straight-line basis.

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

2.11 Leases (Group as lessee)

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Group recognised a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at the date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from purchase and extension options reasonably certain to be exercised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.11 Leases (Group as lessee) (continued)**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payment in relation these are recognised as an expense in profit or loss on a straight-line basis over the lease term. applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss on the straight-line basis over the lease term.

2.12 Operating leases (Group as lessor)

Assets leased to customers under are included in property, plant and equipment and are depreciated over their lease term down to their anticipated realisable value on a straight-line basis. Anticipated realisable values are regularly reassessed and the impact upon the depreciation charge is adjusted prospectively.

2.13 Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Profit and losses of overseas subsidiary undertakings are translated into sterling at average rates for the year. The statements of financial position of overseas subsidiary undertakings are translated at the rate ruling at the statement of financial position date. Differences arising from the translation of Group investments in overseas subsidiary undertakings are recognised as a separate component of equity.

Net exchange differences classified as equity are separately tracked and the cumulative amount disclosed as a translation reserve.

The principal place of business of the Group is the United Kingdom with sterling being the functional currency.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.15 Adoption of new and revised standards**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 July 2021 that would be expected to have a material impact on the Group.

2.16 New and revised standards not yet effective

Certain new accounting standards and interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective. These standards are not expected to have a material impact on the Group in the current or future periods and on foreseeable future transactions.

2.17 Taxation

The charge for current tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the year end date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.18 Share based payments

The Group has applied the requirements of IFRS2 Share-based Payments. The Group issues options to certain employees. These options are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.19 Inventories

Inventories are valued at the lower of average cost and net realisable value.

2.20 Financial instruments

Financial Assets:

The Group classifies its financial assets as financial assets at amortised cost and cash. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Trade receivables are classified as financial assets at amortised cost and are recognised at fair value less provision for impairment. Trade receivables, with standard payment terms of between 30 to 65 days, are recognised and carried at the lower of their original invoiced and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is re-measured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12-month expected losses. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

Short term financial assets are measured at transaction price, less any impairment. Loans receivable are measured at transaction price net of transaction costs and measured subsequently at amortised cost using the effective interest method, less any impairment.

The Group's financial assets are disclosed in notes 20 and 21. Impairment testing of trade receivables is described in note 20.

Financial Liabilities:

The Group classifies its financial liabilities as trade payables and other short term monetary liabilities. Trade payables and other short term monetary liabilities are recorded initially at their fair value and subsequently at amortised cost. They are classified as non-current when the payment falls due greater than 12 months after the year end date and are described in note 22.

2.21 Cash and cash equivalents

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

2.22 Share premium reserve

The share premium reserve comprises the value received from equity fund raising in excess of share nominal value. At year end the share premium reserve balance was £3.54m (2021: £3.51m).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.23 Share based payment reserve

The share based payment reserve comprises the fair value of outstanding fair value of share based payments calculated as described in note 27. At year end the share based payment reserve balance was £10k (2021: £1k).

2.24 Foreign exchange reserve

The foreign exchange reserve comprises the net accumulated variance on the translation of foreign currency subsidiaries upon consolidation. At year end the foreign exchange reserve balance was £(9k) (2021: £nil).

3. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Financial risk management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks arising from its use of financial instruments: credit risk, liquidity risk and market risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements. So far, there have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Group, from which the financial instrument risk arises, are as follows:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables; and
- borrowings.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board reviews regular finance reports from the Finance Director through which it evaluates any risk exposures with a view to minimising any potential adverse effects on the Group's financial performance. So far, the Group has not used derivative financial instruments to hedge risk exposures as its activities and operations exposure to such risks are not deemed significant. Transactions that are speculative in nature are expressly forbidden.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

Details regarding the policies that address financial risk are set out below:

(i) Credit Risk

Credit risk arises principally from the Group's trade receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instruments.

Trade Receivables

The nature of the Group's operations means that all of its current key customers are established businesses and organisations in both the public and private sector. The credit risks are minimised due to the nature of these customers and the concentration of sales to date within established economies. The Group will continually review its credit risk policy, taking particular account of future exposure to developing markets and associated changes in the credit risk profile.

The carrying amount in the Consolidated Statement of Financial Position, net of any applicable provisions for loss, represents the amount exposed to credit risk and hence there is no difference between the carrying amount and the maximum credit risk exposure.

