Delivering sustainable infrastructure

Annual report and financial statements

2022

Welcome to the Nexus Infrastructure plc Annual report 2022

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

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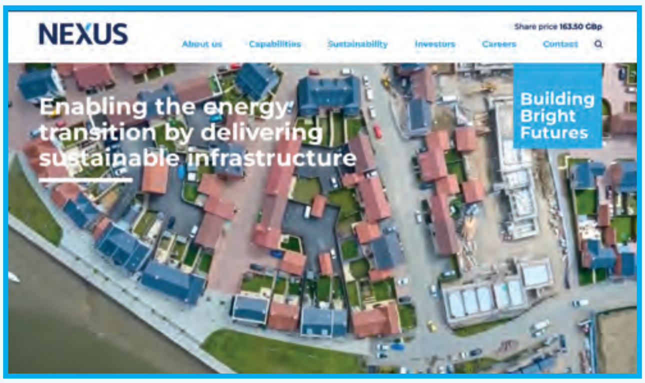

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nexus-infrastructure.com

Our highlights

Financial

Total revenue[1] (£m)
£173.4m **26.6%**
2021: £137.0m

Continuing revenue[1] (£m)
£98.4m **27.2%**
2021: £77.3m

Adjusted operating profit[2] (£m)
£4.0m **39.7%**
2021: £2.9m

Operating loss (£m)
£0.3m **76.9%**
2021: £1.3m

Earnings per share[3] (basic) (p)
6.0p **(9.1)%**
2021: 6.6p

Continuing operations loss per share[3] (basic) (p)
(2.24)p **43.2%**
2021: (3.95)p

Order book[4] (£m)
£316.1m **9.8%**
2021: £287.8m

Net cash[5] (£m)
£24.2m **33.7%**
2021: £18.1m

Dividend (p)
1.0p
2021: 2.0p

Operational

Overall revenue growth

- Revenue for Tamdown recorded significant year-on-year growth of 26.1% to £98.4m (2021: £78.0m)
- TriConnex has continued to grow, recording a new record revenue of £55.7m (2021: £50.7m)
- Revenue for eSmart Networks recorded significant growth of 114.7% to £19.3m (2021: £9.0m)

Improved profitability

- Total adjusted operating profit including discontinued operations[2] improved significantly to £4.0m (2021: £2.9m)
- TriConnex recorded continued improved operating profit of £5.6m (2021: £5.3m)
- Two-year turnaround programme for Tamdown on track with improvement in profits (excluding exceptional items) of £2.9m to £2.3m (2021: loss £0.6m)

Order book remains robust

- Order book for all Group businesses remains strong at £316.1m (2021: £287.8m) providing good revenue visibility
- The order book for eSmart Networks has increased 72% to £23.2m (2021: £13.5m) driven by the demand for electric vehicle charging infrastructure and industrial electrification

Balance sheet strength

- Cash and cash equivalents remain high at £24.2m (2021: £29.5m)[5]
- Net assets continue to grow to £34.1m (2021: £32.1m)

Strategic

Inherent value crystallised

- Since the year end shareholders have agreed to the sale of TriConnex and eSmart Networks, which will realise the inherent value of these businesses and ensures Tamdown is well capitalised for the future

1 Including discontinued operations.
2 Adjusted operating profit is operating profit including discontinued operations and excluding the impact of exceptional items.
3 Total operations, inclusive of discontinued operations and the impact of exceptional items.
4 Secured work yet to be carried out, includes discontinued operations.
5 Cash and cash equivalents less borrowings, including discontinued operations.

Chairman's statement

Richard Kilner
Non-Executive Chairman

I was appointed Non-Executive Chairman at the beginning of 2022, and I am pleased to report that the Group has delivered a record year of revenue (inclusive of discontinued operations) in the financial year to 30 September 2022. Since the year end, shareholders have agreed to the sale of TriConnex and eSmart Networks. The transaction, which is expected to complete in early February 2023, crystallises the inherent value of these businesses and ensures Tamdown is well capitalised for the future. It is anticipated that the majority of the proceeds will be returned to shareholders in early 2023, with the remainder of the proceeds to be kept within Nexus for working capital purposes. The financial statements have been formatted to comply with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which will result in the consolidated accounts appearing very different to prior years.

Overview of the year

Throughout the year, the Group consisted 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 leading provider of civil engineering and infrastructure construction services.

Revenues in all businesses have grown throughout the year, with Total revenue (inclusive of discontinued operations) achieving a record of £173.4m, a year-on-year increase of 26.6% (2021: £137.0m). Tamdown, which is the continuing operations of the Group, recorded a revenue growth of 26.1% to £98.4m (2021: £78.0m) due to high levels of activity on site.

TriConnex continued to grow and recorded a record revenue of £55.7m (2021: £50.7m) with an increase in the number of active contracts and activity levels on site remaining high. eSmart Networks continued with its high level of revenue growth, with revenue totalling £19.3m (2021: £9.0m) an increase of 115%, though growth was limited in H2 due to customer delays and longer supplier lead times relating to the manufacture and delivery of specialised equipment.

