

Zenova Group Plc
Financial Statements
For the period ended
30 November 2021

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INTRODUCTION

HIGHLIGHTS FOR THE PERIOD ENDED 2021

- 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 States 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.

CHAIRMAN'S STATEMENT



Dear Shareholders,

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

Reports

Pages 6 to 18 comprise the Strategic report, pages 21 to 24 the Report of the Directors and pages 25 to 30 the Corporate Governance Report, all of which are presented in accordance with the UK Companies Act. The liabilities of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law. These reports are intended to provide information to shareholders and are not designed to be relied upon by any other party for any other purpose.

Disclaimer

This Annual Report and Financial Statements may contain certain statements about the outlook for Zenova Group Plc and its subsidiaries. Although we believe our expectations are based on reasonable assumptions, any statement about the outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

STRATEGIC REPORT

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-distributors 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 and In these instances, and others, 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

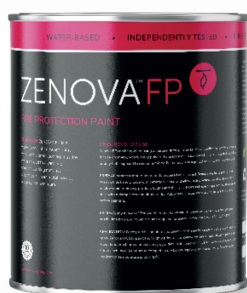
Zenova FX is a fire extinguisher like no other. It puts out class A, B, F fires and will come with smart technology that indicates when it has been used, its location, and pressure levels via 24/7 automated remote monitoring. A Zenova FX unit can be installed within 10 minutes.



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.

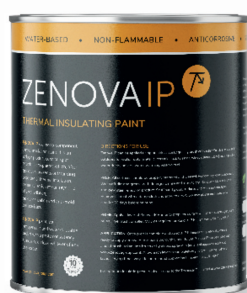


ZENOVA FP – Fire Protection Paint

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

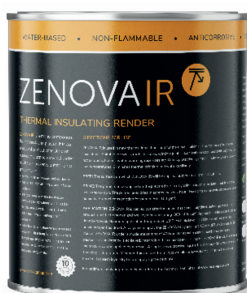
It has been tested by global fire industry experts and complies with UK building regulations and the latest UK and European fire safety standards.



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

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 systems 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.

RESULTS

The results of Zenova Group Plc include the results of Zenova Limited for the period ended 30 November 2021 and which was acquired on the 20 May 2021. The acquisition of Zenova Limited by Zenova Group Plc in a share for share exchange has been accounted for as a capital reorganisation, meaning the results for the year ended 30 November 2021 and the period ended 30 November 2020 have been retroactively adjusted as if the acquisition had taken place on 20 January 2020.

<i>Key Performance Indicators</i>	<i>2021 £'000</i>	<i>2020 £'000</i>
Revenue	6	–
Operating Loss	1,141	77
Net Loss	1,156	62

GOVERNANCE AND SUSTAINABILITY

Zenova strives for and promotes strong governance framework that is supported by integrity, professionalism and full transparency.

Zenova is committed to assisting in protecting the environment through the deployment of its products and promotes a precautionary solution to the devastating effects of fire as well as the saving of costs in energy usage in both hot and cold climates.

Zenova aims to actively contribute to those communities in which it operates and where it provides its effective solutions. We look to engage with local communities and respect those social partnerships to cement long term relationships with those communities.

Zenova is engaged in a project over the coming months to ensure it is achieving the lowest carbon footprint possible. Zenova's suite of products will allow us to share their environmental benefits with our customers and other organisations, allowing them in turn to lower their own carbon footprint.

RISKS

Zenova Group Plc recognises that risk is inherent in its business activities. Its risks can have a financial, operational or reputational impact. The Company's system of risk identification, supported by established governance controls, ensures that it effectively responds to such risks, whilst acting ethically and with integrity for the benefit of our stakeholders.

Once identified, risks are evaluated to establish root causes, financial and non-financial impacts, and likelihood of occurrence. Consideration of risk impact and likelihood is considered to create a prioritised risk register and to determine which of the risks should be considered as a principal risk. The effectiveness and adequacy of mitigating controls are assessed. If additional controls are required, these will be identified, and responsibilities assigned.

The Group's management is responsible for monitoring the progress of actions to mitigate key risks. The risk management process is continuous; key risks are reported to the Audit Committee and at least once a year to the full Board.

The following risk factors, which are not exhaustive, are particularly relevant to the Group's business activities

Early-stage of operations

The Group is early-stage and whilst it has framework agreements in place with several manufacturers, the distributor and suppliers and has received expressions of interest from end customers there is currently just one contractual order. The Directors are confident that negotiations between its sub-distributors and end users will result in additional formal orders, however there can be no guarantee of this, and potential investors should consider this when choosing whether or not to invest in the Group. Moreover, an investment in the Group must also be considered in light of the risks, expenses and cash flow problems often encountered by early-stage companies. Typically, such companies can fail to achieve their business plan and their projections, through a failure to estimate the speed of completing a commercially saleable product, speed of market penetration, and the cash costs associated with penetrating international markets. Such companies also often fail to provide and maintain adequate investment in product development and marketing and fail to provide adequate managerial, operational and financial resources. There can be no assurance that the Group will be successful in executing its business plan or that shareholder value will be created. An investment in the Group should be regarded as speculative and should be considered long-term in nature and as suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital. Any investor in the Group must have no need for any liquidity with respect to this investment and must be able to withstand a total loss of his or her investment.

Appointment of sub-distributors

In addition to its appointed sub-distributors, the Group is in negotiations with sub-distributors in territories that it has identified as target markets. At this stage, there can be no guarantee that current discussions will result in the formal appointment of sub-distributors in the territories concerned. In this event there may be a delay to revenue recognition as the Group considers alternative sub-distribution partners.

Dependence on manufacturers

The Group does not intend to carry out any manufacturing activities. The Group has identified several manufacturers to produce its paints, render, primer and fire extinguishing fluid products. Accordingly, the Group will be heavily dependent on the manufacturer's production capacity, which the Directors believe to be sufficient in the first two years of operation, however this is not guaranteed. In the event that capacity is not sufficient, there may be delays to the Group's revenue whilst capacity is expanded, or an additional manufacturer is sought. Moreover, the Group will be exposed to changes in the manufacturers pricing. This could have an adverse impact on the Group's profit margins or force it to increase its selling price, both of which could have an adverse effect on the overall financial performance of the Group.

Appointment of manufacturers

The Group has not yet appointed a manufacturer to produce its fire extinguisher and ceiling sprinkler products. It is in ongoing discussions with a potential manufacturing partner, however there can be no such guarantee that this will result in appointment. Should discussions fail to result in appointment of a manufacturing partner, there may be a delay to the Group's revenue whilst an alternative manufacturing partner is sought.

