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21 April 2022

Zenova Group PLC
("Zenova", the "Company" or the "Group")

Annual Results for the year period 30 November 2021

Zenova Group PLC (AIM: ZED), a provider of innovative fire safety and heat management technology and products, today announces its results for the year ended 30 November 2021.

Highlights for the period

- Loss for the year of £1.1 million mainly arising from costs of research and development, testing and certification, staff cost, and professional fees as Zenova Group Plc establishes its position in the market.
- Zenova Group Plc was incorporated on 14 May 2021 and acquired the entire share capital of Zenova Limited on 20 May 2021.
- On 22 July 2021 Zenova Group Plc was admitted to AIM, in conjunction with raising £4.5 million before costs.
- In September 2021 Keswick Enterprises Group Ltd was appointed to distribute, warehouse, and provide logistics support for our innovative insulation products globally, and to provide a complete supply chain where required.
- Announcement of newly developed Zenova WB wildfire barrier fluid (WB) in October 2021.
- Major contract secured with Spark Global Australia Pty Ltd in Victoria, Australia, a newly formed affiliate of a major Australian construction company for the supply of Zenova products in Australia with a minimum commitment of £2 million each year. Products being supplied include Zenova IR thermal insulation render (IR), Zenova IP thermal insulation paint (IP) and Zenova FP fire protection paint (FP).
- Major contract secured with a Spanish company that has become an Authorised Distributor of Zenova products and will promote and sell them to its clients in Spain, Germany, Austria, and Switzerland. The Authorised Distributor is contracted to purchase a minimum value of €9.8 million of Zenova's products over the next three-years, with €1.8 million due in 2022.

Post period end highlights

- Successful launch of 3 key products (all independently certified and validated) into the market: FP, IP and IR.
- Implementation of trials of IP and IR for Southdown Housing Association in East Sussex with successful results which are independently verified by a third-party using infrared imagery testing.
- An agreement entered with Omnis Panels LLC to distribute Zenova products throughout the construction sector in the United Stated of America.

- Sales of IP, IR and FP made in the UK and Germany with product shipped via Sub-Distributors appointed in these territories.
- Additional validation of WB and FP by Professor Claire Belcher and her team from the University of Exeter wildFIRE Lab, with further successful tests of FP conducted by the Dorset and Wiltshire Fire Service under the supervision of Professor Belcher and her team.
- Scalable manufacturing partners put in place to ensure the supply of all Zenova products can satisfy the expected growth in demand for products across multiple geographies.
- Trial agreed with the NHS Epsom and St Helier University Hospitals Trust for FP, IP and IR with 'side-by-side' comparison analysis to be independently verified.
- Further testing underway including specific legislation tests for the use of FP on structural steel.

Outlook

During Zenova's inaugural year as an AIM listed company it has made good progress. It has developed, manufactured, and is marketing and selling its first three products - Zenova FP fire protection paint, Zenova IP thermal insulation paint, and Zenova IR thermal insulation render, with three further products currently in the testing phase, and expected to be brought to market later in 2022.

2022 will be a critical year for the Company but its client base is developing well, and in line with current expectations. It is the Company's objective to build on its positive momentum to date, including through the addition of its new products, with the aim of becoming cash flow positive, financially self-sustaining, and to be operating profitably by 2023.

The year is unlikely to be without operational and other challenges, but the Company believes that it is well placed to manage these and is confident of its potential to deliver significant returns to shareholders whilst also delivering safer and more carbon friendly environments to those customers utilising its unique range of products.

Tony Crawley, Chief Executive of Zenova Group PLC commented: *"Since listing on AIM in July 2021, Zenova has made significant progress in the development of its products, in testing that meets the highest standards and latest building regulations, and in sales and marketing. We are experiencing significant global interest in our products, and we expect our order books to grow at an increasing rate over the next 12 months as we focus on delivering sales in our target markets.*

"Later in 2022 we expect to launch three further products into our portfolio. They provide innovative solutions which are underpinned by extensive testing, and they will help address the ongoing global challenges surrounding heat management and fire safety.

"Our success to date is in no small measure because of the hard work and dedication of our employees and partners, who have embraced our vision to establish Zenova as a trusted supplier of effective and commercially viable heat management and fire safety

products. I would like to thank them for their support and dedication, and I look forward to working with them as we help Zenova fulfil its potential over the coming year, and beyond."

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Chairman's Statement

I am pleased to report that during our inaugural year quoted on the AIM market your company has been making good progress. We now have a fully functioning executive management team, which includes a dynamic sales force, as well as technical and development directors supervising those aspects of our operations.

Your company has developed, manufactured and is marketing and selling its first three products - Zenova FP fire protection paint, Zenova IP thermal insulation paint, and Zenova IR thermal insulation render. The three products have been independently tested and certified to the latest international standards, are in the market and available for purchase. As a result of manufacturing agreements that have been put in place, the Company is also ready and able to fulfil demand as it develops across multiple geographies.

Your company also has three other products which are currently in the testing phase, and we expect to begin their roll out later in 2022. These include our fire extinguishers which utilises our very powerful fluid that can extinguish all types of fire, obviating the need for multiple types of fire extinguisher in a setting. We also have a sprinkler system that is retrofittable and, unlike any other sprinkler system currently on the market, can be utilised in kitchens, where the majority of domestic fires start.

We believe that there is already a very big demand for these new products.

The third product currently undergoing testing is our Zenova WB wildfire barrier fluid, which prevents the ignition and spread of wildfires in vegetation on which it has been applied.

As well as developing our own offices in the UK, Canada and Japan, following admission to the AIM market we have secured a number of sales contracts via appointed sub-distributors in various territories around the world. These include Australia, Germany, Spain, Austria, Switzerland and the USA. We are now seeing momentum build as our effective products penetrate various markets commencing with the UK.

Customers currently include local authorities who are focussed on making their tower block social housing stock safe, as well as complying with the newly understood requirement to insulate older buildings to save money and reduce their carbon footprints. We have many other sales leads and opportunities which we are pursuing.

The results for the year reflect the implementation of the board's vision, as well as the costs of admission to AIM, the rigorous testing and certification that has been conducted prior to bringing the products to market, staffing up and developing our logistics. At 30 November 2021, our cash balance was £2.95 million, which is broadly in line with our plans and, we believe, is sufficient to fund capital expenditure and operating costs until the business becomes cashflow positive and financially self-sustaining.