(ii) Liquidity Risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due and have the availability of such funds for its operations. Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and cash equivalents on the basis of expected cash flow. At the year end date, these projections indicate that the Group expects to have sufficient liquid resources to meet its obligations under all reasonable expected circumstances for the forthcoming year. The Group continues to monitor its liquidity position through budgetary procedures and cash flow analysis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due in less than 1 year equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
At 30 June 2022				
Trade and other payables	487	-	-	-
Borrowings	138	36	73	-
At 30 June 2021				
Trade and other payables	161	-	-	-
Borrowings	36	36	109	-

The Group does not have any derivative financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

(iii) Market Risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. There is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

- **Interest Rate Risk**

The Group invests its surplus cash in a spread of fixed rate short term bank deposits to minimise risk and maximise flexibility. In doing so it limits its exposure to fluctuations in interest rates that are inherent in such a market. Overall risk is not regarded as significant and the effect of a one percentage point increase in the average interest rate during the year would have resulted in an increase in loss after tax for the year of £1k (2021: £1k).

- **Currency Risk**

The Group operates internationally through its distributorship arrangements in Europe and the US and is exposed to currency risk arising from the Euro and the US dollar. Currency risk arises from future commercial transactions and recognised assets and liabilities. Given the current scale of the Group's overseas operations, overall currency risk is considered to be low.

An increase of one percentage point in the average 2022 Euro and US dollar exchange rates would have increased the Group's loss after tax by less than £1k (2021: £1k).

- **Other Price Risk**

The Group holds some strategic equity investments in other companies where those complement the Group's operations. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances. The effect of a 10% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in the fair value through other comprehensive income reserve and net assets of £10k (2021: £10k). A 10% decrease in their value would, on the same basis, have decreased the fair value through other comprehensive income reserve and net assets by the same amount.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide future returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group seeks to maintain, at this stage of its development, sufficient funding drawn primarily from equity to enable the Group to meet its working and strategic needs. The Group may issue new shares or realise value from its existing investments and other assets as may be deemed necessary.

The Group centrally manages borrowings, investment of surplus funds and financial risks. The objective of holding financial investments is to provide efficient cash and tax management and effective funding for the Group.

Fair value estimation

Holding trade receivables and payables at book value less impairment provision is deemed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

5. Critical accounting estimates and judgements

Key sources of Estimation Uncertainty

The preparation of the consolidated and company financial statements requires the Group and Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

In the process of applying the Group's and Company's accounting policies, management has made a number of judgements and estimations, of which the following are considered to have the most significant effect on amounts recognised in the financial statements:

(i) Revenue Recognition

No significant criteria are required by the Group in regard to revenue recognition that are not covered by the accounting policy.

(ii) Share-based Payments

The calculation of the estimated fair value of share options and warrants granted can only reasonably be assessed once such options and warrants are exercised. To date, none of the outstanding options or warrants have been exercised and the Group is therefore reliant upon the calculations as explained in the accounting policy and note 27 to the financial statements in arriving at an estimated fair value in line with the requirements of IFRS2.

(iii) Going Concern

The key financial performance indicator for the Group in relation to going concern has changed from the legacy M2G product sales to become unit sales of the new product, M2G Cloud. In the first year of M2G Cloud sales, the Company achieved sales of 293 units (2021: zero units).

During the year the Group incurred a loss of £743k (2021: loss of £509k). Whilst losses increased during the year, the Group had billed an additional £175k during the year that was deferred due to worldwide semiconductor shortages. In addition, at year end the Group was carrying open orders of £91k and recurring revenue of £23k to be recognised in the next financial year from the sales of M2G Cloud to date. The directors are taking steps to return the Group to profitability. Whilst the loss indicates an uncertainty in relation to going concern, the directors consider the Group's year end cash balance of £573k, and post year end funds raised of £600k provide sufficient headroom to counteract this uncertainty.

The directors have prepared cash flow forecasts to 30 June 2024 based on the conversion of sales pipeline to contracted sales revenue although there can be no certainty that the sales pipeline will be converted into sales revenue in accordance with the cash flow forecasts. The cash flow forecasts confirm that the Group will have sufficient working capital to settle its liabilities as they fall due for a period of not less than twelve months from the date of the approval of these consolidated financial statements. Consequently, the consolidated financial statements have been prepared on a going concern basis.