Protection of secret formulas

The Group's secret formulas of chemicals used in its products have not been patented in order to prevent public access, it is possible and not uncommon that this decision may lead to intellectual property challenges from competitor companies. The Group is aware of comments made by a third party regarding the ownership of its intellectual property rights. No formal dialogue has taken place with this third party and the Group has received written legal advice from its intellectual property lawyers that there has been no infringement of the intellectual property rights of this third party. The Directors are therefore confident regarding the veracity of the Group's Intellectual Property Rights. The Directors, after due and careful enquiry, are not aware of any duplicates of the Group's products at present. It is not economically viable to conduct sufficient research and analysis in order to be aware of all potential duplicate companies and no formal Freedom to Operate search has been conducted on behalf of the Group. The Directors accept that there can be no guarantee that third parties have not or will not manage to independently develop products with the same or similar formulas as the Group's products and there can be no guarantee that any such competing products would not have a material adverse effect on revenues and prospects of the Group.

Changes in applicable laws and regulations

Whilst the Group's products currently comply with the appropriate laws and regulations in its targeted jurisdictions, these laws and regulations are likely to undergo change at some stage in the Group's future. In the event of changes to laws and/or regulations, the Group's products may need to be retested or recertified and in an extreme case redeveloped. This will bear a cost burden on the Group and could lead to delays in revenue having a material adverse effect on the Group's financial performance.

Competition risks

The Directors consider that the fire safety industry is likely to become more competitive over the coming years. There is a risk that smaller companies may enter the market and gain market share by offering products at low prices. The results of increased competition from new and existing competitors, along with the potential of aggressive pricing, may have a material adverse effect on the Group's financial results.

The Group's success depends on retaining and attracting capable management

The Group's success and ability to effectively execute its business plan depend in large part on its ability to attract and retain senior management. The Group's business plan was developed by its senior management, who have acquired specialised knowledge and skills regarding the Group, the markets it serves and the business generally. The Group may not be able to find effective replacements in a timely manner or at all. The loss of any of these members of senior management, or any delay in replacing a departed member, may have a material adverse effect on the Group's business, financial condition or operating results.

Testing and certifications

The Group ensures that all products and services are independently tested and/or certified to prove the Group's product's performance. The tests and certifications are based on British and

International testing standards. There is no guarantee that these tests will be accepted by end customers, which could materially and adversely impact the Group's revenue and timing of revenue.

Product recalls might be necessary

The Group may be faced with the necessity of recalling one or more products or batches of products. This may occur even if no product default is evidenced, but rather if a defect is suspected of being present. A recall of the Group's product may result in loss of revenue and damage to the Group's reputation. In the event that products are no longer be able to be sold there would be a material adverse effect on the Group's financial performance and options for refinancing on the capital market could be negatively affected or even excluded.

Market risks

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success depends on market acceptance of the Group's solutions and services and there can be no guarantee that this acceptance will continue to be forthcoming. Market opportunities targeted by the Group may change and this could have an adverse effect upon its revenue and earnings. Product performance The Group's products have been certified by independent testing providers, however the actual performance of the Group's products in real world situations may vary due to environmental factors and circumstances. This may impact the Group's ability to sell products and services and its reputation. Improper use of product The Group will provide detailed instructions and training videos on how to use and apply the Group's products. Some users may improperly use or apply the Group's products which may result in poor performance and damage the reputation of the Group.

Working capital requirements

The Group has industry standard payment terms of ninety days and has considered its working capital requirements in its financial projections. Accelerated growth will require increases in working capital. There can be no guarantee that appropriate working capital funding will be available to the Group.

The Group's insurance policies may be inadequate to cover the cost of claims made against the Group

While the Group maintains commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Group's insurance coverage. There are also risks against which the Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Group's earnings and competitive position in the future and, potentially, its financial position. The Group's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Group's insurance policies. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or operating results.

If the Group cannot maintain its corporate culture as it grows, it could lose the innovation, teamwork and focus that contribute crucially to its business

The Directors believe that a critical component of the Group's success has been its corporate culture, which they believe fosters innovation, encourages teamwork, cultivates creativity and promotes focus on execution. The Group has invested substantial time, energy and resources in

building a highly collaborative team that works together effectively in an environment designed to promote openness, honesty, mutual respect and the pursuit of common goals. As the Group continues to develop the infrastructure of a public company and continues to grow, it may find it difficult to maintain these valuable aspects of its corporate culture. Any failure to preserve the Group's culture could negatively impact its future success, including its ability to attract and retain personnel, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

Potential requirement for further investment

Any future expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds, if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, many of which are outside the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned expansion, activity and/or business development.

Reputation risk

The Group's reputation is central to its future success in terms of the services and products it provides, the way in which it conducts its business and the financial results which it achieves. Issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements, money-laundering, fraud prevention, privacy, record-keeping, sales and trading practices and the credit, liquidity, and market risks inherent in the Group's business. If the Group fails, or appears to fail, to deal with various issues that may give rise to reputational risk or if it fails to retain customers for any other reason, this could materially harm its business prospects. Also, failure to meet the expectations of its customers, suppliers, employees, shareholders and other business partners may have a material adverse effect on the Group's reputation and future revenue. Further, failure of any of the Group's products exposes the Group to significant reputational damage, should any of its clients experience fire related incidences. Such reputational damage could have a continued detrimental effect on the credibility of the Group and its services, which may lead to loss of accreditations, loss of customers and decreased ability to win business. Such an event may therefore have a material adverse effect on the Group's financial position, operations and cash flows.

The Group's operating results may fluctuate, which makes the Group's results difficult to predict and could cause the Group's results to fall short of expectations

The Group's revenue and operating results may vary significantly from quarter to quarter and year to year because of a variety of factors, many of which are outside the Group's control. As a result, comparing the Group's operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed in this "Risk Factors" section, factors that may contribute to the variability of the Group's quarterly and annual results include:

- the Group's revenue mix and any changes it makes other sources of revenue;
- the Group's marketing costs or selling expenses;
- the Group's ability to effectively manage its growth;
- the effects of increased competition in its business;
- the Group's ability to keep pace with changes in technology and its competitors;

- costs associated with defending any litigation or enforcing its intellectual property rights;
- the impact of political and economic conditions in any of the Group's targeted jurisdictions on its revenue and expenses; and
- changes in government regulation affecting its business.

The Group may have exposure to greater than anticipated tax liabilities

Determining the Group's provision for corporation and other tax liabilities and the application and calculation of tax exemptions requires significant judgment and there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Directors believe that the Group's estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in the Group's financial statements and may materially affect the Group's financial results in the period or periods for which such determination is made.

Taxation legislation

Any change in the Group's tax status or in taxation legislation in any jurisdiction in which the Group operates could affect the Group's financial condition and results and its ability (if any) to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Economic conditions and current economic weakness

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products or services. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's revenue, restricting the Group's ability to realise a profit. In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet assured. If economic conditions remain uncertain, the Group might see lower levels of growth than in the past, which might have an adverse impact on the Group's operations and business results.

Covid-19

The covid-19 virus could have a continued significant impact on the ability of the Group to generate sales as customers may not be able to apply the Group's products due to Covid-19 restrictions.