The Group recorded a significantly improved operating result before exceptional items (inclusive of discontinued operations) with an operating profit of £4.0m (2021: £2.9m). TriConnex and Tamdown both improved their operating profits following increased revenue. eSmart Networks incurred a loss for the year with gross margin impacted by one low margin contract and a significant increase in overheads as the business continues to scale up to support future growth. The total operating result after exceptional items (inclusive of discontinued operations) totalled £4.0m (2021: £4.2m), with the prior year including exceptional profit of £1.3m relating to the disposal of Tamdown's former office.

The profit for the year attributable to equity holders of the parent company equated to £2.7m (2021: £3.0m). The basic earnings per share from total operations was 6.0p per share (2021: 6.6p per share). The basic loss per share from continuing operations was 2.2p per share (2021: 4.0p per share).

The order book for each of the Group's businesses remains strong. The total order book (inclusive of the discontinued operations) was £316.1m (2021: £287.8m), up 9.8%. Tamdown had a successful year winning contracts and grew its order book by 12.0% to £95.5m (2021: £85.3m) even with the acceleration of delivery on site.

The TriConnex order book grew by 4.4% to £197.4m (2021: £189.0m), and eSmart Networks grew by 72% to £23.2m (2021: £13.5m) with increased demand for its services for electric vehicle charging infrastructure, industrial electrification and renewable energy infrastructure.

The Group's balance sheet remains strong, with a continued high net cash, inclusive of discontinued operations, of £24.2m (2021: £18.1m) and with net assets improving by 6% to £34.1m (2021: £32.1m).

Returns to shareholders

As a listed company, one of our primary objectives is to deliver value to shareholders. Such value would normally be delivered by way of dividends from earned trading profits. As such, the Board declared an interim dividend of 1.0p per share, a 66% increase on the prior year (2021: 0.6p per share) based upon the expected trading results for the year.

The Board is not recommending the payment of a final dividend for the year ended 30 September 2022 as, since the year end, shareholders have approved the sale of TriConnex and eSmart Networks for a consideration of £77.7m, with the expectation that a substantial proportion of the net proceeds will be returned to shareholders in early 2023. The transaction will result in a profit on sale of approximately £72m and the Board is proposing to distribute approximately £65m by way of a tender offer and will write to shareholders in due course setting out the terms and the timetable of the capital return. Approximately £10m of the net proceeds of the disposal are to be retained by Nexus to strengthen its balance sheet and ensure Tamdown has adequate working capital. To the extent that surplus capital arises in the future, it is the Board's intention that such capital will be distributed to shareholders.

The Board believes that Tamdown can continue to improve operating profit margins and generate positive free cash in 2023 and thereafter support a progressive dividend policy.

Board and governance

As announced in August 2021, Geoff French retired as Non-Executive Chairman on 31 December 2021 following two terms as a Director and Non-Executive Chairman. In line with the announcement, I was appointed as Non-Executive Chairman from 1 January 2022, and Chair of the Nomination Committee, whilst also continuing to serve on the Company's Audit and Remuneration Committees. The roles of Senior Non-Executive Director and Chair of the Remuneration Committee were taken up by Ffion Griffith with effect from 1 January 2022.

Clare Lacey was appointed as a Non-Executive Director on 14 January 2022. Clare is a Chartered Accountant with nearly 20 years' experience, focused on the infrastructure and renewable energy sectors. Clare was a founding partner of QMPF LLP, an Edinburgh based infrastructure and energy advisory business, established in 2012 following a management buy-out of Quayle Munro in 2012 and grew the business over its first ten years. Clare is a Non-Executive Director of infrastructure and education related companies.

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.

Upon completion of the sale of TriConnex and eSmart Networks, Mike Morris, CEO, and Alan Martin, CFO, will step down from their current roles at Nexus to lead TriConnex and eSmart Networks under their new ownership. Charles Sweeney will be appointed to the Nexus Board as CEO and Dawn Hillman will be appointed to the Nexus Board as CFO to lead the remaining Nexus Group. Charles Sweeney is currently the COO of Nexus and Dawn Hillman is currently Financial Director of TriConnex and Nexus Company Secretary. Both individuals have deep knowledge and experience of Tamdown and Nexus, having worked within the Group for a collective total of 43 years. Mike Morris will remain on the Nexus Board as a Non-Executive Director following completion of the sale and will remain the largest shareholder.

Mike has successfully led the Group since 1999 and through his vision and entrepreneurship has grown the Group to the infrastructure business that it is today. Alan joined the Group in 2015 and can include leading the IPO in 2017 as one of his many successes. I and the Board would like to record our sincere gratitude to both Mike and Alan for their contributions to the business over many years. I look forward to working with Mike in his new capacity as a Non-Executive Director.

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 our head office which achieved a BREEAM 'Very Good' rating.

We are developing a 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.

Outlook

Trading in the first quarter of FY23 is in line with the Board's expectations. The two-year turnaround plan for Tamdown is well progressed with operational benefits coming through. Tamdown is continuing to see positive demand for its services despite macroeconomic headwinds increasing and new build housing market softness. Despite the headwinds, the fundamental market growth drivers for Tamdown 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 sale of TriConnex and eSmart Networks crystallises the inherent value of these businesses and ensures Tamdown is well capitalised and able to progress with its two-year turnaround plan focusing on high-quality contracts and improving operating margins.