Your board is responsible for ensuring that the company operates to the highest standards of corporate governance, ethics, and integrity. Your non-executive directors bring a wide range of skills and common sense to our deliberations, particularly in respect of relevant industry knowledge and experience, including the all-important issue of health and safety. This is a key focus area for the board as it relates to our products, their use in the marketplace and the job they are deployed to do. There is a high degree of constructive challenge at the board, and I believe your board is working well.

The key to our success to date is our employees. They have worked hard and embraced our vision to establish Zenova as a trusted supplier of effective and commercially viable products that will do the job they are designed to do, and provide security and comfort in these very significant areas of importance. We are most grateful for their support and dedication.

Looking forward, 2022 will be a critical year for your company. Our order book is developing well, and in line with expectations, and it is our objective is to build on our sales momentum to date, including through the addition of new products, so as to become cash flow positive, financially self-sustaining and to be operating profitably by 2023.

The year is unlikely to be without operational and other challenges, but I believe that we are well placed to manage these. I am very excited about the potential of your company to deliver significant returns to shareholders whilst at the same time delivering safer and more carbon friendly environments to those customers utilising our unique range of products.

Thank you for your ongoing support.

Don Nicolson

Non-executive Chairman

Strategic Report by the Chief Executive

History

The founders of the Group, who are vastly experienced in the fire safety and insulation industry, started research and development in 2017. A significant driver behind the Group's formation was a perceived lack of technological advancements in the fire safety industry. In the Director's opinion, the landscape of fire safety has seen little significant development for more than fifty years, resulting in fire-fighters across the world using archaic technology, that is not only resource exhaustive but can also produce harmful by-products.

Realising an inherent gap in the market, the team, led by Tony Crawley, the Company's Chief Executive Officer, developed effective methods of deterrence, focusing first on fire extinguishing fluid and associated hardware systems. Following encouraging test results, the founders increased the range of products in development to include paints and renders. By using innovative mixes, and refining the formulation and development process, the team were able to produce industry leading solutions to a number of fire protection and temperature management problems. This was achieved without compromising the sustainability of natural and economical resources, including personal health and safety.

Zenova Ltd was formed on 20 January 2020 as a vehicle to commercialise the intellectual property created by the founders.

During 2021 in the lead up to the admission of Zenova onto the AIM market in July, significant progress was made in the testing, certification, and accreditation of the products brought to market and available after July 2021.

These included Zenova FP fire protection paint, Zenova IP thermal insulation paint and Zenova IR thermal insulation render.

The innovative and very effective properties of these products have resulted in significant interest globally and Zenova has adopted a strategy of appointing sub-distributers in several important territories where it believes the products can successfully penetrate these markets. A number of these sub-distributors have committed to achieve levels of annual sales as indicated after each country below:

These territories include Australia (first year £2m), Germany, Spain, Austria and Switzerland) (first year Eu1.8m); United States of America (second year US$2m) as well as a number of sub-distributors in the UK.

The company is currently conducting trials of various of its products in key sectors with such organisations as The NHS (Epsom and St Helier University Hospital NHS trust); The Southdown Housing Association; Dorset & Wiltshire Fire Services; The University of Exeter wildFIRE Lab, and Oxford City Council; all of which are being independently monitored.

Zenova has had its Zenova FP fire protection paint specified for use in protecting a 22-story social housing tower block by Enfield Council, which has identified a further 15 tower blocks within its jurisdiction that suffer from the same fire safety problems.

In addition, Redbridge Council has also specified Zenova FP fire protection paint for use in a council owned mixed use building which faces similar fire safety issues. In these, and other, instances, Zenova's FP fire protection paint provides an effective solution to a wide reaching problem, in that buildings are at risk of fire as a result of previously applied protection being inadequate, or there being no protection in place at all.

Zenova is also testing its insulation products with a number of UK authorities in order to assist them in moving towards achieving a much sought-after reduction in heat loss or cooling requirement in older buildings, and working towards compliance with new government directives on energy saving efficiency, insulation and measurements to combat global warming.

The company is also benefitting from government initiatives around the world as they legislate to combat the worst effects of global warming, including the heightened risk of fire generally, and the risks associated with large buildings they are responsible for in which large numbers of people live. Zenova provides a solution to address these problems and help tackle this very large social issue.

By way of example, in London alone, the London fire Brigade has identified over 1,000 multi-resident buildings, including tower blocks, in which a significant fire risk exists.

Products

In 2021, the Group's strategy has focused on the launch of Zenova paint product lines and insulating render, followed closely by the introduction of fire extinguishers, fire suppressant fluids, wildfire fluids and sprinklers.

ZENOVA FX – Fire Extinguisher
Zenova FX is a fire extinguisher like no other. It puts out class A, B, F fires and will come with smart technology that indicates when it has been used, its location, and pressure levels via 24/7 automated remote monitoring. A Zenova FX unit can be installed within 10 minutes.

ZENOVA CS – Ceiling Sprinkler
Zenova CS blends the best features of both detectors and extinguishers while avoiding the drawbacks of each. It senses heat rather than smoke, resulting in less false alarms, and it's an automatic system that doesn't require a battery or a person to operate it.

The modular Zenova CS unit expels 2.4 – 4.8 L of proprietary Zenova FX suppression fluid at high-pressure to suppress the source of a fire, yet maintains visibility that allows occupants to evacuate quickly.

ZENOVA FP – Fire Protection Paint
Zenova FP is a water based, fire protection paint (also known as a 'thermofoaming' or 'intumescent' paint), which can be used on any surface.

When exposed to heat or flames, the paint expands and creates a solid foam-like crust which will not burn and insulates the surface it is painted on. This prevents surfaces from catching fire and stops fire spreading

It has been tested by global fire industry experts and complies with UK building regulations and the latest UK and European fire safety standards.

ZENOVA IP - Thermal Insulation Paint
Zenova IP thermal insulation paint embeds the most modern insulating technology in a thermos-like ultra-thin layer. Zenova IP saves energy by increasing the thermal insulation level in commercial and residential buildings. Solar heat can increase the temperature within a building by 75% to 90%.

