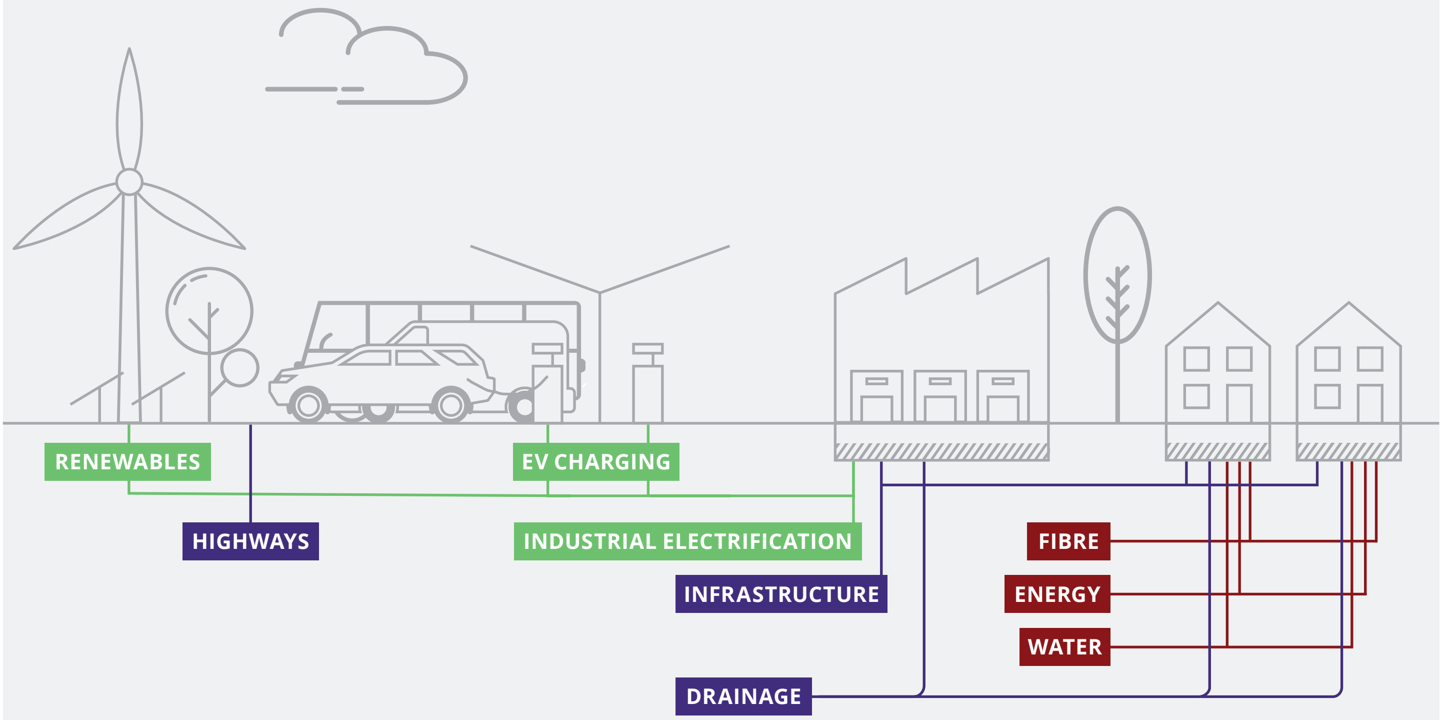
NEXUS

Delivering sustainable infrastructure



Multi-Utilities
Energy Transition
Civil Engineering

Annual report and financial statements
2021

Welcome to the Nexus Infrastructure plc Annual report 2021

Nexus is Building Bright Futures and enabling the energy transition by delivering sustainable infrastructure.

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Visit us online at nexus-infrastructure.com

Our highlights

A strong balance sheet supports future growth.

Financial

Revenue (£m)	Adjusted operating profit/(loss)[1] (£m)	Operating profit/(loss) (£m)	Earnings/(loss) per share (basic) (p)
£137.0m	£2.9m	£4.2m	6.6p
2020: £125.7m	2020: £(1.9)m	2020: £(2.5)m	2020: (5.9)p
8.9%	254.5%	266.1%	211.8%

Order book[2] (£m)	Cash and cash equivalents (£m)	Dividend (p)
£287.8m	£29.5m	2.0p
2020: £282.0m	2020: £32.1m	2020: 0.0p
2.1%	(8.1)%	

1 Adjusted operating profit is operating profit excluding the impact of exceptional items.
2 Secured work yet to be carried out.

Operational

Overall revenue growth
- Our Multi-Utilities business has grown substantially, recording a new milestone revenue of £50.7m (2020: £39.1m)
- Revenue for our Energy Transition business recorded significant growth of 310% to £9.0m (2020: £2.2m)
- Revenue for our Civil Engineering business continued to recover following the impact of Covid-19, achieving £78.0m (2020: £85.8m)

Return to profitability
- Group operating profits improved significantly to £4.2m (2020: loss £2.5m)
- Profitability improved in all businesses
- Our Energy Transition business recorded its first profits, £0.2m (2020: loss £0.8m)

Order book remains robust
- Order book remains strong at £287.8m (2020: £282.0m) providing good revenue visibility
- The order book for our Energy Transition business has increased 255% to £13.5m (2020: £3.8m) driven by the demand for electric vehicle charging infrastructure and industrial electrification

Balance sheet strength
- Cash and cash equivalents remain high at £29.5m (2020: £32.1m)
- Strength of the balance sheet underpins our growth strategy and future profitability

At a glance

Nexus Infrastructure provides Multi-Utilities, Energy Transition and Civil Engineering services through three separately managed and operated businesses.

Multi-Utilities

TriConnex, our Multi-Utilities business, designs, installs and connects electricity, water, gas, fibre networks and electric vehicle charging infrastructure on new residential developments.

Working with developers, contractors and land promoters, the business offers end-to-end solutions with the goal of being recognised as the UK's leading independent provider of utility connections to new developments.

TriConnex's current areas of operation include the South East, the Midlands and the South West of England.

Revenue
£50.7m

Read more on pages 26 to 29

Energy Transition

eSmart Networks, our Energy Transition business, provides public electric vehicle charging, industrial electrification and renewable energy connections.

The business was created to respond to the UK's need for charging infrastructure as the transition to electric vehicles gathers pace, and has since broadened its services to provide grid connection solutions and renewable energy infrastructure.

Delivering both complex and straightforward schemes for customers across the UK, the business is well placed as the market acceleration continues, underpinned by Government initiatives and energy transition goals.

Revenue
£9.0m

Read more on pages 30 to 33

Civil Engineering

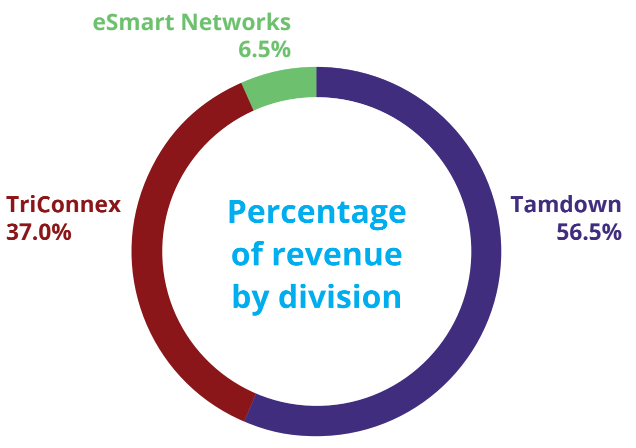
Tamdown, our Civil Engineering business, provides a range of civil engineering and infrastructure services to the UK housebuilding and commercial sectors.

Services include earthworks, building highways, substructures and basements, installing sustainable drainage systems, as well as high-rise construction.

The business has a well-established market position having been in operation for over 40 years and works with the majority of the top ten largest UK housebuilders. Tamdown's operations are focused on the South East of England.

Revenue
£78.0m

Read more on pages 34 to 37



Chairman's statement

Well placed for growth.

Geoff French CBE
Non-Executive Chairman

Overview of the year

Nexus delivers sustainable infrastructure services to a broad range of customers and has well-established customer relationships and active engagement with all its stakeholders. The Group consists of the following businesses: TriConnex, which designs, installs and connects multi-utility networks to properties on new residential developments; eSmart Networks, which focuses on electric vehicle charging infrastructure, energy transition solutions and renewable infrastructure; and Tamdown, a provider of civil engineering, infrastructure and high-rise construction services.

The Group performed well in the first half of the year compared to the Covid-19-impacted second half of the previous financial year. Revenues in all businesses continued to grow in the second half of the financial year, during the Group's traditionally busy trading period. The Group reported revenue for the year of £137.0m (2020: £125.7m). TriConnex continues to thrive and recorded record revenue of £50.7m (2020: £39.1m), with activity levels ahead of pre-Covid-19 levels throughout the year. The Board is delighted by the strong traction that eSmart Networks gained during the year with revenue increasing by 310% year-on-year to £9.0m (2020: £2.2m). eSmart Networks is establishing an impressive customer base in the electric vehicle charging, industrial electrification and renewables infrastructure sectors and we are excited about the opportunities ahead in this area. Tamdown saw revenue decrease in the year to £78.0m (2020: £85.8m) following low levels of contract awards in the Covid-19-impacted 2020 and a strong H1 comparator in 2020.

The Group recorded a significantly improved operating result for the year with operating profit of £4.2m (2020: loss £2.5m). This was due to TriConnex achieving a record profit following the increase in revenues, eSmart Networks recording an operating profit for the full year following the significant increase in its revenues, and an improved trading result for Tamdown. The Group's operating profit before exceptional items for the year was £2.9m (2020: loss £1.9m). The exceptional item in the year was a profit of £1.3m relating to the disposal of Tamdown's former office whilst exceptional items in 2020, being costs of £0.6m, related to restructuring costs. The profit for the year attributable to equity holders of the parent company equated to £3.0m (2020: loss £2.4m). The basic earnings per share was 6.6p per share (2020: loss 5.9p per share).

The Group's order book remains strong at £287.8m (2020: £282.0m). TriConnex's resilient performance has been in line with expectations and the business ends the year with the order book at £189.0m (2020: £185.4m). This strong performance by TriConnex has been driven by the up-front, mission-critical nature of securing utility network connections on development sites. The eSmart Networks business has gone from strength to strength with the order book increasing substantially during the year, with an increase of £9.7m to £13.5m, an increase of 255% over the year (2020: £3.8m). The increased order book has been driven by the growing demand for electric vehicle charging, industrial electrification and renewable energy infrastructure. Our activities within eSmart Networks lie at the heart of the UK's transition towards Net Zero. Tamdown has been successful in winning contracts in 2021 but due to the inflationary environment is being disciplined on project selection and, as a result, the order book has reduced to £85.3m (2020: £92.8m).

The Group's balance sheet remains strong, with a continued high cash and cash equivalents balance of £29.5m (2020: £32.1m), resulting in a net cash balance (after bank borrowings and lease obligations) of £15.5m (2020: £19.2m).

Returns to shareholders

As a listed company, one of our primary objectives is to deliver value to shareholders. The disruption caused by the pandemic created economic uncertainty and impacted the Group's trading environment. As a result, the Board did not pay dividends in respect of the financial year ended 30 September 2020, prioritising the long-term interests of the Group through the maintenance of our strong balance sheet.

In light of the more stable trading environment, the improvement in trading by all of the Group's businesses and our confidence in the future, the Board recommenced the payment of dividends and declared an interim dividend of 0.6p per share (2020: 0.0p per share).

The Board is confident of the strength of the Group and its position within its chosen markets. Having already paid an interim dividend of 0.6p per share, the Board is proposing a final dividend of 1.4p per share (2020: 0.0p per share) for the year ended 30 September 2021. If the dividend is approved at the Annual General Meeting ("AGM"), dividends for the year will total £0.9m (2020: £0.0m) having a dividend cover of 3.3 times the Group's profit after tax. The dividend will be paid on 25 February 2022 to shareholders on the register at close of business on 28 January 2022. The shares will go ex-dividend on 27 January 2022.

Looking forward, the Board anticipates the dividend cover to return over time to around 3.0 times, which will enable shareholders to benefit as the Group delivers on its performance targets, whilst continuing to invest in the growth plans of the business.

Board and governance

There have been no changes to the Board during the year. The Board consists of six members, including four Non-Executive Directors and two Executive Directors. In line with the QCA Corporate Governance Code (the "QCA Code"), the Board has reviewed the independence of the Non-Executive Directors and considers all the Non-Executive Directors to be independent.

It was announced in August that I would be stepping down from the Board on 31 December 2021, being the end of my second term as Director and Non-Executive Chairman. During my tenure the Group has continued to evolve, including the listing on AIM in 2017, the creation and growth of eSmart Networks, and successfully navigating the difficult trading conditions created by both Brexit and the global pandemic. I am very pleased that Richard Kilner, who joined the Board in 2016, has agreed to succeed me as Non-Executive Chairman from 1 January 2022. He brings extensive knowledge of the Group, which will be invaluable in the years ahead.

Richard Kilner will also chair the Nomination Committee, with effect from 1 January 2022, and will continue to serve on the Company's Audit and Remuneration Committees. Richard's role as Senior Non-Executive Director and Chair of the Remuneration Committee will be taken up by Ffion Griffith, with effect from 1 January 2022. Ffion joined the Board of Nexus as an independent Non-Executive Director in 2018.

Chairman's statement continued

People

A primary driver of the Group's success is the team of highly skilled, driven and loyal employees across the businesses. Nexus places great importance on engaging with and developing its employees and providing a platform for personal growth and successful career development. On behalf of the Board, I would like to congratulate and thank them for their continued hard work and dedication throughout the year.

Stakeholder engagement

The Board recognises the importance of stakeholder engagement to the long-term success and sustainability of our business. The Group is committed to developing effective dialogue and relationships with all stakeholder groups and the Board continually develops our business using learnings from these interactions.

Sustainability

At the heart of our purpose, Building Bright Futures, is a commitment to sustainability. I'm proud of what Nexus and its people achieved this year we maintained our focus on health and safety and continued our work on developing and engaging our workforce, especially through the 'My Bright Future' performance development approach, which was expanded this year.

To aid our approach to reducing energy consumption across our sites and offices, improvement initiatives included working with key suppliers to reduce fuel wastage, reduce transport distances and monitor driver performance, and energy-saving initiatives in the design and construction of our new office achieving a BREEAM 'Very Good' rating.

We have started our journey to develop a strategic, Group-wide approach to sustainability. This is important to the Board because it supports our overall growth strategy and enables the energy transition by delivering sustainable infrastructure.

Strategic review

Given the compelling growth fundamentals of its markets, eSmart Networks is presented with some exciting strategic opportunities. Both as a catalyst to growth and to crystallise shareholder value, it is the Board's intention to explore strategic options available to eSmart Networks. The range of options will include a separate listing on AIM or a minority investment in eSmart Networks by a third party, with Nexus retaining a majority shareholding in either option. A further announcement on which option is to be pursued and anticipated timings will be made in due course.

Outlook

Looking ahead, the business is underpinned by strong growth drivers and is well placed to benefit from the demand for housing, infrastructure and transition of the UK energy system. Whilst some economic, political and global health uncertainty remains, the Group's market positions, strong order book and healthy balance sheet support the Board's confidence in the Group's prospects and expectation that profits will grow.

The UK, and the rest of the world, is currently undergoing an energy transition, underpinned by legally binding carbon reduction targets. Nexus Infrastructure operates at the heart of that and has an important role in delivering sustainable infrastructure in the UK. Our skills and expertise across the Group see us operate at both the supply and demand ends of the energy grid. The business has a track record and clear strategy in this growing area with high barriers to entry. The transition to Net-Zero will create a significant increase in demand for electricity, in particular renewable electricity, from consumers and businesses and Nexus is uniquely positioned to help facilitate this transition and capitalise on significant growth opportunities it will create.

G.H. French

Geoff French
Non-Executive Chairman
10 December 2021

Q&A

with Mike Morris
CEO

We are emerging as serious players in the high growth energy transition sector.

Mike Morris
Chief Executive Officer

Q:

How would you describe the past year at Nexus?

A:

It has been an exciting and transformational year at Nexus.

The business has continued to expand. We moved into our new 'Nexus Park' head office in Essex where our people, companies and culture come together. In addition, we opened our third regional office in Belfast.

The energy transition and the undersupply of new sustainable homes both provide compelling addressable markets for Nexus.

The housebuilding sector has remained buoyant throughout the year with the support of Government stimulus, including the stamp duty holiday and, even as this drew to a close, the market has remained strong.

The UK energy transition has continued to gain momentum, with widespread support from Government and other stakeholders.

Electric vehicle infrastructure, renewable energy, industrial and commercial connections alongside the Future Homes Standard and our traditional construction activities provide both diversification and massive market opportunities.

While Covid-19 remains, the effects during this year were far less than those of FY20.

Q:

How has your strategy and approach advanced?

A:

Our strategy continues to focus on leveraging our market-leading positions to identify and take advantage of the opportunities ahead. Following an emphasis on responding, protecting and restoring the business during the Covid-affected FY20 and the early part of FY21, we are now engaged in driving long-term value through growth in our core markets, expanding and enhancing our service offering, as well as taking advantage of the fast-growing markets and possible acquisition opportunities in energy transition services.

Excellent delivery, problem-solving and customer service is and always has been fundamental to the success of all our businesses. It also speaks to our Group values: keeping our word, making it happen, finding a better way, challenging assumptions and supporting each other.

The way our dedicated and experienced teams deliver for our customers is key to our success, and it is a pleasure for the Board and me to see this continue year-on-year. This continued focus on customer service, together with the operational and financial strength we maintain, ensures we are well placed to take advantage of the energy transition, future homes and other opportunities over the years ahead.

Q:

How does Nexus support the UK grid and electrical energy transition?

A:

Both our Multi-Utilities and Energy Transition businesses are supporting the UK energy transition.

TriConnex, our Multi-Utilities business, is enabling new residential developments for a future where electricity will provide the bulk of power and heating in new homes and electrical vehicle charging will be expected by residents. Planning for increased future load and providing appropriate connections is vital for our housebuilding customers, and we are well positioned to guide and support this with our in-house expertise.

Through eSmart Networks, our Energy Transition business, we are facilitating the energy transition of the UK by integrating battery storage, renewables and EV infrastructure solutions on the demand side of the grid. In addition, we connect renewable energy sources on the supply side of the grid, including solar, onshore wind and biomass.

Q:

How is your sustainability approach developing?

A:

The last 18 months have continued to highlight the importance of our corporate responsibility to look after everyone we work with, our communities and our environment. That's why sustainability is incorporated in our everyday operations, and we have initiated the development of a more strategic approach to sustainability for the year ahead.

Our people are our most important asset, and their safety and wellbeing is our priority. We have put in place an Employee Assistance Programme in addition to our established mental health and wellbeing resources. This provides professional, independent support to our people on a wide variety of issues during challenging times.

We've continued to assist our local communities through our fundraising for charities and we've taken steps to further reduce our environmental impacts.

As sustainable development is at the heart of our strategy, we want to do our bit in the transition to a net zero economy. We support the UK's Net Zero agenda by facilitating the energy transition at the demand and supply side of the UK energy grid. We are developing our service offering to further provide sustainable solutions for the UK's built environment.

Q:

How big an opportunity is the UK's Green Revolution for Nexus?

A:

Last year I said that our offering had gone from strength to strength, and this has continued again over the past 12 months; the predicted transformation for the Group is well underway.

We are leading the way in the high growth energy market. Enabling the energy transition is the route to Net Zero and Nexus is delivering this transition across industrial, commercial, residential and transportation sectors.

By 2050 electricity will be the dominant energy source, so our critical grid expertise and position in both the supply and demand of this energy provides a compelling opportunity for the Group.

The addressable markets across the Group are extensive, with the historic undersupply of new homes and growing desire for renewables and future-proofed homes supporting this. In addition, the demands for energy transition solutions continue to grow as all sectors and organisations strive towards Net Zero goals.

Q:

What strategic options are being considered regarding your Energy Transition business eSmart Networks and why?

A:

With high structural market growth in this area, as well as recent significant peer valuations including the IPO of Pod Point and the listing of EO Charging on NASDAQ, Nexus is considering the strategic options around our Energy Transition business.

Our aim is to enhance value for the benefit of Nexus shareholders, offer a pure play investment focused on the specific market and give eSmart Networks access to equity markets and investments to strengthen its position.

In a rapidly expanding market such as Energy Transition, with such strong market drivers and opportunities in the short to medium term, myself and the leadership team feel that exploring options of minority investment and a separate listing on AIM is in the best interests of the business, the Group and our shareholders.

Investment case

Nexus Infrastructure creates long-term, sustainable, growth and value for our stakeholders.

Well-defined growth strategy

We have three key levers of growth at Nexus: expand and further optimise service offering; benefit from fast-growing market segments; and capitalise on acquisitions in energy transition services.

3
Key levers of growth

Attractive and growing addressable markets

The undersupply of new homes continues to drive demand for our services on new residential developments. In addition, electricity will take enormous market share in heating, industry and transportation and we are supporting the energy transition and this compelling addressable market.

88%[1]
Of industrial and commercial energy demand will be electric by 2050

Strong balance sheet

Our strong balance sheet and fundamentals will allow Nexus to deliver growth in line with our strategy. Our cash balance remained strong and our negative working capital position was restored during FY21.

£29.5m
Cash and cash equivalents

Solid order book provides visibility of revenue

Growing order books across the Group, driven by the energy transition, housebuilder demand and controlled geographical expansion, give us good visibility of revenue and enable both material and labour planning.

£287.8m
Order book

High-quality customer base and relationships

The relationships we build and maintain with our customers, both new and old, are the day-to-day focus of our teams. We ensure the highest levels of customer service throughout the design, procurement and delivery stages of all our projects.

223
Number of customers

Reputation for high-quality delivery of essential services

Our reputation for high-quality delivery goes back over 40 years and we continue to strengthen this position being recognised as getting the very best out of the grid and sustainable energy through our Energy Transition solutions.

152
Repeat customers

1 NGESO Future Energy Scenario "Customer Transformation".

Executive review

Market fundamentals and order book remain strong.

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer

Overview

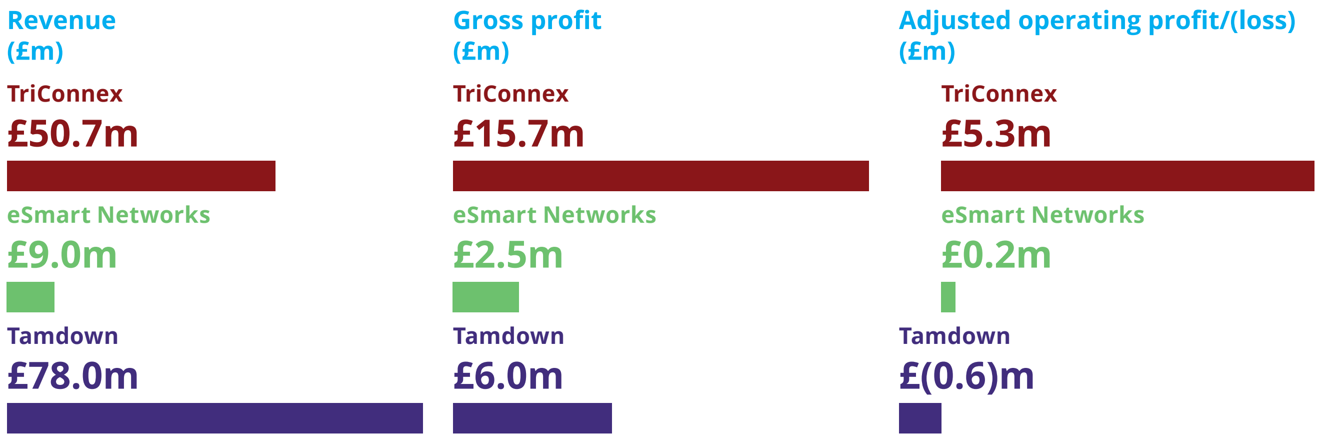
We are pleased to confirm that the Group's revenue has increased by 8.9% to £137.0m compared to the Covid-19-impacted results of the prior year (2020: £125.7m). The Group performed well in the first half of the year with revenues increasing significantly against the revenue recorded in the second half of the previous financial year, with revenue growth continuing into the second half of the year. TriConnex has been a major element of the revenue growth, performing well throughout the year and achieving a record revenue of £50.7m and growth of 29.8% (2020: £39.1m). eSmart Networks has also had a strong year with revenue increasing by 310% to £9.0m (2020: £2.2m), with revenue growth being recorded in all of the sectors the business is addressing. Tamdown recorded a revenue of £78.0m (2020: £85.8m), with the decrease reflecting a strong first half comparator in 2020 and then low levels of contract awards by customers in a Covid-19-impacted 2020 which limited the number of live contracts in 2021.