Richard Kilner
Non-Executive Chairman
31 January 2023

Investment case

Tamdown is now the main trading business of Nexus Infrastructure.

Attractive and growing addressable markets

The undersupply of new homes continues to drive demand for our services on new residential developments.

Strong balance sheet

The strong balance sheet with no borrowings, following the sale and lease back of our Nexus Park head office and compelling fundamentals will allow Nexus to deliver growth in line with our strategy.

Solid order book provides visibility of revenue

The growing order book, driven by housebuilder demand, gives us good visibility of revenue and enables both materials and labour planning.

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.

Reputation for high-quality delivery of essential services

Our reputation for high-quality delivery goes back over 40 years and we strive to enhance this reputation on every project undertaken.

Executive review

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer

Overview

We are pleased to confirm that the Group's total revenue (inclusive of discontinued operations) has increased by 26.6% to £173.4m compared to the prior year (2021: £137.0m). All the Group's businesses grew in the year, with growth for Tamdown and TriConnex driven by high levels of activity on sites, and growth for eSmart Networks driven by the fulfilment of an increasing number of customer awards in both electric vehicle infrastructure and industrial and commercial connections.

The Group performed well in the first half of the year with revenues increasing against the revenue recorded in the second half of the previous financial year, and with revenue growth continuing into the second half of the year. Tamdown, the continuing operation of the Group, had a very positive year with revenue up 26.1% to £98.4m (2021: £78.0m) due to an increased number of projects and high levels of activity on sites. TriConnex, a discontinued operation, recorded strong revenue throughout the year due to high levels of activity on site, achieving a record revenue of £55.7m and growth of 9.7% (2021: £50.7m). eSmart Networks, a discontinued operation, also had a very strong year with revenue increasing by 114.7% to £19.3m (2021: £9.0m), with revenue growth being recorded in all of the sectors the business is addressing. The revenue growth for eSmart Networks, even though significant, was restricted due to customer delays and longer supplier lead times in the manufacture and delivery of specialised electrical equipment utilised on projects.

The profitability of the Group, before exceptional items, has improved significantly due to the revenue growth and despite additional investment in the resources of eSmart Networks to support its ongoing growth. Tamdown made progress with the gross margin improving in the year as old contracts, which had previously been impacted by delays and unproductive working periods principally due to Covid-19, were completed and cease to be a drag on profitability. 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 the continual diversification and enhancement to its service offering to fulfil the needs of its customer base. eSmart Networks made excellent progress in the year, with significant growth in revenue from a widening customer base. eSmart Networks' gross margins have been in line with expectations except for one low margin contract, completed in H1, which depressed the gross margin for the year. Delays by customers and in the supply of some equipment resulted in lower than anticipated revenue and lower gross profit to cover the increase in resources required to meet the growth in revenue. The operating environment for all the businesses is characterised by increased input cost inflation, but the businesses are committed to taking the necessary mitigating actions to protect and maintain margins.

The Group's order book, inclusive of the discontinued operations, remains high and has increased by 9.8% year-on-year to £316.1m (2021: £287.8m), providing good visibility of future earnings. Tamdown has been active and competitive in the market, both winning and negotiating work from its extensive client base, leveraging our continued strong relationships and reputation for quality work.

Tamdown has been successful in securing new business throughout the period, and even with the acceleration of delivery on site, the order book increased by 12.0% to £95.5m (2021: £85.3m). TriConnex has continued to increase its order book, even with a record level of revenue achieved in the year. The order book for TriConnex at the year end totalled £197.4m (2021: £189.0m), 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 71.8% during the year to end the year at £23.2m (2021: £13.5m), with a growing customer base in all the sectors the business is addressing.

During the year the Group has completed the sale and leaseback of its head office building, Nexus Park. This transaction has increased the Group's cash and cash equivalents balance by £2.9m and eliminated the Group's borrowings of £10.6m. The disposed-of assets were sold at net book value and the subsequent lease arrangement will result in increased depreciation and interest expenses.

Financial performance

Total revenue for the Group (including discontinued operations) increased by 26.6% to £173.4m (2021: £137.0m). The revenue for all businesses increased during the year, with Tamdown's revenue increasing to £98.4m (2021: £78.0m), TriConnex's revenue increasing to £55.7m (2021: £50.7m) and eSmart Networks' revenue increasing to £19.3m (2021: £9.0m).

Total gross profit (including discontinued operations) for the year increased to £30.3m (2021: £24.2m) with the overall gross margin decreasing to 17.4% (2021: 17.7%). The gross margin for Tamdown improved significantly against the prior year to 10.1% (2021: 7.7%) as operational enhancements continue to improve margins and new, more profitable contracts start to dominate the contract mix.

TriConnex maintained a high gross margin at 29.3% (2021: 30.9%), with a decline against the prior year due to the high levels of input cost inflation being faced. eSmart Networks' gross margin was down against the prior year at 20.8% (2021: 28.0%) due to the impact of one low-margin contract, completed in the first half of the financial year, which depressed the H1 gross margin to 15.9%, whilst the gross margin in H2 reverted to expected levels of around 25%.