Zenova IP has been independently tested and validated to deflect, absorb and dissipate up to 75% of this heat, thereby reducing the inside temperature by up to 45%. Suitable for both exterior and interior, on any type of surface.

ZENOVA IR - Thermal Insulation Render
Zenova IR is an insulation render that can be applied to internal and external walls in commercial and residential buildings to provide immediate insulation benefits.

ZENOVA WB - Wildfire Barrier Fluid
Zenova WB is a wildfire barrier fluid (applied via spray wands or aerial drops), which provides a virtual barrier where fire simply will not burn. Repeated tests on a variety of extremely dry wildfire fuels (grasses, hays, brush) demonstrates the incredible fire resistance Zenova WB provides, while remaining viable after application for 30+ days in dry conditions.

By creating an effective fire stop, Zenova WB provides essential property and personal protection for dwellings, buildings, people or wildlife that find themselves in harm's way when these devastating fires happen.

As more of Zenova's products reach the market, the Directors believe there will be significant opportunities for cross-selling amongst its existing customer bases.

Research and Development

The Group is committed to continuously developing and improving its products in order to maintain competitive advantage. The Group has a small research and development team, engaged under consulting agreements, that is involved in product testing, development and refining the formulas and processes used for production. It is anticipated that in the short to medium term, the Group's R&D efforts will primarily focus on the final stages of development for new products and the requisite testing and certification processes for new products to be

taken to market. Once this has been completed, the Group will continue to invest to increase its portfolio of successful test results and certifications. The Directors believe that this will maintain what they believe to be the Group's significant competitive advantage.

New Products

Zenova is currently in testing phase with its Zenova WB wildfire barrier fluid which is capable of preventing the ignition and spread of wildfires in vegetation on which it has been sprayed. This has been tested by the wildFIRE Lab research facility at the University of Exeter. It is non-toxic and will last for 30 days in situ (in the absence of rain) in any climate conditions. The company expects to have the product ready for market before the end of the current year.

Zenova is also currently testing its range of fire extinguishers which utilise its unique fluid which is capable of extinguishing all types of fires and is much more effective than existing fire extinguishing methods, such as water, powder or foam. In tests, one 9 litre Zenova extinguisher was able to completely extinguish a car fire. By comparison, an equivalent car fire required 1,800 litres of water to be delivered by a fire truck, with all associated water runoff becoming very toxic.

This product, once fully certificated to the latest standard of EN3 certification, will come to market before the end of 2022. A further mini extinguisher, the FX 600 will come to market by Q3 2022.

The final product currently in testing is the Zenova CS system, a fully patented sprinkler (again powered by Zenova's unique fluid). Approximately 75% of all residential fires in England start in the kitchen. However, no current sprinkler can be legally fitted in a kitchen as water applied onto various types of oil fire can cause explosions. The Zenova CS sprinkler system can be fitted retroactively in kitchens, as well as any location within a building where fires may occur, or which form an escape route, and can extinguish any type of fire. As it requires no piping or storage tanks beyond the cylinders build into the individual units, it is inexpensive, quick, and simple to install. In addition, risks to health, such as from legionnaires disease, and the practicalities and costs associated with the large tanks of water required for a conventional sprinkler system are removed.

Zenova can supply the demand for its products because it outsources the manufacture of these products to a small number of trusted independent global manufacturers, that have the capacity to increase production accordingly.

The company is focussed on aggressively marketing and selling its product throughout the world and meeting a very large need which is being increasingly understood, as global warming threatens property, livelihood and lives themselves. The need to remediate older buildings, as well as provide proper effective protection for new build properties in both the commercial and residential sphere, has created an enormous potential market which Zenova is uniquely placed to address.

Zenova has positioned itself to be a solutions provider on a B2B basis, and is initially targeting local authorities, infrastructure providers, warehousing, Health Authorities, social housing

providers and commercial real estate developers. Other industries expressing interest in the company's products include shipping companies, oil and gas companies and car manufacturers (with a particular emphasis on electric vehicles with the identified increased risk of battery fires).

Operations

Manufacturing is subcontracted to specialist manufacturers in each category of product. The Group sources and approves the manufacturing components and processes used by the manufacturers in advance of first production. Zenova maintains responsibility for ongoing manufacturing oversight and implementation of manufacturing strategy based on forecasts and evident product supply and demand levels. The manufacturing process for all products and the time scale to produce finished goods is short. The Group has entered into detailed manufacturing contracts with manufacturers to produce the initial volumes of its paints, primers, render and firefighting fluid.
The Group is in discussions with other manufacturers regarding agreements to produce other products including fire extinguishers and ceiling sprinklers.

Under the terms of the manufacturing contracts, all paints, primers, and rendering solutions are manufactured and packaged in appropriately sized tins and canisters in the UK, Canada and Europe by the manufacturer.

Zenova brand labelling and packaging is also carried out by the manufacturer under Zenova's guidance. The manufacturers will also produce Zenova FX fluid which will be supplied in a range of container sizes dependant on the end use. The Company is in negotiations with additional manufacturers to support the Group's growth in the short to medium term.

Zenova Group PLC has appointed The Keswick Enterprises Group Ltd to distribute, warehouse and provide logistics support for its insulation products globally, and to provide a complete supply chain where required.

The Keswick Enterprises Group is a privately owned UK-based business, with subsidiaries in the UK, Ireland and Central Europe, and offers extensive global experience in sourcing, supply chain, forwarding and fulfilment related activities. Led by John Harvey and a group of former Tibbett and Britten Group PLC executives, Keswick was set up in 2004, and brings a wealth of international contacts and experience to Zenova.

Sales and Marketing

Sales is currently concentrated on large business-to-business accounts in sectors such as construction, manufacturing, and industrial and public sector bodies. The Group targets sales directly to the end user, by appointing sub-distributors to make sales on its behalf and engages with fire safety consultants that advise the end user.

In the experience of the Directors, large businesses, and public sector bodies in particular, engage the expertise of accredited industry specific consultants to review their particular requirements and provide recommendations on the most appropriate approach.