(iv) Impairment of investments

Based on their best estimate of likely future developments within the business, the directors consider that the impairment provision against the carrying value of investments in subsidiaries in the Company's Statement of Financial Position as at the year end date remains valid and reasonable, as detailed in note 18. At the year end date, the carrying value of investments in subsidiaries in the Company's Statement of Financial Position was £nil (2021: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5. Critical accounting estimates and judgements (continued)

(v) **Deferred Tax Assets**

Management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. In 2015, the directors decided that it would be prudent not to recognise any deferred tax asset in the financial statements until recurring profitability is attained.

The Group and Company was loss making in the prior and current financial years and thus a deferred tax asset has not been recognised in the financial statements for the year under review.

The tax losses available to offset against future taxable profits, are estimated at £7.39m (2021: £6.54m).

(vi) **Impairment of Intellectual Property**

As a result of a review by the directors of the unit sales likely to arise over the next year, no change in the value of Intellectual Property has been considered to be necessary and consequently no provision has been made for impairment.

6. Segmental reporting

Based on risks and returns, the Directors consider that the primary reporting business format is by business segment which is currently just the supply of energy efficiency products as these form the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance. Therefore, the disclosures for the primary segment have already been given in these financial statements. The secondary reporting format is by geographical analysis by destination. Non- UK revenues amounted to 9% of the total and are analysed as follows:

Geographical information	2022 Sales revenue £000	2022 % of total revenues	2021 Sales revenue £000	2021 % of total revenues
UK	619	91	930	96
Other	60	9	41	4
Total	679	100	971	100

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. Segmental reporting (continued)

At year end the Group held non-current assets in the following countries:

	2022	<i>2021</i>
	£000	<i>£000</i>
UK	157	<i>192</i>
Canada	197	<i>-</i>
	354	<i>192</i>

During the year, sales to the Group's largest customers were as follows:

	Sales revenue £000	% of total revenues £000
Customer 1	229	34
Customer 2	200	29
Customer 3	111	16

No other single customer registered more than 10% of the sales revenue for the year.

7. Operating loss

The operating loss is stated after charging/(crediting):

	2022	<i>2021</i>
	£000	<i>£000</i>
Depreciation of property, plant and equipment	1	<i>4</i>
Amortisation of other intangible assets (included in administrative expenses)	62	<i>47</i>
Cost of inventories recognised as an expense	100	<i>102</i>

8. Exceptional item

	2022	<i>2021</i>
	£000	<i>£000</i>
Legal and professional fees	9	<i>180</i>
	9	<i>180</i>

Exceptional legal and professional fees in the current and prior years comprise costs incurred in respect of the PHD acquisition and reverse takeover project which was subsequently aborted and also costs in respect of the readmission to AIM.

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditors for:		
- the audit of the Company's annual accounts	15	13
Fees payable to the Company's auditors for other services to the Group:		
- the audit of the Company's subsidiary	25	21
Total audit fees	40	34
Fees payable to the Company's auditors for:		
- other services	5	-
- corporate finance	-	23
Total other fees	5	23

10. Other operating income

	2022 £000	2021 £000
Management fee and cost recharge to associate	150	-
Furlough grants	8	35
	158	35

11. Staff costs

	2022 £000	2021 £000
Wages and salaries	650	595
Social security costs	57	46
Pension costs	8	7
	715	648

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

	2022 Nos.	2021 Nos.
Directors	4	4
Administration	7	7
	11	11

The remuneration of key management personnel is detailed in note 28 and in the Remuneration Report.

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12. Finance cost

	2022	<i>2021</i>
	£000	<i>£000</i>
Bank interest payable	13	-
	13	-

13. Corporation tax

	2022	<i>2021</i>
	£000	<i>£000</i>
Current tax	-	-
Total tax for the year	-	-
Loss before tax	(743)	<i>(509)</i>
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2021: 19%)	(141)	<i>(97)</i>
Expenses not deductible for tax purposes	19	<i>39</i>
Depreciation in excess of capital allowances	5	<i>(6)</i>
Utilised tax losses	-	<i>(47)</i>
Tax losses carried forward	108	<i>104</i>
Foreign losses of subsidiary	9	<i>7</i>
Current tax	-	-

Deferred tax:

As detailed in note 5(v), in 2015 the Group reviewed the carrying value of the deferred tax asset recognised in previous years and decided that it would be prudent to derecognise the total asset in view of the uncertainty as to the timing of a return to recurring profitability.