Administrative expenses for the Group, including discontinued operations, increased in the year to a total of £26.2m (2021: £20.2m), with the main increase incurred by eSmart Networks, where the average headcount has increased by 81% to support the continued growth of the business. The exceptional item for the current year relates to the profit on sale and leaseback of Nexus Park. The exceptional item in the prior year related to the profit on sale of Tamdown's former office, which generated a profit of £1.3m.

The Group's total operating profit, including discontinued operations, for the year before exceptional items was £4.0m (2021: £2.9m) and with the impact of exceptional items totalled £4.0m (2021: £4.2m). The operating loss, before the impact of exceptional items, for the continuing operations reduced to £0.3m (2021: loss £2.6m) and inclusive of the impact of exceptional items was a loss of £0.3m (2021: loss £1.3m). The profit for the year attributable to equity holders of the parent company was £2.7m (2021: £3.0m).

Other financial information

Net finance costs

The net finance charge for the year totalled £0.6m (2021: £0.4m). Interest received on bank deposits continued to be low, £0.0m (2021: £0.0m) due to low interest rates. Interest payable totalled £0.6m (2021: £0.4m), constituted as interest payable on bank borrowings of £0.2m (2021: £0.3m), with the reduction due to the reduction in bank borrowings and interest on lease liabilities of £0.4m (2021: £0.1m), with the increase related to the interest on the increase in lease liabilities following the sale and leaseback of Nexus Park.

Tax

The Group recorded a total tax charge, including discontinued operations, for the year of £0.7m (2021: £0.8m), representing an effective tax rate of 21.5% (2021: 20.8%). The income tax expense related to the continuing operations totals £0.1m (2021: £0.1m) and £0.6m (2021: £0.7m) relates to discontinued operations.

Earnings per share

Basic earnings per share for total operations equated to 6.0p per share, compared to 6.6p per share in 2021. The diluted earnings per share for total operations was 5.9p (2021: 6.4p). The basic and diluted loss per share from continuing operations was 2.2p per share (2021: loss 4.0p).

Dividends

As noted in the Chairman's statement, the Board declared and paid an interim dividend of 1.0p per share (2021: 0.6p per share). A final dividend is not being recommended as the majority of the proceeds from the disposal of TriConnex and eSmart Networks are proposed to be distributed by way of a tender offer in early 2023.

Total dividend for the year equated to 1.0p per share (2021: 2.0p per share). The total cost of the dividend payment was £0.5m.

Executive review continued

Other financial information continued

Statement of financial position

The Group continues to maintain a strong balance sheet, with shareholders' funds increasing during the year to 30 September 2022 by £2.0m to £34.1m (2021: £32.1m), the movement representing the trading performance of the Group companies less the payment of dividends totalling £1.1m.

The assets and liabilities of TriConnex and eSmart Networks are considered to be a disposal group in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, and so are disclosed separately on the statement of financial position. Assets classified as held for sale total £57.4m, including cash and cash equivalents of £19.6m, contract assets of £17.8m and trade and other receivables of £15.1m. Liabilities associated with assets classified as held for sale total £49.1m, including trade and other payables of £16.4m and contract liabilities of £31.5m.

In April 2022, the Group completed a sale and leaseback transaction of Nexus Park, the Group's head office building, which generated proceeds of £13.5m, clearing the Group's borrowings of £10.6m. The Group simultaneously entered into a 20 year lease, which created an IFRS 16 right of use asset of £10.8m and an associated lease liability of £10.9m.

Cash flow

The Group utilised £5.3m (2021: utilised £2.6m) of cash in the year, resulting in a cash and cash equivalents balance at 30 September 2022, inclusive of the discontinued operations, of £24.2m (2021: £29.5m). The cash and cash equivalents balance that relates to the continuing operations totalled £4.6m, with £19.6m related to the discontinued operations.

Operating cash flows before working capital movements generated £6.5m (2021: generated £5.1m). Working capital increased during the year by £8.9m (2021: increase of £1.7m), with increases in debtors, contract assets and inventories partly mitigated by increases in payables and contract liabilities, resulting in cash used in operating activities of £2.4m (2021: generated £3.4m). Tax and interest payments amounted to £0.8m (2021: £0.7m). Cash generated from investing activities totalled £12.8m (2021: utilised £5.8m), with £13.6m generated from the proceeds of disposal of property, plant and equipment, including £13.5m on the disposal of Nexus Park and £0.8m used to acquire fixed assets. Net cash outflows from financing activities totalled £14.9m (2021: inflow £0.4m) with £0.6m inflow from the drawdown of hire purchase facilities and outflows of £11.7m on the repayment of bank loans, £2.8m on lease repayments and £1.1m (2021: £0.3m) 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 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

Nexus has had a successful year, with each business growing and effectively dealing with the challenges of input cost inflation, in addition to the successful sale and leaseback of Nexus Park, which cleared all of the Group's borrowings.

TriConnex continued to grow both revenue and profit to record levels. eSmart Networks continued to play a leading part in the ongoing electrification of the UK, with growth in both revenue and its order book. Tamdown has continuously improved performance in the year and the growth of the order book along with accelerated activity on site provide confidence that existing and new customers will continue to demand our services, with improvements to profitability over the medium term expected as this continues.