Force majeure

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

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

20 April 2022

SECTION 172 (1) STATEMENT – PROMOTION OF THE COMPANY FOR THE BENEFIT OF MEMBERS

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by S172 of the Companies Act 2006.

The requirements of S172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Zenova Group Plc Board is cognisant of its legal duty to act in good faith and to promote the success of the Group for the benefit of its shareholders and with regard to the interests of a broad range of stakeholders. These include the likely consequences of any decisions we make over different time horizons; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct.

New directors appointed to the Board in 2021 received tailored, individual briefings on these duties.

By listening to, understanding and engaging with our stakeholders, the Board endeavours to live up to their expectations, by staying true to our purpose, acting in accordance with our values, and delivering our strategy. Stakeholder considerations are integral to the discussions at Board meetings and the decisions we make take into account any potential impacts on them and the environment.

The Board and its committees took a broad range of factors and stakeholder considerations into account when making decisions in the year. Decisions are made within the context of the long-term factors that may impact the Group, including key competitive trends and disruptions; technology capability; and climate change considerations.

Key decisions taken in the year include:

- Capital raise and flotation on AIM. In July 2021 the Company undertook a capital raise of £4.5 million and its shares were listed on the Alternative Investment Market in London. The Board believe that this represented the best value for members to provide the capital required for the Company to launch and grow its products.

- Acquisition of Zenova Distribution Limited. The Company acquired Zenova Distribution Limited in July 2021. The Board felt that this would be to the benefit of members by allowing a greater share of margin to be retained in the Company.
- Product launches. The Company has adopted a strategic testing and certification backed launch and deployment of its products. This will allow the Board to maximise the value to members of its IP.
- Sales and Marketing strategy. Sales will concentrate on large business-to-business accounts in sectors such as construction, manufacturing, and industrial and public sector bodies. The Group will target sales directly to the end user, by appointing sub-distributors to make sales on its behalf and engage 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.

Tony Crawley

Chief Executive Officer

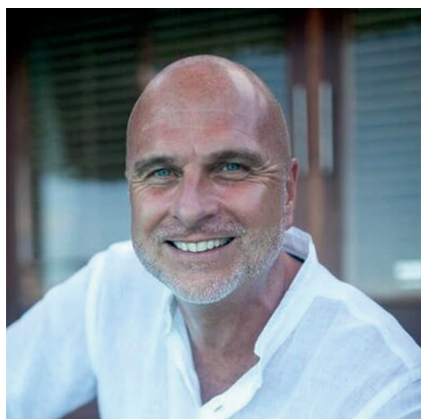
20 April 2022

DIRECTORS



Don Nicolson – Non-Executive Chairman

Don is a senior business leader with more than 35 years' experience in a range of business sectors, both UK and internationally, including oil, gas and natural stone. During this time, he has held multiple board roles, executive & non-executive, in both publicly listed and private companies. Don spent 26 years at BP where senior roles included Director of BP North Sea and Chief of Staff to (E&P) CEO. Don is currently Non-Executive Director of AIM quoted Scirocco Energy plc, Senior Adviser to AIM quoted Fox Marble Holdings plc.



Tony Crawley – Chief Executive Officer

Tony founded Zenova having gained significant experience in senior roles in growing companies within Construction and Fire Safety. He was Managing Director of Fripura Sales Ltd where he was responsible for setting up logistics, manufacturing and sales operations throughout Europe and Canada. Tony began his career as an electrical contractor which culminated in his appointment as Chairman of a national contracting company with over 150 employees and generating revenue in excess of £18 million.



Thomas Melchior – Finance Director

Thomas has significant senior leadership experience having held several directorships with companies across the globe including CFO at CWC Maldives/Dhiraagu, COO at PTK Kosovo, CEO of Horizon and CFO of Swisscom International India/Essar Cellphone. Recently he has focused on start-up companies and acts as CFO and strategic consultant for Whitefield GmbH (Zurich) and DogData OU (Estonia). He holds an MBA from the University of Rochester and a Federal Diploma in Business Administration from Zurich Business School. Thomas is based in Switzerland.



Etrur Albani – Executive Vice-Chairman

Etrur is a serial entrepreneur who has held many leadership roles in both start-up and established businesses, he is experienced in turn-around management and strategic development. In 2003 he joined Post and Telecom of Kosova as Manager for Strategic Planning, he then moved to Director of Strategic Planning and Development before appointment as Managing Director where he has been responsible for significant restructuring and growth. Etrur holds a Ph.D. and has completed the Oxford Strategic Leadership Course at Said Business School.



Alain Gottesman – Independent Non-Executive Director

Alain is a senior strategic adviser with experience working with multinational companies ranging in size from start-ups to large public companies such as Denton's Advisory, Honeywell USA Track and Tracing Advisory, Guidry Libya Port Susah Advisory and Gulf Islamic Investment Dubai Advisory. Alain also worked with the Saudi Arabian Office of the Crown Prince regarding a desalination project in 2018. He has been involved in numerous equity capital raisings and M&A transactions as a director, adviser, and investor. Alain's experience includes Director of M&A at Strand Partners Investment Bank, CEO of Subsidiaries at Schlumberger Smart Cards & Terminals and Citizen Japan Vice President to Tokyo Office.



Fiona Rodford – Independent Non-Executive Director

Fiona is a commercially focused people and transformation director with extensive experience of business transformation in both public and private organisations across wide range of sectors. Fiona's experience includes HR & Change Director at Fenwick Ltd, HR & Programme Director at TUI Plc, where she has successfully amalgamated and restructured highly costly aviation businesses, delivered €182 million savings, improved synergies and customer experience and supported separation of two other global businesses in readiness for sale.

ADVISORS

Company Secretary

Orana Corporate LLP

Eccleston Yards,
25 Eccleston Place,
London, SW1W 9NF

Independent Auditors

PKF LittleJohn LLP

15 Westferry Circus,
Canary Wharf,
London E14 4HD

Principal Bankers

Lloyds Bank plc.

25 Gresham Street,
London
EC2V 7HN

Brokers

SI Capital Limited

46 Bridge Street,
Godalming
GU7 1HL

Nominated advisor

SPARK Advisory Partners Limited

5 St. John's Lane
London
EC1M 4BH

Registrars

Neville Registrars Limited

Neville House
Steelpark Road
Halesowen B62 8HD

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The principal activity of Zenova Group Plc and its subsidiaries (collectively “Zenova Group” or “Group”) is the development, manufacture and sale of fire retardant systems.

Zenova Group Plc is the holder of intellectual property to underpin a suite of fire safety and temperature management products and technology. The product range is centred around a commercially confidential formula which when applied to various products has significant fire retardancy benefits.

Zenova Group Plc was incorporated on 14 May 2021, registered in England and Wales with a company number of 13403221. The registered office is 172 Arlington Road, London, England, NW1 7HL. On 21 May 2021 Zenova Group Plc. acquired Zenova Ltd in a share for share exchange. The Company was admitted to trading on the London Stock Exchange’s AIM market on 22 July 2021, and at that same date acquired Zenova Distribution Limited in return for shares worth £2.4 million.