The Group's outsourced manufacturers produce the required products and Zenova arranges delivery to either the sub-distributor or directly to the end user in pre-determined quantities. Zenova also targets sales directly to the end user. In this case, the manufacturers produce the necessary products and Zenova arranges collection, warehousing and delivery to the end user.

Products are marketed via the following channels:

- attending industry trade shows and providing demonstrations;
- creating and distributing print marketing materials for each product line;
- distributing product samples;
- educational webinars, seminars, and training on a one-to-one basis and via an e-platform); and
- developing social media and specific industry focused advertising campaigns. The Group intends to target sales in the UK, Canada, and Australia initially, and will expand across Europe, the USA, Middle East and other locations within the first twelve months following Admission.

Since listing in July 2021, the Group has secured two new major contracts for sales of its products.

Spark Global Australia Pty Ltd in Victoria, Australia, a newly formed affiliate of a major Australian construction company has signed an agreement for the supply of its products in Australia with a minimum commitment of £2 million each year. Products being supplied include Zenova IR thermal insulation render (IR), Zenova IP thermal insulation paint (IP) and Zenova FP fire protection paint (FP).

An additional major contract secured with a Spanish company that has become an Authorised Distributor of Zenova products and will promote and sell them to its clients in Spain, Germany, Austria, and Switzerland. The Authorised Distributor has committed to purchase a minimum value of €9.8 million of Zenova's products over the next three-years, with €1.8 million due in 2022. Zenova has entered into nine distribution and agency agreements to date.

The Future

We anticipate that the next twelve months will be focussed on launching the remaining portfolio of products and meeting our sales targets. Zenova expects that its order book will grow at an increasing pace as its distribution channels gear up and growth takes place with the ever-developing sample dissemination and trialling results are published.

Finally, I would like to thank our staff and our Board colleagues for their unstinting efforts on behalf of Zenova Group Plc.

Tony Crawley
Chief Executive Officer

Dividends

The Company has not declared or paid cash dividends on the Existing Ordinary Shares during the current period or subsequently.

The payment of any future dividends on the ordinary shares will depend on the future earnings of the Company. The Board has no current intention of paying a cash dividend to Shareholders as the Board currently intends to invest the Company's cash reserves and any cash generated into driving business growth but will consider declaring a dividend only when prudent to do so and in the context of the cash generated by the business.

Consolidated Statement of Comprehensive Income for the year ended 30 November

	Note	Year ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Continuing operations			
Revenue		6	-
Cost of sales	5	-	-
Gross profit		6	-
Administrative expenses	5	(1,147)	(77)
Operating loss		(1,141)	(77)
Other comprehensive income		-	-
Loss before taxation		(1,141)	(77)
Taxation	7	(15)	15
Loss after taxation		(1,156)	(62)
Basic loss per share	8	(2.72p)	(62,000p)
Diluted loss per share	8	(2.72p)	(62,000p)

Consolidated Statement of Financial Position

Company Number: 13403221	Note	As at 30 November 2021 £'000	As at 30 November 2020 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	2,346	-
Property, plant & equipment	11	8	-
Rights of use asset	12	149	-
Deferred tax		-	15
TOTAL NON-CURRENT ASSETS		2,503	15
CURRENT ASSETS			
Trade and other receivables	13	173	2
Cash and cash equivalents		2,936	201
TOTAL CURRENTASSETS		3,109	203
TOTAL ASSETS		**5,612**	**218**
LIABILITIES			
NON-CURRENT LIABILITIES			
Payables: Amounts falling due after one year	14	50	50
Lease Liability		148	-
TOTAL NON-CURRENT LIABILITIES		198	50
CURRENT LIABILTIES			
Borrowings	15	-	200
Payables: Amounts falling due within one year	14	135	30
		135	230
TOTAL LIABILITIES		**333**	**280**
NET ASSETS		**5,279**	**(62)**
EQUITY			
Share capital	17	94	-
Share premium	17	6,310	-
Other reserves		(68)	-
Share based payment reserve	18	161	-
Retained earnings		(1,218)	(62)
TOTAL EQUITY		**5,279**	**(62)**

Consolidated Statement of Cash Flows

	Year ended 30 November 2021 £'000	314 day Period ended 30 November 2020 £'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	(1,156)	(62)
Adjustments to cash flows from non-cash items		
Income tax expense	15	(15)
Share based payment charge	161	-
Adjustments for changes in working capital		
Trade and other receivables	(171)	(2)
Rights of use asset	(149)	-
Trade and other payables	106	30
Lease Liability	148	-
NET CASH FLOW USED IN OPERATING ACTIVITIES	(1,045)	(49)
CASH FLOW USED IN INVESTING ACTIVITIES		
Expenditure on property plant and equipment	(8)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	(8)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital net of costs	3,609	-
Bank loan	-	50
Issue of convertible loan note	180	200
NET CASH FLOW FROM FINANCING ACTIVITIES	3,789	250
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,735	201
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**201**	**-**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,936**	**201**

In the period ended 30 November 2021 £2,415k was paid via a non-cash transaction for the acquisition of Zenova Distribution Limited. The consideration for this purchase was the issue of shares in Zenova Group Plc. Further details can be found in note 10. In addition in the period ended 30 November 2021, £380k of loan notes were settled via the issue of shares as part of the Initial Public Offering.

Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Share based payment reserve	Other Reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 20th January 2020	-	-	-	-	-	-
Loss and total comprehensive loss for the period	-	-	-	-	(62)	(62)
Transactions with owners						
Balance at 30 November 2020 and 1 December 2021	-	-	-	-	(62)	(62)
Loss and total comprehensive loss for the period	-	-	-	-	(1,156)	(1,156)
Transactions with owners						
Merger reserve arising on acquisition of Zenova Limited	-	-	-	(68)	-	(68)
Share options charge	-	-	161	-	-	161
Share capital issued	94	6,310	-	-	-	6,403
Balance at 30 November 2021	94	6,310	161	(68)	(1,218)	5,279

Notes to consolidated and parent company financial statements

1. General Information

The principal activity of Zenova Group plc and its subsidiary and associate companies (collectively "Zenova Group" or "Group") is development, manufacture and sale of fire-retardant systems.

Zenova Group plc is the Group's ultimate Parent Company ("the parent company"). It is incorporated in England and Wales and domiciled in England. The address of its registered office is 172 Arlington Road London NW1 7HL. Zenova Group plc shares are admitted to trading on the London Stock Exchange's AIM market.