The aggregate amount of deductible temporary differences, parent company unused tax losses and unused tax credits for which no deferred tax asset is recognised in the Consolidated Statement of Financial Position is estimated at £7.39m (2021: £6.54m) which at the substantively enacted tax rate would equate to £1.85m (2021: £1.27m).

14. Earnings per share

The calculation of earnings per share is based on the loss for the year attributable to equity holders of £743k (2021: £509k loss) and a weighted average number of shares in issue during the period of 14,675,358 (2021: 8,190,696). At the year end, options over 117 shares (2021: 35,000) and warrants over 1,675,349 (2021: 1,395,349) shares were in issue.

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15. Property plant and equipment

	2022 £000	2021 £000
Cost		
At 1 July	37	28
Additions	-	33
Transfer to inventories	(6)	(15)
Reclassification to intangible assets	(26)	-
Disposals	-	(9)
At 30 June	5	37
Depreciation		
At 1 July	2	11
Charge for the year	1	4
Transfer to inventories	-	(8)
Reversed on disposals	-	(5)
At 30 June	3	2
Net book value at 30 June 2022	2	-
Net book value at 30 June 2021	35	35

The Company held no property, plant and equipment at 30 June 2022 and 2021.

All property, plant and equipment was held in the UK at 30 June 2022 and 2021.

SABIEN TECHNOLOGY GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

16. Intangible assets

Group	Intellectual property £000	Licences £000	Total £000
Cost			
At 1 July 2020 and 30 June 2021	943	-	943
Additions	31	100	131
Reclassification from fixed assets	26	-	26
At 30 June 2022	1,000	100	1,100
Amortisation			
At 1 July 2020	839	-	839
Charge for year	47	-	47
At 30 June 2021	886	-	886
Charge for year	59	3	62
At 30 June 2022	945	3	948
Net book value			
At 30 June 2022	55	97	152
At 30 June 2021	57	-	57
Company		Licences £000	
Cost			
At 1 July 2020 and 30 June 2021		-	
Additions		100	
At 30 June 2022		100	
Amortisation			
At 1 July 2020 and 30 June 2021		-	
Charge for year		3	
At 30 June 2022		3	
Net book value			
At 30 June 2022		97	
At 30 June 2021		-	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

16. Intangible assets (continued)

Intellectual Property represents the rights to the M2G product acquired from the inventors and upgrades made during the year in relation to the M2G Cloud and M2G Evo products. An impairment review performed in accordance with IAS 36 'Impairment of Assets' as detailed in note 18, determined that no impairment was necessary at 30 June 2022. The remaining amortisation period for the original Intellectual Property is one year.

Licences comprises the 20t per day hydrogen producing licence acquired from Proton Technologies Canada Inc and option to construct a COF processing facility at Proton Canada Inc.'s facility in Saskatchewan, Canada. The hydrogen processing licence had a 16.5 year life remaining at year end and the option to construct a COF facility has an indefinite economic life. An impairment review performed in accordance with IAS 36 'Impairment of Assets' as detailed in note 18, determined that no impairment was necessary at 30 June 2022. The hydrogen licence is amortised over the remaining 16.5 years, the COF facility option is not amortised.

17. Inventories

Group	2022 £000	2021 £000
Finished goods and goods for resale	40	24
	40	24

The Company held no inventories at 30 June 2022 and 2021.

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18. Investments

Group	2022 £000	2021 £000
Cost		
At 1 July	100	-
Additions	100	100
At 30 June	200	100
Impairment provision		
At 1 July	-	-
Impairment in year	-	-
At 30 June	-	-
Net Book Value		
At 30 June 2022	200	-
At 30 June 2021	100	100

Company	Investments in subsidiaries £000	Other investments £000	Total £000
Cost			
At 1 July 2020	6,457	-	6,457
Additions	-	100	100
At 30 June 2021	6,457	100	6,557
Additions	-	100	100
At 30 June 2022	6,457	200	6,657
Impairment provision			
At 1 July 2020, 30 June 2021 and 30 June 2022	6,457	-	6,457
Net book value			
At 30 June 2022	-	200	200
At 30 June 2021	-	100	100