The profitability of the Group is significantly improved, though the improvement was tempered by lower levels of activity in Tamdown following limited contract awards by customers in the prior year and the significant inflationary price pressures in the cost base during the latter part of the current year. The trading and profitability of TriConnex has been strong throughout the year, with demand for multi-utility connection services remaining high, the business continuing to deliver good margins and providing more services to more customers including an enhanced fibre offering and residential EV charging. eSmart Networks made excellent progress in the year, with significant growth in revenue from the widening customer base, whilst maintaining good gross margins and improving efficiency to achieve an operating profit for the year. Tamdown made progress with margins in the first half of the year with the positive impact of new contracts. However, the significant inflationary pricing pressure of the cost base during Q4 of the year adversely impacted profits, resulting in an adjusted operating loss for the year. Tamdown's profit for the year was enhanced with the sale of its former office, which has been treated as an exceptional item.

The Group's order book remains strong and has increased by 2.1% year-on-year to £287.8m (2020: £282.0m), providing good visibility of future earnings. TriConnex has continued to thrive and increased its order book, even with a record level of revenue achieved in the year. The order book for TriConnex at the year end totalled £189.0m (2020: £185.4m), with the strong performance continuing to be driven by the up-front, mission-critical nature of securing utility network connections on development sites. The order book for eSmart Networks has increased substantially during the year, driven by the growing demand for electric vehicle charging, industrial energy transition solutions and renewable energy infrastructure. The order book for eSmart Networks increased by 255% during the year to end the year at £13.5m (2020: £3.8m), with a growing and impressive customer base in all of the sectors the business is addressing. Tamdown continued to win contracts throughout the year with its established customer base, but due to the recent inflationary environment it is being disciplined on project selection. As a result, the order book has reduced to £85.3m (2020: £92.8m).

During the year the Group's new head office facility, Nexus Park, was completed and we commenced occupation over the summer once the pandemic restrictions began to ease. Nexus Park enables the Group's businesses to come together in the same facility for the first time and will support both our cultural and strategic objectives in the years to come.

The Group's established divisions service the UK housing market, which is structurally undersupplied and supported by Government, meaning demand remains strong. eSmart Networks has significant opportunities at both the supply and demand ends of the energy grid, particularly within the electric vehicle charging sector, which includes charging for cars, public transport and delivery vehicles, along with industrial electrification and renewable energy infrastructure, all of which are supported by the Government's Ten Point Plan for a Green Industrial Revolution.



Growth strategy

The Group's mission is to be recognised as the leading provider of sustainable infrastructure services in the UK. The Group's priorities are to:

- expand and further optimise service offering, to achieve growth;
- benefit from and expand in fast-growing market segments, to continue growth; and
- focus shareholder value in energy transition services, to achieve scale and earnings accretion.

Financial performance

Revenue for the Group increased by 8.9% to £137.0m (2020: £125.7m). TriConnex's revenue increased by 29.8% to £50.7m (2020: £39.1m) and eSmart Networks' revenue increased by 310.2% to £9.0m. The eSmart Networks revenue was lower than initially anticipated due to the activity on a small number of contracts not fulfilling all of the criteria required to enable value to be recorded as revenue in the 2021 financial year. The deferred activity will be recorded as revenue in H1 of the 2022 financial year. Tamdown's revenue decreased by 9.1% to £78.0m (2020: £85.8m).

Gross profit for the year increased to £24.2m (2020: £16.7m) with the overall gross margin improving to 17.7% (2020: 13.3%). TriConnex maintained a high gross margin, reverting to margin levels achieved prior to the pandemic of 30.8% (2020: 30.5%). eSmart Networks' gross margin was, as expected, 28.0% (2020: 27.6%) with identified efficiencies being maintained. The gross margin for Tamdown improved in the first half of the year but has been impacted in the second half of the year by the significant inflationary price pressures in the cost base, which have not been able to be recovered from customers. Overall, the gross margin improved against the prior year to 7.7% (2020: 4.9%).

Administrative expenses for the Group, including exceptional items, increased in the year by £0.9m to a total of £20.2m (2020: £19.2m). The exceptional item for the current year is the profit on sale of Tamdown's former office, which generated a profit of £1.3m. The exceptional items in the prior year related to redundancy costs.

The Group's operating profit for the year before exceptional items was £2.9m (2020: loss £1.9m). The Group's operating profit for the year totalled £4.2m (2020: loss £2.5m). The profit for the year attributable to equity holders of the parent company was £3.0m (2020: loss £2.4m).

Strategic process

Respond and protect
Rapid and decisive actions taken by leadership
2020

Restore
Position the business for a successful recovery
2021

Drive long-term value
Compelling growth opportunities
2022+

Read more on pages 22 and 23

Executive review continued

Other financial information

Order book

The Group's order book increased during the year by 2.1% to £287.8m (2020: £282.0m). TriConnex has further enhanced its order book, with a year-end balance of £189.0m (2020: £185.4m), with a high level of work secured, more than replacing value utilised during the year. eSmart Networks significantly increased the order book during the year, with the year-end balance increasing to £13.5m (2020: £3.8m) an increase of 255%. Tamdown's order book decreased to £85.3m (2020: £92.8m), with a disciplined approach being taken on project selection due to the current inflationary environment.

Net finance costs

The net finance charge for the year totalled £0.4m (2020: £0.3m). Interest received on bank deposits was negligible, £0.0m (2020: £0.03m) due to low interest rates and interest payable totalled £0.4m (2020: £0.4m). Interest payable constitutes interest on bank borrowings of £0.3m (2020: £0.3m) and interest on lease liabilities of £0.1m (2020: £0.1m).

Tax

The Group recorded a tax charge for the year of £0.8m (2020: credit £0.5m), representing an effective tax rate of 20.9% (2020: 16.9%). The current year's tax charge includes adjustment for the gain on the disposal of Tamdown Way, the impact of capital allowances and the impact of the change in substantively enacted tax rate on the Group's deferred tax balances. Going forward, we expect our tax rate to be broadly in line with the prevailing corporation tax rate.

Earnings per share

Basic earnings per share equated to 6.6p, compared to a loss per share of 5.9p in 2020. The diluted earnings per share was 6.4p (2020: loss 5.9p).

Dividends

As noted in the Chairman's statement, the Board has recommended a final dividend of 1.4p per share (2020: 0.0p per share), giving a total dividend for the year of 2.0p per share (2020: 0.0p per share). The total dividend results in the dividend cover of 3.3 times and it is anticipated that the dividend cover will revert to 3.0 times over time as profitability improves. The total cost of the dividend payments, including the interim dividend, will be £0.9m.

Statement of financial position

The Group continues to maintain a strong balance sheet with shareholders' funds increasing during the year to 30 September 2021 by £3.3m to £32.1m (2020: £28.8m), the movement representing the trading performance of the Group companies less the payment of dividends totalling £0.3m.

The Group's new head office building was completed during the year with investment, inclusive of the fixtures and fittings, of £7.1m. Occupation commenced over the summer following the easing of pandemic restrictions and we believe bringing the majority of our office-based staff together in one location will enhance the business culture and support growth in the years to come.

Non-current assets increased over the year by £5.9m to £24.4m (2020: £18.5m), with the increase due to the investment in buildings and the associated fixtures and fittings, mitigated by depreciation and disposals. Current assets increased by £7.1m to £91.4m (2020: £84.3m) with inventories increasing by £1.3m, trade and other receivables increasing by £0.5m, contract assets by £8.4m and cash balances decreasing by £2.6m to £29.5m (2020: £32.1m).

Total liabilities increased by £9.6m to £83.6m (2020: £74.0m), with trade and other payables increasing by £1.6m, contract liabilities increasing by £6.9m, lease liabilities decreasing by £0.9m and borrowings increasing by a net £2.1m to fund the construction of the new head office building.

Cash flow

The Group utilised £2.6m (2020: generated £4.7m) of cash in the year, resulting in a cash and cash equivalents balance at 30 September 2021 of £29.5m (2020: £32.1m).

Operating cash flows before working capital movements generated £5.1m (2020: utilised £0.4m). Working capital increased during the year by £1.7m (2020: decrease of £0.5m), with increases in debtors, contract assets and inventories partly mitigated by increases in payables and contract liabilities, resulting in cash generated from operating activities of £3.4m (2020: £0.1m). Tax and interest payments amounted to £0.7m (2020: £0.5m). Cash utilised in investing activities totalled £5.8m (2020: £6.0m), with £7.7m used to acquire fixed assets and £1.9m received from the proceeds of asset disposals, including £1.6m for the sale of Tamdown's former office. Net cash inflows from financing activities totalled £0.4m (2020: £11.1m), including £3.5m from the drawdown of bank facilities relating to the development of fixed assets, repayment of bank loans of £1.5m, £1.4m on lease repayments and £0.3m (2020: £1.7m) on dividend payments.

The Group continues to have a good relationship with its sole banker, Allied Irish Bank ("AIB"). The current facilities provided by AIB include a term loan of £12.0m (£1.9m drawn), a development loan of £10.0m (£9.8m drawn), an undrawn revolving credit facility of £5.0m, and an associated accordion of £5.0m. The Group is fully compliant with its banking covenants.

Treasury risk management

The Group's cash balances are centrally pooled and invested, ensuring the best available returns are achieved, consistent with retaining liquidity for the Group's operations. The Group deposits funds only with financial institutions which have a minimum short-term credit rating of A. As the Group operates wholly within the UK, there is no requirement for currency risk management.

Summary and outlook

This has been an important year for Nexus. We have achieved a strong recovery from Covid-19, delivering profitable growth and reinstating the dividend whilst making excellent progress on strategy.

TriConnex has had an important year on revenue and profit, passing £50m for the first time; 2022 will be a breakthrough year for TriConnex in residential energy transition.

eSmart Networks is at the cutting edge of EV charging for cars, fleets and buses and has delivered strong growth, profitability and a burgeoning order book. Given the compelling growth fundamentals of its markets, eSmart Networks is presented with some exciting strategic opportunities. Both as a catalyst to growth and to crystallise shareholder value, it is the Board's intention to explore strategic options available to eSmart Networks.

Tamdown has seen improved performance in the year and whilst inflationary pressures persist, these are being managed through selective tendering and tightened operational controls.

Looking forward, the Group is well placed to benefit from the demand for housing, infrastructure and transition of the UK's energy and is emerging as a serious player in the high growth energy transition sector. Whilst some economic and political uncertainty remains, the Group's market positions, strong order book and healthy balance sheet give the Group a solid platform to deliver and support the Board's confidence in the Group's growth prospects for 2022 and beyond.

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer

10 December 2021

Our markets

Housebuilders, industrial and commercial, transportation and renewable infrastructure businesses are all working towards Net Zero, decarbonisation and sustainability goals.

The energy transition and the undersupply of new sustainable homes both provide compelling addressable markets for Nexus.

An essential and pivotal change is beginning to take place in the grid and Nexus is well placed to support the energy transition.

Housing

Market drivers
- Housing shortage and regeneration of urban and brownfield areas
- National Housing Federation has identified the need for up to 340,000 new homes in England per year up to 2031
- Government stimulus including Help to Buy, mortgage guarantee scheme, 'Generation Rent to Generation Buy'
- Social changes driven by pandemic such as household changes and desire for more internal and external space
- Support driven by accepted importance of the housing market to the wider economy

Opportunities
- Increase in mixed tenure developments with requirement for affordable housing
- Broadened product and services demand within infrastructure and utilities capability
- Growth in residential services due to the national housing shortage
- High pace delivery with modular and off-site

Industrial and Commercial

Market drivers
- Growth in logistics and distribution centres to enable ongoing expansion of online shopping and fulfilment
- Growing requirements for chilled food manufacturing and distribution centres
- Increase in data centres to house cloud-based storage solutions
- Supporting civil engineering and infrastructure requirements for large warehouse and similar structures
- Net Zero responses by businesses to meet Government guidance

Opportunities
- Utility connections required for facilities across growing range of sectors
- Increasing requirement and public pressure for EV charging infrastructure
- Renewable energy connections preferred and increasingly projected
- Civil engineering capability transferable for appropriate schemes

Transportation

Market drivers
- Government's Road to Zero strategy setting clear path for zero emission goals and phasing out of combustion engines
- Businesses with company vans and cars moving to electric vehicles
- Transportation companies such as bus and coach companies transitioning to electric vehicles
- Increasing percentage of car manufacturers in the EV market
- Electric vehicle forecourts and hubs being built in growing number of locations

Opportunities
- Transition from combustion engine to electric vehicles continues to accelerate
- Creation of low emission transport systems
- Increased requirement for large grid connections at depots, hubs and forecourts
- Studies suggest that the UK will require more than 25m electric vehicle charging points by 2050

Renewables and Electrification

Market drivers
- Requirement for renewable energy sources and energy storage
- Government support for decarbonisation and commitment to Net Zero by 2050
- Increasing use of renewable energy to produce power and heat
- Legislative agenda: Future-proofed homes required in line with the Future Homes Standard
- Increase in smart cities and associated infrastructure

Opportunities
- Electricity is expected to increase from 20% of the energy supply to more than 75% by 2050
- Investments in renewable energy connections
- Supporting requirements for the energy transition of power and heat
- Enhanced electricity requirements embedded within future home designs

Business model

Our processes, resources and relationships ensure we create value for our stakeholders.

Resources and relationships

The resources and relationships we need to run our business:

Our people

Highly skilled, motivated and loyal workforce.

Experienced senior management team and Board.

Markets

Attractive and growing addressable markets supported in coming years by Government housing and energy transition strategies.

Financials

Attractive cash flow characteristics with a high cash balance, resulting in a strong balance sheet.

How we do it

1

Business development

- Early customer engagement
- Solution innovation
- Design and estimating
- Value engineering

2

Planning

- Programme and logistics
- Procurement and resources
- Legal compliance
- Project collaboration

3

Execution

- Performance monitoring
- Flexible delivery
- Team approach
- Safe working

Creating value

Our shareholders

Positive fundamental market growth drivers to enable a progressive dividend policy.

Our customers

Relationships, partnerships and effective engagement with our customers to understand their individual challenges and needs.

Our people

Group purpose and values with a strong focus on staff development and learning as well as health, safety and wellbeing.

Our communities

Financial support to local charities, staff volunteering days, supporting educational organisations and pupils, and more.

Outcomes

2.0p
Dividends

£287.8m
Order book

700
Number of employees

25
Apprenticeships

Why customers choose us

Our customers choose us because we take the time to fully understand their objectives, then we develop the right technical solution for their individual and evolving needs.

We invest resource at the earliest possibly opportunity, often across entire project portfolios. This allows more efficient investment, certainty of outcomes and visibility of delivery requirements.

Recently we have expanded our advice and guidance to our customers, to include options for enhancing and accelerating the route towards their sustainability and decarbonisation goals.

Our culture

Nexus is Building Bright Futures and enabling the energy transition by delivering sustainable infrastructure.

We work hard to ensure that working for any of the companies within the Nexus Infrastructure Group is a rewarding experience for our people. Employees spend a lot of time at work and we know the importance of spending that time working towards a common purpose; for us, that purpose is 'Building Bright Futures' and to support this our team adheres to our Group values.

Our culture defines how we work together. We work hard to create a resilient culture that will inspire everyone, existing staff and new recruits alike, whatever their position within the business.

"We are building bright futures for our people, our customers and the communities we serve.

Nexus' success is built on its people. We believe that everyone matters, because if we want to go further, we go together and that's why we support each other to be our best.

We seek continuous improvement, rather than pursuing perfection and that applies as much to our people as it does to our process. Talented people will always challenge assumptions, find a better way of doing things and then work together to make it happen.

We're clear and straightforward. We're trusted because we keep our word."

Mike Morris
CEO

"I'm proud to have worked for two of the Group's business and have always been supported to grow and develop my skills. I started in TriConnex completing a Business Administration apprenticeship and now I work for Nexus itself in the People team, helping others to develop."

Saskia Wren
People Development Coordinator

Challenge assumptions

We ask good questions to understand better, generate more ideas and find solutions to problems. We get better results that way.

- We won't assume we know the answer, we'll find out
- We check we haven't overlooked something important
- We are willing to challenge the norm, for the right reasons

Find a better way

Finding brighter, more effective ways of doing things makes sense for everyone – our people, our customers and the communities we serve.

- We listen to what our customers say – what can we learn?
- We're open minded – nobody is as clever as everybody together
- We encourage colleagues to seek new ideas and improvements

Support each other to be our best

We're a team. We celebrate our differences and the contribution everyone makes; whoever they are, whatever role they play.

- We involve those who need to be involved, at the right time
- When we need help, we ask for it and make time to help others
- We communicate well by being clear and straightforward

Make it happen

We do our best work when we're clear on the goal. We know what success looks like; we plan, work well together and get the job done.

- We keep things simple, stick to the plan and follow things through
- We know who is doing what and what happens next
- We overcome challenges as a team

Keep our word

We do what we say we will do – it builds trust. We lead by example – it builds commitment, stronger relationships and results follow.

- We are responsible for what we do and what we say
- We deliver on the promises we make to each other and our customers
- We are clear and straightforward; we say what we mean

Measuring our culture

17.6%	24	100%	7
Female employees (% of employees)	Hours of employee training (average per employee)	Office employee appraisals (% of employees)	Employee communications per week (average)

Strategy

Nexus' mission is to be recognised as the leading provider of sustainable infrastructure services in the UK, by delivering outstanding performance through a focus on delivery, customer service and diversification.

Strategic process

Respond and protect
Rapid and decisive actions taken by leadership
2020

Restore
Position the business for a successful recovery
2021

Drive long-term value
Compelling growth opportunities
2022+

Strategic objectives

Expand and further optimise service offering

- Sector diversification
- Geographic expansion
- Services optimised for energy transition
- Track record of identifying next opportunity

Market share gains

Benefiting from fast-growing market segments

- Net Zero targets changing the game
- Industrial electrification is the next big opportunity
- EV demand growing fast
- Every sector impacted

Continued growth

Focus shareholder value in energy transition services

- Focus on underappreciated targets
- Significant arbitrage potential
- Disciplined approach on criteria and valuation
- Explore routes to enhance shareholder value

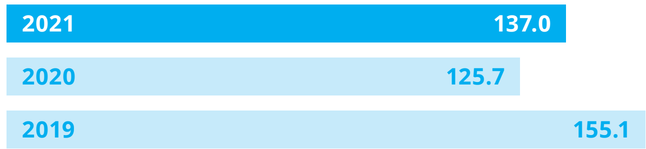
Scale and earnings accretion

Strong fundamentals, along with the strength of the balance sheet, will enable Nexus to deliver growth over the long term.

Key performance indicators

The Board uses key performance indicators to measure its progress against the Group's strategic objectives.

Revenue (£m)

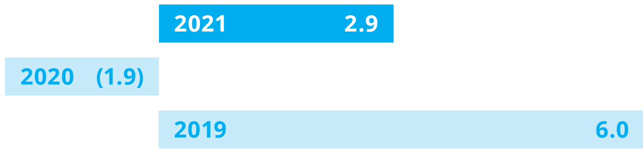


£137.0m

8.9%

Revenue and revenue growth track our performance against our strategic aim to grow the business

Adjusted operating profit[1] (£m)



£2.9m

254.5%

Tracking adjusted operating profit ensures that the focus remains on delivering profitable outcomes on our contracts

Earnings per share ("EPS") (p)

6.6p

211.8%

Tracking the after-tax earnings relative to the average number of shares in issue provides a monitor on shareholder value

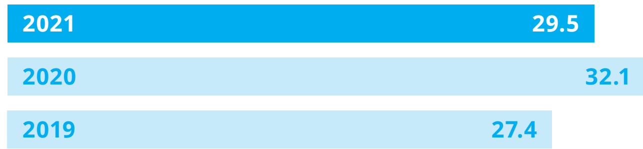
Total dividend per share (p)

2.0p

Tracking the total dividend per share declared for each financial year provides a monitor on the return achieved for shareholders

1 Adjusted operating profit is operating profit excluding the impact of exceptional items.

Cash and cash equivalents (£m)

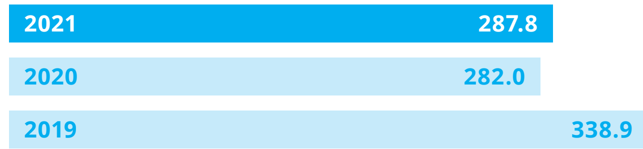


£29.5m

-8.1%

Tracking the cash balance monitors the conversion of profits into cash, ensuring that cash is available for reinvestment or distribution to shareholders

Order book (£m)

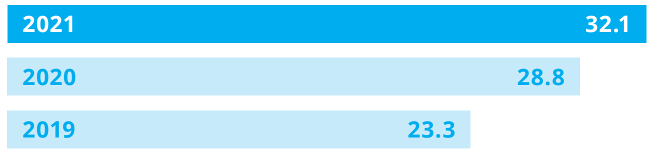


£287.8m

2.1%

The tracking of the order book, being the amount of secured construction work and utility asset value yet to be recorded as revenue, provides visibility on expected future revenue against the strategic aim to grow the business

Net assets (£m)

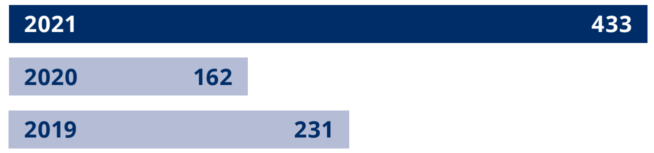


£32.1m

11.5%

Tracking the Group's net assets monitors the Group's financial strength and stability

Accident Incident Rate (#)



433

Health and safety is of paramount importance as the Group's businesses work in sectors which carry significant health and safety risks

Operational review
Multi-Utilities

TRICONNEX

TriConnex, our Multi-Utilities business, designs, installs and connects electricity, water, gas, fibre networks and electric vehicle charging infrastructure on new residential developments. Working with major housing developers, the business offers end-to-end solutions with the goal of being recognised as the UK's leading independent provider of utility connections to new residential developments.

In April 2021 TriConnex celebrated ten years of delivering multi-utilities connections and market-leading customer service

Engaged at the very early stage of developments with customers, and often secures contracts prior to land acquisition

Financial and operating performance

Revenue for TriConnex increased by 29.8% to £50.7m (2020: £39.1m). Despite the backdrop of Covid-19, activity levels continued to be high throughout the financial year. Strong growth in the core South East region was supported by growth from the Midlands region, with revenues boosted on a per plot basis as customers added water and fibre connections to their energy connections.

TriConnex is engaged at the very early stage of developments with its customers, and often secures contracts prior to land acquisition. The maintenance of the order book at high levels illustrates that customers continue to be active and are planning for the long-term.

"Growth ambitions are to build the business in a significant and sustainable manner.

David Topping
Managing Director of TriConnex

TriConnex is a high gross margin business, principally due to the more technical, office-based, added-value nature of the services it provides, resulting in a higher proportion of overhead costs. The high gross margin has been maintained during the year, with the margin increasing to pre-pandemic levels of 30.9% (2020: 30.5%).

As TriConnex provides a full concept to connection service with a significant amount of desktop planning, research and technical design, the majority of TriConnex's staff are office based. Overheads for the year increased to £10.4m (2020: £8.5m), driven by an increase in headcount to service the increased levels of activity and the impact of the Coronavirus Job Retention Scheme grant of £0.4m reducing the prior year costs.

Operating profit increased by 55.9% to a record profit level of £5.3m (2020: £3.4m) with an operating margin returning to pre-pandemic levels of 10.5% (2020: 8.7%).

TriConnex's order book has been resilient with a growth of £3.6m over the year to £189.0m (2020: £185.4m). This good performance has been driven by the up-front, mission-critical nature of securing utility network connections on development sites, with developers also continuing to expand the number of services they contract for.

Order book (£m)

£189.0m

Operational review
Multi-Utilities
continued

Our multi-utilities markets

The utility connections market consists of three regulated utilities: electricity, water and gas; and the unregulated utility markets of fibre and electric vehicle charging infrastructure. Following the opening of the connections market to competition, TriConnex entered the market in 2011 to offer electricity and gas connections, expanding to offer water connections in 2014, fibre connections in 2016 and domestic electric vehicle charging in 2019.