2. Basis of Preparation

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 30 November 2021, but is derived from the Group's audited full financial statements. The auditors have reported on the 2020 financial statements and their report was unqualified and did not contain statements under s498(2) or (3) Companies Act 2006. The 2021 Annual Report was approved by the Board of Directors on 20 April 2022, and will be mailed to shareholders in due course. The financial information in this statement is audited but does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Group's consolidated financial statements, which form part of the 2021 Annual Report, have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the requirements of the Companies Act applicable to companies reporting under IFRS. IFRS includes Interpretations issued by the IFRS Interpretations Committee (formerly – IFRIC).

The consolidated financial statements have been prepared under the historical cost convention, apart from financial assets and financial liabilities (including derivative instruments) which are recorded at fair value through the profit and loss. The preparation of consolidated financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The functional and presentation currency is the British Pound Sterling.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Zenova's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in more detail und the critical accounting judgement policies.

3. Significant accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all periods, unless otherwise stated.

Going concern

The Group assesses at each reporting date whether it is a going concern for the foreseeable future. In making this assessment management considers:

(a) the current working capital position and operational requirements;

(b) the timing of expected sales receipts and completion of existing orders;

(c) the sensitivities of forecast sales figures over the next two years;

(d) the timing and magnitude of planned expenditure; and

(e) the level of indebtedness of the company and timing of when such liabilities may fall due, and accordingly the working capital position over the next 18 months.

Management considers in detail the going concern assessment, including the underlying assumptions, risks and mitigating actions to support the assessment. The assessment is subject to estimation uncertainty and there is judgement in determining underlying assumptions

There are several scenarios which management have considered that could impact the financial performance of the Group. These include:

(a) Disruption of the supply chain, and any delays in the supply of raw material that may impact the ability of the Group to produce its products.

(b) Delays in testing and certification required for geographical and sector specific expansion.

(c) Failure of the sales contracts to be realised, and expected sales growth to fall below expectations.

(d) Changes in legislation that may increase lead times in production or testing.

(e) Intellectual property on which the company may be reliant to keep its competitive advantage could be challenged.

As at 31 March 2022 the Group had £2.05 million in cash.

If the cash receipts from sales are lower than anticipated the Group has identified that it has available to it a number of contingent actions, that it can take to mitigate the impact of potential downside scenarios. These include seeking additional financing, leveraging existing sale agreements, reviewing planned expenditure and reducing overheads.

In conclusion having regard to the existing and future working capital position and projected sales the Directors are of the opinion that the application of the going concern basis is appropriate.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions in the preparation of financial statements. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable that best reflects the conditions and circumstances that exist and the reporting date.

The principal estimates are judgements that could have effect upon the Group's financial results are the valuation of share based payments, valuation of investments and the accounting for acquisitions. Further details of these estimates and judgements are set out in the related accounting policies for these items.

Revenue recognition

The Group recognises revenue on the transfer of goods and services in accordance with the contractual terms entered into with clients.

The Group has applied IFRS 15 – Revenue from Contracts with Customers. IFRS 15 establishes the principle that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchanges for those goods and/or services.

To recognise revenue under IFRS 15, management have taken the following actions:

- Identify the contracts(s) with a customer.
- Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to customer goods and/or services that are distinct.
- Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods and/or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods and/or services to a customer.
- Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract.
- Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Having assessed the nature of contracts with customer, it has been established that the standard will have no impact to the Group's results.

Segment reporting

IFRS 8 requires that an entity disclose financial and descriptive information about is reportable segments, which are operating segments or aggregations of operating segments. Operating segments are identified on the basis of international reports that are regularly reviewed by the Board to allocate resources and to assess performance. Using the Group's internal management reporting as a starting point the single reporting segment set out in note 4 has been identified.

Foreign currency transaction and balances

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are included in statement of total comprehensive income for the period in operation expenses.

Tax

The tax expenses for the period represents the sum of the tax currently payable and the deferred tax charge.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally 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.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set of current tax assets against current tax liabilities and when the 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.

Intangible assets

The value of the intangible assets relates to the goodwill recognised on the acquisition of Zenova Distribution Limited

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be impaired. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date. Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the statement of comprehensive income on disposal.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation of items of property, plant and equipment, is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life.

The estimated useful lives of property, plant and equipment are as follows:

- Office equipment - 3-5 years

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Such investments are those with original maturities of three months or less.

Receivables

Trade and other receivables are recognised initially at fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is based on the lifetime expected credit loss, based on past and forward-looking information.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Leases

The Group recognises a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made.

The payments are discounted at the rate implicit in the lease or, where that cannot be readily determined, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost based on the value of the associate lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

The Group presents right-of-use assets in 'non-current assets' in the consolidated statement of financial position. Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability (using the effective interest method).

The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: –

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised

lease payments using a revised discount rate. Leases for which the Group is a lessor are classified as finance or operating leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee and classified as an operating lease if it does not.

Financial instruments

The Group has adopted IFRS 9 in respect of financial instruments.

Financial assets, including trade and other receivables and cash and bank balances are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for lifetime expected credit losses based on past and forward-looking information. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognized in the Statement of Comprehensive Income.

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

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Measurement of fair value

The inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement (based on the application of judgement).

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets quoted prices for identical or similar assets or liabilities in markets that are not active inputs other than quoted prices that are observable for the asset or liability, for example
- interest rates and yield curves observable at commonly quoted intervals implied volatilities credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Reserves

- ***Share capital***

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

- **Share premium**

Share premium represents the premium over nominal value at which shares are issued less costs associated with the issue of shares.

- ***Other reserves***

Other reserves represent the reserve created on consolidation of Zenova Limited as part of the share reorganisation. Further information can be found in note 9.

- **Retained earnings**

Retained earnings represents the company's profits and losses which have accumulated year on year since the Company began trading.

Equity settled transactions

The Group has applied the requirements of IFRS 2 Share-Based Payments for all grants of equity instruments.

The Group has entered into equity settled share-based payments as consideration for services received. Equity settled share-based payments are measured at fair value at the date of issue.