A detailed business review of the year and future development is included in the Chairman’s statement and Strategic Report which is incorporated into this report by reference.

RESULTS AND DIVIDENDS

The Group’s results are set out in the Consolidated Statement of Comprehensive Income on page 41. The audited financial statements for the period ended 30 November 2021 are set out on pages 41 to 46.

The Group incurred an operating loss of £1,141k for the year ended 30 November 2021 (2020 loss of £82k). The Operating loss includes expense of £220k incurred by Zenova Limited prior to its acquisition by Zenova Group Plc and admission to AIM which related to staff, and research and development costs. The costs have been included in the results for the period as the acquisition has been accounted for as a capital reorganisation. In the period from Admission on 22 July 2021 the Group made an operating loss of £77k which represents the investment made by the Company to bring the Group’s operations on line.

The Group incurred a loss after tax for the period ended 30 November 2021 of £1,156k (2020 – Loss of £62k).

Between 01 May 2020 and 30 April 2021, the Group issued £380,000 of unsecured convertible loan notes. On admission to AIM the loan notes were converted into 2,999,850 shares at an issue price of 12.73p.

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.

DIRECTORS

The Directors of Zenova Group Plc who served from the date of incorporation on 17 May 2021 and up to the date of signing the financial statements, unless otherwise indicated were:

Don Nicolson
 Tony Crawley
 Thomas Melchior
 Etrur Albani
 Alain Gottesman
 Fiona Rodford

DIRECTORS INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

	<i>AS AT 30 NOVEMBER 2021 NUMBER OF ORDINARY SHARES</i>	<i>AS AT THE DATE OF THIS REPORT NUMBER OF ORDINARY SHARES</i>
DON NICOLSON	–	–
TONY CRAWLEY	4,935,000	4,935,000
THOMAS MELCHIOR	–	–
ETRUR ALBANI	4,700,000	4,700,000
ALAIN GOTTESMAN	–	–
FIONA RODFORD	–	–

SIGNIFICANT SHAREHOLDERS

	<i>AMOUNT NUMBER OF ORDINARY SHARES</i>	<i>PERCENTAGE, %</i>
MOTUS DISTRIBUTION LIMITED	12,350,000	13.22%
LINDEN HOLDINGS (MALTA) LIMITED	11,750,000	12.58%
SHARD CAPITAL PARTNERS LLP	11,052,631	11.84%
1291207 B.C. LTD	5,405,000	5.79%
1291211 B.C. LTD	5,405,000	5.79%
TONY CRAWLEY	4,935,000	5.28%
ETRUR ALBANI	4,700,000	5.03%
PAUL WILLIAMSON	4,700,000	5.03%
ROCKMASTERS LIMITED	4,350,000	4.66%
MATTHEW PERRY	4,230,000	4.53%
AMATI GLOBAL INVESTORS LIMITED	3,947,368	4.23%
LUMEN HOLDINGS LIMITED	3,000,000	3.21%

STRATEGIC REPORT

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report:

- Financial risk management objectives;
- Indication of exposure to principal risks;
- Disclosures required by S172 of the Companies Act 2006 and

- Future developments of the business.

SUPPLIER PAYMENT POLICY

The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

CORPORATE GOVERNANCE

The Board of Directors is committed to developing and applying high standards of corporate governance appropriate to the Company's size and stage of development. The Board of Directors seeks to apply the QCA Code, revised in April 2019 as devised by the Quoted Companies Alliance. These disclosures can be found in the Corporate Governance Report.

The Board acknowledges its responsibility for maintaining appropriate internal control systems and procedures to safeguard the Group's assets, employees and the business of the Group. The directors have recognised the changing requirements of the Group as it has developed from a private company start-up through re-registration as a public company and admission to trading on AIM, to a growing multi-asset operating Group.

The Board has established and operates a policy of continuous review and development of appropriate financial, operational, compliance and risk management controls, which cover expenditure approval, authorisation and treasury management, together with operating procedures consistent with the accounting policies of the Group.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

The Board has approved the Group's current operating and capital budget, and performance against budget is monitored and reported to the Board on a monthly basis. The directors confirm that the effectiveness of the internal control system during the accounting year has been reviewed by the Board. Steps are underway to reinforce as needed all processes and systems as the Company grows. The Board does not consider it necessary to establish an internal audit function considering the current size of the Group.

ENVIRONMENTAL POLICY

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it complies with all local regulatory requirements and seeks to implement a best practice approach to managing the environmental aspects of its operations based on ISO 14001.

HEALTH AND SAFETY

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group Provides training and support to employees and sets demanding standards.

INDEPENDENT AUDITORS

Each of the Directors at the date of the approval of this 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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PKF Littlejohn LLP was appointed as auditor during the period and have indicated their willingness to be reappointed for another term at the Annual General Meeting.

GOING CONCERN

The Directors are of the opinion that ongoing evaluation of the Group's interests indicates that the preparation of the Groups financial statements on a going concern basis is appropriate. The Group has substantial cash reserves. The Directors have prepared detailed projected cash flow information for the year ending 30 November 2024, taking into account forecast sales and expenditure. Having regards to the existing working capital position, the Directors are of the opinion that the Group has adequate resources to enable it to undertake its planned activities for the next 12 months.

Signed on behalf of the Board of Directors

Tony Crawley

Director

20 April 2022

CORPORATE GOVERNANCE REPORT

The Board of Zenova Group Plc has adopted the QCA Corporate Governance Code ('the Code') as its code of corporate governance. The Code is published by the Quoted Companies Alliance ('QCA') and is available at www.theqca.com. The key governance related matter that occurred during the period ended 30 November 2021 was the admittance to AIM on 22 July 2021.

CORPORATE GOVERNANCE REPORT

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One: Business Model and Strategy

Zenova was incorporated to develop cutting-edge technology that will set the standard for the next generation of fire safety and temperature management in myriad applications. Our goal is to make every place a safe space by developing affordable products that are simple, yet more efficient and environmentally friendly without compromising the quality.

The Board implements this strategy through regular meetings to discuss the strategic direction of the Company and progress against achieving its aims. Details of the Company's strategy can be found in the strategic report on page 10.

Principle Two: Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Zenova Group Plc has a Board of Directors with experience in understanding the needs and expectations of its shareholder base. It supplements this Board with professional advisers in the form of Public Relations company, NOMAD, Broker, Auditor and Company Secretary who provide advice and recommendations in various areas of its communications with shareholders. Zenova Group Plc engages with shareholders in the following ways:

- The Company website has been designed as a hub to provide information to shareholders and communicate with them. The website is regularly reviewed to ensure the information is up to date and relevant. The website contains copies of all Company communications and public documents.
- The Company provides regular updates to the market via the Regulatory News Service.
- The Company's Annual Report provides required information regarding historical performance, strategy and objectives of the Company. An Annual General Meeting is held to which all shareholders are invited and may engage with the Board of Directors.