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18. Investments (continued)

Details of the fixed asset investments at the year end date are as follows:

Name of company	Country of incorporation	Class of share	Nature of business	Proportion of voting rights
Subsidiary undertakings				
Sabien Technology Limited	England & Wales	Ordinary	Managing carbon through energy reduction	100%
Sabien Technology IP Limited	Northern Ireland	Ordinary	Ownership of Intellectual Property	100%
Sabien Inc.	USA	Common Stock	Managing carbon through energy reduction	100%
Other investments				
Aeristech Limited	England & Wales	Ordinary	Manufacture power-dense compressors used within hydrogen fuel cells	0.3%
Proton Technologies Canada Inc.	Canada	A Ordinary	Manufacture Zero Carbon Hydrogen from Oil fields	<0.1%

The registered office of Sabien Technology Limited is 71-75 Shelton Street, London, WC2H 9JQ.

The registered office of Sabien Technology IP Limited is C/O Carson McDowell, Murray House, Murray Street, Belfast, BT1 6DN.

The registered office of Sabien Inc is 1209 Orange Street, Wilmington, New Castle, Delaware 19801, USA.

In March 2021 the Company incorporated Sabien Inc. as a wholly owned US subsidiary in the State of Delaware.

In February 2021 the Company acquired 0.3% of the issued share capital of Aeristech Limited for a consideration of £100k. As part of the investment, Aeristech has issued the Company with 10,417 warrants with a two-year term, each warrant carrying the right to subscribe for one share in Aeristech at the issue price of £2.40.

In October 2021 the Company acquired <0.1% of the issued share capital of Proton Technologies Canada Inc. for a consideration of £100k.

The Company performs an annual impairment review in accordance with IAS 36 'Impairment of Assets'. In accordance with IAS 36, the recoverable amount is calculated being the higher of value in use and fair value less costs to sell.

The value in use is determined using cash flow projections covering a ten year period which have been approved by the Board where sufficient information is available. They reflect the directors' expectations of the level and timing of revenue and expenses, working capital and operating cash flows based on past experience and future expectations of business performance. For the entities where the Group holds a minority interest, impairment assessments are made using available information.

The pre-tax discount rate of 9.6% (2021: 9.6%) applied to the cash flow projections is derived from the Group's weighted average cost of capital. An average growth rate of 8% (2021: 8%) (rental revenue growth rate 0% (2021: 8%)) has been applied over the ten years of the cash flow forecast.

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. Investments in Associates

Name of company	Country of incorporation	Class of share	Nature of business	Proportion of voting rights
b.grn Group Ltd	England & Wales	Ordinary	Manufacture high quality fuel oil from waste plastic at low temperature	33%

In December 2021 the Company incorporated b.grn Group Ltd in conjunction with Parris Group Ltd (an entity controlled by the Executive Chairman). The Company's investment to date is less than £1k.

The registered office of b.grn Group Ltd is: Office 4, 219 Kensington High Street, London, W8 6BD.

20. Trade and other receivables

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade receivables	62	1	-	-
Other receivables	145	50	28	37
Amounts due from associate undertakings	180	-	180	-
Amounts due from group undertakings	-	-	23	143
	387	51	231	180

The value of trade receivables quoted in the table above also represents the fair value of these items and are due within one year.

Amounts due from group undertakings includes £23k which is covered by a £250k loan facility (2021: £250k) advanced to Sabien Technology Limited. The loan facility is secured by way of a debenture over the assets of Sabien Technology Limited. The loan facility is interest free and repayable on demand.

£99k has been advanced to Sabien Inc. (2021: £43k). The balance is interest free, unsecured and repayable on demand but has been impaired in full as at 30 June 2022. Sabien Inc. currently supports the activities of other Group entities and is not yet revenue generating in its own right.