The Group has measured the fair value by reference to the equity instruments issued as it is not possible to measure reliably the fair value of the services received. In the absence of market prices, fair value has been based on the Directors' valuation of the Company as at the issue date.

Accounting for business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Acquisitions costs are included in the profit and loss unless they specifically relate to the issue of shares in connection with a business combination.

Basis of consolidation

The Group financial statements consolidate those of Zenova Group Plc (the Company) and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and not about its group.

The consolidated financial statements incorporate the financial information of Zenova Group Plc and its subsidiaries Zenova Limited and Zenova Distribution Limited.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Further to this, subsidiaries are entities for which the Group has the power to govern the financial and operating policies and consistent accounting policies have been adopted across the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. Segmental Information

At present the company is considered to have only one segment within the United Kingdom. As the company develops the directors will review this judgement.

5. Expenses by nature

	Period ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Operating loss is stated after charging/(crediting):		
Fees payable to Company's auditors	-	12
Professional fees	292	-

Admin Expenses	7	-
Other costs	6	19
Consultancy fees	204	-
Travel & entertainment	26	-
Staff Costs	228	-
IT, Telephones and Communication	14	-
Marketing & Material	29	32
Rent & Rates	22	-
R&D	142	14
Depreciation	9	-
Other staff costs	7	-
Share based payment charge	161	-
Cost of sales, administrative and operational expenses	1,147	77

The analysis of auditors' remunerations is as follows:

	Period ended 30 November 2021 £'000	**314-day period ended 30 November 2020 £'000**
Fees payable to the Company's auditors and its associates for services to the group		
Audit of parent company	9	-
Audit of consolidated financial statements	9	-
Audit of subsidiaries	18	12
Total audit services	37	12

In addition to the above £62,000 was paid to the auditors for their work as reporting accountants as part of the IPO.

6. Directors and employees

The employee benefit expenses during the year were as follows:

	Period ended 30 November 2021 £'000	**314-day period ended 30 November 2020 £'000**
Wages and salaries	212	7
Social Security costs	18	

	230	7

Company	Period ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Wages and salaries	67	-
Social Security costs	9	-
	77	-

The monthly average number employed during the year were as follows:

	Period ended 30 November 2021	314-day period ended 30 November 2020
Directors	2	1
Administration	2	
	4	1

Key management personnel, as defined by IAS 24" Related party disclosures" have been identified as the Board of Directors. Detailed disclosures of Directors remuneration, Directors' transactions, and Directors interests and share options for those Directors who served during the year are set out below:

	Period ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Salary	143	**7**
Consultancy Fees	15	**-**
Aggregate emoluments payable to directors	158	**7**

The highest paid director's emoluments were as follows:

	Period ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Salary	50	7

Total amount of emoluments payable	50	**7**

Remuneration in respect of the Directors was as follows:

Period ended 30 November 2021	Salary	Consultancy Fees	Benefits	Share Options	Total
	£`000	£`000	£`000	£`000	£`000
Executive Directors					
Tony Crawley	45	-	2	-	47
Thomas Melchior	-	15	-	-	15
Etrur Albani	37	-	-	-	37
	84	15	2	-	101
Non-Executive Directors					
Don Nicolson	30	-	-	5	35
Alain Gottesman	13	-	-	-	13
Fiona Rodford	13	-	-	-	13
	56	-	-	5	61
	140	**15**	**2**	**5**	**162**

314-day period ended 30 November 2020	Salary	Consultancy Fees	Benefits	Options	Total
	£`000	£`000	£`000	£`000	£`000
Executive Directors					
Tony Crawley	7	-	-	-	7
Thomas Melchior	-	-	-	-	-
Etrur Albani	-	-	-	-	-
	7	-	-	-	7
Non-Executive Directors					
Don Nicolson	-	-	-	-	-
Alain Gottesman	-	-	-	-	-
Fiona Rodford	-	-	-	-	-
	-	-	-	-	-
	7	**-**	**-**	**-**	**7**

7. Taxation

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Group as follows:

	Period ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Reconciliation of effective tax rate		
Loss before income tax	1,141	77
Tax calculated at domestic tax rates applicable to profits in the respective countries at a weighted average rate of 19% (2020 19%).	216	15
Tax effect of expenses that are not deductible in determining taxable profit	(35)	-
Deferred tax asset not recognised in respect of losses	(196)	-
Total tax (credit)/charged for the year	(15)	15

The standard rate of corporation tax in the UK is 19% with effect from 1 April 2017. Accordingly, the Company's losses for this accounting year are taxed at an effective rate of 19% (2020 – 19%).

The tax computations of Zenova Group Plc show it has tax losses carried forward of £1,034,690 (2020 – £77,000). However due to the uncertainty of the timing of future profits, no deferred tax asset has been recognised in these financial statements.

8. Earnings per share

	Period ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
Loss for the year used for the calculation of basic EPS	1,156	62
Number of shares		

Weighted average number of ordinary shares for the purpose of basic EPS	42,408,348	100
Effect of potentially dilutive ordinary shares	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS	42,408,348	100
Loss per share		
Basic	(2.72p)	(62,000p)
Diluted	(2.72p)	(62,000p)

Basic earnings per share is calculated by dividing the loss attributable to owners of the Group by the weighted average number or ordinary shares in issue during the year.

9. Group reorganisation

On the 20 May 2021 Zenova Group Plc acquired 100% of the share capital of Zenova Ltd (Company number 12412411), whose registered office is at The Hermitage, 15a Shenfield Road, Brentwood, Essex CM15 8AG. The consideration for the acquisition was a share exchange whereby the shareholders of Zenova Ltd exchanged their shares in Zenova Ltd for shares in the Company pursuant to the Share Exchange Agreement.

The effective shareholdings in Zenova Group Plc subsequent to the transaction were identical to those of Zenova Ltd prior to the transaction. The purpose of the group reorganisation was to add a new parent company to the Zenova Group ahead of the Initial Public Offering and admission of the Company to AIM.

The acquisition has been treated in the financial statements as a group reorganisation by entities under common control. The transaction has been accounted for in these financial statements using the principles of merger accounting as if Zenova Limited had been owned and controlled by Zenova Group Plc throughout the years ended 30 November 2021 and 2020.