TriConnex continues to differentiate itself in the market through its provision of a full multi-utility connection offer, coupled with a deep focus on outstanding customer service.

Historically, utility connections have been a challenge for many developers. To address this, TriConnex's core aim has been to apply its customer understanding to provide an enhanced experience and deliver connections on time, every time. The most recent Government briefing paper, 'Tackling the under-supply of housing in England', from January 2021 identifies that estimates of up to 345,000 new homes a year are needed in England. TriConnex can play a major role in supporting developers achieve this target.

TriConnex's core customer base consists of a mix of large, small and mid-sized residential developers, who are offered a full multi-utility service. Building on its established position in the electricity and gas connections sector, market and regulatory changes have supported the newer service offerings. In fibre, the shift towards gigabit-ready fibre broadband has led to TriConnex expanding its offer with the addition of Virgin Media's 1GB ready fibre network, offered alongside SKY's ultra-fast broadband and many other full fibre providers. In water, Ofwat has introduced greater competition into a market that is inherently monopolistic, through NAVs (new appointment and variations) – limited companies who provide water services that would previously have been supplied by the incumbent. TriConnex is able to offer a NAV option to developers and include this as part of the overall multi-utility service. These changes should support greater levels of access for independent connection companies in the fibre and water connections markets, in which TriConnex is well placed to benefit. In electric vehicle charging, forthcoming new building regulations will mandate the requirement for access to electric vehicle charging for new residential properties. To help developers address this, TriConnex has partnered with EO Charging to provide charging solutions.

Established reputation of delivering high-quality customer service alongside cost-effective, efficient utility connections

Looking forward, reducing carbon emissions from the heating of homes is one of the many issues being debated as part of the roadmap to Net Zero by 2050. The approach has been set out in the Future Homes Standard which proposes a ban on the use of fossil fuel heating systems in new homes by 2025 alongside other measures to improve energy efficiency. These changes will alter the utility requirements for new housing projects with gas ultimately eliminated as a core utility whilst at the same time creating the potential for an increased electrical load requirement. TriConnex is working in partnership with its customers to determine how these changes may impact current and proposed projects and identifying the right solutions to support this.

Growth strategy

TriConnex's growth ambitions are to build the business in a significant and sustainable manner, with the key differentiator being the quality of service provided to its customers. The growth drivers include:

Market penetration:
TriConnex has expanded from its original base in the South East into the South West and most recently into the Midlands. Within these regions TriConnex has good relationships with many regional businesses of existing blue-chip customers, however there are also more regional businesses in these areas to whom TriConnex does not currently provide services. These businesses present a continued growth opportunity.

Case study – Taylor Wimpey, Crewkerne, Somerset

Following early engagement with the customer, TriConnex is now in the detailed design and planning stage of Taylor Wimpey Exeter's new project in Crewkerne.

A substantial development with multi-utility requirements for 635 plots, a primary school, care home, local centre and employment use area.

We are providing electricity, water, gas and fibre networks as well as supporting our customer in their planning for residential electric vehicle charging and meeting the requirements for the Future Homes Standard.

The site will require additional electricity substations to allow for the swap from gas to electric heating as part of the energy transition and contributing towards the customer's Net Zero targets.

Customer diversification:
Whilst already boasting a broad customer base of residential developer customers, further opportunity remains for TriConnex to expand its customer portfolio in all segments, be they large-scale blue-chip housebuilders, mid-size developers, or smaller SME builders that demonstrate they have capacity for growth over time.

Service innovation:
When TriConnex began in 2011, the business offered the design, installation and connection of gas and electricity networks. The company continually considers how to improve its service to customers, and this has resulted in the subsequent introduction of water networks, fibre networks and residential EV charging infrastructure, based on customer requirements. More recent service developments include enhancing the number and quality of fibre network providers housebuilders can connect to, including the recent addition of Virgin Media to our offering as an ISP, expanding the ways that housing developments can access electric vehicle charging units, and development of the water NAV proposition.

Outlook

TriConnex has built and maintained a strong reputation for providing a high level of customer service alongside cost-effective, efficient connections. The fundamental market growth drivers for our business are positive, which, with our continuing strong order book, means it is well positioned to deliver further growth.

Growth continued through service innovation, geographical expansion and customer diversification

Operational review
Energy Transition

eSmart networks

eSmart Networks, our Energy Transition business, provides public electric vehicle charging, industrial electrification and renewable energy connections. The business was created to respond to the UK's need for charging infrastructure as the transition from internal combustion engines to electric vehicles gathers pace, and has since broadened its services to provide grid connection solutions and renewable energy infrastructure.

The highly technical skills and specialised electrical accreditations allow eSmart Networks to offer customers a complete package of services which spans grid constraint solutions, grid connections and the onsite specialised civil and electrical installations.

Of particular value to customers is eSmart Networks' capacity to control the grid connection process – effectively removing the monopoly Distribution Network Operator ("DNO") from the process, greatly reducing project timescales.

> **"We consider this sector to have strong growth potential.**
>
> **Simon Gallagher**
> Managing Director of eSmart Networks

The Government's Green Industrial Revolution accelerates the shift to zero emission vehicles and renewable energy

Recent studies suggest that the UK will require more than 25 million electric vehicle charging points by 2050

Financial and operating performance

eSmart Networks has continued to develop its offering to the EV charging infrastructure sector, whilst also developing its services to the industrial electrification and the renewable energy infrastructure sectors. During the year it has completed a variety of EV charging installations, including single charging units at destination sites such as pubs, supermarkets and petrol station forecourts, high power chargers at electric forecourts and charging hubs, 'last mile' delivery van depots and conversion of bus depots to facilitate electric buses. Industrial electrification projects have included designing and installing the significant load requirements at a Mega Shed. Renewable energy infrastructure projects have included detailed grid capacity analysis for international investor funds.

Revenue for the year grew significantly by 310% to £9.0m (2020: £2.2m), as the business continues to scale up in parallel to the growing pace of the EV charging infrastructure sector, along with entering the industrial electrification and renewable energy infrastructure sectors. Revenue was lower than initially anticipated due to the activity on a small number of contracts not fulfilling all of the criteria required to enable value to be recorded as revenue in the current year. The deferred activity will be recorded as revenue in H1 of the current financial year.

The gross margin was in line with expectations at 28.0% (2020: 27.6%), with gross profits totalling £2.5m (2020: £0.6m). Administrative expenses have grown with the scaling up of headcount to service the increased levels of activity, to £2.4m (2020: £1.4m), with the headcount increasing to 60 by the year end (2020: headcount 31). The scaling up of activity and the strict cost control resulted in eSmart Networks achieving an operating profit for the year of £0.2m (2020: loss £0.8m).

The growing demand for electric charging, industrial electrification and renewable energy infrastructure has driven a substantial increase in the order book, with an increase of £9.7m to £13.5m (2020: £3.8m), an increase of 255% over the year.

Order book (£m)

£13.5m

Operational review

Energy Transition

continued

Our energy transition markets

The UK has a legal commitment to tackle climate change and, in 2019, it became the first major economy to write into law the commitment to bring all greenhouse gas emissions to Net Zero by 2050. Transport generates approximately a quarter of all the UK's greenhouse gas emissions; therefore, to achieve the legally binding reduction target for the UK, emissions generated from transport need to be extensively reduced.

In November 2020, the Government published The Ten Point Plan for a Green Industrial Revolution. The plan includes the acceleration of the shift to zero emission vehicles, which will end the sale of new petrol and diesel cars and vans from 2030. Support for this plan includes the investment of £1.3bn to accelerate the roll out of charging infrastructure on motorways and major roads, along with more on-street charge points. Recent studies suggest that the UK will require more than 25 million electric vehicle charging points by 2050 in order for the UK to achieve the Net Zero emission target, with 2.6 million in public places and the balance as private charging points for houses with off-street parking at an overall estimated installation cost of £50bn.

In December 2020, the Committee on Climate Change published its recommendation on the UK's sixth carbon budget, which will set the UK's carbon emission reduction pathway between 2033 and 2037, in order to meet the legally binding Net Zero target by 2050. This report recommended a 78% reduction in UK territorial emissions between 1990 and 2035, in effect bringing forward the UK's previous 80% target by 15 years. This recommendation was enshrined in law under the Carbon Budget Order in April 2021. The report forecasts the UK will need a network of 10,000-20,000 interurban 'rapid charge' points by 2040. The report also forecasts that electricity generation will need to double from today's levels by 2050, with solar generation required to grow by 654%.

Currently electricity supplies 20% of all of Great Britain's energy requirements, by 2050 this will rise to 78%. Electrification of transportation, industrial demand and residential demand are key elements to Net Zero.

eSmart Networks was created by Nexus to support the UK's transition to a lower-carbon transportation system and has diversified into the provision of industrial electrification and renewable energy infrastructure. eSmart Networks applies the electrical expertise from within TriConnex, along with the civil engineering experience of Tamdown, to be perfectly placed to design and install the electric vehicle charging and energy infrastructure required in the UK.

Currently electricity supplies 20% of all of Great Britain's energy requirements, by 2050 this will increase to 78%

Growth strategy

eSmart Networks' growth ambitions are to build the business in a significant and sustainable manner. The growth drivers include:

Market penetration:

eSmart Networks addresses three end markets, which have similar technical requirements. All three markets have massive opportunities over the medium-term:

- Electric vehicle charging: It is estimated that the number of charging points in the UK will need to grow from the current 40,000 charge points to in excess of 2,700,000 charge points by 2030. The value of the addressable market for cars, buses and fleet vehicles is considered to total £8.3bn. eSmart Networks will continue to work with electric forecourt operators, charging hub and on-route operators, bus and fleet operators and destination owners.
- Industrial electrification: The vast majority of energy requirements will switch over to electricity away from carbon intensive energy sources by 2050. In addition, electricity intensive industrial buildings such as automated warehouses and low carbon food production/processing are coming online. eSmart Networks will continue to expand its capabilities as an Independent Connections Provider, working with customers to support their connection needs for industrial properties with large energy needs.
- Renewable energy infrastructure: The growth of the capacity of both solar and onshore wind generation is estimated to grow by in excess of 100% by 2030, which creates addressable markets of approximately £1.0bn. eSmart Networks will continue to work with renewable energy investors and developers to identify viable projects and utilise its Independent Connections Provider capabilities to design and install renewable energy infrastructure.

Case study – RATP Dev, Bus Depots, Fulwell and Harrow

eSmart Networks designed and delivered a turnkey electrification service on two separate depot projects for their customer RATP Dev.

Urgent electrification was required to meet the awarding bodies' project timescales for a selection of new bus routes.

Using the technical skills and experience within the team, we provided an innovative timed grid connection to meet the fixed deadlines while also providing significant financial savings for the customer's projects.

Following these successes our teams are now engaged and working with RATP Dev on reviewing other planned sites to identify and deliver efficiencies for their future projects.

Geographic expansion:

From the outset, eSmart Networks was set up to be a national business. It has successfully designed, installed and commissioned projects in each of the nations of Great Britain. The business now has employees located throughout the UK and we have recently opened an office in Belfast to support our design and technical departments.

The business is well placed to take advantage of the significant investment in energy transition throughout the UK that is being made by private funds, car manufacturers, developers and Government.

Outlook

The UK is currently undergoing an energy transition, underpinned by legally binding carbon reduction targets. eSmart Networks operates at the heart of that. Our skills and expertise see us operate at both the supply and demand ends of the energy grid. The business has a growth trajectory and clear strategy in this growing area with high barriers to entry. The transition to Net Zero will create a significant increase in demand for electricity from consumers and businesses and eSmart Networks is helping facilitate this transition and capitalise on significant growth opportunities.

Addresses three core end markets with massive opportunities: EV charging, industrial electrification and renewable energy infrastructure

Operational review
Civil Engineering

TAMDOWN

Tamdown, our Civil Engineering business, provides a range of civil engineering and infrastructure services to the UK housebuilding sector. These services include earthworks, building highways, substructures and basements, installing sustainable drainage systems and high-rise construction. It has an established market-leading position having been in operation for over 40 years.

Successful in winning contracts throughout 2021 from its extensive customer base, leveraging our continued strong relationships

Established market position means we are well placed to benefit from the Government's ongoing stimulus for the housebuilding sector

Financial and operating performance

Tamdown performed well in the first half of the year, with revenues increasing significantly against the revenue recorded in the second half of the previous financial year. Revenue growth continued in the second half of the financial year, during Tamdown's traditionally busy trading period. Overall revenue decreased in the year to £78.0m (2020: £85.8m) following low levels of contract awards in the Covid-19-impacted 2020 and a strong H1 comparator in 2020.

The gross margin for the first half of the year had improved from the prior year loss to 10.1%, with profitability not returning to pre-pandemic levels due to ongoing contracts being impacted principally due to Covid-19. Significant inflationary price pressures in the cost base have materialised during Q4 of the year, further impacting contract profitability. Overall, the gross margin improved against the prior year to 7.7% (2020: 4.9%). However, whilst inflationary pressures exist, these are being managed through selective tendering and tightened operational controls.

Stimulus to counter the housing supply deficit provides us with confidence.

Rob Kendal
Managing Director of Tamdown

Tamdown has maintained a very tight control of cost throughout the year, with administrative expenses before exceptional items reducing by £0.9m to £6.7m (2020: £7.5m).

Following the completion of the Group's head office building, Nexus Park, during the year and the subsequent occupation in the early summer, Tamdown's former office became surplus to requirements. The property was sold in September for proceeds of £1.6m, which resulted in a profit on disposal of £1.3m. The profit on disposal has been treated as an exceptional item.

The operating loss, prior to the exceptional item, was £0.6m (2020: loss £3.3m). The operating profit for the year was £0.6m (2020: loss £3.9m).

Tamdown has been successful in winning contracts throughout 2021 from its extensive customer base, leveraging our continued strong relationships. The inflationary environment in the second half of the year has led to a cautious and disciplined approach to project selection and, as a result, the order book has reduced to £85.3m (2020: £92.8m).

Order book (£m)
£85.3m

Operational review

Civil Engineering

continued

Our civil engineering markets

Tamdown customers are UK housebuilders and affordable housing developers, including housing associations. As such, the UK housebuilding market is key to Tamdown. The fundamental market growth drivers for our business are positive since the housing market has been in a long-term position of structural undersupply as the number of new houses built has failed to keep pace with the rate of household formation. The most recent Government briefing paper in January 2021 'Tackling the under-supply of housing in England', references the National Housing Federation estimate of up to 340,000 new homes per year needed in England up to 2031, which is ahead of the Government's estimate of 300,000 new homes target to tackle the housing shortage. There is the expectation that the housing deficit will remain over the long-term. The prevalence of this deficit has attracted a significant amount of Government stimulus to the sector.

Tamdown operates in the South East of England and London, where the undersupply of housing is more acute compared to the rest of the UK. The general uncertainty posed by the Covid-19 pandemic in 2020 caused customers to take a cautious approach to starting new sites and awarding contracts throughout that year. Tamdown works with the majority of the quoted housebuilders, who account for approximately 50% of total private new build volumes. This dominance is expected to continue as these customers work through their land bank and develop larger schemes.

Tamdown also works alongside a number of housing associations that deliver mixed tenure developments and are focused on the affordable homes segment of the housing market, who offer variety and strength to its customer base.

Tamdown is working in partnership with its customers, delivering fundamental and essential elements of the modular building revolution. This, and other Modern Methods of Construction, are enabling the construction industry to build better, greener and faster while meeting new targets and legislation.

There is general acceptance that there is a deficit in housing supply and so with Tamdown's established market position as one of the leading providers of infrastructure and civil engineering services to major UK housebuilders, we are well placed to benefit from the Government's current and future stimulus.

Enabling the construction industry to build better, greener and faster by delivering fundamental and essential elements of modern methods of construction

Growth strategy

Tamdown's ambition is to return to yielding profits in a sustainable manner through the successful delivery of its strategic goals, including:

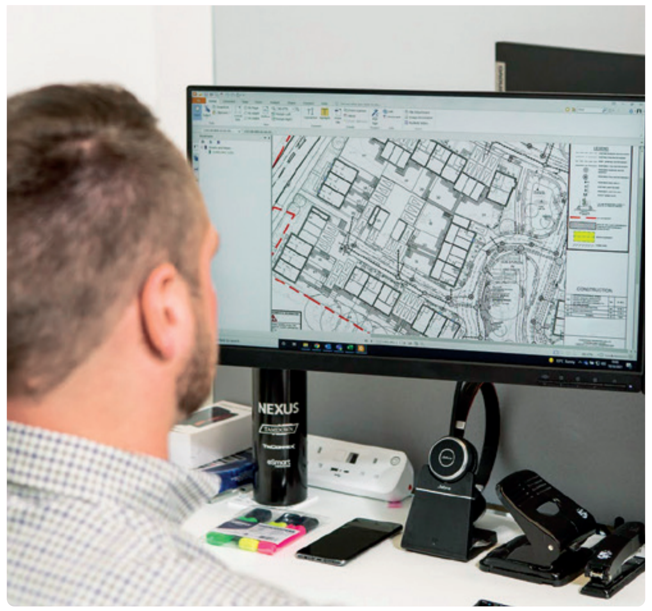
Margin enhancement:

The limited number of project awards in the past year has resulted in a competitive market for Tamdown to secure projects, which is increased by the inflationary price pressures within the cost base. Tamdown's ongoing focus is on how the team plans and procures the resources required on projects, the mobilisation process and the interaction with customers before and during delivery, to ensure that projects are delivered safely, on time, to a high quality and profitably. The selection of projects will be important to ensuring that margin improvement is achieved and maintained.

Multi-phase projects:

A significant element of Tamdown's work is from larger, multi-phase projects, which provide a good level of visibility of future revenues.

These projects are typically large housing developments which are completed in stages. Once Tamdown has won an initial phase it is typically retained for the remainder of the scheme, the phases of which can extend over many years. With Tamdown's extensive customer base and long-standing reputation for great customer service, the Company is well placed to be awarded multi-phase projects.



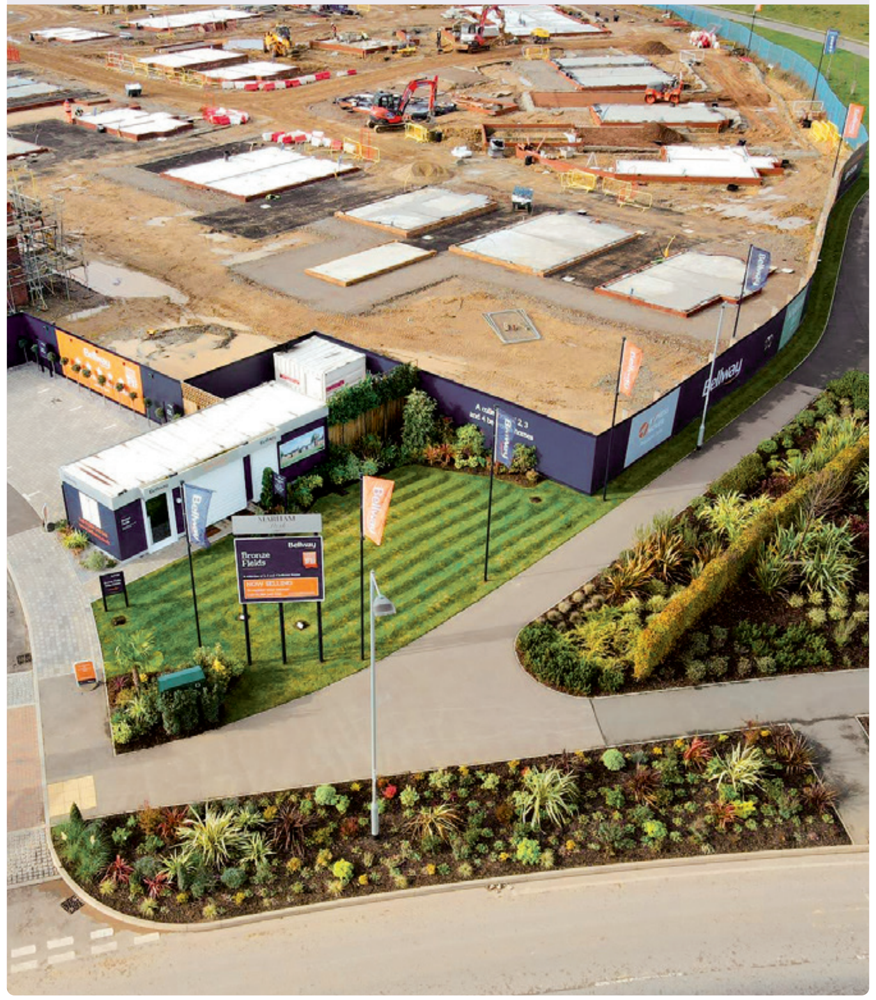
Case study – Bellway Homes, Marham Park, Bury St Edmunds

Tamdown is delivering on two projects in Marham Park, Bury St Edmunds: one for repeat customer Bellway Homes Essex, the other for new customer Bellway Homes Eastern Counties, who are building on the adjacent parcel of land.

The scheme as a collective totals an impressive 330 units of private and affordable housing. The projects are delivered in self-contained parcels and the delivery of the site-wide infrastructure was critical for establishing a presence on site for each of our customers to commence their superstructure builds.

Our teams have delivered highways and sustainable drainage systems alongside 330 plot oversites and associated hard and soft landscaping.

Quality and programme have been key drivers from the start of the project, with full build release of roads made available and a staged plot release which has resulted in a clean, tidy and well progressed site. Our progress has been recognised by our customer, who has expressed their thanks for all the hard work and quality of delivery.



Market penetration:

Tamdown has strong relationships with many regional businesses of blue-chip customers. Within the geographies where Tamdown operates, a number of existing customers have additional regional businesses to which Tamdown does not currently provide services. Accordingly, there is an opportunity to increase market share by winning projects with these additional regional businesses. This is likely to be achieved through the provision of excellent customer service to current customers, which will lead to recommendations to other regions. Tamdown has been successful during the year in deepening its market penetration by gaining ten new customers, seven of which were regional businesses of existing customers. These businesses present an ongoing growth opportunity.

Customer diversification:

The majority of Tamdown's customers are large residential housebuilders. Tamdown is developing relationships with customers that address the affordable housing market, such as housing associations that undertake developments themselves and the housebuilders that build on behalf of housing associations via a partnership model.

Outlook

Tamdown has an established market position, a reputation for providing quality services to UK housebuilders, and is developing key relationships with those that focus on the Build to Rent and affordable housing sectors. The backdrop of Government stimulus to counter the housing supply deficit provides us with confidence that our existing and new customers will continue to demand our services, and our business is well positioned to return to profit and generate cash.

Multi-phase contracts provide a good level of visibility for future revenues

Stakeholder relationships and engagement

The relationships Nexus holds with all our stakeholders are fundamental to the success of the business and the engagement with each group underpins everything we do, tied to our purpose of Building Bright Futures.

How we engage with our stakeholders

The concerns of key stakeholders are factored into the Board discussions and decision-making. Stakeholders are impacted by, or benefit from, decisions made by the Board in different ways.

It is the Board's priority to ensure that the Directors have acted both individually and collectively in the way that they consider, in good faith, would promote the success of the Group for the benefit of its members as a whole with regard to all stakeholders when performing their duty under Section 172(1) of the Companies Act 2006.

Key
1 Expand and further optimise service offering
2 Benefiting from fast-growing market segments
3 Focus shareholder value in energy transition services

Our people

Why we engage

The loyal and experienced workforce of Nexus is one of our primary strengths and effective engagement with all our teams is a constant priority.

How we engage

- Regular internal communications via email, intranet and other channels
- Leadership communication, including MD updates and C-Suite communications
- Regular 1-2-1s and 'My Bright Future' appraisals biannually
- Wellbeing Champions, Mental Health First Aiders and regular reminders of other tools and tips to support wellbeing
- Development of easy access benefits portal and eLearning system
- New head office enabling us to bring our people together

Our response to key issues

- Flexible working policy to enable working from home
- Further development of our wellbeing offering through our Employee Assistance Programme

Link to strategy
1 2 3

Our shareholders

Why we engage

To provide regular updates on our progress and performance during the year through established shareholder communication channels.