Trade receivables are considered impaired if they are not considered recoverable. As at 30 June 2022, the Group had no receivables which were considered to be impaired and against which a full provision has been made. Trade receivables of £10k (2021: £1k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2022 £000	2021 £000
Up to 3 months	10	1
3 to 6 months	-	-
More than 6 months	-	-
	10	1

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20. Trade and other receivables (continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2022 £000	<i>2021</i> <i>£000</i>
Pounds sterling	200	51
Euros	7	-
	207	51

21. Cash and bank balances

	Group 2022 £000	<i>Group</i> <i>2021</i> <i>£000</i>	Company 2022 £000	<i>Company</i> <i>2021</i> <i>£000</i>
Cash and bank balances	573	1,399	306	977

22. Trade and other payables

	Group 2022 £000	<i>Group</i> <i>2021</i> <i>£000</i>	Company 2022 £000	<i>Company</i> <i>2021</i> <i>£000</i>
Trade payables	37	45	28	36
Social security and other taxation	82	4	10	-
Accruals and deferred revenue	351	84	50	45
Other payables	17	28	10	18
	487	161	98	99

Sabien Technology Limited is party to an invoice financing agreement. The amounts outstanding under this agreement are secured by way of a debenture over the assets of the Company, attract interest at a variable rate and are repayable on demand. The balance outstanding on the invoice financing agreement is £nil (2021: £nil).

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23. Borrowings

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Borrowings	247	<i>181</i>	102	<i>-</i>
	247	<i>181</i>	102	<i>-</i>

The Group drew down a Coronavirus Business Interruption Loan in June 2020. The loan is at 5% per annum for the remaining four years. The balance of £145k (2021: £181k) is unsecured and is repayable in monthly instalments until June 2026.

During the year the Group drew down a loan of £102k (2021: £nil) from Parris Group Ltd, a company controlled by the Executive Chairman, Richard Parris. The loan is unsecured, repayable on demand and accrues interest at 6% per annum. £98k of the loan was converted to equity in August 2022.

The maturity profile of the loans are shown below:

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Within 1 year	138	<i>36</i>	102	<i>-</i>
1-2 years	36	<i>36</i>	-	<i>-</i>
2-5 years	73	<i>109</i>	-	<i>-</i>
Over 5 years	-	<i>-</i>	-	<i>-</i>
	247	<i>181</i>	102	<i>-</i>

24. Share capital

	2022 Nos.	2022 £000	<i>2021 Nos.</i>	<i>2021 £000</i>
Shares issued and fully paid				
Ordinary 3p shares of £0.03 each	14,720,168	442	<i>14,574,260</i>	<i>438</i>
Deferred shares of £0.045 each	44,004,867	1,980	<i>44,004,867</i>	<i>1,980</i>
New Deferred shares of £0.0049 each	190,254,867	932	<i>190,254,867</i>	<i>932</i>
	248,979,902	3,354	<i>248,833,994</i>	<i>3,350</i>

On 14 October 2021 the Company issued 95,908 ordinary shares of 3p each in settlement of an existing liability of £33k.

On 26 November 2021 that Company issued 50,000 ordinary shares of 3p each for a value of £15k in relation to a conversion of warrants.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

24. Share capital (continued)

The holders of Ordinary 3p shares have the right to receive notice of, attend and vote at any general meeting of the Company, and also have full rights to any dividend or other distribution in proportion to their shareholding.

The holders of Deferred shares of £0.045 and New Deferred shares of £0.0049 have no right to receive notice of, nor attend and vote at any general meeting of the Company, nor have rights to any dividend or other distribution.

25. Share options and warrants (see note 27)

At the year end date, the following options had been granted:

Date of Grant	At 1 July 2021	At 30 June 2022	Exercise Price	Exercisable from	Exercisable to
31 October 2014	117	117	£163.5	October 2017	October 2024
Total	117	117			

At the year end date, the following warrants had been granted:

Date of Grant	At 1 July 2021	At 30 June 2022	Exercise Price	Exercisable from	Exercisable to
2 February 2021	1,395,349	1,395,349	15p	February 2021	February 2023
1 February 2022	-	280,000	60p	February 2022	February 2023
Total	1,395,349	1,675,349			

On 2 February 2021, 1,395,349 share options (figure post March 2021 300:1 share consolidation) were issued to the Executive Chairman as part of a placing. The warrants are exercisable once the Company's mid-market share price has exceeded 60p for five working days in a row.

On 1 February 2022, 280,000 share options were issued to Proton as part of the consideration for the hydrogen processing licence and option to install a COF facility at Proton's site in Saskatchewan, Canada (see note 16).