Looking forward, the disposal of TriConnex and eSmart Networks ensures that Tamdown is well capitalised and able to progress with its two-year turnaround plan focusing on high-quality contracts and improving operating margins towards those achieved historically. Whilst economic and political uncertainty remains, the Group's market position, strong order book and healthy balance sheet give the Group a solid platform to deliver Tamdown's growth prospects for 2023 and beyond.

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer
31 January 2023

Our markets

With the sale of TriConnex and eSmart Networks, the Group is now focused on the new build housing and infrastructure market for Tamdown.

Housing and infrastructure

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 commitments to simplify planning and investment zones to accelerate housing delivery
- Social changes driven by the 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

- Growth in residential services due to the national housing shortage and requirement for affordable housing
- Broadened product and services demand within groundworks and infrastructure capability
- Non-private tenure provides more predictable delivery requirements
- Supporting high pace delivery with modular and off-site builds

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 by Government housing strategies.

Financials

A strong balance sheet provides resilience and sustainability.

How we do it

1

Business development

- 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

What makes us different

Safety and sustainability

Our fundamental goal is that everyone goes home safely at the end of every day. The health, safety and wellbeing of our people is at the forefront of everything we do, supported by safety campaigns, training and wellbeing initiatives. In addition, taking care of our environment and supporting the delivery of sustainable infrastructure is core to our approach.

Customer service

Our customers choose us because we take the time to fully understand their project objectives. We have continuously expanded our advice and guidance to our customers, to include options for enhancing and accelerating the route towards their sustainability and decarbonisation goals.

The best solutions

By working closely with our customers as early as possible in their projects, we can develop the right technical solution for their individual and evolving needs. Our teams will always challenge assumptions and wherever possible find a better way to deliver the best solutions for our customers' projects.

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 charities, staff volunteering days, supporting educational organisations and pupils, and more.

Strategy

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

Strategic objectives

Our three pillars

Focus and consistently optimise service offering

Benefiting from growing market segments

Focus on delivering shareholder value

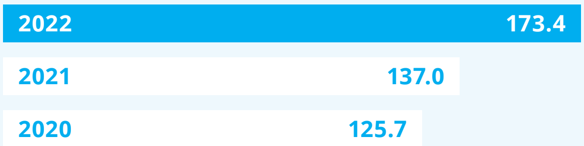
Strong fundamentals, along with the strength of the balance sheet, will enable Nexus to deliver growth over the long term.

Attributes	Goal
• Improving operational delivery • Selective on customers • Management of inflation	Improving margins towards historic levels
• PRS housing markets • On site civil engineering associated with heat networks driven by FHS • Net zero and modular market	Maintaining market share in growing segments
• Relentless focus on improving margins to historic levels	Deliver consistent dividend policy

Key performance indicators

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

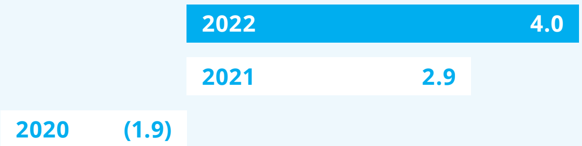
Revenue[1] (£m)



£173.4m **26.6%**

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

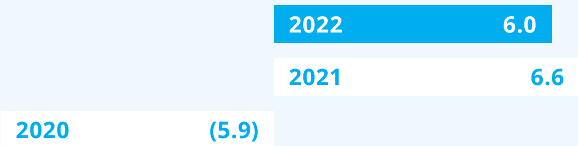
Adjusted operating profit[2] (£m)



£4.0m **40%**

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

Earnings per share[3] ("EPS") (p)



6.0p **(9.1)%**

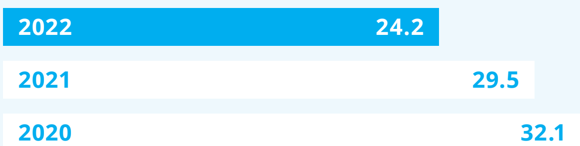
Tracking the after-tax earnings relative to the average number of shares in issue provides a monitor on shareholder value

Total dividend per share (p)

1.0p

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

Cash and cash equivalents[4] (£m)



£24.2m **(18.1)%**

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

Order book[5] (£m)

2022	316.1
2021	287.8
2020	282.0

£316.1m **9.8%**

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)

2022	34.1
2021	32.1
2020	28.8

£34.1m **6.2%**

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

Accident Incident Rate (#)

2022	83
2021	433
2020	162

83

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

CO_2e (scope 1 and 2) (tonnes)

2022	54,968
2021	46,644
2020	38,285

54,968

Tracking the Group's CO_2 emissions allows us to monitor the impact of our businesses on the environment

1 Total revenue, including discontinued operations.
2 Adjusted operating profit is operating profit, including discontinued operations, excluding the impact of exceptional items.
3 Earnings per share for total operations.
4 Cash and cash equivalents, including discontinued operations.
5 Includes discontinued operations.

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, basements and installing sustainable drainage systems. It has an established market-leading position having been in operation for over 40 years.