How we engage

- Board members hold meetings with institutional shareholders throughout the year
- Investor roadshows for both interim and full-year results
- Annual report to communicate our purpose and what we are looking to achieve, as well as the year's financial results
- Regulatory news announcements ("RNS")
- Annual General Meeting ("AGM")

Our response to key issues

- Focused capital market days
- Improved news flow with use of additional channels
- New corporate website incorporating additional areas of information

Link to strategy
1 2 3

Our customers

Why we engage

We communicate and engage with our customers regularly to maintain these strong relationships and generate further opportunities for the Group.

How we engage

- Dedicated customer managers
- Assigned contacts at all levels of the customers' operations
- Focus groups on key areas such as health and safety and plant
- Early project engagement to support planning
- Site visits by executives and managers
- Knowledge sharing to assist customers planning for Future Homes Standard

Our response to key issues

- Customer engagement on key business decisions including product and service diversification
- Additional presence at customer conferences

Link to strategy
1 2

Stakeholder relationships and engagement continued

Our communities

Why we engage
We look to engage with and support the communities we work in, to give something back and provide local employment opportunities.

How we engage
- Employees are encouraged to utilise our volunteering scheme
- Nexus Community Trust supporting employee-nominated causes
- Career Fair support and attendance, including our 'Women in Construction' campaign
- Promotion of our apprenticeship and graduate employment opportunities
- Development of partnerships with local education centres

Our response to key issues
- Promote the Nexus Community Trust as a source of support for community causes
- Development of existing and new partnerships with local organisations

Link to strategy
1 2

Our partners

Why we engage
We work in partnership with our supply chain and industry bodies to ensure mutually beneficial delivery and to be an influencer in key market discussions.

How we engage
- Focus groups with core suppliers to review product and service offerings
- Dedicated procurement teams to manage supply and partnerships
- Focus on long-term partnerships with key suppliers
- Representation within key industry bodies
- Working with a fleet management company to improve green credentials in our ESG journey

Our response to key issues
- Increase our attendance at industry events through our experienced team
- Involvement with industry bodies in the planning for the Future Homes Standard

Link to strategy
1 2 3

Directors' Section 172 statement
The Board of Directors consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole in regard to the stakeholders and matters set out in Section 172(1) (a-f) of the Companies Act 2006 in the decisions that they have taken during the year ended 30 September 2021.

a. the likely consequences of any decision in the long-term;

b. the interests of the company's employees;

c. the need to foster the company's business relationships with suppliers, customers and others;

d. the impact of the company's operations on the community and the environment;

e. the desirability of the company maintaining a reputation for high standards of business conduct; and

f. the need to act fairly as between members of the company.

The Board's key decisions in the year are noted below, including how the Board has taken into account the Section 172 requirement of the Companies Act 2006.

Appointment of fleet management company

Actions taken
- The Group appointed an independent fleet management company to review and advise on the management of the Group's vehicles

Stakeholder group
- The Board considered the impact of sustainability on the local community, employees and suppliers
- A green car salary sacrifice scheme has been introduced for employees
- The orders for new vehicles have been considered on the advice of the fleet management company to improve the sustainability position of the Group

Outcomes
- A green benefit available to all employees
- Reduced CO_2 levels for the business

Response to Covid-19 pandemic

Actions taken
- Regular review of Government announcements and guidelines as safety was the paramount concern
- Detailed consideration and guidance produced to ensure continued operations safely in our offices and on site, including travel requirements
- Safety procedures in place for the opening of the new office at Nexus Park

Stakeholder group
- Regular communication takes place with employees to update on our response to Covid-19
- Flexible working introduced for office employees to work from home for part of the time
- The Group engaged with customers and suppliers to work together on the response to Covid-19

Outcomes
- A safe working environment provided for employees, customers and clients
- Minimal disruption to the business due to Covid-19

Sustainability

Last year we continued on our mission to have a positive impact on the people we work with, the communities we live in and the environment we depend on.

Sustainability is at the centre of our strategy and strongly linked to our purpose.

Building Bright Futures

… for our people

We continuously invest in our greatest asset

- Ensuring the health and safety of everyone we work with
- Enhancing diversity and inclusion in our business
- Supporting the training and development of our people

Read more on pages 44 to 46

… for our communities

We support the communities in which we work

- Enabling our people to volunteer in working hours for causes they're passionate about
- Raising much-needed funds for charitable organisations

Read more on page 47

… for our planet

We are doing our bit to tackle climate change

- Reducing the carbon footprint of our business wherever we can
- Minimising the other environmental impacts of our business

Read more on pages 48 and 49

Sustainability continued

Overview

Our purpose of Building Bright Futures provides a clear guiding principle for how we approach sustainability.

We have started this journey and recognise that we have a way to go, working closely with all our stakeholders, including our people, customers, suppliers, partners and shareholders. As a major employer, we play an important role in providing employability and economic opportunity for a large number of communities. We recognise that responsibility and strive to offer a range of opportunities to a diverse range of the workforce.

As an infrastructure business, we play an important role in helping the United Kingdom transition to a net zero economy; our strategy and service developments throughout the year have reflected this and we are delivering environmentally driven, sustainable infrastructure every day.

Our sustainability performance builds on our purpose, values and culture including the high ethical standards of behaviour and corporate governance that we expect. The business has developed a comprehensive set of policies and procedures to ensure compliance and monitor progress.

As a result of the significant challenges to UK society relating to the impacts of climate change, Covid-19 and Brexit, there has never been a more important time to focus on sustainability.

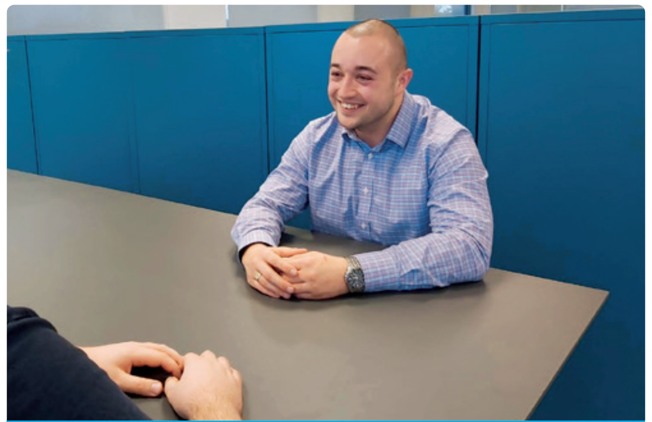
Building Bright Futures for our people

Health and safety is led from the top, it is given the highest priority at the very heart of our operations. Directors and senior managers are actively involved in site visits, with 427 visits in 2021 (2020: 60 visits) to continually emphasise the critical importance of health and safety.

Leading indicators and feedback loops are used to gauge the level of workforce engagement and to identify any areas where early attention may be required. Hazard and safety observations are logged, with the help and commitment of our teams, and immediately acted upon, with any longer-term trends captured and used for broader intervention activities. If there is an accident, no matter what the size or severity, the individual is treated and cared for, lessons learned are put in place and communicated widely and the incident is recorded and included in reported statistics.

Competency of individuals is assured through training and development programmes, both internally run and through external agencies, with 15,962 hours of training delivered in 2021 (2020: 10,145 hours).

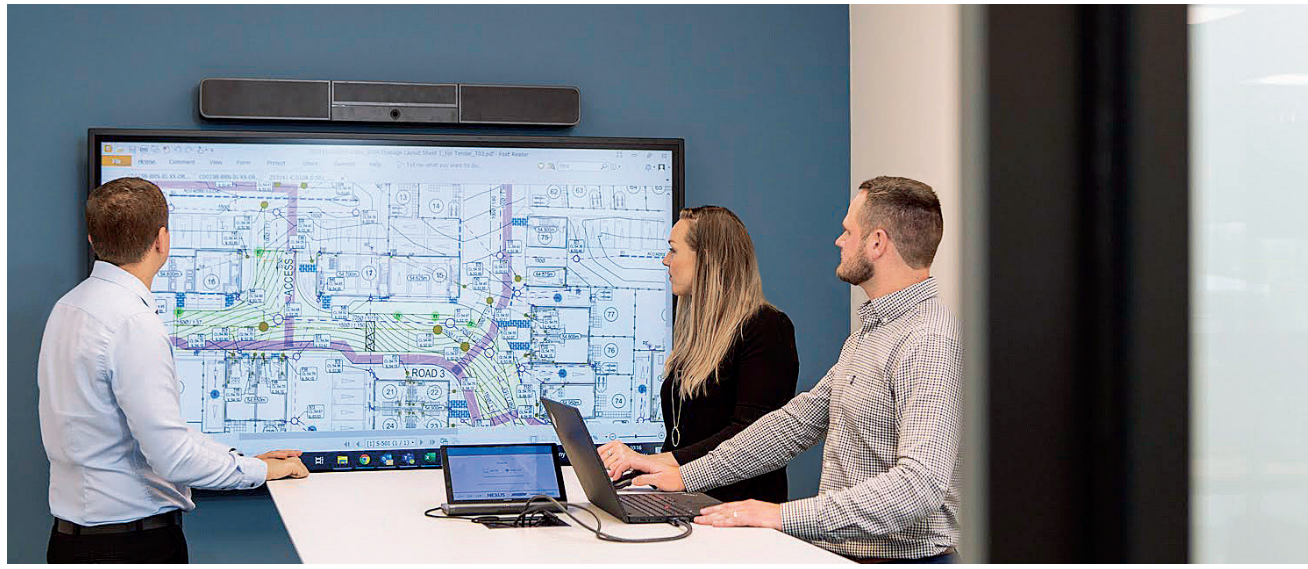
Tamdown's performance in health and safety was again recognised with a President's Award from RoSPA, the highly prestigious and internationally recognised awards scheme. This was achieved as Tamdown has won a Gold Award in each of the last 12 years.



Case study: Wellbeing Champions

"When I first became a Wellbeing Champion for Nexus, I received mental health first aid training to help me support any colleagues who may be experiencing difficulties as well as know when to signpost them to professional help. All champions and staff have access to a resource library with items on topics like stress management, mindfulness, nutrition and work/life balance. The recent addition of the Employee Assistance Programme is a great enhancement as it gives us all professional, independent support. Wellbeing and mental health are recognised concerns within our industry, so I am pleased to work for a business that takes this area seriously, and am glad to help support my colleagues when I can."

Lawrence Hemes, Quantity Surveyor for Tamdown and Wellbeing Champion



Dedicated safety teams undertake site audits each week to confirm that procedures are being followed, with 3,891 visits made in 2021 (2020: 2,661 visits). The management systems for safety, quality, environment and energy are under regular review by external bodies to ensure they fully comply with the relevant national standards.

The Group collates extensive data on health and safety including an All Accident Incidence Rate ("AAIR"), which records all accidents, no matter how minor. Due to our continued focus on safe working environments and learning from situations and trends, the AAIR has improved in the year against the results of 2019, the most recent normal trading year; AAIR for 2021 4508 (2019: 6402).

However, despite the above, the Accident Incidence Rate ("AIR") for the Group, which reflects the rate of RIDDOR-reportable injuries was 433 (2020: 162, 2019: 231). By comparison, the Health and Safety Executive's figures, published in November 2020, state that the equivalent average for the construction industry in 2019/20 was 330.

The total number of all RIDDOR-reportable events across the Group in the year was 6 (2020: 3, 2019: 7).

We now have in place an Employee Assistance Programme to add to our established mental health and wellbeing resources. This provides professional, independent support to our people on a wide variety of issues such as anxiety, stress and debt when they need extra support.

Occupational health screening is offered to Nexus employees; this enables early intervention as well as identifying any underlying health problems.

Processes to protect the health and wellbeing of our employees, business contacts and of the wider community in general have continued to be influenced by the Covid-19 pandemic. By the start of FY21, our sites had returned to full operations but always working, as a minimum, to the guidelines set by UK Government and in line with the Site Operating Procedures issued by the Construction Leadership Council.

'Work from home' has been one of the tools used to mitigate risks for office-based employees. However, in addition, the offices have been set up with preventative measures such as the use of personal temperature monitoring, social distancing and enhanced cleaning regimes. Weekly communications have kept staff informed of developments and any planned changes in procedures.

At Nexus, we believe that our employees are our most important asset. Taking care of our employees is therefore a critical aspect of our long-term strategy. We have a dedicated in-house 'People team' providing the necessary support to individuals and their line managers to enable the most effective and enjoyable working relationships to flourish.

Our 'My Bright Future' appraisals, tied to our purpose, support the training, development, performance and future career paths for our employees.

We conduct regular pay reviews to ensure people are being paid equally for the work they do and understand that the gender pay gap in the Group is largely driven by a lack of female representation within our on-site workforce. This is a common issue within our industry, which is historically male dominated. Nevertheless, we are taking measures to help recruit and attract more women and reduce the pay gap through the implementation of a range of initiatives including our Women in Construction campaign, pay and benefits reviews at regular intervals and flexible working.

Sustainability continued

Building Bright Futures for our people
continued

Although Covid-19 had a significant profile in our activities, we worked on other areas in parallel in an effort to engender a positive atmosphere and look ahead for the future.
For example, we introduced a benefits scheme from which employees are able to access a wide variety of savings on purchases such as electrical items, home services and leisure activities. The facilities at our new offices at Nexus Park include several attractive working-area options, modern audio-visual communications and a subsidised cafeteria. Employees were involved in many aspects of the design, from furniture selection through to a competition to take photographs for display around the building.

We endeavour to provide good terms of employment with the provision of benefits that employees want, as well as promoting health and wellbeing and ensuring we have a happy and safe work environment. We are keen that employees should share in the growth of the Group and an Employee Share Incentive Plan is in place whereby employees can acquire shares in the Company in a tax-effective manner. Salaries are market tested along with add-on benefits. Options are reviewed and considered on a regular basis.

The training and development of our people has always been central to our Building Bright Futures purpose and the opportunities we offer across the Group include mentoring, coaching, specialist workshops and discovery days in addition to formal learning and qualifications.

Case study: Opening our offices in a Covid-safe way

"During the summer months of 2021, and in line with the Government's 'roadmap out of lockdown', we planned the phased opening of all our offices, including our new Group headquarters, 'Nexus Park'. We decided to take a cautious and measured approach and to engage with staff at every stage of the process. With health and safety as the principal priority, we incorporated a range of measures into our operating procedures, including restrictions on occupation levels, temperature checks at reception, mandatory mask wearing, social distancing, enhanced cleaning regimes and supplies of lateral flow tests. We kept a close watch on the numbers of staff absences due to self-isolation or having been confirmed as Covid-19 positive, with a view to taking action if that were to become necessary. Such intervention turned out not to be needed. In addition, we decided that an element of 'hybrid working' would be the optimum path forward for the medium-term. We continue to operate in a cautious way and I believe that this is really appreciated by our employees, our customers and all those that we have contact with day-to-day".

Charles Sweeney, Chief Operating Officer

Building Bright Futures for our communities

The Nexus Community Trust is a charitable trust that was established in 2011 to support employee-nominated causes and help those charities which have been involved with, and affect the lives of, the staff of Nexus and its subsidiary companies.

In many instances, individuals, project teams or sometimes cross-functional groups are inspired to help a particular charity, local hospital or school. This is not only a great way to 'give something back' but it also builds team spirit and a sense of satisfaction for the individuals involved.

During FY21, there were a number of different ventures, ranging from long-distance cycle marathons and mountain peak hikes to walking challenges.

Nexus also offers a volunteering scheme to employees, where they can take up to five working days of paid time per year for community volunteering.

Across our operations we work with a range of suppliers and subcontractors, providing demand, project opportunities and jobs within the communities we serve.

Case study: Supporting a local special school

"We are delighted to be able to support the Edith Borthwick special day school. This has included donating new outdoor play equipment and the construction of a new pathway enabling safe and easy access to the play equipment all year round, which is of particular benefit to those requiring wheelchair access. We also sponsored their return-to-school garden party, providing entertainment to welcome learners back for the new school year."

David Topping, Managing Director, TriConnex

Sustainability continued

Building Bright Futures for our planet

With the presidency of both COP26 and the G7 in 2021, the UK has had the opportunity to demonstrate to the international community its credentials as a leader in the environmental future of our planet.

Building upon the earlier 'Ten Point Plan for a Green Industrial Revolution' and the Energy White Paper, the UK Government published, in October 2021, its 'Net Zero Strategy: Build Back Greener' sets out the policies and proposals for decarbonising the UK economy and meeting the Net Zero target by 2050.

Nexus' activities are at the heart of several aspects of the UK's environmental strategy. Our Energy Transition business, eSmart Networks, is one of the principal deliverers of EV charging infrastructure as well as providing solutions to enable projects in renewable energy to connect to the grid. As a multi-utilities connections provider, TriConnex is at the forefront of the changes that will provide economical, renewable energy to homes in the years ahead. Tamdown's civil engineering and infrastructure activities are associated with the delivery of new energy-efficient homes in developments which now include biodiversity initiatives in their designs.

In 2021, we completed our new Group offices at Nexus Park, achieving BREEAM 'Very Good' rating for its design and construction which includes features such as use of air source heat pumps for heating and cooling, high performance glazing and insulation, water conservation measures, a 'green roof' and wildflower areas set aside for nature to flourish. There are several aspects of office operations which are aimed at saving energy, reducing waste and recycling as much as possible. During the year, we introduced a flexible working policy which has the benefit of significantly reducing the number of employee commuter journeys. We offer the Cycle to Work Scheme as part of our employee benefits package and have included a secure bike store and showering facilities as part of the Nexus Park design.

SECR Energy Performance Report

Greenhouse gas emissions reporting

The Group reports its greenhouse gas emissions in accordance with UK regulations and the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting standard and emission factors from UK Government GHG Conversion Factors for Company Reporting 2021.

The Group emissions have increased by 21.8% when compared with those of the previous year; whilst a number of energy improvement initiatives are in the process of being implemented, and others considered for the future, the majority of the increase in consumption has arisen as a result of increased activity levels when compared to the Covid-19-impacted previous year. The Group holds the ISO 45001 accreditation to ensure Energy Saving Opportunity Scheme ("ESOS") compliance. This aids our approach to reducing our energy consumption across our sites and offices. Improvement initiatives include working with Certas and key suppliers to reduce fuel wastage, reduce transport distances and monitoring driver performance, refreshing ageing vehicles in the fleet for more efficient models and the imminent launch of a salary sacrifice scheme for green vehicles.

	2021 Tonnes of CO_2	2020 Tonnes of CO_2
GHG emissions from:		
Scope 1: combustion of gas and fuel for transport	**46,630**	38,276
Scope 2: purchase of electricity	**14**	9
Total emissions	**46,644**	38,285
	2021	2020
Intensity ratio:		
Total emissions per employee	**159**	532
	2021 kWh	2020 kWh
Energy usage from:		
Scope 1:	**18,568,091**	15,037,770
Scope 2:	**66,642**	41,524
Total usage	**18,634,733**	15,079,294

1 The two subsidiaries meeting the thresholds required to report in 2021 and included in the above data are Tamdown Group Limited and TriConnex Limited.
2 The only subsidiary meeting the thresholds required to report in 2020 was Tamdown Group Limited.
3 Employee numbers are based on the average for the year.
4 Tamdown Group Limited and TriConnex Limited operate in the UK only.
5 The reporting year runs from 1 October to 30 September.
6 The notable decrease in the total emissions per employee is due to the addition of our TriConnex business to the 2021 numbers; this business has a higher number of employees, therefore significantly reduces the reported total emissions per employee.
7 Total emissions per employee is considered the most appropriate intensity ratio as our people are the fundamental driver of our operations.

We recognise that our own operations influence the local, regional and global environment due to the nature of our business. Therefore, we continuously look to improve our own environmental performance and reduce the carbon footprint of our business wherever we can.

The Group has invested in new plant to reduce carbon emissions alongside regular maintenance schedules to ensure they are working efficiently. We have developed during the year, with the launch imminent, an EV salary exchange scheme to encourage all staff to make use of more environmentally friendly vehicles; this scheme will be open to all eligible employees, not just those with a company vehicle.

Principal risks and uncertainties

The Group has established and operates a system of internal control and risk management procedures, in order to identify, manage and mitigate risks.

In common with other organisations, the Group faces risks that may affect its performance. Identification, management and mitigation of such risks and uncertainties across the Group is an essential part of the ability to deliver the Group strategy.

The Board has identified those risks which are deemed principal to its business due to their potential severity and link to the Group's strategy, markets and operations.

The Group has established and operates a system of internal control and risk management procedures, in order to identify, manage and mitigate the risks at various levels within the organisation.

The principal risks and uncertainties identified by management and how they are being managed are set out below. These risks are not intended to be an exhaustive analysis of all risks that may arise in the ordinary course of business.

Risk:

1. **Market downturn**
2. **Failure to procure new contracts**
3. **Regulatory requirements**
4. **Availability of materials and subcontractors**
5. **Failure to retain or recruit skilled people**
6. **Contract execution**
7. **Health and safety**
8. **IT systems and cyber security**

Impact					
5					
4		3,7,8	1	4	
3			2,5,6		
2					
1					
Score	1	2	3	4	5

Likelihood

1. Market downturn

Status: Increased

Risk

- **The Group's success is dependent on the general economic climate and fluctuations in the UK property market**
- **The Group would be impacted by a lack of growth in the electric vehicle market**

Description

- The Group's success is dependent, to a large extent, upon the state of the economy and in particular the UK's private residential market in the South East of England
- Economic weakness may result in decreased revenue, margins and earnings
- Adverse economic conditions may decrease customer confidence levels, leading to a decrease in housebuilding or rates of development
- Mortgage availability may decrease and the cost associated with mortgage funding may increase, which would result in fewer house purchases and in turn the number of houses built
- The use of alternative power sources to electricity could reduce the contracts available to eSmart Networks
- A change in Government policy may impact the funding available for infrastructure and the move towards electric vehicles. This would impact on the Group's revenues

Mitigation

- Diversification of the Group's customer base, services and geography
- Regular review of tenders
- Regular contact with customers
- A cautious approach to debt finance
- Regular review of supply chain and resources
- The Group has increased its stock of materials to ensure it has a forward supply
- The Group maintains a strong cash position

2. Failure to procure new contracts

Status: Static

Risk

- **The Group's success is dependent upon winning contracts on satisfactory terms in its existing and target markets**

Description

- The majority of the Group's revenue is generated by work won through tender submissions
- The Group's profitability depends upon its ability to submit tenders at satisfactory margins. If the market conditions change due to increased competition, increased costs, or reduced availability of a skilled workforce, then the cost of carrying out works may increase, which may either reduce the profitability of the contracts or result in the contracts not being won
- If the Group's ability to exceed customer expectations is reduced due to poor quality or service, it may reduce the level of repeat work from customers

Mitigation

- Continual review of the Group's current and target markets to ensure the opportunities they offer are understood
- Structured bid review process in operation with specific customer and contract criteria that are designed to ensure the Group only takes on customers and contracts that are acceptable and understood
- Ensuring we have highly skilled people delivering and managing contracts

Principal risks and uncertainties continued

3. Regulatory requirements

Status: Static

Risk	Description	Mitigation
• **All of the Group's businesses are subject to regulatory requirements with which it may be found to be non-compliant** • **Non-compliance with business code of conduct**	• All of the Group's businesses operate in regulated environments. Regulators may conduct investigations on companies or carry out industry-wide investigations. Non-compliance with laws, regulations or rules may result in adverse publicity, prosecution, disciplinary action, fines or revocation of licences, and would impact profitability and relationships with current and potential customers • The regulatory environment may change build and environment standards, such as the Future Homes Standard consultation and the draft Building Safety Bill, potentially leading to decreased revenue or increased costs on legacy projects • Not maintaining a high standard of ethics and compliance with Group policies or regulatory requirements	• Regular internal review of processes and procedures to ensure compliance with obligations • Frequent external regulatory audits to confirm processes and procedures are compliant with obligations • Regular evaluation of proposed regulations and standards • Consideration of the strategy to address future new markets • Clear policies and procedures in place including training programmes to ensure employees understand the policies and requirements

4. Availability of materials and subcontractors

Status: Increased

Risk	Description	Mitigation
• **The Group could be adversely affected by the availability of materials and subcontractors**	• The Group requires materials to be available at the time they are needed, at a reasonable price. Increased prices and delays could increase the costs of the project and so impact the Group's profitability • The Group is dependent on the availability, competence and consistency of subcontractors. Should subcontractors not be available at the time required, delays may occur, increasing costs and so reducing profitability. Incompetent or inconsistent workmanship may require remediation works which may impact profitability and short-term cash flows	• Multiple suppliers and subcontractors for materials and relevant trades in order to maintain continuity of supply and competitive pricing • Supply contracts negotiated on specific contracts for certainty of price and quantity • Increase in stock to mitigate availability of materials due to the impact of Brexit and Covid-19 on supply chains

5. Failure to retain or recruit skilled people

Status: Increased

Risk	Description	Mitigation
• **The Group could be adversely affected by the loss of, or an inability to recruit and retain, key personnel**	• The Group's success is dependent on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge of the construction industry. The availability of such personnel is sparse and competition to recruit them is intense. Failure to recruit, retain and motivate could adversely affect the Group's operations, financial conditions and prospects • Labour availability reduced and costs increased due to the impact of Brexit and Covid-19	• Focus on learning and development, including annual performance management, to encourage and support all employees to achieve their full potential • Attractive performance-based remuneration policy • Recruitment and development plans to attract site-based, school leaver and graduate employees • Provide a flexible working policy to support working from home and at the various offices of the Group • Provide a new head office environment • Review of labour market rates

6. Contract execution

Status: Static

Risk	Description	Mitigation
• **Contracts may not perform as expected which may lead to contracts not being executed profitably**	• The Group's profitability is dependent upon its ability to manage contracts to ensure that they are delivered on time, to budget and exceeding the customers' expectations. Failure to achieve these objectives could lead to contract losses, delays, reputational damage and reduced repeat work	• Detailed bid appraisal process to ensure all risks and requirements are understood • Applying rigorous policies and procedures to manage and monitor contract performance • Ensuring high-quality people are delivering the contracts • Operational review to ensure elimination of poor workmanship

7. Health and safety

Status: Static

Risk	Description	Mitigation
• **The Group operates in sectors that carry significant health and safety risks**	• The construction, utilities and electrical connection sectors carry significant health and safety risks, including serious injury and fatalities • Loss of confidence and damage to brand reputation • Impact on labour resources due to a health pandemic	• A Board-led commitment to achieve zero accidents • Management commitment to safety tours, safety audits and safety action groups • Comprehensive employee training programmes • Guidelines in place for a pandemic to protect employees

Principal risks and uncertainties continued

8. IT systems and cyber security **Status: Static**

Risk	Description	Mitigation
• **The failure of the Group's IT systems to ensure smooth flow and retention of information**	• The Group uses a range of computer systems. Outages and interruptions could affect the day-to-day operations of the business, resulting in loss of sales and delays to cash flows • Key systems could be breached, causing financial or data loss, disruption or damage • Any theft or misuse of data held within the Group's systems could have both reputational and financial implications for the Group	• The Group's IT strategies are reviewed regularly to ensure they remain appropriate for the business • Business continuity and disaster recovery tests are regularly carried out • The internal IT systems support team works with external providers to ensure that regular updates to technology, infrastructure, communications and application systems occur as required • Centralised hardware and software security is in place to ensure the protection of commercial and sensitive data

The financial risk management of the Group, including the Group's exposure to credit risk and liquidity risk, is set out in note 27, Financial risk management, of the financial statements.