Contact details for the Company are provided on the Company website (www.zenovagroup.com) along with public documents.

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, employees are encouraged to raise any concerns they may have with relevant management and are also provided with independent contact should they not want to engage directly with their managers. The mechanisms for feedback from shareholders have been considered under point (2) above. Feedback from customers is at present informal. Sales agents will contact customers on an *ad hoc* basis following completion of a sale or project and provide verbal feedback where necessary to

senior management. Feedback from regulators is provided via the regular framework of reporting and inspections that are carried out.

These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of the Company.

Principle Four: Risk Management

The Directors of the Company recognise that risk is inherent in all of its business activities. Its risks can have a financial, operational or reputational impact. The Company's system of risk identification, supported by established governance controls, ensures that it effectively responds to such risks, whilst acting ethically and with integrity for the benefit of all of our stakeholders. Once identified, risks are evaluated to establish root causes, financial and non-financial impacts, and likelihood of occurrence. Consideration of risk impact and likelihood is taken into account to create a prioritised risk register and to determine which of the risks should be considered as a principal risk. The effectiveness and adequacy of mitigating controls are assessed. If additional controls are required, these will be identified, and responsibilities assigned. The Company's management is responsible for monitoring the progress of actions to mitigate key risks. The risk management process is continuous; key risks are reported to the Audit Committee and at least once a year to the full Board.

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive Directors. However, the Board will continue to monitor the need for an internal audit function.

Principle Five: A Well-Functioning Board of Directors

The Board has six Directors, three of whom are non-executive. The Board is responsible for the management of the business of the Company, setting its strategic direction and establishing appropriate policies. It is the Directors' responsibility to oversee the financial position of the Company and monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company and stakeholders at all times. The Board also addresses issues relating to internal controls and risk management.

The Non-Executive Directors, Don Nicolson, Alain Gottesman and Fiona Rodford, bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence of each Non-Executive Director is assessed at least annually, and all of the Non-Executive Directors are considered to be independent at the date of this report.

It is the Company's policy that the roles of the Chairman and CEO are separate, with their roles and responsibilities clearly divided and recorded. A summary of their roles is as follows:

- The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He also ensures that there is enough and effective communication with shareholders to understand their issues and concerns.
- The CEO is responsible for executing the strategy agreed by the Board and developing the Company's objectives through leadership of the senior executive team. He will recommend to the Board any investment or new business opportunities which meet this strategy. He also ensures that the Company's risks are adequately addressed, and appropriate internal controls are in place. The CEO is responsible for meeting with shareholders and ensuring effective communication.

- The CEO is responsible for the day-to-day management of the Company, and for maintaining the highest ethical standards and integrity in the interest of the shareholders, employees, customers and the wider community.

The following table shows the directors' attendance at scheduled Board meetings of Zenova Group Plc, which they were eligible to attend during the 2021 period:

<i>Director</i>	<i>Attendance at Board Meetings</i>
Don Nicolson	10/10
Tony Crawley	10/10
Thomas Melchior	9/10
Etrur Albani	9/10
Alain Gottesman	10/10
Fiona Rodford	10/10

As at the date hereof the Board comprised, the Non-Executive Chairman Don Nicolson, the CEO Tony Crawley, the Finance Director Thomas Melchior, Executive Vice Chairman Etrur Albani and two Non-Executive Directors, Alain Gottesman and Fiona Rodford. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

Principle Six: Appropriate Skills and Experience of the Directors

The Board of Zenova Group Plc has been assembled to allow each Director to contribute the necessary mix of experience, skills and personal qualities to deliver the strategy of the company for the benefit of the shareholders over the medium to long term. Full details of the Board Members and their experience and skills can be found on pages 19 to 20 of these financial statements.

Together the Board of Directors provide relevant sector skills, the skills associated with running large public companies, technical skills, country experience and technical and financial qualifications to assist the Company in achieving its stated aims.

The Directors keep their skillsets up to date through as required through the range of roles they perform and consideration of technical and industry updates.

The role of Company Secretary is fulfilled by Orana Corporate LLP and supports and advises the Board in its function.

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

Principle Seven: Evaluation of Board Performance

Zenova Group Plc has yet to carry out a formal assessment of Board effectiveness, given its stage of development as an entity. The Board are considering how this first assessment will be carried out. The Board will keep this under consideration and put in place procedures when it is felt appropriate.

The Company's policy is to maintain levels of compensation for the Company that are comparable and competitive with peer group companies, so as to attract and retain individuals of the highest calibre, by rewarding them as appropriate for their contribution to the Company's performance. The Company may take independent advice in structuring remuneration packages of directors and employees.

The terms of each Executive Director's appointment are set out in their service agreements which are effective for an indefinite period but may be terminated in accordance with specified notice periods of between six and twelve months. Each service agreement sets out details of basic salary, fees, benefits-in-kind and share option grants. The Directors do not participate in any group pension scheme and their remuneration is not pensionable.

The executive directors are eligible to participate in discretionary bonus arrangements. Bonuses are payable in cash and are awarded by the Board, upon recommendations by the Remuneration Committee. Details of the Directors' compensation are set out in the notes to the financial statements.

The terms of appointment of the Non-Executive Directors are set out in their letters of appointment which are effective for renewable three-year terms but may be terminated in accordance with specified notice periods. The Non-Executive Directors do not participate in any group pension scheme and their remuneration is not pensionable. Details of Non-Executive Directors' compensation are set out in the financial statements.

The basic salary of each Executive Director is established by reference to their responsibilities. The fees paid to Non-Executive Directors are determined by the Board and reviewed periodically to reflect current rates and practice commensurate with the size of the Company and their roles.

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 which came into effect in 2016.

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 Chairman and Chief Executive Officer 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 Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

The terms of reference of the board committees are reviewed regularly and are available on the Company's website www.zenovagroup.com.

Remuneration Committee

The Remuneration committee is chaired by Fiona Rodford and its other members are Don Nicolson and Alain Gottesman, the majority of whom are independent non-executive directors. The CEO and Finance Director will attend committee meetings as observers. The remuneration committee is expected to meet not less than once a year and at such other times as required. It has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, Chairman, and the executive directors, the company secretary, senior managers and such other members of the executive management as it is designated to consider. The remuneration committee also have responsibility for determining (within the terms of the Company's policy and in consultation with the Chairman of the Board and/or the chief executive officer) the total individual remuneration package for each executive director, the company secretary and other designated senior executives (including bonuses, incentive payments and share options or other share awards).

The remuneration of non-executive directors is a matter for the Chairman and executive directors of the Board. In addition, the remuneration committee has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

Nomination Committee

The Nomination Committee comprises Don Nicolson and Fiona Rodford, with Alain Gottesman as chair of the committee. The Nomination Committee's main functions in relation to nominations include, among other things, giving consideration to succession planning for Board members; identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; evaluating the balance of skills, knowledge and experience on the Board; regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board with regard to changes; reviewing the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and making recommendations to the Board about the re-appointment of any Non-Executive Director at the conclusion of their specified term of office or retiring.