The consideration for the acquisition has been recognised at book value, transferred assets and liabilities have been recognised at book value and no goodwill has been reorganised.

Further the Group Financial statements have retroactively adjusted as if the new group structure had been in place since beginning of the prior period. The results and cash flows of Zenova Limited and Zenova Group Plc have been brought into the Group Financial Statements of the combined entity from 20 January 2020 when Zenova Limited was incorporated. Loss for the year to 30 November 2021 includes £501k in respect of losses incurred by Zenova Limited. (2020 – £62k)

In the company's financial statements, Zenova Group Plc investment in Zenova Limited is stated at the nominal value of the shares issued. On consolidation the difference between the nominal value of the shares issued and the aggregate share capital, share premium and other reserves of Zenova Limited at the date of the transaction has been included in equity within other reserves. The balance on this reserve at 30 November 2021 was £68k (2020 – nil).

Assets of Zenova Limited at acquisition	Provisional fair value £'000
ASSETS	
Non-Current Assets	
Assets acquired	
PP&E	3
Deferred tax	15
	18
Current Assets	
Cash	207
Debtors	37
	244
Total Assets	**262**
LIABILITIES	
NON-CURRENT LIABILTIES	
Payable: Amounts falling due after one year	50
	50
CURRENT LIABILITIES	
Payable: Amounts falling due within one year	37
Borrowings	380
	417
Total Liabilities	**467**
Net Liabilities	**(205)**

10. Acquisition of Zenova Distribution Limited

On 22 July 2021, the Company acquired Zenova Distribution limited (Company number 12884314), whose registered office is at 160 Camden High Street, London NW1 0NE, its sole distributor, for a total consideration of approximately £2.4 million satisfied by the issue of Ordinary Shares.

The acquisition has been accounted for under IFRS 3 'Business Combinations' using the acquisition method.

	Provisional fair value £'000
Fair value of consideration issued	2,346
	2,346

The assets and liabilities recognised as a result of the acquisition are as follows:	Provisional fair value £'000

Goodwill	2,346
Net assets acquired	**2,346**

Fair value of the consideration issued was calculated by reference to the market value of the shares issued as consideration on the date of acquisition.

Goodwill relates to the sales contracts negotiated and in negotiation by Zenova Distribution Limited at the date of acquisition, as well as the additional margin that would be retained by the Group, as a result of consolidating the distribution business within the group

As permitted by IFRS 3 Business Combinations, the business combination is accounted for using provisional amounts. Any adjustments to the provisional amounts will be made within the measurement period to reflect new information obtained about fact and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date.

11. Property Plant and Equipment

	Office Equipment £`000	Total Property, Plant and Equipment £`000
Cost		
As at 20 January 2020, 30 November 2020 and 1 December 2020	-	-
Additions	9	9
As at 30 November 2021	9	9
Depreciation		
As at 20 January 2020, 30 November 2020 and 1 December 2020	-	-
Charge for the year	1	1
As at 30 November 2021	1	1
Net book value		
As at 20 January 2020, 30 November 2020 and 1 December 2020	-	-
As at 30 November 2021	8	8

12. Rights of use asset

	Rights of use asset £'000
Cost	
As at 20 January 2020, 30 November 2020 and 1 December 2020	-
Additions	157

As at 30 November 2021	157
Depreciation	
As at 20 January 2020, 30 November 2020 and 1 December 2020	-
Charge for the year	8
As at 30 November 2021	8
Net book value	
As at 20 January 2020, 30 November 2020 and 1 December 2020	-
As at 30 November 2021	149

13. Trade and other receivables

	As at 30 November 2021	As at 30 November 2020
	£'000	£'000
Current assets		
Trade receivable	6	
Less: provision for impairment on receivables	-	-
Trade receivables (net)	6	-
VAT Recoverable	160	2
Other receivables	7	-
Total current receivables	173	2

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and liquidity risk can be found in note 19.

Trade receivables are disclosed net of a provision for bad and doubtful debts. The provision for bad and doubtful debts is based on specific risk assessment and reference to past default experience. Further details are included in note 19.

Included in receivables for the Group are receivables denominated in Canadian Dollars of £7k (2020 – nil). All foreign currency denominated receivables have been translated to GBP at the exchange rate prevailing at 30 November 2021. All other receivables are GBP denominated. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

14. Trade and other payables

	As at 30 November 2021	As at 30 November 2020

	£'000	£'000
Amounts falling due after one year		
Bank Loan	50	50
	50	50
Amounts falling due within one year		
Trade Payables	64	-
Accruals	58	30
Other payables	13	-
	135	30

All trade and other payables are GBP denominated. All foreign currency denominated payables have been translated to Euro at the exchange rate prevailing at 30 November 2021.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

15. Borrowings

	As at 30 November 2021	As at 30 November 2020
	£'000	£'000
Convertible Loan Note	-	200
	-	200

Between 01 May 2020 and 30 April 2021 and the Group issued £380,000 of unsecured convertible loan notes.

On the 22 July 2021 Convertible loan notes with a face value of £380,000 were converted to 2,999,850 shares of the Company at a 33.33% discount to the placing price of 12.73p.

16. Leases

Set out below are the carrying amount of the lease liabilities and the movements in the period.

	As at 30 November 2021	**314-day period ended 30 November 2020**
	£'000	**£'000**
At start of the period	-	-
Additions	145	-

Interest expense	3	-
Rent payments made in year	-	-
At 30 November	148	-

As at 30 November 2021	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Lease liability	148	181	19	19	38	105

As at 30 November 2020	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Lease liability	-	-	-	-	-	-

17. Share capital

	2021 Number	2020 Number	Share capital 2021 £'000	Share capital 2020 £'000	Share premium 2021 £'000	Share premium 2020 £'000
Issued called up and fully paid ordinary shares of £0.01 each						
At 1 December	-	-	-	-	-	
Issued in the year	93,384,053	-	94	-	6,310	-
At 30 November	93,384,053	-	94	-	6,310	-

On 20 May 2021, the Company issued in aggregate 49,999,998 Ordinary Shares to the shareholders in Zenova Ltd in connection with the Share Exchange.

On 30 June 2021, the Company issued in aggregate 4,350,000 Ordinary Shares to Rockmasters Limited in consideration for services rendered by Christopher Gilbert to the Group prior to Admission.