Strategic report approval statement

The Strategic report, contained in pages 1 to 54, has been approved by the Board of Directors and is signed on its behalf by

Mike Morris
Chief Executive Officer
10 December 2021

Corporate governance

The corporate governance section explains the key features of the Company's governance structure and describes how Nexus Infrastructure applies the Code principles.

Chairman's introduction

A strong corporate governance culture.

Geoff French CBE
Non-Executive Chairman

Governance

We have an effective Board structure, underpinned by solid operating principles, policies and controls, and we continue to exercise our duties in compliance with all relevant legislation, regulation and guidance.

The Board of Nexus Infrastructure plc (the "Group") is responsible for the Group's corporate governance and recognises the importance of high standards of corporate governance and integrity. The Group observes the requirements of the Corporate Governance Code published by the Quoted Companies Alliance ("QCA"). The Board believes that the application of the QCA Code will support the success of the business by ensuring that strong corporate governance procedures are in place.

The corporate governance section explains the key features of the Company's governance structure and describes how Nexus Infrastructure applies the Code principles.

Corporate governance has a key role in promoting the Group's success. The way the business is run therefore plays a significant part in meeting the Group's commitments to our customers. The Group has a long history of successful delivery and good corporate governance and the Board will ensure this continues.

As Chairman, I am responsible for the leadership of the Board and for ensuring that it fulfils its responsibilities to all of the Group's stakeholders. My role includes ensuring that the Board has open and transparent discussions, allowing each member to contribute effectively. I ensure that the Board is commercial and collaborative, but also appropriately challenging. This requires us to have a good understanding of the business and its markets. The Board also operates in a way that sets an example, in terms of our commitment to the principles of governance, risk, leadership, diversity and our culture.

The Group has appropriate governance structures in place and will continue to develop them as the business evolves as a public company. The Directors recognise the importance of sound corporate governance and have adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") in line with the London Stock Exchange's AIM Rules requiring all AIM-listed companies to adopt a recognised corporate governance code.

As announced in August 2021, Richard Kilner will become Chairman on 1 January 2022 and will become responsible for the leadership of the Board. In line with the QCA principles, the Nomination Committee carried out reviews to confirm that the Board as a whole, and the individuals changing roles, had the necessary experience, skills and capabilities, prior to the changes being considered by the Board and then announced.

Geoff French
Non-Executive Chairman
10 December 2021

Applying the QCA Code

Governance principle	Summary explanation
Principle 1: Establish a strategy and business model which promotes long-term value for shareholders.	See Executive review, Business model, Operational review, Strategy and performance within the annual report.
Principle 2: Seek to understand and meet shareholder needs and expectations.	The Group maintains regular dialogue with investors through results roadshows, Annual General Meetings, capital market events and other ad hoc meetings as requested by shareholders. The Group monitors the share register to ensure that its investor relations communications are appropriate for its shareholder base. The Chief Executive Officer, Chief Financial Officer and all Board members are available for discussions with shareholders.
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.	The Board understands that engaging with stakeholders is key to the Group's success. Strengthening the relationships with stakeholders helps the Group make better business decisions. The Group is committed to the development of its employees, ensuring that they have the skills required to carry out their work. See Stakeholder relationships and engagement report within the annual report.
Principle 4: Embed effective risk management, considering both opportunities and threats throughout the organisation.	The Group operates controls to manage its risk, including, but not limited to, a clearly defined organisational structure, written policies, clear authorisation levels, comprehensive budgeting and rolling forecast processes, alongside detailed monthly reporting. The Audit Committee reviews the risks of each company within the Group and receives reports from the external auditor concerning any material control weakness identified during the course of their audit work.
Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.	The Board comprises of the Non-Executive Chairman, three Non-Executive Directors and two Executive Directors. Board profiles are provided on pages 58 and 59. The Non-Executive Chairman and the Non-Executive Directors are considered to be independent.
Principle 6: Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities.	The details of the Directors' experience, skills and capabilities are set out on pages 58 and 59 of the annual report. The Board is supported by the Nomination Committee when considering new appointments and succession planning. The Board is satisfied that the Directors have an appropriate balance of industry, financial and people experience to operate effectively. See the Nomination Committee report for future changes to Board structure.
Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	The Board carries out an internal evaluation review at the end of each Board meeting. The evaluation considers matters such as composition, effectiveness, balance, transparency, consideration of stakeholders' feedback and regulatory understanding. Also, see the Nomination Committee report.
Principle 8: Promote a corporate culture that is based on ethical values and behaviours.	The Board recognises its responsibility for establishing high ethical standards of behaviour and corporate governance. The Group has policies in place to support our approach to conducting business in an open and transparent manner that is in line with the core values. We use an eLearning platform to ensure our employees are trained on the policies in place on a regular basis.
Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	Corporate policies are approved by the Board to highlight the importance to all employees of high levels of governance and business conduct. The Board is supported by the Audit, Nomination and Remuneration Committees. External auditors and other Directors may be invited to attend Board or Committee meetings to support decision-making.
Principle 10: Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders.	The Board achieves this through shareholder meetings with the Chief Executive Officer and Chief Financial Officer, the AGM, half-year and full-year announcements and regulatory news. A range of corporate information is available on the Group's website **www.nexus-infrastructure.com**

Board of Directors

Geoff French CBE A R N*

Mike Morris

Alan Martin

Richard Kilner A R* N

Alex Wiseman A* R N

Ffion Griffith A R N

A Audit Committee R Remuneration Committee N Nomination Committee * Chair

Geoff French CBE
Independent Non-Executive Chairman

Appointed to Board: 2016

Core strengths and experience

- Over 50 years' experience in the civil engineering industry
- Former CEO and Chairman of Scott Wilson
- Former President of the Institution of Civil Engineers
- Corporate governance, risk management, strategic development, commercial

Background

Geoff has over 50 years' civil engineering experience. He started his career as a civil engineering graduate at Scott Wilson in 1968. He progressed through Scott Wilson and was Chairman from 2002 until 2010, during which time he oversaw the Group's successful flotation on the London Stock Exchange and its sale to URS. Geoff was Chairman of the Enterprise M3 LEP from 2011 until 2017. He was formerly President of the Institution of Civil Engineers (2013 to 2014), President of the International Federation of Consulting Engineers (2011 to 2013) and Chairman of the Association for Consultancy and Engineering in 2009.

External appointments

- Non-Executive Chairman of HR Wallingford Group Limited
- Non-Executive Director of Aecom Pension Trustee Limited
- Chair of the Trustees of the ICE Pension Scheme

Mike Morris
Chief Executive Officer

Appointed to Board: 2006

Core strengths and experience

- 30 years' experience in the essential infrastructure industry
- Angel investor
- Leadership, health and safety, strategic development, commercial, organisational and culture, business development

Background

Mike has led the Group through a period of significant growth since the management buyout with 3i in 1999. Mike is an entrepreneur and business leader and those talents have seen Nexus Infrastructure organically start up TriConnex (Multi-Utilities) and eSmart Networks (Energy Transition). The catalyst and driving force behind the continued success of the business, Mike is passionate about continuous improvement at a business and personal level.

External appointments

- None

Alan Martin
Chief Financial Officer

Appointed to Board: 2015

Core strengths and experience

- Over ten years' experience in the construction industry
- Chartered Accountant
- Accounting and finance, risk management, merger and acquisitions, IT, strategic development, commercial

Background

Alan has over 30 years' financial experience. He is a Chartered Accountant, joining the Board in 2015 as Chief Financial Officer. Alan was previously Chief Financial Officer of housebuilder and strategic land specialist MJ Gleeson plc from 2009 to 2015, having joined in 2006 as Group Financial Controller, during which time he played an important role in the repositioning and revitalisation of the Group. Prior to this, he held senior roles at Psion plc and PwC. Educated at Cardiff University, Alan has a BSc Honours degree in Accountancy and Law.

External appointments

- None

Board activities

Strategy

- Review and assess the strategic objectives of the Group and Group businesses
- Consider options to enhance shareholder value
- Assess the impact of Covid-19
- Review of the external market

Financial

- Review of Covid-19 on the financial position of the business
- Review of business performance
- Consideration of dividend policy
- Assess options on Group property assets

Operational

- Monitor the Group's health and safety performance
- Review and assess Group businesses operational performance
- Review progress of entry into new service offerings
- Assess ongoing business culture

Governance

- Consideration of the appropriate changes to the Board and the composition of subsidiary boards
- Review of Nexus policies including flexible working
- Review the effectiveness of procedures and risk management
- Monitoring health and safety for all employees with particular emphasis on Covid-19

Richard Kilner
Independent Non-Executive Director

Appointed to Board: 2016

Core strengths and experience

- Significant M&A experience following 20 years' experience with private equity companies
- Qualified civil engineer with over 20 years' experience within the civil engineering and construction sectors
- Strategic development, risk management, corporate governance, mergers and acquisitions, commercial

Background

Richard is a chartered civil engineer and a member of the Institution of Civil Engineers. Educated in South Africa, he has a BSc degree in Civil Engineering. Richard has held a number of senior positions in construction and private equity and also has specific experience of property development, business process outsourcing and healthcare. He was a partner at 3i Group plc, where he was involved in significant investments in Asia, the USA and Europe. Richard also spent five years (including a year as acting Chairman) as a Non-Executive Director of University Hospitals of Leicester NHS Trust.

External appointments

- Non-Executive Director of Great Bowery Holdings LLC (US registered company)
- Director of Glebe Meadows Developments Limited
- Director of Deltex Consulting Limited
- Chairman of True Lens Services (Holdings) Limited
- Non-Executive Director of PH Realisations 2020 Limited (in administration)

Alex Wiseman
Independent Non-Executive Director

Appointed to Board: 2016

Core strengths and experience

- Over 20 years' experience in utility regulation and strategy
- Qualified management accountant
- Accounting and finance, corporate governance, risk management, strategic development, compliance and regulation

Background

Alex has significant experience within the utility sector, specialising in regulation and strategy. He is currently a Non-Executive Director at Bristol Holdings (which owns an energy, housing and waste company) as well as at the Northern Ireland Authority for Utility Regulation. Alex has previously held directorships across both public and private sector organisations, including Xoserve and the Central Manchester University Hospitals NHS Foundation Trust. Alex was previously Regulation Director at Northern Gas Networks and Head of Strategic Planning at United Utilities. Educated at Cambridge University, Alex holds an MA degree in Mathematics, an MBA and is a qualified management accountant.

External appointments

- Non-Executive Director of Bristol Holdings Limited
- Non-Executive Director of Bristol Heat Networks Limited
- Board member of Northern Ireland Authority for Utility Regulation

Ffion Griffith
Independent Non-Executive Director

Appointed to Board: 2018

Core strengths and experience

- Over 30 years' experience in senior human resources roles
- Significant experience in professional services, technology and private equity sectors
- Organisational and culture, corporate governance, strategic development, compliance and regulation

Background

Ffion is a Fellow of the Chartered Institute of Personnel and Development and has over 30 years' experience in senior roles across a range of sectors including professional services, technology and private equity. Ffion is HR Director at the global procurement consultancy firm, Efficio. Prior to this she held interim roles in a private equity house and in a PE-backed steel trading business. She spent ten years as Global Director of Human Resources at the law firm Olswang LLP, seven years as Director of Human Resources at SJ Berwin LLP and, earlier in her career, held senior roles at Vedaris, Pearson Professional and The Royal College of General Practitioners. Ffion has previous Non-Executive Director experience in a large Academies Trust and a Business Improvement District. She holds a BA (Hons) in English Literature and an MA in Human Resource Management.

External appointments

- Member of Burnt Mill Academy Trust

Corporate governance

We recognise the importance of having the right culture and communicating this message throughout the organisation.

Board and sub-committee structure

The Board

Audit Committee	Nomination Committee	Remuneration Committee
Purpose: to ensure that the financial performance of the Group is properly reported and monitored, through the internal control systems and the external auditor.	**Purpose:** responsible for reviewing the structure, size and composition of the Board, nominating candidates for Board vacancies and succession planning.	**Purpose:** to recommend to the Board an overall remuneration policy to retain, attract and motivate high-quality executives capable of achieving the Group's objectives.

Leadership and responsibilities

It is important that we as the Board provide strong and effective leadership, constructive challenge and accept collective accountability for the long-term sustainable success of the Group. The Board and its Committees play an active role in maintaining and developing a culture of robust governance that encourages growth whilst ensuring effective controls and safeguards are in place.

Statement of compliance with the Quoted Companies Alliance ("QCA") Corporate Governance Code

The Company's shares are quoted on the Alternative Investment Market of the London Stock Exchange ("AIM") and the Company is subject to the continuing requirements of the AIM Rules. The Company is required to apply a recognised corporate governance code and to report on how it complies with that code. The Board has elected to adopt the QCA Corporate Governance Code. The Board is aware of its responsibility for overall corporate governance, and for supervising the general affairs and business of the Company.

The Board

At the date of this report, the Board comprised four Non-Executive Directors, including the Chairman, and two Executive Directors. Biographies of the Directors can be found on pages 58 and 59. All the Directors served throughout the year to 30 September 2021.

The Board believes it has an appropriate balance of Executive and independent Non-Executive Directors given the size and nature of the business. In addition, the Board considers that it has an appropriate balance of skills, experience and knowledge in order for it to discharge its duties and responsibilities effectively. This includes a combination of diverse backgrounds and experiences which enable it to function effectively and have dialogue that is both constructive and challenging.

All of the Directors have access to the advice and services of the Company Secretary and may, in furtherance of their duties, take independent advice, at the Company's expense.

Training is arranged, as required, to update and refresh their skills and knowledge.

On joining the Board, arrangements are made for all new Directors to meet their colleagues and other senior management and to visit Company offices and sites, to ensure an adequate induction to the Group.

The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings.

Board effectiveness

The Chairman and Chief Executive Officer have separate, clearly defined roles. The Chairman is responsible for leadership of the Board and ensuring its effectiveness. The role includes ensuring that the Directors receive accurate, timely and clear information; facilitating the contribution of the Non-Executive Directors; and ensuring constructive relations between the Executive and Non-Executive Directors. The Chief Executive Officer is responsible for implementing the Group's strategy and its operational performance.

The Chairman is in regular contact with the Chief Executive Officer to discuss current matters and meets divisional directors and managers as required.

Key actions of the Board

The Board is responsible to shareholders for the success of the Group. Its role is to set the strategic and financial framework within which the Group operates, to monitor and review the performance of each of the divisions and to ensure that the risks faced by the Group are effectively managed. To facilitate this, the Board and its Committees are provided with relevant and timely information in advance of all meetings and when otherwise required.

The Board has a formal schedule of matters that are reserved for its decision. This includes the approval of half-year and full-year financial statements, changes to the Company's capital structure and any significant investments, contracts, acquisitions, mergers and disposals. Other specific responsibilities are delegated to the Committees which operate within clearly defined terms of reference.

Board Committees

The Board has Audit, Nomination, Remuneration and Disclosure Committees, which operate under written terms of reference. The reports of the Audit, Nomination and Remuneration Committees can be found on pages 62 to 68.

The Disclosure Committee has been set up by the Board to comply with the requirements of the Market Abuse Regulation. The members of the Disclosure Committee are the Chief Financial Officer (Chairman), Chief Executive Officer and the Company Secretary. Other Directors, executives and external advisers may attend by invitation, as appropriate.

The Disclosure Committee is required to:

- make timely and accurate disclosure of all information required to be disclosed to meet the legal and regulatory obligations and requirements arising from the admission of the Company's shares to trading on AIM;
- determine the disclosure treatment of information likely to be of concern to an external investor and assist in designing, implementing and evaluating the disclosure controls and procedures;
- identify any price sensitive information; and
- identify any inside information.

Attendance at meetings

The table below sets out the number of Board meetings attended by each Director during the period:

	Board
Number of scheduled meetings	9
Geoff French	9
Richard Kilner	9
Alex Wiseman	9
Ffion Griffith	9
Mike Morris	9
Alan Martin	9

Board evaluation

The Board last carried out a full evaluation of its performance in March 2020 where the Board concluded that the Board, its Committees and the Chairman continued to perform effectively. At the end of each Board meeting, the Board self-assesses the meeting, including the quality of the papers, preparation, corpocracy, effectiveness and adhering to the Group's values. This allows the Board to take action and make changes where areas of improvement are identified.

Internal controls

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness.

Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the Group's size, complexity and risk profile.

The key features of the Group's internal control system include:

- the preparation of monthly management accounts and comparison to budget;
- clearly defined roles and responsibilities, with appropriate segregation of duties;
- clear authorisation and approval processes;
- regular preparation and review of cash forecasts;
- maintenance of a risk register, reviewed by the Audit Committee; and
- senior management review of material contracts and agreements.

Relations with stakeholders

The Board recognises the importance of maintaining engagement with all stakeholders, keeping them informed of the Group's strategy, progress and prospects. Understanding and consideration of stakeholder feedback enables the Board to make informed decisions.

More information on how the Board engages with our stakeholders is on pages 38 to 41.

Audit Committee report

The Committee's focus is on the Group's financial disclosures, as well as reviewing controls, procedures and risk management.

Alex Wiseman
Chairman of the Audit Committee

	Audit Committee
Number of scheduled meetings	5
Alex Wiseman (Chairman)	5
Geoff French	5
Richard Kilner	5
Ffion Griffith	4
Mike Morris[1]	5
Alan Martin[1]	5

1 As Executive Directors, Mike Morris and Alan Martin are not members of the Audit Committee but were invited to attend the meetings in order to assist with the matters for discussion.

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for Nexus Infrastructure plc.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored, through the internal control systems and the external auditor.

During the year, the Committee focused on the identification and management of the risks of the Group and the internal audit process to give assurance over the Group's internal controls and processes.

Roles and responsibilities

The role of the Committee is to:

- monitor the integrity of the financial statements of the Company, including formal announcements relating to its financial performance, and any significant financial reporting judgements;
- review and monitor the effectiveness of the Company's internal controls and risk management systems;
- review the Company's procedures for detecting fraud and error and the systems and controls for the prevention of bribery and tax evasion;
- review and monitor the effectiveness of the Company's internal audit function, including reporting to the Committee;
- consider and review all internal audit reports; and
- make recommendations to the Board in relation to the appointment, independence, objectivity and the effectiveness of the external audit process.

Committee meetings

The Audit Committee comprises the Non-Executive Directors of the Company. The Audit Committee is chaired by Alex Wiseman. Alex is a member of the Chartered Institute of Management Accountants.

The Committee is required to meet at least three times a year and the table sets out the number of Committee meetings attended during the year.

Activities of the Committee

During the year, the Committee undertook the following:

- reviewed and discussed financial disclosures made in the annual results announcement, the annual report and financial statements and the half-yearly financial report, considered the significant estimates and judgements, together with any issues raised, letters of representation and reports from the external auditor;
- reviewed the subsidiary risk registers as presented by management and agreed actions for management to take from the risk register review;
- reviewed the Group's risk management framework and the effectiveness of the internal controls; and
- reviewed and agreed the appointment of the external auditor, their fees and the audit plan in advance of their audit for the financial year ended 30 September 2021.

Risk management and internal controls

The Board has delegated responsibility for monitoring the financial reporting process and reviewing the effectiveness of the Group's internal controls to the Audit Committee. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the business objectives and the Board can only provide reasonable, and not absolute, assurance against material loss, errors or fraud. The Audit Committee reviews the risk register and reports its findings to the Board.

When analysing risk, we consider the likelihood and impact on the Group after taking into account appropriate mitigating controls. The risk registers for each business are used to update the Group risk register. The Executive Directors of each subsidiary review the risk register regularly at risk review meetings and present the subsidiary risk registers to the Audit Committee on a regular basis.

Internal audit

Internal audit plays an important part in monitoring the effectiveness of internal controls. The internal audit function is carried out by Executive Directors of the subsidiaries reporting to the Audit Committee using the subsidiary risk register. Items used to monitor and reduce the risk are identified in the risk register with sample reports and actions presented to the Audit Committee.

Significant and other accounting matters

There were no changes to accounting matters which the Committee were required to consider during the year.

External auditor

The independence of the external auditor is essential to ensure the integrity of the Group's published financial information. The Group's external auditor is PricewaterhouseCoopers LLP. During the year, the Committee reviewed and approved the audit plan and considered it to be appropriate for the business. The auditor's assessment of materiality, independence and financial reporting risk areas were discussed and challenged.

The members of the Audit Committee have full access to the external auditor and during the year met with the external auditor without executives present to discuss the performance and co-operation of executives. Reassurance was given on executive behaviour.

Non-audit services

The award of non-audit services to the external auditor is subject to controls agreed by the Audit Committee. The Audit Committee recognises that the auditor may be best placed to provide some non-audit services and these are subject to formal approval by the Audit Committee.

Details of the audit and non-audit fees incurred are disclosed in note 8 to the financial statements.

Alex Wiseman

Alex Wiseman
Chairman of the Audit Committee
10 December 2021

Nomination Committee report

The Committee's focus during the year has been reviewing succession planning within the Group.

Geoff French CBE
Chairman of the Nomination Committee

	Nomination Committee
Number of scheduled meetings	4
Geoff French	4
Richard Kilner	4
Alex Wiseman	4
Ffion Griffith	4
Mike Morris[1]	4
Alan Martin[1]	4

1 As Executive Directors, Mike Morris and Alan Martin are not members of the Nomination Committee but were invited to attend the meetings in order to assist with the matters for discussion.

On behalf of the Nomination Committee, I am pleased to present the Nomination Committee report for Nexus Infrastructure plc.

The Committee's focus during the year has been reviewing succession planning, ensuring the composition of the Group's subsidiary boards is appropriate for the Group with the right balance of skills and knowledge in place.