Audit Committee

The Audit Committee is chaired by Don Nicolson and its other members are Fiona Rodford and Alain Gottesman, the majority of whom are independent non-executive directors. The Audit and Risk committee is expected to meet formally at least twice a year and otherwise as required. It has the responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee has unrestricted access to the Company's auditors.

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. 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. Historical announcements and other governance-related material, notices of all general meetings can be found on the website.

There have been no votes where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting.

REPORT OF THE AUDIT COMMITTEE

The Board has established an Audit Committee to monitor the integrity of the Group's financial statements and the effectiveness of the Group's internal financial controls. The Committee's role and responsibilities are set out in the Committee's terms of reference which are available from the Group and are displayed on the Group's website. The Terms of Reference are reviewed annually and amended where appropriate. During the period, the Committee worked with management, the external auditors, and other members of the Board in fulfilling these responsibilities.

This report details how the Audit Committee has met its responsibilities under its Terms of Reference during the period. The Audit Committee focused particularly on the appropriateness of the Group's financial statements. The Committee has satisfied itself, and has advised the Board accordingly, that the 2021 Annual Report and Financial Statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy. The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed are set out in this Report.

One of the Audit Committee's key responsibilities is to review the Group's risk management and internal controls systems, including in particular internal financial controls. During the year, the Committee carried out a robust assessment of the principal risks facing the Group and monitored the risk management and internal control system on an on-going basis. The Committee also reviewed the effectiveness of both the external audit process as part of the continuous improvement of financial reporting and risk management across the Group.

COMMITTEE MEMBERSHIP AND MEETINGS

The Audit Committee consists of three independent non-executive Directors: Don Nicolson (Committee Chairman), Alain Gottesman and Fiona Rodford. The biographies of each can be found on pages 19 to 20. The Board considers that the Committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties. The Committee did not meet during the period ended 30 November 2021, but has three times in the period since the year end.

The external auditors may also attend these meetings as required. The Company Secretary is the secretary of the Audit Committee.

The Chairman of the Audit Committee will meet with the external audit lead partner outside of committee meetings as required throughout the year.

The Audit Committee report deals with the key areas in which the Audit Committee plays an active role and has responsibility. These areas are as follows:

- 1) Financial Reporting and related primary areas of judgement;
- 2) The External Audit process; and
- 3) Risk Management and Internal controls.

FINANCIAL REPORTING AND RELATED PRIMARY AREAS OF JUDGEMENT

The Committee is responsible for monitoring the integrity of the Company's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise.

The Committee confirmed to the Board that the Annual Report and Financial Statements, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In respect of the period ended 30 November 2021, the Committee reviewed:

- the Preliminary Announcement and Annual Report and Financial Statements to 30 November 2021.

In carrying out these reviews, the Committee:

- reviewed the appropriateness of Company's accounting policies and monitored changes to and compliance with accounting standards on an on-going basis;
- discussed with management and the external auditors the critical accounting policies and judgements that had been applied;
- discussed a report from the external auditors at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit;
- considered the management representation letter requested by the auditors for any non-standard issues;
- discussed with management future accounting developments which are likely to affect the financial statements; and
- considered key areas in which estimates, and judgement had been applied in preparation of the financial statements.

The primary areas of judgement considered by the committee in relation to the Group's 2021 financial statements, and how they were addressed by the committee are set out below.

Significant risks considered by the Committee in relation to the financial statements

Corresponding actions taken by the Committee to address the issues

Valuation of Goodwill

The Committee reviewed the key judgements, operating and economic assumptions that underlie the assessment of whether there exists an impairment.

Valuation of share based payments

The Committee reviewed the calculations and assumptions that underlie the calculation of the charge in relation to share based payments.

EXTERNAL AUDIT PROCESS

The Audit Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals. Prior to commencement of the 2021 period-end audit, the Committee approved the external auditor's work plan and resources and agreed with the auditor's various key areas of focus. The Committee has met with the external auditor without management being present in the period since year end. This meeting provided the opportunity for direct dialogue and feedback between the Committee and the auditor. The Audit Committee considers the requirements and guidance for auditor rotation on an annual basis and makes recommendations as appropriate to the Company.

The Committee is responsible for ensuring that the external auditor is objective and independent. PKF Littlejohn LLP was appointed in 2021, following a formal tender process. The Committee received confirmation from the auditor that they are independent of the Group under the requirements of the Financial Reporting Council's Ethical Standards for Auditors. The auditors also confirmed that they were not aware of any relationships between the Group and the firm or

between the firm and any persons in financial reporting oversight roles in the Group that may affect their independence.

In order to further ensure independence, the Committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditor and the Group, and by reviewing the economic importance of the Group to the external auditor, the committee ensured that the independence of the external audit was not compromised. An analysis of fees paid to the external auditor, including non-audit fees, is set out in Note 5 to the 2021 Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has been delegated the responsibility for monitoring the effectiveness of the Group's system of risk management and internal control by the Board. The Audit Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive Directors, and the external audit reports, as part of both the year-end audit, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by the external audit are discussed by the Committee with Group management and an implementation plan for the targeted improvements to these systems is put in place. As part of its standing schedule of business, the Committee carries out an annual risk assessment of the business to formally identify the key risks facing the Group.

This report was approved by the Board of Directors and signed on its behalf by:

Don Nicolson

Chairman of the Audit Committee

20 April 2022

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the parent company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ZENOVA GROUP PLC

Opinion

We have audited the financial statements of Zenova Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2021 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- an assessment of management's assumptions in modelling future financial performance and cash flow requirements, including consideration of the key changes arising from adopting the new investment objective and ensuring any investment commitments are reflected therein;

- checking the mathematical accuracy of the spreadsheet used to model future financial performance and cash flow requirements;
- assessing the mitigating factors available to management including their ability to generate cash from the investment portfolio, should that be required, and the liquidity of the portfolio; and
- assessing whether management has adequately disclosed the conditions which cast significant doubt on the ability of the group and parent company to continue as a going concern in the 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 parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In determining our overall audit strategy, we assessed the level of uncorrected misstatements that would be material for the financial statements as a whole. We determined the group materiality for the financial statements as a whole to be £106,000, whilst the parent company benchmark was set at £100,000. Both thresholds were calculated based on 2% of net assets because we consider net assets to be an appropriate benchmark for an investment holding company. Performance materiality was set at 70% of materiality for the financial statements as a whole being £74,200 for the group, and £70,000 for the parent company.