Financial and operating performance

Tamdown performed well throughout the year, with revenues increasing significantly in the first half of the year, compared to revenue recorded in the second half of the previous year. Revenue continued to grow in the second half of the current financial year, during Tamdown's traditionally busy trading period. The strong revenue growth is attributed to an acceleration of activity from the opening order book and from newly won contracts during the year. Overall revenue increased in the year by 26.1% to £98.4m (2021: £78.0m).

The gross margin for the year has improved by 240 basis points to 10.1% (2021: 7.7%), with newly won contracts driving the gross margin improvements. The overall margin reflects old contracts impacted by additional costs incurred in previous years due to delays and less productive working periods, principally due to Covid-19. Whilst the operating environment continues to be characterised by input cost inflation, primarily in materials, energy and labour, the business is committed to taking the necessary actions to protect and maintain its margins.

The gross margin will continue to show improvement as these older contracts complete. Gross profit for the period totalled £9.9m, an increase of 65% on the prior year (2021: £6.0m).

Tamdown continues to maintain a tight control of costs, with administrative expenses, excluding the impact of exceptional items, being held broadly in line with revenue increases at £7.6m (2021: £6.7m).

The operating profit for the year totalled £2.3m, being a £2.9m improvement on the prior year's operating loss, prior to the exceptional item, of £0.6m. The prior year operating profit of £0.6m included an exceptional profit of £1.3m relating to the sale of Tamdown's former office, which became surplus to requirements following the move to Nexus Park. There are no exceptional items in the current year's results.

Tamdown has been active and competitive in the market, negotiating and winning work from our extensive customer base, leveraging our continued strong relationships and reputation for quality work. Tamdown has been successful in securing new business throughout the year, and even with the acceleration of delivery on site, the order book increased by 12% over the year to £95.5m (2021: £85.3m).

Taylor Wimpey | Bloor Homes | Countryside | Hopkins Homes | Vistry Group | David Wilson Homes
Bellway | dandara | Barratt Homes | Persimmon | Keepmoat | ilke Homes

Rob Kendal
Managing Director of Tamdown

Order book (£m)

£95.5m

Operational review continued

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 recent Government briefing paper in February 2022 '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. Recent statements from the Secretary of State confirm the current Government's commitment to building 300,000 houses every year by the mid-2020s. 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. 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, offering variety and strength to its customer base.

Tamdown is working in partnership with our 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.

Growth strategy

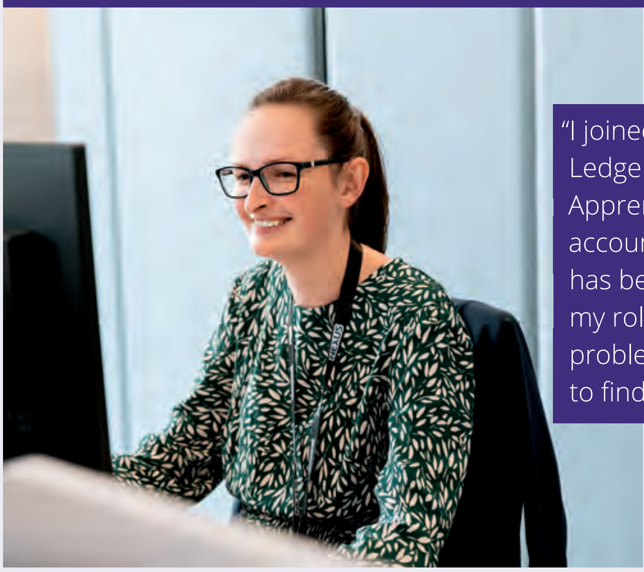
Tamdown's ambition is to return to yielding profits in a sustainable manner through the successful delivery of our strategic goals, including:

Margin enhancement:

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.

Living our values

Find a better way



"I joined Tamdown back in 2011 as a Trainee Purchase Ledger Clerk while undertaking a Business Administration Apprenticeship. I have recently become a fully qualified accountant due to my ongoing learning since then, which has been thoroughly supported by the business. I like that my role offers variety – not every day is the same. I enjoy problem solving and using my knowledge and experience to find better ways of doing tasks."

Erika Chinery
Management Accountant

Tamdown leverages our strong customer relationships along with our reputation for delivering quality work to secure projects with appropriate margins, especially with increased inflationary price pressures within the cost base.
The selection of customers and projects will continue to be important in 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 phases. 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.

Market penetration:

Tamdown has strong relationships with many of the 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 with new and existing customers, including new regions 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, with a reputation for providing quality services to UK housebuilders. The operating environment continues to be characterised by significant levels of input cost inflation, primarily in materials, energy and labour, but the business is committed to taking the necessary actions to protect and maintain our margins. There is currently a level of uncertainty regarding consumer demand for new properties following recent interest rate increases, however the backdrop of Government support to counter the housing supply deficit, alongside order book wins, provides us with confidence that existing and new customers will continue to demand our services, with improvements to profitability over the medium term as the turnaround continues.

Case Study
Taylor Wimpey London | Chilton Woods, Sudbury

Tamdown is delivering the infrastructure and groundworks at the prestigious Chilton Woods development in Sudbury for repeat customer Taylor Wimpey London.