The key role reviewed by the Committee during the year was that of the Chairman of the Nexus Board. Geoff French will step down as Non-Executive Chairman of Nexus Infrastructure plc at the end of his second term, on 31 December 2021. The Nomination Committee reviewed the skills, knowledge and experience required for the role and recommended the appointment of Richard Kilner as the independent Non-Executive Chairman from 1 January 2022.

Roles and responsibilities

The role of the Committee is to:

- review regularly the structure, size and composition (including skills, knowledge and experience) required of the Board;
- give full consideration to succession planning for Directors and other senior executives in the business;
- identify and nominate candidates for the approval of the Board to fill Board vacancies as and when they arise;
- evaluate the balance of skills, knowledge, experience and diversity of the Board; and
- make recommendations for the re-election of Directors retiring by rotation.

Committee meetings

The Committee met four times during the year to discuss the composition of the subsidiary boards and succession planning for the Group.

The Nomination Committee comprises the Non-Executive Directors of the Company and is chaired by Geoff French.

The Committee is required to meet at least once a year and the table sets out the number of Committee meetings attended during the year.

Activities of the Committee

The activities of the Committee during the year under review and up to the date of this report were:

- reviewing the composition of the Board of the Company and the boards of the subsidiaries, including the balance of skills, knowledge and experience;
- the recommendation to the Board of the appointment of a new Chairman to the Nexus Board;
- the recommendation to the Board of appointments to subsidiary boards; and
- reviewing the Committee's terms of reference.

G.H. French

Geoff French
Chairman of the Nomination Committee
10 December 2021

Remuneration Committee report

The Committee's focus during the year has been the review of incentive and rewards packages for the Executive Directors and senior management.

Richard Kilner
Chairman of the Remuneration Committee

	Remuneration Committee
Number of scheduled meetings	7
Richard Kilner (Chairman)	7
Geoff French	7
Alex Wiseman	7
Ffion Griffith	7
Mike Morris[1]	7
Alan Martin[1]	7

1 As Executive Directors, Mike Morris and Alan Martin are not members of the Remuneration Committee but were invited to attend the appropriate elements of the meetings in order to assist with the matters for discussion.

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the year ended 30 September 2021.

As an AIM-listed company, Nexus Infrastructure plc is not required to fully apply the Listing Rules of the Financial Conduct Authority or the BIS Directors' Remuneration Reporting Regulations and so is not required to present a Board report on remuneration in accordance with those rules. Nevertheless, the Board considers it appropriate for the Company to provide shareholders with information that follows the essence of the regulations and so includes some details of the remuneration policy and executive remuneration. The content of this report is unaudited unless stated otherwise.

Roles and responsibilities

The Committee's main responsibilities are to:

- determine and agree with the Board the framework and broad policy for the remuneration of the Chairman, Executive Directors and other senior executives in order to retain, attract and motivate high-quality executives capable of achieving the Company's objectives. No Director participates in any discussion regarding their own remuneration;
- consider, when determining such a policy, the relevant legal and regulatory requirements and guidance;
- within the terms of the agreed policy, determine the remuneration, including pension arrangements, of the Executive Directors;
- determine the level of fees for the Chairman of the Board;
- monitor and make recommendations in respect of the remuneration of the subsidiary directors;
- review the design of share incentive plans for approval by the Board and shareholders and, for such plans, determine the level of award and performance conditions; and
- select and appoint the external advisers to the Committee.

Remuneration Committee report continued

Committee meetings
The Remuneration Committee comprises Richard Kilner (Chairman), Geoff French, Ffion Griffith and Alex Wiseman. The Committee is required to meet at least twice a year and the table sets out the number of Committee meetings attended during the year.

Activities of the Committee
The main activities of the Committee during the year under review and up to the date of this report were:

- considered and approved the rules for a combined bonus and long-term incentive plan to Executive Directors and senior management;
- considered and approved the long-term incentive plan awards to Executive Directors and senior management;
- considered and approved the vesting of awards of the long-term incentive plan;
- reviewed and approved the short-term incentive plans;
- reviewed and approved the strategy for the year-end salary reviews;
- reviewed and approved Executive Directors' and senior management salaries for 2021;
- reviewed and approved the level of fees for the Chairman for 2021;
- reviewed the gender pay gap reporting for the Group; and
- reviewed the Committee's terms of reference.

Remuneration policy
The policy of the Remuneration Committee is to ensure that the Executive Directors and senior management are rewarded for their individual contributions to the Company's overall performance, and to provide them with a fair and competitive remuneration package (including long-term incentive plans) to attract, retain and motivate individuals of the experience and competence required to ensure that the Company is managed effectively and successfully having regard to the interests of shareholders. The Committee will review the remuneration policy from time to time and take whatever action it considers necessary to ensure that remuneration is aligned with the overall strategic objectives of the Group.

Advisers to the Remuneration Committee
The Committee is authorised to obtain outside professional advice and expertise and will also receive advice and support from the Chief Executive Officer, Chief Financial Officer and the Director of People, as necessary. No external advisers have provided significant services to the Committee in the year.

Executive Directors' remuneration
The details of individual components of the remuneration package are discussed below:

Salary
The base salaries of the Executive Directors are set at levels considered to be appropriate when they enter into service agreements with the Company. The base salaries are reviewed by the Remuneration Committee annually and any increases are awarded having regard to performance and salary levels in comparable organisations.

Benefits in kind
A range of taxable benefits are available to the Executive Directors. These benefits primarily comprise private healthcare, life assurance, the provision of a car or car allowance and fuel card.

Performance-related bonuses
It is the policy of the Company to operate bonus arrangements for the Executive Directors which are performance related, the primary measures being the achievement of financial targets and personal performance.

Long-Term Incentive Plan
The Group operates a Long-Term Incentive Plan, under which certain Directors and senior management have been granted options to subscribe for ordinary shares. All options were equity settled. The options are subject to service and performance conditions.

Performance-related bonus and Long-Term Incentive Plan (2021 Long-Term Incentive Plan)
For the year ended 30 September 2022, the Company has introduced a combined bonus and long-term incentive plan for the Executive Directors and certain members of senior management, which will replace the separate performance-related bonuses and the Long-Term Incentive Plan noted above. The plan is performance related, with the primary measures being the achievement of financial targets. The participants of the plan have been granted conditional shares, which will vest subject to service and performance conditions. The achievement of the targets will result in a cash payment following the performance period and the vesting of the conditional shares over a three-year period. The conditional shares are equity settled.

Pension contributions
The Company makes contributions into personal pension schemes, or makes payments in lieu of contributions, of 15% of basic salary for the Executive Directors.

Remuneration of Non-Executive Directors
The remuneration of Non-Executive Directors is reviewed annually in December and becomes effective on 1 January. Their level of remuneration is based on outside advice and a review of current practices in other companies.

Executive Directors' contracts
Executive Directors are employed under service agreements, which are terminable on 12 months' notice by the Company and six months' notice by the Director.

Non-Executive Directors' contracts
The Chairman and the Non-Executive Directors each receive a fee for their services under appointment letters which are for an initial term of three years, save that either party may terminate on three months' notice. The fee is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The Chairman and Non-Executive Directors are reimbursed for travelling and other minor expenses incurred.

Directors' emoluments (audited)

	Salary/fee		Bonus		Benefits		Pension benefit		Total	
	2021 £'000	2020 £'000[1]	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Executive Directors										
Mike Morris	**342**	236	**58[2]**	—	**18**	18	**53**	52	**471**	306
Alan Martin	**250**	217	**—**	—	**18**	20	**39**	38	**307**	275
Non-Executive Directors										
Geoff French	**66**	58	**—**	—	**—**	—	**—**	—	**66**	58
Richard Kilner	**39**	35	**—**	—	**—**	—	**—**	—	**39**	35
Alex Wiseman	**36**	32	**—**	—	**—**	—	**—**	—	**36**	32
Ffion Griffith	**36**	32	**—**	—	**—**	—	**—**	—	**36**	32
Total	**769**	610	**58**	—	**36**	38	**92**	90	**955**	738

1 All Directors voluntarily took a 50% reduction in their salary or fee for the period 1 April 2020 to 30 June 2020.

2 Mike Morris was awarded a cash bonus in lieu of the 38,401 ordinary shares due to him under the 2018 Long Term Incentive Plan award, which he voluntarily surrendered.

Directors' interest in shares under the Long-Term Incentive Plan (audited)

		Number at 1 October 2020	Awarded in year	Exercised in year	Lapsed in year	**Number at 30 September 2021**	Date of grant
Mike Morris	Option[1]	137,846	—	—	137,846[3]	**—**	20 February 2018
Mike Morris	Option[1]	175,312	—	—	—	**175,312**	14 January 2019
Mike Morris	Option[1]	168,819	—	—	—	**168,819**	14 January 2020
Mike Morris	Option[1]	—	218,440	—	—	**218,440**	9 February 2021
Alan Martin	Option[1]	93,357	—	26,007[4]	67,350	**—**	20 February 2018
Alan Martin	Option[1]	124,667	—	—	—	**124,667**	14 January 2019
Alan Martin	Option[1]	75,000	—	—	—	**75,000**	1 April 2019
Alan Martin	Option[1]	75,000	—	—	—	**75,000**	1 October 2019
Alan Martin	Option[1]	122,211	—	—	—	**122,211**	14 January 2020
Alan Martin	Option[1]	—	160,504	—	—	**160,504**	9 February 2021
Alan Martin	Conditional share[2]	—	93,033	—	—	**93,033**	30 September 2021

1 2016 Long-Term Incentive Plan.

2 2021 Long-Term Incentive Plan.

3 Mike Morris voluntarily surrendered the share options as he is precluded from acquiring additional share in Nexus under Rule 9 of the Takeover Code. Of the 137,846 awarded share options, 28% would have vested having achieved the performance conditions, equal to 38,401 share options. The equivalent of the share options that would have vested was paid as a cash bonus, subject to taxes.

4 28% of the award vested on 21 February 2021 following Committee approval of the outcome of the performance conditions. Alan Martin sold 13,004 shares to cover taxes and retained the remaining 13,003 shares.

2016 Long-Term Incentive Plan
All options have an exercise price of £0.02. All options awarded up to and including the February 2021 award have a vesting period of three years. The performance conditions of the options granted in February 2018, January 2019 and January 2020 related to the average annual compound earnings per share growth and total shareholder return relative to a comparator group. There were no performance conditions for the options granted in April and October 2019.

Remuneration Committee report continued

Directors' interest in shares under the Long-Term Incentive Plan (audited) continued

2021 Long-Term Incentive Plan

The conditional shares have an exercise price of £0.02. The performance conditions of the conditional shares granted in September 2021 relate to operating profit and total shareholder return targets.

Mike Morris was not awarded conditional shares under the 2021 Long-Term Incentive Plan, as he and his concert party (the "Morris Concert Party") are precluded from acquiring additional shares in Nexus under Rule 9 of the Takeover Code. Mike Morris would have been awarded 126,614 conditional shares and he will be awarded a cash bonus in due course in lieu of the conditional shares, subject to the performance conditions of the long-term incentive plan.

Details of the options exercised by Directors during the year are as follows:

	Number of shares	Exercise price pence	Mid-market share price on date of exercise pence	Gain on exercise £'000
Alan Martin	26,007	2.0	155.0	40

Directors' interest in the Company's shares

At 30 September 2021, the Directors had the following interests in the Company's shares:

Director	Number of shares
Geoff French	12,000
Mike Morris[1]	10,074,110
Alan Martin	119,354
Richard Kilner	53,142
Alex Wiseman	53,000
Ffion Griffith	5,119

1 Including the shares held by connected persons.

R Kil

Richard Kilner
Chairman of the Remuneration Committee
10 December 2021

Directors' report

The Directors present their report and the financial statements for the year ended 30 September 2021.

The corporate governance disclosures on pages 56 to 68 form part of this report.

Strategic report

In accordance with the requirements of the Companies Act 2006, we present a review of the business during the year to 30 September 2021 and of the position of the Group at the end of the financial year, key performance indicators, together with a description of the financial risk management and the principal risks and uncertainties faced by the Group on pages 50 to 54.

Results and dividends

The results are set out in the consolidated statement of comprehensive income on page 78.

An interim dividend of 0.6p per share was paid to shareholders on 9 July 2021 (2020: £nil per share). The Board recommends, subject to shareholder approval at the AGM, a final dividend of 1.4p per share (2020: £nil per share) in respect of the 2021 financial year is paid on 25 February 2022 to shareholders on the register at the close of business on 28 January 2022. On this basis, the total dividend for the year will be 2.0p per share (2020: £nil per share).

Donations

The Group has made no political donations during any of the periods presented.

Greenhouse gas emissions

Details of the Group's Scope 1 and Scope 2 greenhouse gas emissions during the year are set out on page 49 and form part of the Directors' report disclosures.

Directors

The Directors of the Company and their biographical details are shown on pages 58 and 59. There have been no changes to the Directors of the Company during the year.
The Company has announced that Geoff French will step down as Chairman of the Nexus Board at the end of his second term, on 31 December 2021. Richard Kilner has been appointed as independent Non-Executive Chairman from 1 January 2022.

Details of any related party transactions with Directors of the Company are shown in note 29 to the financial statements.

The interests of the Directors and their connected persons in the shares of the Company at 30 September 2021 are disclosed in the Remuneration Committee report on page 68. Details of the interests of the Executive Directors in share options and awards of shares can be found on page 67 within the same report.

Directors' indemnity provisions

Directors risk personal liability under civil and criminal law for many aspects of the Company's business decisions. The Company believes that it is in the best interests of the Company to protect the individuals concerned from the consequences of innocent error or omission. Therefore, the Company has provided qualifying third-party indemnity provisions in respect of Directors and senior officers who were in role during the year and at the date of this report. The Company has taken out Directors' indemnity insurance to cover any losses arising as a result of this indemnity.

Share capital structure

At 30 September 2021, the Company's issued share capital was £908,015.30, divided into 45,400,765 ordinary shares of £0.02 each. The holders of ordinary shares are entitled to one vote per share at the Company's general meetings.

Stakeholder engagement

We have reported how we engage with our stakeholders on pages 38 to 41.

Directors' report continued

Substantial shareholdings

At 10 December 2021, the shareholdings noted below, representing 3% or more of the issued share capital, had been notified to the Company. In addition, as at 10 December 2021, Link IRG Trustees Limited held 100,000 ordinary shares as trustees of the Employee Share Purchase Plan.

Name of shareholder	Number of shares	Proportion of total
Mike Morris (CEO)[1]	10,074,110	22.2%
Ruffer	7,000,000	15.4%
Keith Breen[1]	5,965,907	13.1%
Otus Capital Management	2,357,182	5.2%
Business Growth Fund	2,093,998	4.6%
Close Brothers Asset Management	1,966,063	4.3%
Premier Miton Investors	1,943,000	4.3%
NR Holdings	1,738,325	3.8%

1 Including the shares held by connected persons.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint PricewaterhouseCoopers LLP will be proposed at the forthcoming AGM.

Going concern

Management has produced budgets that have been sensitised to reflect a severe but plausible downside scenario; they reflect a cautious view on the trading outlook based on the current market. These demonstrate that the Group is forecast to generate profits and cash in the year ending 30 September 2022 and beyond, and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The budget would satisfy the financial covenants of the banking facilities of the review period; however, the downside scenarios significantly reduce profitability, resulting in limited headroom on some of the financial covenants. Following discussions with our bank, the covenants have been permanently reduced and so provide reasonable headroom. As such, the Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

Approval

This Directors' report was approved on behalf of the Board on 10 December 2021.

Dawn Hillman
Company Secretary
10 December 2021

Directors' responsibilities statement

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 financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

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

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

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

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

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

By order of the Board

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer
10 December 2021

Independent auditors' report
to the members of Nexus Infrastructure plc

Report on the audit of the financial statements

Opinion

In our opinion, Nexus Infrastructure plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: The consolidated and company statement of financial position as at 30 September 2021; the consolidated statement of comprehensive income; the consolidated and company statement of cash flows, the consolidated statement of changes in equity, the company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The scope of our work covered Nexus Infrastructure plc, Tamdown Group Limited, Tamdown Services Limited, Tamdown Plant Hire Limited, eSmart Networks Limited, TriConnex Limited and Nexus Park Limited.
- We conducted a full scope audit of each of the above components, with the exception of Nexus Park Limited, where specified procedures over material financial statement line items were performed.
- These audit procedures covered 100% of the Group's Revenue, Profits and Total Assets.

Key audit matters

- Revenue recognition and long-term contract accounting in respect of infrastructure contracts (group)

Materiality

- Overall group materiality: £685,000 (2020: £690,000) based on 0.5% of Revenue.
- Overall company materiality: £374,000 (2020: £361,000) based on 1% of Total Assets.
- Performance materiality: £513,750 (group) and £280,500 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The impact of COVID-19, which was a key audit matter last year, is no longer included because of the reduced uncertainty relating to the financial impact of the COVID-19 pandemic on the Group and Company. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and long-term contract accounting in respect of infrastructure contracts (group) The Group recognised revenue of £137.0m in the financial year (see note 4). The principal revenue streams relate to the provision of infrastructure services to the UK housebuilding and commercial sector. Revenue is recognised using a contract accounting basis and therefore relies on a number of estimates, with the key estimate being the forecast costs to complete projects. The Group uses the input method, as such, these estimates drive the revenue recognised in the year. In conjunction with the billings raised to date and costs incurred to date on a contract, these estimates also drive the associated contract positions in the statement of financial position.	Revenue recognition • We evaluated the accounting policies for revenue recognition and assessed the appropriateness of application to the Group's contracts. • We tested revenue transactions in the year to supporting documentation, including signed contracts and variation orders. We corroborated a sample of actual costs incurred to date to supporting documentation (for example invoices or timesheets) and recalculated the revenue recognised for the financial year on a sample basis with reference to actual costs incurred as a proportion of total costs forecast to be incurred on individual contracts. • We challenged the estimates used in forecast costs to complete, obtaining a breakdown of forecast costs to complete and vouching a sample of costs to supporting documentation (for example purchase order or latest third-party invoice supporting the values attributed to tasks to complete). We have also compared the forecast margins used by the Directors at 30 September 2020 to actual outturn at end of contracts during the year ended 30 September 2021 to assess the accuracy of previous estimates. We have also compared a sample of actual margins at the end of October 2021 to those forecast margins at September 2021. • For revenue recognised for variations, we validated the value of the variation to signed customer variation order. Balance sheet • We tested a sample of accounts receivable, contract assets and contract liabilities to supporting documentation, including signed contract, variation orders and post year end cash receipt, where appropriate. We found no material exceptions in our testing.

Independent auditors' report continued

to the members of Nexus Infrastructure plc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We conducted a full scope audit of each of the above components, with the exception of Nexus Park Limited, where specified procedures over material financial statement line items were performed.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£685,000 (2020: £690,000)	£374,000 (2020: £361,000)
How we determined it	Based on 0.5% of Revenue	Based on 1% of Total Assets
Rationale for benchmark applied	We used revenue as a basis for materiality as the Group's profit margins are low, consistent with the industry as a whole, and therefore revenue is used by the Group as a key performance indicator.	We believe that total assets is the most appropriate benchmark as the Company is a holding company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £180,000 and £607,500. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 25% of overall materiality, amounting to £513,750 for the group financial statements and £280,500 for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £34,225 (group audit) (2020: £34,500) and £18,700 (company audit) (2020: £18,050) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors' analyses and models. These included base case forecast assumptions and severe but plausible downside scenarios and considered whether these were reasonable and appropriate in light of our knowledge of the Group and Company.
- We challenged the forecasts and assumptions and confirmed the mathematical accuracy of the model.
- We validated the liquidity position of the Group and Company and in particular the extent of available cash and equivalent resources and considered the extent of headroom these resources provided against the downside scenarios and loan covenants.

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 and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Independent auditors' report continued

to the members of Nexus Infrastructure plc

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and bias in estimates. Audit procedures performed by the engagement team included:

- Evaluation of management's controls designed to prevent and detect irregularities
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- Performing procedures over management's estimation accuracy including lookback tests to assess changes in margins year on year, and
- Reviewing meeting minutes, including those of the board of directors.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

10 December 2021

Consolidated statement of comprehensive income

for the year ended 30 September 2021

	Note	2021 £'000	2020 £'000
Revenue	4	**136,955**	125,726
Cost of sales		**(112,774)**	(108,981)
Gross profit		**24,181**	16,745
Administrative expenses		**(20,155)**	(19,249)
Other income	5	**133**	—
Operating profit/(loss) before exceptional items		**2,893**	(1,873)
Exceptional items	6	**1,266**	(631)
Operating profit/(loss)	8	**4,159**	(2,504)
Finance income	10	**—**	35
Finance expense	10	**(402)**	(378)
Profit/(loss) before tax		**3,757**	(2,847)
Taxation	11	**(782)**	482
Profit/(loss) and total comprehensive income/(expense) for the year attributable to equity holders of the parent		**2,975**	(2,365)
Earnings/(losses) per share (p per share)			
Basic	13	**6.56**	-5.87
Diluted	13	**6.43**	-5.87

The notes on pages 83 to 103 form part of the financial statements and accounting policies.

Consolidated and Company statement of financial position

as at 30 September 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Non-current assets					
Property, plant and equipment	14	**19,584**	12,971	**91**	7
Right of use assets	15	**2,415**	3,133	**6**	9
Goodwill	16	**2,361**	2,361	**—**	—
Investments in subsidiaries	17	**—**	—	**23,545**	23,545
Other investments	18	**—**	3	**—**	3
Total non-current assets		**24,360**	18,468	**23,642**	23,564
Current assets					
Inventories	19	**2,495**	1,184	**—**	—
Trade and other receivables	20	**38,150**	37,665	**8,956**	5,030
Contract assets	4	**21,138**	12,727	**—**	—
Corporation tax asset		**84**	641	**—**	—
Cash and cash equivalents		**29,517**	32,115	**4,816**	7,594
Total current assets		**91,384**	84,332	**13,772**	12,624
Total assets		**115,744**	102,800	**37,414**	36,188
Current liabilities					
Borrowings	21	**2,076**	1,613	**1,326**	1,050
Trade and other payables	22	**33,894**	32,245	**9,267**	9,194
Contract liabilities	4	**35,526**	28,581	**—**	—
Lease liabilities	15	**1,090**	1,265	**1**	9
Total current liabilities		**72,586**	63,704	**10,594**	10,253
Non-current liabilities					
Borrowings	21	**9,365**	7,749	**302**	1,850
Lease liabilities	15	**1,499**	2,269	**5**	1
Deferred tax liabilities	23	**162**	278	**22**	—
Total non-current liabilities		**11,026**	10,296	**329**	1,851
Total liabilities		**83,612**	74,000	**10,923**	12,104
Net assets		**32,132**	28,800	**26,491**	24,084
Equity attributable to equity holders of the Company					
Share capital	24	**908**	905	**908**	905
Share premium account		**9,419**	9,419	**9,419**	9,419
Retained earnings		**21,805**	18,476	**16,164**	13,760
Total equity		**32,132**	28,800	**26,491**	24,084

Retained earnings of the Company

The profit of the Company in the financial year amounted to £2,050,000 (2020: £2,963,000).

The financial statements were approved by the Board of Directors and authorised for issue on 10 December 2021.

Mike Morris
Director

Alan Martin
Director

Company number 05635505

The notes on pages 83 to 103 form part of the financial statements and accounting policies.

Consolidated statement of changes in equity

for the year ended 30 September 2021

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2019		762	—	22,509	23,271
Transactions with owners					
Dividend paid	12	—	—	(1,677)	(1,677)
Share-based payments	28	—	—	9	9
Issue of share capital		143	9,419	—	9,562
		143	9,419	(1,668)	7,894
Total comprehensive expense					
Loss and total comprehensive expense for the year		—	—	(2,365)	(2,365)
		—	—	(2,365)	(2,365)
Equity as at 30 September 2020		905	9,419	18,476	28,800
Transactions with owners					
Dividend paid	12	**—**	**—**	**(272)**	**(272)**
Share-based payments	28	**—**	**—**	**626**	**626**
Issue of share capital	24	**3**	**—**	**—**	**3**
		3	**—**	**354**	**357**
Total comprehensive income					
Profit and total comprehensive income for the year		**—**	**—**	**2,975**	**2,975**
		—	**—**	**2,975**	**2,975**
Equity as at 30 September 2021		**908**	**9,419**	**21,805**	**32,132**

The notes on pages 83 to 103 form part of the financial statements and accounting policies.