The threshold for reporting unadjusted differences to those charged with governance was set at £5,300 for the group and £5,000 for the parent company. We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain including of impairment investments and valuation of share-based payments. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including

those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of goodwill and investments (Note 10)	
<p>Goodwill is based on the net assets of Zenova Group Plc's directly held 100% subsidiaries, both in Zenova Distribution Limited and Zenova Limited.</p> <p>There is a risk that goodwill is not fairly valued and requiring an impairment as of the period-end.</p> <p>The investments balance mainly consists of the 100% ownership of the parent company's subsidiaries (Zenova Distribution Limited and Zenova Limited) through direct ownership.</p> <p>Given the continuing loss that the group is experiencing for the first accounting period, this gives rise to the concern that investments in subsidiaries are not fairly valued and that the value stated at the period end should be impaired.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> ▪ Reviewing the purchase accounting computation and agreeing it to supporting documentation. ▪ Verifying to the shareholder agreements to ensure ownership of the investments properly account for. ▪ Obtaining supporting documents of recoverability of investments by reference to underlying operations of the subsidiaries and plans of the management. ▪ Obtaining and reviewing management's impairment assessment in respect of goodwill and investments, providing appropriate challenge and corroboration for any assumptions made. ▪ Ensuring that appropriate disclosures surrounding the estimates made in respect of any valuations are included in the financial statements.
Valuation of share-based payments (Note 18)	
<p>There is a risk of material misstatement due to incorrect application of share-based payment accounting per IFRS 2.</p> <p>IFRS 2 specifies the financial reporting by an entity when it undertakes a share-based payment transaction, including share options and warrants granted to directors, employees and advisors. The underlying principle is that an entity shall recognise the value of services received in a share-based payment transaction when the entity receives the services. Share options and warrants are classified as equity-settled under IFRS 2.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> ▪ Reviewing the inputs used for the Black Scholes valuation to ensure these are reasonable, with an emphasis on the volatility rate applied in the calculation. ▪ Reviewing the underlying warrant and option agreements to verify the key terms of the awards. ▪ Checking the accounting treatment and associated disclosures are in accordance with IFRS 2.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of our cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from FCA Rules, UK tax legislation, Companies Act 2006 and London Stock Exchange Rules.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to: enquiries of management, review of minutes, review of legal or regulatory correspondence and completion of a disclosure checklist.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of fraud related revenue recognition, and the posting of unusual journals. The potential for management bias was also identified in relation to the business acquisition including recognition of goodwill. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate, as described in the 'Key Audit Matters' section of this report.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Use of our report

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

Eric Hindson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

20 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER

		Year ended 30 November 2021 £'000	314-day period ended 30 November 2020 £'000
	Note		
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

		As at 30 November 2021 £'000	As at 30 November 2020 £'000
Company Number: 13403221		Note	
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 CURRENT ASSETS		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 LIABILITIES			
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)

The notes on pages 47 to 70 are an integral part of these financial statements. The financial statements on pages 41 to 46 were approved and authorised for issue by the Board on 20 April 2022 and are signed on its behalf.

Tony Crawley
Director
20 April 2022

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 £'000	Share Premium £'000	Share based payment reserve £'000	Other Reserve £'000	Accumulated losses £'000	Total equity £'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

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

		30 November
Company Number: 13403221	Note	2021 £'000
ASSETS		
NON-CURRENT ASSETS		
Investments	21	2,776
TOTAL NON-CURRENT ASSETS		2,776
CURRENT ASSETS		
Trade and other receivables	13	3,271
Cash and cash equivalents		37
TOTAL CURRENT ASSETS		3,308
TOTAL ASSETS		6,084
LIABILITIES		
CURRENT LIABILITIES		
Payables: Amounts falling due within one year	14	55
		55
TOTAL LIABILITIES		55
NET ASSETS		6,029
EQUITY		
Share capital	17	94
Share premium	17	6,310
Share based payment reserve	18	161
Retained earnings		(536)
TOTAL EQUITY		6,029

In publishing the parent company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements. The loss for the year for the Company is £536k. The financial statements on pages 41 to 46 were approved and authorised for issue by the Board on 20 April 2022, and signed on its behalf.

Tony Crawley

Director

20 April 2022

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

Note	Share Capital £'000	Share Premium £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 14 May 2021					
Loss and total comprehensive loss for the period	–	–	–	(536)	(536)
Transactions with owners					
Share options charge	–	–	161	–	161
Share capital issued	94	6,310	–		6,403
Balance at 30 November 2021	94	6,310	161	(536)	6,029

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 functional and presentation currency is the British Pound Sterling.

Consolidated Financial Statements

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. IFRS includes Interpretations issued by the IFRS Interpretations Committee.

The consolidated financial statements have been prepared under the historical cost convention, apart from financial assets and financial liabilities are recorded at fair value through the profit and loss. The financial assets and liabilities which are recorded at fair value through the profit and loss relate to the conversion option on the existing loan notes.

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 under the critical accounting judgement policies.

Parent Company Financial Statements

The parent company financial statements of Zenova Group Plc have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101). The financial statements have been prepared under the historical cost convention, and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006, as applicable to Companies using FRS 101.

The preparation of the parent company’s financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, ‘Share-based payment’ (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, ‘Financial Instruments: Disclosures’.

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements': 10(d), (statement of cash flows) 16 (statement of compliance with all IFRS), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 111 (cash flow statement information), and 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation) The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The accounting policies set out below have been applied consistently across the Group and to all periods presented in these financial statements.

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:

- the current working capital position and operational requirements;
- the timing of expected sales receipts and completion of existing orders;
- the sensitivities of forecast sales figures over the next two years;
- the timing and magnitude of planned expenditure; and
- 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:

- 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.
- 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 its reportable segments, which are operating segments or aggregations of operating segments. Operating segments are identified on the basis of internal 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 off current tax assets against current tax liabilities and 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.

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.

New standards and interpretations not yet adopted

(a) New standards, amendments and interpretations

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 and IAS 8 Definition of material

No other new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 December 2020 have had a material impact on the group or parent company. At the date of authorisation of these financial statements, the following key standards and amendments were in issue but not yet effective. The Group has not applied these standards in the preparation of these financial statements.

- Amendments to IAS 1 and IAS 8 Definition of material
- Amendments to IFRS 3 References to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases.