The site wide infrastructure works boast an impressive 2,000m of spine road that will provide access to the individual land parcels that will be phased to deliver more than 1,000 new homes over the coming years. The infrastructure work was a critical first milestone for the project so that much-needed housing could be delivered at pace across the whole site.

Our teams are also now delivering on phase 1 of the groundworks at this development; the phase comprises the first 200 homes on the site and a further 900m of infrastructure road that would be delivered over a two-year programme. Collectively, our works include the delivery of earthworks, highways, drainage systems, plot works to oversite level and associated hard and soft landscaping.

Taylor Wimpey London came to Tamdown for this project because of our excellent working relationship and how we delivered our last scheme working together in Harlow. Our attention to health and safety, high quality and speed of build were significant contributors to our success in securing this project.

Operational review continued

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 major housing developers, the business offers end-to-end solutions of utility connections to new residential developments.

Financial and operating performance

Revenue for TriConnex increased by 9.7% to £55.7m (2021: £50.7m). Activity on sites has been high throughout the year, with customers requiring final connections to fulfil consumer demands. The revenue growth occurred in all regions, with the core South East region being the most pronounced with growth of over 10% in the year.

TriConnex is a high gross margin business, principally due to the technical, office-based, added-value nature of the services it provides, resulting in a higher proportion of overhead costs. The current operating environment is characterised by input cost inflation, primarily in materials, energy and labour; however, the business is committed to taking the necessary actions to protect and maintain its margins. The high gross margin has broadly been maintained during the year, with the margin recorded for the year of 29.3% (2021: 30.9%).

The increase in activity, resulting in the increased revenue for the year, led to the increase in gross profit to £16.3m (2021: £15.7m).

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. TriConnex has maintained a tight control of costs, with the overhead increase for the year limited to less than 4%, at £10.8m (2021: £10.4m), as operational efficiencies are realised.

Operating profit increased by 5.0% to a record profit level of £5.6m (2021: £5.3m) with an operating margin of 10.0% (2021: 10.5%).

TriConnex's order book has continued to grow throughout the year with growth of 4.4% over the year to £197.4m (2021: £189.0m).

Energy Transition

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

Financial and operating performance

eSmart Networks has continued to develop its offering to the to the electric vehicle ('EV') charging infrastructure sector, whilst also developing its services to the industrial electrification and the renewable energy infrastructure sectors.

Revenue for the year grew significantly by 114.7% to £19.3m (2021: £9.0m), as the business continues to scale up in parallel to the growing pace of the EV charging infrastructure sector, along with industrial electrification and entering the renewable energy infrastructure sectors. Revenue was lower than anticipated as the business experienced some delays in the second half of the year to the conversion of its order book to revenue, due to longer lead times dictated by our customers and longer lead times relating to the manufacture and delivery of specialised equipment utilised on projects. The revenue relating to the delayed activity will be delivered in the current financial year.

The gross margin recorded for the year was 20.8% (2021: 28.0%). The gross margin in H1 was 15.9%, with one low-margin contract impacting the period. The gross margin in H2 reverted to expected levels of 24.8%. The gross profit for the year totalled £4.0m (2021: £2.5m). Administrative expenses have grown with the scaling up of headcount to service the increased levels of activity, to £5.2m (2021: £2.4m), with the headcount increasing to 96 by the year end (2021: headcount 60). The delayed revenue in H2 and the continued scaling up of the business prevented eSmart Networks from achieving an operating profit in H2, resulting in an operating loss for the year of £1.2m (2021: profit £0.2m).

The growing demand for electric vehicle charging, industrial electrification and renewable energy infrastructure has driven a substantial increase in the order book, with an increase of £9.7m to £23.2m (2021: £13.5m), an increase of 72% over the year.

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.

We are committed to the highest standards of ethics, honesty and integrity and expect the same from all parties we engage with. We have policies in place to ensure this happens, including Whistleblowing, Anti-bribery, and Corporate Criminal Offence Policies.

We are committed to upholding human rights across our business and with all our stakeholders. Our employee policies cover all aspects of human rights, including our Modern Slavery policy, and ensure anyone connected with our business can speak up about concerns without fear of retribution.

Key

1. Focus and consistently optimise service offering
2. Benefiting from growing market segments
3. Focused on delivering shareholder value

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 intranet, app, email 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
- Modern 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
- Updated corporate website

Link to strategy:

1 2 3

Our customers

Why we engage

We communicate and engage with our customers regularly to maintain 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
- Sponsorship and attendance at networking events

Our response to key issues

- Customer engagement on key business decisions
- 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 2022.

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.

Sustainability

During the year, the world, and Europe in particular, faced significant challenges – impacts of climate change, Covid-19, the war in Ukraine and the subsequent economic instability. There has never been a more important time to focus on sustainability.

Sustainability is at the centre of our strategy and forms the core of our purpose "Building Bright Futures".

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 28 to 30

... 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 31

... 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 32 and 33

Sustainability continued

Building Bright Futures for our people

Health & Safety

Health & Safety has always been on the top of our priority list. Each year is approached with a renewed vigour and our drive for continuous improvement is relentless. Workforce engagement is a key element of our Health & Safety strategy. We keep the subject fresh and meaningful and listen to feedback, building on new ideas and suggestions.