Company statement of changes in equity

for the year ended 30 September 2021

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2019		762	—	12,465	13,227
Transactions with owners					
Dividend paid	12	—	—	(1,677)	(1,677)
Share-based payments	28	—	—	9	9
Issue of share capital		143	9,419	—	9,562
		143	9,419	(1,668)	7,894
Total comprehensive income					
Profit and total comprehensive income for the year		—	—	2,963	2,963
		—	—	2,963	2,963
Equity as at 30 September 2020		905	9,419	13,760	24,084
Transactions with owners					
Dividend paid	12	**—**	**—**	**(272)**	**(272)**
Share-based payments	28	**—**	**—**	**626**	**626**
Share issue		**3**	**—**	**—**	**3**
		3	**—**	**354**	**357**
Total comprehensive income					
Profit and total comprehensive income for the year		**—**	**—**	**2,050**	**2,050**
		—	**—**	**2,050**	**2,050**
Equity as at 30 September 2021		**908**	**9,419**	**16,164**	**26,491**

The notes on pages 83 to 103 form part of the financial statements and accounting policies.

Consolidated and Company statement of cash flows

for the year ended 30 September 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash flow from operating activities					
Profit/(loss) before tax		**3,757**	(2,847)	**2,072**	2,963
Adjusted by:					
(Profit)/loss on disposal of property, plant and equipment – owned		**(1,288)**	81	**—**	—
Share-based payments	28	**626**	9	**626**	9
Finance expense (net)	10	**402**	343	**89**	191
Loss on disposal of assets measured at FVOCI		**—**	40	**—**	40
Depreciation of property, plant and equipment – owned	14	**492**	538	**7**	3
Depreciation of property, plant and equipment – right of use	15	**1,110**	1,420	**—**	8
Operating profit/(loss) before working capital changes		**5,099**	(416)	**2,794**	3,214
Working capital adjustments:					
(Increase)/decrease in trade and other receivables	20	**(485)**	3,258	**(3,926)**	(873)
Increase in contract assets	4	**(8,411)**	(741)	**—**	—
Increase in inventories	19	**(1,311)**	(806)	**—**	—
Increase/(decrease) in trade and other payables	22	**1,602**	(7,197)	**31**	(704)
Increase in contract liabilities	4	**6,945**	6,009	**—**	—
Cash generated from/(used in) operating activities		**3,439**	107	**(1,101)**	1,637
Interest paid	10	**(355)**	(328)	**(48)**	(145)
Taxation paid		**(343)**	(197)	**—**	—
Net cash generated from/(used in) operating activities		**2,741**	(418)	**(1,149)**	1,492
Cash flow from investing activities					
Purchase of property, plant and equipment – owned	14	**(7,681)**	(6,473)	**(91)**	(5)
Proceeds from disposal of property, plant and equipment – owned	14	**1,902**	469	**—**	—
Proceeds from disposal of assets measured at FVOCI		**3**	—	**3**	—
Purchase of additional share capital in subsidiary		**—**	—	**—**	(1,000)
Interest received	10	**—**	35	**—**	1
Net cash used in investing activities		**(5,776)**	(5,969)	**(88)**	(1,004)
Cash flow from financing activities					
Dividend payment	12	**(272)**	(1,677)	**(272)**	(1,677)
Drawdown of term loan		**3,538**	6,117	**—**	—
Drawdown of revolving credit facility		**—**	5,000	**—**	5,000
Repayment of term loan		**(1,459)**	(1,500)	**(1,272)**	(1,500)
Repayment of revolving credit facility		**—**	(5,000)	**—**	(5,000)
Principal elements of lease repayments		**(1,373)**	(1,366)	**—**	(7)
Net proceeds from the issue of share capital		**3**	9,562	**3**	9,562
Net cash generated from/(used in) financing activities		**437**	11,136	**(1,541)**	6,378
Net change in cash and cash equivalents		**(2,598)**	4,749	**(2,778)**	6,866
Cash and cash equivalents at the beginning of the year		**32,115**	27,366	**7,594**	728
Cash and cash equivalents at the end of the year		**29,517**	32,115	**4,816**	7,594

Cash and cash equivalents comprise cash and short-term deposits held.

The notes on pages 83 to 103 form part of the financial statements and accounting policies.

Notes to the financial statements

for the year ended 30 September 2021

1. Accounting policies

General information

The principal activity of Nexus Infrastructure plc ("the Company") and its subsidiaries (together "the Group") is the provision of essential infrastructure services to the UK housebuilding and commercial sectors.

Those services comprise:

- civil engineering and construction contracts;
- design, installation and connection of multi-utility networks; and
- electrification and electric vehicle infrastructure.

The principal trading subsidiaries are Tamdown Group Limited, TriConnex Limited, eSmart Networks Limited, Tamdown Services Limited and Tamdown Plant Hire Limited.

The Company is a public limited company (by shares) which is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Nexus Park, Avenue East, Skyline 120, Great Notley, Braintree, Essex, CM77 7AL.

The registered number of the Company is 05635505.

Basis of preparation

The consolidated and Company financial statements are for the year ended 30 September 2021. They have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated and Company financial statements have been prepared under the historical cost convention and are presented in sterling, rounded to the nearest thousand except where indicated otherwise.

The accounting policies used to prepare these financial statements are the same as those used in the preparation of the Group's financial statements for the year ended 30 September 2020, which have been delivered to the Registrar of Companies.

The preparation of the consolidated and Company financial statements in conformity with International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and Company financial statements, are disclosed in note 2.

Company results

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act and has not presented its own statement of comprehensive income. The Group profit for the year includes a profit for the Company of £2,050,000 (2020: £2,963,000).

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights.

The consolidated financial statements present the results of the Company and its subsidiaries as if they form a single entity. Inter-company transactions and balances are therefore eliminated in full. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group can continue in operational existence. Budgets for the two-year period to September 2023 have been prepared and approved by the Board; they reflect a cautious view on the trading outlook based on the current market.

These budgets were then subject to a range of sensitivities including a severe but plausible scenario together with mitigating actions. Changes to the principal assumptions included:

- a reduction in work secured of approximately 9%;
- a reduction in revenue of approximately 8%; and
- a reduction in gross profit of approximately 16%.

The budgets, as approved by the Board, satisfied all of the financial covenants of the banking facilities. The downside scenarios significantly reduced profitability, resulting in limited headroom on some of the financial covenants. Following discussions with our bank, the covenants have been permanently reduced and so providing reasonable headroom.

Based on the results of the analysis undertaken, the Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they arise for at least 12 months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

New and amended standards adopted by the Group

The Group has not applied any new standards, interpretations and amendments for their annual report period commencing 1 October 2020.

Standards, interpretations and amendments in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2021 reporting periods and have not been adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

Revenue recognition

Revenue, which excludes intra-group revenue and value added tax, comprises:

- contract revenue from civil engineering and construction contracts;
- contract revenue from the design, installation and connection of multi-utility networks; and
- contract revenue from energy transition projects.

In line with IFRS 15, the Group recognises revenue based on the application of the standard's principle-based 'five step' model to the Group's contracts with customers.

Notes to the financial statements continued

for the year ended 30 September 2021

1. Accounting policies continued

Civil engineering and construction contracts – Tamdown

The performance obligations and transaction price are determined within contracts between the customer and the Company. Each contract has one performance obligation, the provision of specific construction activities for both residential and commercial developments. Contract modifications are added to existing contracts where they are extensions to the original contracts. There are no variable consideration elements attached to any of the contracts. The revenue is recognised over time as the Company's performance of its obligations creates or enhances an asset that the customer controls. Payment of the transaction price is typically due up to a maximum of 45 days after the valuation is submitted.

Design, installation and connection of multi-utility networks – TriConnex

The performance obligations and transaction price are determined within contracts between the customer and the Company. Each contract has one performance obligation, the provision of utility connections. Contract modifications are added to existing contracts where they are extensions to the original contracts. There are no variable consideration elements attached to any of the contracts. The revenue is recognised over time as the Company's performance of its obligations creates or enhances an asset that the customer controls. Payment of the transaction price is typically due in a number of stage payments throughout the contract.

Energy transition projects – eSmart Networks

The performance obligations and transaction price are determined within contracts between the customer and the Company. Each contract has one performance obligation, the provision of charging and smart energy infrastructure. Contract modifications are added to existing contracts where they are extensions to the original contracts. There are no variable consideration elements attached to any of the contracts. The revenue is recognised over time as the Company's performance of its obligations creates or enhances an asset that the customer controls. Payment of the transaction price is typically due in a number of stage payments throughout the contract.

Policies applicable to all three of the above companies

Revenue is recognised over the period of the contract by reference to the stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Contract costs are recognised as expenses when incurred. When it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract assets (as discussed in IFRS 15.107) are recognised when the Group recognises revenue before the customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9.

Contract liabilities (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with other Group companies. All operating segments' operating results are regularly reviewed by the Executive Board, who are identified as the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and to assess its performance.

Inventory

Inventory is stated at the lower of costs and net realisable value. Cost of inventory is recognised at purchase cost and is determined as follows:

Raw materials	Weighted average rate method

Net realisable value is based on an estimated selling price less any further costs expected to be incurred for completion and disposal.

Retirement benefits: defined contribution schemes

Obligations for contributions to the defined contribution scheme are charged to the consolidated statement of comprehensive income in the year to which they relate.

Exceptional items

Items that are unusual or infrequent in nature are presented in the statement of comprehensive income as exceptional items.

Government grants

Government grants relating to income are recognised in the statement of comprehensive income and are offset against the costs they are intended to compensate.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. Land and buildings in construction are not depreciated. Other assets are depreciated at the following rates:

Freehold buildings	40-60 years straight-line
Plant and machinery	25% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	3-10 years straight-line
Leasehold improvements	over the life of the lease

Right of use assets

Right of use assets are recognised with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments and penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income.

Intangible assets – goodwill

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. It is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis, or more frequently if circumstances indicate that the asset may have been impaired.

Intangible assets – impairment

Intangible assets with indefinite lives are subject to impairment tests annually at the financial year end. The carrying values of non-financial assets with finite lives are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated statement of comprehensive income, except to the extent they reverse previous gains recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Financial instruments

The Group classifies its financial assets into the following three measurement categories based on the way the asset is managed and its contractual cash flow characteristics:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Fair value through profit or loss

Assets that do not meet the criteria of amortised cost or FVOCI are measured at fair value through profit or loss.

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing borrowings. Based on the way these financial instruments are being managed, and their contractual cash flow characteristics, all the Group's financial instruments are measured at amortised cost.

Financial instruments – impairment

The Group assesses the expected credit losses associated with its financial assets measured at amortised cost on a forward-looking basis; the Group applies the simplified approach as permitted by IFRS 9.

Investments

Subsidiaries

The Company has investments in subsidiaries which are carried at historical cost, less any provision for impairment.

Unlisted investments

The Group's investment in unlisted shares are categorised as FVOCI, which the Group has irrevocably elected at initial recognition. The Group has no control over the strategic or financial activity of the companies it has invested in.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings.

Share capital and retained earnings

Ordinary shares are classified as equity. Incremental costs attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings are classified as equity.

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability, which is a contractual obligation to deliver cash or similar to another entity or a potentially unfavourable exchange of financial assets or liabilities with another entity.

Notes to the financial statements continued

for the year ended 30 September 2021

1. Accounting policies continued

Dividends

Final equity dividends to the shareholders of Nexus Infrastructure plc are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the Company's right to receive payment is established.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries are jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share-based payments

The share option scheme allows employees to acquire shares in the capital of the Company. The fair value of these share options is recognised as an employee expense in the statement of comprehensive income, together with a corresponding credit to retained earnings in equity. The fair value is measured at grant date and spread over the period in which the employees become unconditionally entitled to the options. The fair value of the share options granted is measured using generally accepted option pricing models, taking into account the terms and conditions upon which the share options were granted. This expense is recognised on a straight-line basis based on the Group's estimate of the number of shares that will vest.

2. Critical accounting estimates and judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements:

- recoverability of debt – as part of the process of gaining new business it is necessary to carry out checks on the organisations for which the Group will carry out work. The value of individual contracts is substantial and the risk of default is always present, so the estimate of the non-recoverability of the debt made by the Directors is critical. See note 20 for further details;
- profitability of contracts – individual contracts are negotiated so as to provide a reasonable return to the Group. The calculation of the margin to be achieved and the pricing set by the Directors is of paramount importance to the success of the Group. The Directors assess the profitability of contracts by regularly reviewing costs incurred and the estimate of costs to complete; and
- impairment of goodwill – the Group tests goodwill annually for impairment, based on discounted future cash flows. These calculations require the use of estimates, as detailed in note 16.

3. Capital management

The Group's capital is made up of share capital and retained earnings totalling £32,132,000 (2020: £28,800,000).

Details of the Group's outstanding debt can be found in note 21.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

Note 27 to the financial statements provides details of how the Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

4. Revenue

Revenues from external customers are generated from the supply of services relating to civil engineering and construction contracts, design, installation and connection of multi-utility networks, and energy transition projects. Revenue is recognised in the following operating divisions:

	2021 Tamdown £'000	**2021 TriConnex £'000**	**2021 eSmart Networks £'000**	**2021 Total £'000**
Segment revenue	**78,047**	**50,730**	**9,009**	**137,786**
Inter-segment revenue	**(723)**	**—**	**(108)**	**(831)**
Revenue from external customers	**77,324**	**50,730**	**8,901**	**136,955**
Timing of revenue recognition				
Over time	**77,324**	**50,730**	**8,901**	**136,955**
Customer type				
Residential	**76,233**	**50,730**	**—**	**126,963**
Non-residential	**1,091**	**—**	**8,901**	**9,992**
	77,324	**50,730**	**8,901**	**136,955**

	2020 Tamdown £'000	2020 TriConnex £'000	2020 eSmart Networks £'000	2020 Total £'000
Segment revenue	85,828	39,091	2,196	127,115
Inter-segment revenue	(1,389)	—	—	(1,389)
Revenue from external customers	84,439	39,091	2,196	125,726
Timing of revenue recognition				
Over time	84,439	39,091	2,196	125,726
Customer type				
Residential	80,478	39,091	—	119,569
Non-residential	3,961	—	2,196	6,157
	84,439	39,091	2,196	125,726

The Group has recognised the following assets and liabilities related to contracts with customers:

	2021 £'000	2020 £'000
Contract assets		
Accrued income	**21,138**	12,727
Total	**21,138**	12,727

The increase in contract assets during the year is due to the timing of applications/invoices to external customers and materials held on site for imminent works.

Notes to the financial statements continued

for the year ended 30 September 2021

4. Revenue continued

	2021 £'000	2020 £'000
Contract liabilities		
Deferred income	**32,840**	26,026
Contract cost accruals	**2,686**	2,555
Total	**35,526**	28,581

The increase in contract liabilities during the year is due to the timing of invoices to external customers exceeding the revenue recognised.

The following table shows how much of the revenue from external customers relates to the contract liabilities at the beginning of the year:

	2021 £'000	2020 £'000
	21,738	13,809

Management expects that £116,294,000 representing 40.6% (2020: £90,849,000 representing 32.2%) of the transaction price allocated to unsatisfied performance obligations as at 30 September 2021 will be recognised within one year, £133,801,000 representing 46.7% (2020: £148,236,000 representing 52.6%) within two to five years and £36,339,000 representing 12.7% (2020: £42,943,000 representing 15.2%) over five years.

The Group does not have any assets in relation to costs to fulfil a contract (2020: £nil).

More than one customer is responsible for over 10% of revenue and details are presented below:

	2021 £'000	2020 £'000
Tamdown		
Customer 1	**14,210**	—
Customer 2[1]	**—**	13,253

1 Customer 2 is no longer responsible for over 10% of revenue in the current year.

5. Other income

	2021 £'000	2020 £'000
Research and development expenditure credit	**133**	—
	133	—

6. Exceptional items

	2021 £'000	2020 £'000
Profit on the sale of fixed asset	**(1,266)**	—
Restructuring costs	**—**	631
	(1,266)	631

Exceptional items in the year relate to the disposal of Tamdown's former office building.

Due to lower activity levels in the prior year, Tamdown and central departments were restructured, resulting in redundancy costs.

7. Segmental analysis

The Group is organised into the following three operating divisions under the control of the Executive Board, which is identified as the Chief Operating Decision Maker as defined under IFRS 8: Operating Segments:

- Tamdown;
- TriConnex; and
- eSmart Networks.

All of the Group's operations are carried out entirely within the United Kingdom.

Segment information about the Group's operations is presented below:

	2021 £'000	2020 £'000
Revenue		
Tamdown	**78,047**	85,828
TriConnex	**50,730**	39,091
eSmart Networks	**9,009**	2,196
Inter-company trading	**(831)**	(1,389)
Total revenue	**136,955**	125,726
Gross profit		
Tamdown	**5,994**	4,235
TriConnex	**15,665**	11,904
eSmart Networks	**2,522**	606
Total gross profit	**24,181**	16,745
Operating profit/(loss)		
Tamdown	**(642)**	(3,288)
TriConnex	**5,302**	3,400
eSmart Networks	**171**	(791)
Group administrative expenses	**(1,938)**	(1,194)
Operating profit/(loss) before exceptional items	**2,893**	(1,873)
Exceptional items		
Tamdown	**1,266**	(572)
Group	**—**	(59)
Total operating profit/(loss)	**4,159**	(2,504)
Net finance cost	**(402)**	(343)
Profit/(loss) before tax	**3,757**	(2,847)
Taxation	**(782)**	482
Profit/(loss) and total comprehensive income/(expense) for the year	**2,975**	(2,365)

The value of depreciation included in the measure of segment profit/(loss) is:

	2021 £'000	2020 £'000
Tamdown	**1,042**	1,386
TriConnex	**382**	473
eSmart Networks	**105**	88
Group	**73**	11
	1,602	1,958

Notes to the financial statements continued

for the year ended 30 September 2021

7. Segmental analysis continued

Balance sheet analysis of operating segments:

	2021 Assets £'000	2021 Liabilities £'000	2021 Net assets/ (liabilities) £'000
Tamdown	**36,288**	**26,184**	**10,104**
TriConnex	**25,323**	**37,071**	**(11,748)**
eSmart Networks	**3,590**	**7,310**	**(3,720)**
Group	**21,026**	**13,047**	**7,979**
Cash and cash equivalents	**29,517**	**—**	**29,517**
	115,744	**83,612**	**32,132**

	2020 Assets £'000	2020 Liabilities £'000	2020 Net assets/ (liabilities) £'000
Tamdown	35,758	27,748	8,010
TriConnex	19,469	33,332	(13,863)
eSmart Networks	666	1,348	(682)
Group	14,792	11,572	3,220
Cash and cash equivalents	32,115	—	32,115
	102,800	74,000	28,800

Group represents head office expenses. Assets principally comprise goodwill and land. Liabilities principally comprise borrowings and creditors.

8. Operating profit/(loss)

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

	2021 £'000	2020 £'000
Depreciation:		
Depreciation of property, plant and equipment	**492**	538
Depreciation of right of use assets	**1,110**	1,420
(Profit)/loss on disposal of assets	**(1,288)**	81
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of the Company and consolidated financial statements	**29**	25
Fees payable to the Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	**115**	99
Tax advisory services	**—**	7
For tax compliance services	**4**	—

There are no amounts other than those listed above included in the operating profit/(loss) in respect of non-audit remuneration.

The profit on the disposal of assets in the year relates mainly to the disposal of Tamdown's former office building as per note 6.

9. Staff costs

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Wages and salaries	**32,788**	34,196	**2,106**	1,985
Share-based payments	**626**	9	**626**	9
Social security costs	**3,424**	3,605	**261**	240
Other pension costs	**646**	707	**109**	110
	37,484	38,517	**3,102**	2,344

The average monthly number of employees (including Directors) during the year was:

	2021 Number	2020 Number
Tamdown	**379**	514
TriConnex	**243**	239
eSmart Networks	**48**	31
Group	**30**	34
	700	818

The average number of people employed by the Company (including Directors) during the year was 30 (2020: 34).

Amounts claimed in respect of the Coronavirus Job Retention Scheme during the year and offset against staff costs was £nil (2020: Group: £4,454,000 and Company: £122,000).

The Directors of the Group are considered by the Board to be the key management of the Group, for which remuneration in the year ended 30 September 2021 totalled £1,151,000 (2020: £741,000), including: short-term employee benefits £36,000 (2020: £38,000), employer pension contributions £92,000 (2020: £90,000) and share-based payment charge £196,000 (2020: £3,000). Further details of the Directors' remuneration are provided in the audited section of the Remuneration Committee report on pages 67 and 68.

10. Finance income and expense

	2021 £'000	2020 £'000
Finance income		
Interest on bank deposits	**—**	35
Finance expense		
Interest on bank loan	**(287)**	(252)
Interest on lease liabilities	**(115)**	(126)
	(402)	(378)
Finance expense (net)	**(402)**	(343)

Notes to the financial statements continued

for the year ended 30 September 2021

11. Taxation

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax on profits for the year	**525**	—
Adjustment in respect of prior periods	**373**	(608)
Total current tax	**898**	(608)
Deferred tax:		
Origination and reversal of timing differences	**177**	182
Adjustment in respect of prior periods	**(288)**	(67)
Effect of tax rate change on opening balance	**(5)**	11
Total tax charge/(credit)	**782**	(482)

The tax assessed for the year is the same as (2020: the same as) the standard rate of corporation tax as applied in the UK. The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) before tax	**3,757**	(2,847)
Profit/(loss) before tax multiplied by the respective standard rate of corporation tax applicable in the UK (19.0%) (2020: 19.0%)	**714**	(541)
Effects of:		
Fixed asset differences	**(233)**	8
Non-deductible expenses	**149**	141
Income not taxable for tax purposes	**(24)**	—
Group relief surrendered	**—**	55
Other tax adjustments, reliefs and transfers	**(45)**	(89)
Chargeable gains/losses	**128**	—
Losses carried back	**—**	582
Adjustment in respect of prior periods – current tax	**373**	(608)
Adjustment in respect of prior periods – deferred tax	**(288)**	(67)
Deferred tax not recognised	**13**	26
Deferred tax – other	**(5)**	11
Total tax charge/(credit)	**782**	(482)

There was no income tax (charged)/credited directly to equity in the year (2020: £nil).

In the Spring Budget of 2021 the Government announced that the rate of corporation tax will increase from 1 April 2023 to 25% on profits over £250,000. The corporation tax rate increase was included in the Finance Bill 2021 and the Bill was substantively enacted on 24 May 2021. The deferred tax balances recognised within these financial statements have been revalued to the substantively enacted tax rate of 25%.

12. Dividends

Group and Company	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 September 2021 of 0.6p per share (2021: £nil per share)	**272**	—
Final dividend for the year ended 30 September 2020 of £nil per share (2019: 4.4p per share)	**—**	1,677
	272	1,677

The proposed final dividend for the year ended 30 September 2021 of 1.4p per share (2020: £nil per share) makes a total dividend for the year of 2.0p per share (2020: 4.4p per share). The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements. The total estimated final dividend to be paid is £636,000.

13. Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by the weighted average number of shares in issue for the year.

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of shares in issue for the year to assume conversion of all dilutive potential shares.

The calculation of the basic and diluted earnings/(losses) per share is based on the following data:

	2021 £'000	2020 £'000
Profit/(loss) for the year attributable to equity shareholders	**2,975**	(2,365)
Weighted average number of shares in issue for the year	**45,346,677**	40,284,139
Effect of dilutive potential ordinary shares:		
Share options	**926,345**	2,418,224
Weighted average number of shares for the purpose of diluted earnings per share	**46,273,022**	42,702,363
Basic earnings/(losses) (p per share)	**6.56**	-5.87
Diluted earnings/(losses) (p per share)	**6.43**	-5.87

14. Property, plant and equipment

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 October 2019	5,438	657	2,158	1,406	613	10,272
Additions	6,347	—	13	—	113	6,473
Disposals	—	—	(1,142)	(114)	(4)	(1,260)
Transfer from right of use assets	—	—	1,269	—	—	1,269
At 30 September 2020	11,785	657	2,298	1,292	722	16,754
Additions	**5,763**	**—**	**97**	**135**	**1,686**	**7,681**
Disposals	**(627)**	**—**	**(526)**	**(387)**	**(400)**	**(1,940)**
Transfer from right of use assets	**—**	**—**	**74**	**—**	**—**	**74**
At 30 September 2021	**16,921**	**657**	**1,943**	**1,040**	**2,008**	**22,569**
Accumulated depreciation						
At 1 October 2019	287	614	1,371	636	372	3,280
Charge for the year	15	43	161	193	126	538
Disposals	—	—	(631)	(79)	—	(710)
Transfer from right of use assets	—	—	675	—	—	675
At 30 September 2020	302	657	1,576	750	498	3,783
Charge for the year	**54**	**—**	**113**	**155**	**170**	**492**
Disposals	**(318)**	**—**	**(308)**	**(320)**	**(380)**	**(1,326)**
Transfer from right of use assets	**—**	**—**	**36**	**—**	**—**	**36**
At 30 September 2021	**38**	**657**	**1,417**	**585**	**288**	**2,985**
Net book value						
At 30 September 2019	5,151	43	787	770	241	6,992
At 30 September 2020	11,483	—	722	542	224	12,971
At 30 September 2021	**16,883**	**—**	**526**	**455**	**1,720**	**19,584**

The fair value of the building is not materially different to the carrying value included above.