The adoption of the above standards and interpretations is not expected to lead to any changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on 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

Group	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:		

Group	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:

Group	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:

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

Company	Period ended	314-day period ended
	30 November 2021	30 November 2020
Directors	2	–
Sales	–	–
	<u>2</u>	

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:

Group	Period ended	314-day period ended
	30 November 2021 £’000	30 November 2020 £’000
Salary	143	7
Consultancy Fees	15	–
Aggregate emoluments payable to directors	<u>158</u>	<u>7</u>

Company	Period ended	314-day period ended
	30 November 2021 £’000	30 November 2020 £’000
Salary	80	–
Consultancy Fees	5	–
		–
Aggregate emoluments payable to directors	<u>85</u>	<u>–</u>

The highest paid director’s emoluments were as follows:

Group	Period ended	314-day period ended
	30 November 2021 £’000	30 November 2020 £’000
Salary	50	7
Total amount of emoluments payable	<u>50</u>	<u>7</u>

Company	Period ended	314-day period ended
	30 November 2021 £’000	30 November 2020 £’000
Salary	20	–
Total amount of emoluments payable	<u>20</u>	<u>–</u>

Remuneration in respect of the Directors was as follows:

Period ended		Consultancy		Share	
30 November 2021	Salary	Fees	Benefits	Options	Total
	£'000	£'000	£'000	£'000	£'000
Executive Directors					
Tony Crawley	45	–	2	–	47
Thomas Melchior	–	15	–	–	15
Etrur Albani	37	–	–	–	37
	82	15	2	–	99
Non-Executive Directors					
Don Nicolson	30	–	–	5	35
Alain Gottesman	13	–	–	–	13
Fiona Rodford	13	–	–	–	13
	56	–	–	5	61
	138	15	2	5	160
314-day period ended					
30 November 2020	Salary	Consultancy Fees	Benefits	Share 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 of 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 LIABILITIES	
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 ONE, 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	<u>2,346</u>

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

Group	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	<u>9</u>	<u>9</u>
Depreciation		
As at 20 January 2020, 30 November 2020 and 1 December 2020	–	–
Charge for the year	1	1
As at 30 November 2021	<u>1</u>	<u>1</u>
Net book value		
As at 20 January 2020, 30 November 2020 and 1 December 2020	–	–
As at 30 November 2021	<u>8</u>	<u>8</u>

12. Rights of use asset

Group	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

Group	As at 30 November 2021 £'000	As at 30 November 2020 £'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

Company	As at 30 November 2021 £'000
Current assets	
Amounts due from group companies	3,130
VAT recoverable	141
	3,271

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 £'000	As at 30 November 2020 £'000
Group		
Amounts falling due after one year		
Bank Loan	50	50
	<u>50</u>	<u>50</u>
Amounts falling due within one year		
Trade Payables	64	–
Accruals	58	30
Other payables	13	–
	<u>135</u>	<u>30</u>
Company		As at 30 November 2021 £'000
Trade Payables		4
Amounts due to group companies (note 22)		22
Accruals		29
		<u>55</u>

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 £'000	As at 30 November 2020 £'000
Group		
Convertible Loan Note	–	200
	<u>–</u>	<u>200</u>

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.

Group	314-day As at period ended	
	30 November 2021	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 £'000	Contractual				
		cash flows £'000	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000
Lease liability	148	181	19	19	38	105

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

17. Share capital

Group and Company	2021 Number	2020 Number	Share capital	Share capital	Share premium	Share premium
			2021 £'000	2020 £'000	2021 £'000	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

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

Group and Company	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
Don 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:

Group	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%

Company	Year ended 30 November 2021 £'000
Total borrowings (note 15)	–
Less cash and cash equivalents	10
Net cash	10
Total equity	6,029
Total capital	6,029
Gearing ratio	–

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 policies 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 £'000	Contractual				
		cash flows £'000	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000
Trade and other payables	137	137	137	–	–	–
	137	137	137	–	–	–

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

21. Investments

Company	As at 30 November 2021 £'000
Shares in subsidiary undertakings	2,776
	<u>2,776</u>

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.

22. 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.

23. 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.

24. Controlling parties

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

25. Post Balance Sheet Events

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Zenova Group Plc (the “Company”) will be held at the offices of Memery Crystal, 165 Fleet St, London, EC4A 2DY on 25 May 2022 at 10:00 a.m. to consider the following resolutions, of which resolutions 1 to 4 will be proposed as ordinary resolutions:

1. To receive and adopt the Company’s Annual Report and Accounts for the financial year ended on 30 November 2021, and the Directors’ Report and the Independent Auditors’ Report to those accounts.
2. To re-elect Mr Tony Crawley as a Director, following his appointment to the Board. Under the provisions of the Articles of Association of the Company one third of the Board is required to retire by rotation at the AGM and offer themselves for election by shareholders (by separate resolution). Mr Crawley, as chief executive officer, has agreed to retire by rotation and offer himself for re-election.
3. To re-elect Mr Alain Gottesman as a Director, following his appointment to the Board. Under the provisions of the Articles of Association of the Company one third of the Board is required to retire by rotation at the AGM and offer themselves for election by shareholders (by separate resolution). Mr Gottesman, as non-executive director, has agreed to retire by rotation and offer himself for re-election.
4. To re-appoint PKF Littlejohn LLP as auditor of the Company and to hold office until the conclusion of the next annual general meeting at which accounts are laid before the members and to authorise the directors to determine their remuneration.

By Order of the Board

Don Nicolson
Chairman

20 April 2022

Registered Office:
172 Arlington Road
London
NW1 7HL

Notes

1. Right to attend, speak and vote

If you want to attend, speak and vote at the AGM you must be on the Company’s register of members by 10:00 a.m. on 23 May 2022. This will allow us to confirm how many votes you have on a poll. Changes to the entries in the register of members after that time, or, if the AGM is adjourned, 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.

2. Appointment of proxies

If you are a member of the Company you may appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting. You may only appoint a proxy using the procedures set out in these notes and in the notes on the proxy form, which you should have received with this notice of meeting.

A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes on the form. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares which you hold. If you wish to appoint more than one proxy you may photocopy the proxy form or alternatively you may contact the Company's registrars, Neville Registrars Limited on +44 (0) 121 585 1131.

3. Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you do not indicate on the proxy form how your proxy should vote, they will vote or abstain from voting at their discretion. They will also vote (or abstain from voting) at they think fit in relation to any other matter which is put before the meeting.

To appoint a proxy using the proxy form, the form must be completed, signed and received by Neville Registrars Limited no later than 48 hours before the meeting that is 10:00 a.m. on 23 May 2022. Any proxy forms (including any amended proxy appointments) received after the deadline will be disregarded.

- The completed form(s) may be returned by one of the following methods:
- Sending or delivering it to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD or
- Scanning it and sending it by email to info@nevilleregistrars.co.uk with the company name and "Proxy vote" written in the subject box.

If the shareholder is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

4. Appointment of proxy by joint members

In the case of joint holders, where more than one joint holder purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. Changing your instructions

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The amended instructions must be received by the registrars by the same cut-off time noted above. Where you have appointed a proxy using a hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Neville Registrars Limited on +44 (0) 121 585 1131. If you submit more than one valid proxy form, the one received last before the latest time for the receipt of proxies will take precedence.

6. Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD.

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, your revocation notice must be received by Neville Registrars Limited no later than 48 hours before the meeting. If your revocation is received after the deadline, your proxy

appointment will remain valid. However, the appointment of a proxy does not prevent you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7. Communications with the Company

Except as provided above, members who have general queries about the meeting should telephone Neville Registrars on +44 (0) 121 585 1131 or email them at info@nevilleregistrars.co.uk. You may not use any electronic address provided either in this notice of annual general meeting; or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

8. Issued shares and total voting rights

As at 6.00 p.m. on the business day immediately prior to the date of posting of this notice of meeting, the Company's issued share capital comprised 93,384,053 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at that time was 93,384,053.

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