SABIEN TECHNOLOGY GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

26. Financial instruments

Financial assets

	Assets at amortised cost (loans and receivables) Group £000	Assets at fair value through profit and loss Group £000	Total Group £000	Assets at amortised cost (loans and receivables) Company £000	Assets at fair value through profit and loss Company £000	Total Company £000
Trade and other receivables (excluding prepayments)	387	-	387	180	-	180
Loans	-	-	-	23	-	23
	387	-	387	203	-	203

Financial liabilities

	Assets at amortised cost (loans and payables) Group £000	Fair value through profit and loss Group £000	Total Group £000	Assets at amortised cost (loans and payables) Company £000	Fair value through profit and loss Company £000	Total Company £000
Trade and other payables	487	-	487	1	-	1
Borrowings	247	-	247	-	-	-
	734	-	734	1	-	1

SABIEN TECHNOLOGY GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27. Share based payments

The Company has issued share options under a share option scheme for directors and employees set up in November 2006 under which approved and unapproved share options were granted prior to the flotation of the Company in December 2006.

Under this scheme, directors and employees hold options to subscribe for Ordinary shares in Sabien Technology Group Plc at prices based on the mid-market price on the day preceding the relevant share option grant. See note 25 for details of options in issue at the year end date. There are no performance conditions attached to these options. No options were granted in the financial year.

The value of the options is measured using the QCA-IRS Option Valuer based on the Black Scholes model. The inputs into the Black Scholes model were as follows:

	Weighted average exercise price 2022	Number of instruments 2022	<i>Weighted average exercise price 2021</i>	<i>Number of instruments 2021</i>
Outstanding at 1 July	£163.50	117	<i>54p</i>	<i>35,000</i>
Granted during the period	60p	280,000		<i>-</i>
Share consolidation 300:1 in March 2021		-		<i>(34,883)</i>
Outstanding at 30 June	67p	280,117	<i>£163.50</i>	<i>117</i>
Exercisable at 30 June	67p	280,117	<i>£163.50</i>	<i>117</i>
Weighted average remaining contractual life		0.58 years		<i>3.34 years</i>
Weighted average volatility		73%		<i>30%</i>
Weighted average risk free interest rate		0.11%		<i>4.75%</i>

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28. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management personnel are the Directors of Sabien Technology Group Plc. Information regarding their remuneration is given in the Remuneration Report.

The Company has entered into service agreements with Richard Parris, Charles Goodfellow and Randal McGregor-Smith with entities either controlled by them or in which they have an interest as shareholders. Edward Sutcliffe is employed directly by one of the Group companies. Fees are paid in accordance with those agreements. The remuneration of key management is analysed in the Remuneration Report.

	2022	2021
	£000	£000
The aggregate remuneration comprises:	-	-
Salaries	42	13
Pensions	1	-
Fees	162	186
	205	199

The remuneration of the highest paid director during the year was £75k (2021: £75k). The remuneration of individual Directors is disclosed in the Remuneration Report.

Charles Goodfellow is employed by the Group's broker, Peterhouse Capital Limited. Fees paid to Peterhouse Capital Limited are proposed to the Board and approved by the Board as a whole. Fees paid to Peterhouse Capital Limited in the year were £25k (2021: £88k) and at the year end the amount due to Peterhouse Capital Limited were £nil (2021: £nil).

During the year, the Company charged its subsidiary, Sabien Technology Limited, £50k (2020: £51k) by way of management charges. The Company was also charged by Sabien Technology Limited £48k (2021: £13k) in relation to staff costs. Sabien Technology Limited repaid £77k (2021: £36k) during the year in respect of working capital loans and at the year end the amount outstanding was £23k (2021: £100k).

During the year the Company advanced working capital loans of £57k (2021: £43k) to its subsidiary, Sabien Inc. At the year end the amount due from Sabien Inc. was £99k (2021: £43k). At the year end an impairment provision of £99k (2021: £nil) had been raised against the loan.

During the year the Company invoiced management fees of £150k (2021:£nil) to b.grn Group Limited, its associate undertaking. At the year end £180k (2021:£nil) was outstanding.

29. Controlling party

The Group has no ultimate controlling party.

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30. Events after the reporting date

On 22 August 2022 the Company announced that it had raised £600k (gross) from a placing and oversubscribed broker option. In addition, it was announced that Parris Group Limited (see note 23) would convert £97,500 of its loan into share capital.