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for the year ended 30 September 2021

14. Property, plant and equipment continued

Company	Fixtures and fittings £'000	Total £'000
Cost		
At 1 October 2019	6	6
Additions	5	5
Disposals	—	—
At 30 September 2020	11	11
Additions	**91**	**91**
Disposals	**—**	**—**
At 30 September 2021	**102**	**102**
Accumulated depreciation		
At 1 October 2019	1	1
Charge for the year	3	3
Disposals	—	—
At 30 September 2020	4	4
Charge for the year	**7**	**7**
Disposals	**—**	**—**
At 30 September 2021	**11**	**11**
Net book value		
At 30 September 2019	5	5
At 30 September 2020	7	7
At 30 September 2021	**91**	**91**

15. Right of use assets and lease liabilities

The Group has leases for freehold property, plant and machinery, motor vehicles and fixtures and fittings. Leases for freehold property relate mainly to office properties, whilst the plant and machinery leases are predominately large machinery used in site operations.

The statement of financial position shows the following information relating to right of use assets and leases:

	2021 £'000	2020 £'000
Right of use assets		
Freehold property	**542**	607
Plant and machinery	**1,305**	1,856
Motor vehicles	**561**	651
Fixtures and fittings	**7**	19
	2,415	3,133
Lease liabilities		
Current	**1,090**	1,265
Non-current	**1,499**	2,269
	2,589	3,534

Additions to the right of use assets during the year were £524,000 (2020: £378,000). Disposals of £94,000 (2020: £670,000) were also recorded.

The statement of comprehensive income shows the following amounts relating to right of use assets and leases:

	2021 £'000	2020 £'000
Depreciation		
Freehold property	**252**	221
Plant and machinery	**512**	712
Motor vehicles	**334**	463
Fixtures and fittings	**12**	24
	1,110	1,420
Interest expense	**115**	126
Expenses relating to short-term leases	**388**	344
Expenses relating to low-value leases that are not shown above as short-term leases	**4**	6

The total cash outflow for leases during the year was £1,488,000 (2020: £1,492,000).

The present value of lease liabilities is as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Within one year	**1,202**	1,378	**1**	9
Two to five years	**1,461**	2,261	**6**	1
Over five years	**—**	—	**—**	—
Future finance charge on lease liabilities	**(74)**	(105)	**(1)**	—
Present value of lease liabilities	**2,589**	3,534	**6**	10

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The Group does not have any leases which contain variable payment terms.

16. Goodwill

	2021 £'000	2020 £'000
Carrying value	**2,361**	2,361

Impairment testing

The Group tests goodwill annually for impairment. During the year, impairment tests were undertaken over the goodwill of Tamdown Group Limited (£2,361,000). There are considered to be three cash generating units in the Group which will provide the future economic benefit to the Group, comprising Tamdown Group Limited, TriConnex Limited and eSmart Networks Limited. No goodwill is attached to TriConnex Limited or eSmart Networks Limited.

The recoverable amount was determined using a value-in-use calculation based upon Directors' forecasts for the trading results for the three years ending 30 September 2024 extended to 30 September 2026 using an estimated growth rate of 2.0%. The terminal growth rate beyond 2025 remains at 2.0%.

A pre-tax discount rate of 10.0% (2020: 10.0%) has been used in this calculation, which is based upon the capital structure of the Group. Changes to the capital structure may impact upon the Group's discount rate in future periods. The key assumptions utilised within the forecast model relate to the level of future sales, which have been estimated based upon the Directors' expectations, current trading and recent actual trading performance. The value-in-use calculation indicates that Tamdown Group Limited has a recoverable amount which is greater than the carrying amount of assets allocated to them. The Directors have undertaken sensitivity analysis which indicates that a reasonable change in assumption will not give rise to an impairment.

The following table sets out the key assumptions for Tamdown Group Limited, which has goodwill attached to it:

	2022 £'000	2023 £'000	2024 £'000	2025+ £'000
Revenue (% annual growth rate)	2.7%	5.0%	2.0%	2.0%
Gross margin	12.8%	14.6%	14.6%	14.6%
Operating margin	2.8%	3.9%	3.9%	3.9%

Notes to the financial statements continued

for the year ended 30 September 2021

17. Investments in subsidiaries

	2021 £'000	2020 £'000
Investments in subsidiary companies	**23,545**	23,545

The following are subsidiaries of Nexus Infrastructure plc, which owns 100% of the ordinary share capital, all of which are registered in England and Wales:

	Activity
Tamdown Group Limited	Construction services
Tamdown Services Limited[1]	Supply of labour to the construction industry
Tamdown Plant Hire Limited[1]	Engineering plant hire
TriConnex Limited	Multi-utilities contractor
eSmart Networks Limited	Energy transition
Nexus Park Limited	Development of building projects

1 Held by Tamdown Group Limited.

The registered address of all subsidiaries is Nexus Park, Avenue East, Skyline 120, Great Notley, Braintree, Essex, CM77 7AL.

Investments in Group undertakings are recorded at cost.

18. Other investments

The Group held investments that are measured at FVOCI where the Group has no control over the strategic or financial activity of the investment, as shown below:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Unlisted investments				
At 1 October	**3**	43	**3**	43
Disposal	**(3)**	(40)	**(3)**	(40)
At 30 September	**—**	3	**—**	3

The investments listed above were the only level 3 asset held by the Group.

19. Inventories

	2021 £'000	2020 £'000
Raw materials	**2,495**	1,184
	2,495	1,184

The value of raw materials purchased as inventory and later recognised as an expense in the year ended 30 September 2021 amounted to £6,136,000 (2020: £2,623,000). These were included in cost of sales.

There were no write-downs of raw materials during the year.

20. Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade receivables from contracts with customers	**35,960**	35,290	**—**	—
Other receivables	**1,597**	1,496	**37**	42
Prepayments	**593**	879	**206**	520
Amounts owed by Group undertakings	**—**	—	**8,713**	4,468
	38,150	37,665	**8,956**	5,030

Overdue trade receivables	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
By less than three months	**4,702**	4,947	**—**	—
Over three but less than six months	**1,622**	3,359	**—**	—
Over six months but less than one year	**1,282**	2,886	**—**	—
Over one year	**4,430**	1,971	**—**	—
	12,036	13,163	**—**	—

The carrying value of trade and other receivables is stated after the following allowance for doubtful debts:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 October	**1,187**	1,114	**—**	—
Charged to the statement of comprehensive income	**164**	237	**—**	—
Written back to the statement of comprehensive income	**(310)**	(164)	**—**	—
Written off as impaired	**—**	—	**—**	—
At 30 September	**1,041**	1,187	**—**	—

During the year, a detailed review of trade receivable balances was carried out, which resulted in some new allowances relating specifically to retentions being created and older allowances where the provision is no longer required being written back to the statement of comprehensive income. This has resulted in a net decrease of £146,000 (2020: increase of £73,000).

Amounts owed by Group undertakings are unsecured, repayable on demand and interest free. Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. No allowance for expected credit losses is deemed necessary.

Due to the short-term nature of the current receivables, their carrying value is considered to be the same as their fair value.

21. Borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Current	**2,076**	1,613	**1,326**	1,050
Non-current	**9,365**	7,749	**302**	1,850

The Company entered into a £12.0m five-year term facility with Allied Irish Bank in December 2015. The loan is secured over the whole of the Company's undertakings and assets and by way of cross guarantee from other Group undertakings. The loan carries interest at LIBOR plus 2.25% and is repayable in instalments of £1.4m per annum with a termination payment in October 2022.

The Group entered into a £10.0m ten-year term facility and £5.0m five-year revolving credit facility with an accordion facility extension of £5.0m with Allied Irish Bank in August 2019. The loan is secured over the whole of the Company's undertakings and assets and by way of cross guarantee from other Group undertakings. The loan carries interest at LIBOR plus up to 2.20% and is repayable in instalments of £750,000 per annum.

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of short-term nature.

22. Trade and other payables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade payables	**29,482**	28,666	**306**	352
Other payables	**783**	995	**—**	4
Payments on account	**—**	220	**—**	—
Accruals	**2,210**	1,359	**431**	264
Social security and other tax payable	**1,419**	1,005	**80**	78
Amounts owed to Group undertakings	**—**	—	**8,450**	8,496
Current	**33,894**	32,245	**9,267**	9,194

Other payables comprises payroll-related liabilities.

Amounts owed to Group undertakings are unsecured, repayable on demand and interest free.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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23. Deferred income tax

Accelerated capital allowances	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Brought forward	**278**	152	**—**	—
(Credit)/charge for the year	**(116)**	126	**22**	—
	162	278	**22**	—

There was no unrecognised deferred tax in the year (2020: £nil).

24. Share capital

On 12 June 2020, a total of 7,142,900 new ordinary shares of £0.02 each in the Company were issued at a placing price of £1.40. £143,000 was recognised as share capital and £9,419,000 as share premium which is net of share issue costs of £438,000. All proceeds were received in cash on the date of the placing.

During the year, the Group issued 140,015 new ordinary shares of £0.02 each as a result of share-based payments as set out in note 28.

Shares are fully paid at par and the rights attached to the ordinary shares are disclosed within the articles of association.

Group and Company	2021 £'000	2020 £'000
45,400,765 (2020: 45,260,750) ordinary shares of £0.02 each (authorised and in issue)	**908**	905
	908	905

25. Net cash/(debt)

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash and cash equivalents	**29,517**	32,115	**4,816**	7,594
Borrowings	**(11,441)**	(9,362)	**(1,628)**	(2,900)
Lease liabilities	**(2,589)**	(3,534)	**(6)**	(10)
Net cash/(debt)	**15,487**	19,219	**3,182**	4,684
Cash and cash equivalents	**29,517**	32,115	**4,816**	7,594
Gross debt at fixed interest rates	**(14,030)**	(12,896)	**(1,634)**	(2,910)
Net cash/(debt)	**15,487**	19,219	**3,182**	4,684

	Cash and cash equivalents £'000	Borrowings £'000	Lease liabilities £'000	Total £'000
Net cash/(debt) at 1 October 2019	27,366	(4,745)	(4,597)	18,024
Cash flows	4,749	(4,365)	1,492	1,876
New leases	—	—	(378)	(378)
Finance expense	—	(252)	(126)	(378)
Other changes	—	—	75	75
Net cash/(debt) at 30 September 2020	32,115	(9,362)	(3,534)	19,219
Cash flows	**(2,598)**	**(1,792)**	**1,488**	**(2,902)**
New leases	**—**	**—**	**(524)**	**(524)**
Finance expense	**—**	**(287)**	**(115)**	**(402)**
Other changes	**—**	**—**	**96**	**96**
Net cash/(debt) at 30 September 2021	**29,517**	**(11,441)**	**(2,589)**	**15,487**

26. Financial instruments

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Non-current assets				
Other investments	**—**	3	**—**	3
	—	3	**—**	3
Current assets				
Trade receivables	**35,960**	35,290	**—**	—
Contract assets	**21,138**	12,727	**—**	—
Other receivables	**674**	601	**—**	
Amounts owed by Group undertakings	**—**	—	**8,713**	4,468
	57,772	48,618	**8,713**	4,468
Cash and cash equivalents	**29,517**	32,115	**4,816**	7,594
Total financial assets	**87,289**	80,736	**13,529**	12,065
Non-current liabilities				
Borrowings	**9,365**	7,749	**302**	1,850
Lease liabilities	**1,499**	2,269	**5**	1
	10,864	10,018	**307**	1,851
Current liabilities				
Borrowings	**2,076**	1,613	**1,326**	1,050
Trade payables	**29,482**	28,666	**306**	352
Accruals	**4,896**	3,913	**431**	264
Other payables	**783**	995	**—**	4
Lease liabilities	**1,090**	1,265	**1**	9
Amounts owed to Group undertakings	**—**	—	**8,450**	8,496
	38,327	36,452	**10,514**	10,175
Total financial liabilities at amortised cost	**49,191**	46,470	**10,821**	12,026

27. Financial risk management

The Group and Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, capital risk and market risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board; they have assessed the exposure, policies and market conditions and consider there to be no change to the policies outlined below:

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

The maximum exposure to credit risk is the value of the outstanding amount of cash balances, trade and other receivables and contract assets:

	2021 £'000	2020 £'000
Group		
Trade and other receivables	**38,150**	37,665
Contract assets	**21,138**	12,727
Cash and cash equivalents	**29,517**	32,115
Company		
Trade and other receivables	**8,956**	5,030
Cash and cash equivalents	**4,816**	7,594

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

Notes to the financial statements continued

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27. Financial risk management continued

a) Credit risk continued

Management consider default to be when companies do not make payment when due; this would further be considered as impaired when it becomes clear that no payment will be made. Historically, and for the year to date, no impairment to receivables has been made and therefore the expected credit loss is zero.

Provision of services by members of the Group results in trade receivables which management consider to be of low risk. Management do not consider that there is any concentration of risk within either trade or other receivables.

b) Liquidity risk

Group

The Group currently holds cash balances in sterling to provide funding for normal trading activity. Trade and other payables are monitored as part of normal management routine. The Group's financial liabilities have contractual maturities as summarised below:

2021	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	2,318	3,985	6,380
Lease liabilities	1,202	1,461	—
Trade payables	29,482	—	—
Accruals and payments on account	37,736	—	—
Other payables	2,202	—	—

2020	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	1,687	7,773	—
Lease liabilities	1,378	2,261	—
Trade payables	28,666	—	—
Accruals and payments on account	30,160	—	—
Other payables	2,000	—	—

The borrowings are net of any transaction costs incurred. The transaction costs are recognised in the income statement over the period of the borrowings.

The bank loans and overdrafts are secured by cross guarantees from other Group undertakings.

Company

The Company holds minimum cash balances. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

2021	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	1,355	302	—
Trade payables	306	—	—
Amounts owed to Group undertakings	8,450	—	—
Accruals and payments on account	431	—	—
Other payables	80	—	—

2020	Within one year £'000	Two to five years £'000	Over five years £'000
Borrowings	1,124	1,874	—
Trade payables	352	—	—
Amounts owed to Group undertakings	8,496	—	—
Accruals and payments on account	264	—	—
Other payables	82	—	—

c) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure which optimises the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Decisions regarding the balance of equity and borrowings, dividend policy and all major borrowing facilities are reserved for the Board.

d) Foreign exchange and interest rate risk

The Group has no significant exposure to currency risk. The Group is exposed to interest rate risk and the borrowings carry interest at LIBOR plus up to 2.25% as per note 21. Based on Group budgets for the next financial year, if the interest rates were to increase by 1% financial expenses would increase by up to £106,000.

28. Share-based payments

During the year to 30 September 2021, the Group had the following share-based payment arrangements, all of which are equity settled.

A summary of the arrangements is shown below:

Arrangement	Contractual life	Vesting conditions
Share incentive plan	Rolling scheme	All employees who were employed by the Group on 11 July 2017 were awarded 100 free shares that are subject to a three-year holding period. These will be forfeited if the employee leaves before the end of the holding period. Employees can also purchase partnership shares that are immediately exercisable. The Group matches partnership shares on a one for three basis. The Group matching shares are only exercisable after three years.
Share options	Three years	For the Executive Directors the award will vest on the third anniversary of the grant date if performance conditions have been met. The performance conditions include an EPS growth target and a total shareholder return ("TSR") target.
Share options (April and October 2019)	Three years	For an Executive Director the award will vest on the third anniversary of the grant date.
Share options (September 2021)	Four years	For the Executive Directors the award will become capable of vesting in three equal tranches on an annual basis starting on the second anniversary of the date of the grant. The performance conditions include an operating profit and a TSR target.

Share incentive plan

The fair value of each share granted in the share incentive plan is equal to the share price at the date of the grant. Shares are granted on a monthly basis.

Notes to the financial statements continued

for the year ended 30 September 2021

28. Share-based payments continued

Share options

The fair value per option has been calculated using either the Binomial or Monte Carlo valuation option pricing models. The inputs into the models were as follows:

Date of grant	20/02/2018	04/10/2018	14/01/2019	01/04/2019	01/10/2019	14/01/2020	09/02/2021	30/09/2021
Stock price at grant date	£2.48	£2.48	£1.94	£2.07	£1.22	£2.03	£1.57	£2.43
Weighted average exercise price	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02
Expected life	Three years	Three years	Three years	Three years	Three years	Three years	Three years	Four years
Expiry date	20/02/2028	20/02/2028	14/01/2029	01/04/2029	01/10/2029	14/01/2030	09/02/2031	30/09/2031
Expected volatility	35%	35%	35%	35%	35%	30%	38%	30%
Risk-free interest rate	0.85%	0.85%	0.83%	0.66%	0.25%	0.47%	0.01%	0.7%-0.8%
Dividend yield	3.40%	3.40%	3.40%	3.20%	5.40%	3.30%	3.00%	3.00%
Fair value of one option (EPS)	£2.22	£2.22	£1.74	£0.00	£0.00	£1.82	£1.41	£0.00
Fair value of one option (TSR)	£1.81	£1.81	£1.27	£0.00	£0.00	£1.63	£0.92	£0.99-£1.07
Fair value of one option	£0.00	£0.00	£0.00	£1.86	£1.02	£0.00	£0.00	£2.14-£2.27
Performance condition period	01/10/2017 -30/09/2020	01/10/2017 -30/09/2020	01/10/2018 -30/09/2021	—	—	01/10/2019 -30/09/2020	01/10/2020 -30/09/2021	01/10/2021 -30/09/2022

Where there is a TSR performance condition attached to the share options, this is incorporated into the fair value calculation.

Expected volatility has been calculated based on historical share price movements of comparable companies.

Further details of the option plans are as follows:

Date of grant	20/02/2018 No. of shares	04/10/2018 No. of shares	14/01/2019 No. of shares	01/04/2019 No. of shares	01/10/2019 No. of shares	14/01/2020 No. of shares	09/02/2021 No. of shares	30/09/2021 No. of shares
Outstanding at 1 October 2020	640,449	95,000	920,011	75,000	75,000	1,037,658	—	—
Granted in the year	—	—	—	—	—	—	1,354,920	418,542
Lapsed	500,434	—	—	—	—	—	—	—
Forfeited	—	—	13,269	—	—	33,333	43,131	—
Exercised	140,015	—	—	—	—	—	—	—
Outstanding at 30 September 2021	—	95,000	906,742	75,000	75,000	1,004,325	1,311,789	418,542
Remaining contractual life	—	1 month	4 months	7 months	13 months	16 months	29 months	48 months

None of the options are currently exercisable.

The total share-based payments charged to the statement of comprehensive income was a charge of £626,000 (2020: £9,000).

29. Related party transactions

The Group's key management personnel are the Executive and Non-Executive Directors, as identified in the Remuneration Committee report on pages 65 to 68.

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Dividend received from other Group companies	**—**	—	**3,983**	4,301
Cost recharged receivable from other subsidiaries	**—**	—	**8,573**	4,935
Amounts sold to the Nexus Community Trust	**—**	1	**—**	—
Donations made to the Nexus Community Trust	**—**	3	**—**	—

In the prior year, the Group transacted with the Nexus Community Trust, of which Mike Morris is a trustee. The Nexus Community Trust is a charitable trust established to support employee-nominated causes and help those charities which have been involved with, and affect the lives of, the staff of Nexus and its subsidiary companies. The terms were at normal market rates and payment terms. The amount owed to the Nexus Community Trust at 30 September 2021 was £nil (2020: £nil).

30. Contingent liabilities

Group and Company

Under a Group registration, the Company is jointly liable for value added tax by other Group companies. As at 30 September 2021, there was a value added tax asset of £382,000 (2020: £864,000).

The Group's bank debt is guaranteed jointly and severally with other Group companies. At 30 September 2021, the bank debt covered by this guarantee amounted to £11,662,000 (2020: £9,362,000).

These debts are also secured by a fixed and floating charge over the assets of the Company.

31. Capital commitments

Group and Company

At 30 September 2021, the Group had capital commitments of £1,094,000 relating to motor vehicles (2020: £3,996,000). The Company had no capital commitments (2020: £nil).

32. Events after the reporting year

Group and Company

There are no events after the reporting year to disclose.

Further information

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Share price information
London Stock Exchange

Symbol: NEXS.

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Financial calendar

Annual General Meeting ("AGM")
The Company's AGM will be held on 15 February 2022, details will be circulated in the notice of the AGM in due course.

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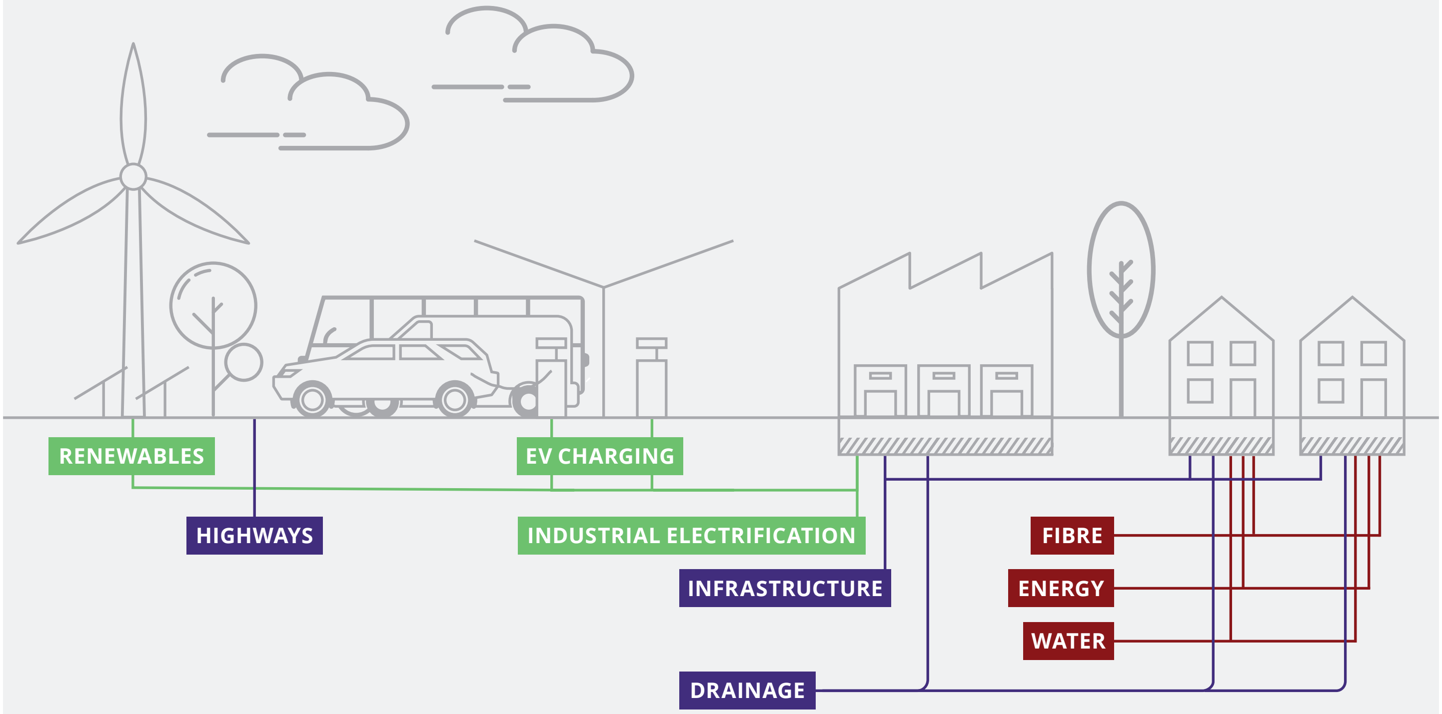

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