On the 22 July 2021 the Company issued 12,350,000 shares at an issue price of 19p per share for the purchase of Zenova Distribution Limited.

On the 22 July 2021 the Company issued 23,684,203 shares as part of its initial public offering at an issue price of 19p per share.

On the 22 July 2021 Convertible loan notes with a face value of £380,000 were converted to 2,999,850 shares of the Company at a 33.33% discount to the placing price.

In connection with the placing on the 22 July 2021, the company recognised £915k of costs against share premium.

18. Share based payment reserve

	As at 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
At 1 December	-	-
Equity settled share-based payment charge	161	-
At 30 November	161	-

	As at 30 November 2021		314-day period ended 30 November 2020	
	Average exercise price £	Number of options	Average exercise price £	Number of options
At 1 December	£0.001	9,338,405	-	-
Granted	£0.181	9,756,389	£0.001	9,338,405
At 30 November	£0.093	19,094,794	£0.001	9,338,405

Of the 19,094,279 outstanding options (2020: 9,338,405 options), 11,097,240 options (2020: nil) were exercisable.

No share options were exercised in the period (2020 – nil). No options lapsed or were cancelled in the year (2020 – nil).

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Warrant Holder	Total number of warrants	Exercise Price	Date of issue	Expiry date
Rockmasters Ltd	9,338,405	£0.001	18/09/2020	18/09/2027
Donald Nicolson	526,315	£0.19	04/03/2021	04/03/2024
Four Grant Investments Ltd	131,578	£0.19	08/03/2021	30/04/2023
John Harvey	526,315	£0.19	08/03/2021	30/04/2023
Andy Muir	78,947	£0.19	08/03/2021	30/04/2023
Nigel Luckett	263,157	£0.19	08/03/2021	30/04/2023
Spark Advisory Partners Limited	466,920	£0.001	08/03/2021	22/07/2023

Brandon Hill Capital Limited	1,184,210	£0.19	22/07/2021	22/07/2024
Amati Global Investors Ltd	6,578,947	£0.19	22/07/2021	22/03/2022

The weighted average fair value of options granted during the period was determined using the Black-Scholes valuation model. The significant inputs into the model were the share price at the grant date, the exercise price shown above, volatility of 32.93%, dividend yield of nil, option life as set out above, and an annual risk-free interest rate of 1.9%.

19. Capital and Financial risk management

Capital risk management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders comprising issued share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio and net debt/cash. This ratio is calculated as total borrowings divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus total borrowings.

The gearing ratios at 30 November 2021 and 30 November 2020 are as follows:

	As at ended 30 November 2021 £'000	**314 day period ended 30 November 2020 £'000**
Total borrowings (note 15)	-	(200)
Less cash and cash equivalents	2,936	201
Net cash	**2,936**	**1**
Total equity	5,292	(62)
Total capital	5,292	(262)
Gearing ratio	**-**	**76%**

Financial risk management

The Group is exposed to several financial risks through its normal operations, the most significant of which are credit, foreign exchange and liquidity risks.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. Risk management is carried out by the board of directors. The Board has established polices and principles for overall risk management covering specific areas such as foreign exchange risk, credit risk and investment of excess liquidity.

Credit risk

Credit risk is managed on a group basis. The Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Sales to retail customers are settled in cash. Management does not expect any losses from non-performance by these counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was £2,936k (2020 – £201k). Financial assets are assessed for impairment annually and a provision for bad debt of nil has been recognised in 2021 (2020–nil).

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory
- cash and cash equivalents

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. At present the value of trade receivables is highly immaterial and as such no provision has been recognised.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

Foreign exchange risk

The Group operates primarily in the United Kingdom and is only exposed to very limited amounts of foreign exchange risk arising from various currency exposures.

There is no cash denominated in non-GBP currency as at 30 November 2021 or 2020.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the group treasury.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

The following are the contractual maturities of financial liabilities for the Group as at 30 November 2021 and 30 November 2020 based upon contractual cash flows:

As at 30 November 2021	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	137	137	137	-	-	-
	137	137	137	-	-	-
As at 30 November 2020	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	30	30	30	-	-	-
Borrowings	200	200	-	200	-	-
	230	230	30	200	-	-

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium-, long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously

monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities.

Fair Values

The directors have reviewed the financial statements and have concluded that, there are no significant differences between the book values and the fair values of the financial assets and financial liabilities of the Group and Company as at 30 November 2021 and 30 November 2020.

20. Interests in other undertakings

	Ownership	Date acquired/ incorporated	Registered office	Place of incorporation	Principal Activity
Zenova Limited	100%	20 May 2021	The Hermitage, 15a Shenfield Road, Brentwood, Essex, England, CM15 8AG	England and Wales	Operating Company
Zenova Distribution Limited	100%	22 July 2021	172 Arlington Road, London, England, NW1 7HL	England and Wales	Distribution Company

Zenova Limited and Zenova Distribution Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Companies Act 2006 for the year ended 30 November 2021.

21. Related party transactions

The executive directors are also considered key management as defined by IAS 24 'Related Party Disclosures (revised 2009)'. The remuneration of key management is considered in note 6.

The Company only financial statements of Zenova Group Plc include amounts receivable from its subsidiary undertakings Zenova Limited and Zenova Distribution Limited of £220k (2020 – Nil) and amounts payable of £23k (2020 – Nil). Amounts provided to Zenova Limited relate to the provision of funding for operations and capital expenditure.

As at 30 November 2021 the Group had £360 payable to Directors (2020 - £3,500), representing unpaid corporate expenses.

As at 30 November 2021 the Group had £6,152 payable to Motus Distribution Limited (2020 - nil), representing unpaid invoices for rent.

22. Commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting year was nil (2020 – Nil). Lease commitments are considered in note 15.

23. Controlling parties

In the opinion of the Directors, there is no single ultimate controlling party.

24. Post Balance Sheet Events

There are no post balance sheet events for the period ended 30 November 2021.

25. **Information**

Copies of the Annual Report and Financial Statements will be posted to shareholders in due course. Further copies will be available from Zenova Group plc's registered office at 172 Arlington Road High Street, NW1 7HL or on the Company's website at www.zenovagroup.com