Senior managers are actively involved in site visits to continually emphasise the critical importance of Health & Safety. In addition, dedicated safety teams undertake site audits each week to confirm that procedures are being followed.

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.

Competency of individuals is assured through training and development programmes, both internally run and through external agencies, with 25,465 hours of training delivered in FY22 (FY21: 15,962 hours). Directors from across the Group attended the IOSH training 'Safety for Executives & Directors'.

The Group collates extensive data on Health & Safety including an All Accident Incidence Rate ("AAIR"), which records the rate of all accidents, no matter how minor, per 100,000 personnel in a workforce. Due to our continued focus on safe working environments and learning from situations and trends, our AAIR improved; the year-end figure reduced, to 3,836 (FY21: 4,508).

In addition, the Accident Incidence Rate ("AIR"), which records the rate of more serious RIDDOR-reportable accidents per 100,000 in a workforce, also reduced, to 83 (FY21: 433). By comparison, the Health and Safety Executive's figures, published in December 2021, state that the equivalent average for the UK construction industry overall in 2021/22 was 326.

The total number of all RIDDOR-reportable events (including injuries, diseases and dangerous occurrences) across the Group in the year was 2 (FY21: 6).

Tamdown's performance in Health & Safety was again recognised by the Royal Society for the Prevention of Accidents (RoSPA), receiving a Gold Award for the 13th consecutive year. Tamdown was also awarded its fourth RoSPA President's Award.

Occupational health screening is offered to Nexus employees; this enables early intervention as well as identifying any underlying health problems. We are mindful that some individuals may struggle in times of uncertainty. In December 2021, we re-launched our Employee Assistance Programme and promoted this further during Mental Health Awareness Week in May 2022. We have trained 'wellbeing champions' who support positive mental, physical and social wellbeing across the Group.

Covid-19 continued to pose a threat in the UK. We maintained a proactive approach to the protection of our people, in line with Government requirements and sector advice. At various times in the year, we modified our operational practices to protect the health and wellbeing of our employees, business contacts and the wider community in general.

Tamdown launch new HSQE Awareness Programme

Tamdown are running an HSQE Awareness Programme, which focuses on a different initiative each month. The aim of the programme is to raise awareness around each topic, helping to give all our people improved knowledge and outline expectations and requirements.

Each month the Site Management Team will be promoting the campaign by delivering briefings on best practice to our site teams. Topics include lifting operations, people and plant interface, temporary works, summer working, mental health and more.

This collaborative approach will benefit our people and our customers through enhanced communication and engagement across our teams. A positive and proactive safety culture across the business is a key area of focus for all our teams, at all times.

Sustainability continued

Building Bright Futures for our people continued

Wellbeing

At Nexus, and as part of our purpose Building Bright Futures, 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 support to all our people, so that working lives are enjoyable and productive.

'My Bright Future' is our framework used by individuals and managers to discuss performance and career aspirations. Any training and development needs, opportunities for promotion, internal moves or longer-term career goals are reviewed at the My Bright Future meetings. It is also one of the ways we communicate our Business Targets with our employees, so they feel connected to our strategy.

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. Employee surveys were carried out during the year, including surveys run by 'Best Companies'. These have provided valuable feedback and an understanding of what is going well and what areas may need attention. Salaries are market tested on a regular basis and adjustments made where necessary. During the year, our employee benefits were enhanced in a number of areas including increases to maternity pay, access to a scheme offering discounts on purchases, electric vehicle salary sacrifice scheme, critical illness cover and a health cash plan.

We recognise that there is a gender pay gap in the Group, largely driven by a lack of female representation within our on-site workforce. Unfortunately, this is a common issue within our industry, which historically has been 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.

Ongoing promotion of our Employee Assistance Programme and Wellbeing Champions

We have continued to promote our Employee Assistance Programme ("EAP") and in-house Wellbeing Champions throughout the year to ensure our people are aware of, and can access, support in a variety of areas. The support available includes: stress and anxiety, relationships, work life balance, health and wellbeing, lifestyle addictions, debt and legal advice.

We know that from time-to-time our people may experience stress, family issues or other life events that affect their personal and work lives. We recognise the importance of mental health and wellbeing and therefore offer all our people a variety of support options in this area.

Our EAP offers confidential professional support to our employees and their immediate family members to help with life's challenges. Our Wellbeing Champions are available for staff to speak to directly or they are trained to signpost them to other available resources where appropriate.

Building Bright Futures for our communities

Community

During the year, Nexus, the subsidiary businesses and individual employees were involved in events and activities aimed at raising funds for a range of different charities and causes.

Humanitarian relief relating to the war in Ukraine was, and continues to be, a major focus area. As an immediate response to the initial invasion in February 2022, funds were raised and then donated to the Disasters Emergency Committee – a grouping of leading UK aid charities, including the British Red Cross, Save the Children and Oxfam. There were further fundraising initiatives during the course of the year and also events organised to enable the donation of essential items such as clothing, blankets and toiletries.

There were several other fundraising activities – such as in September, in support of the Youth Adventure Trust, teams from Tamdown and TriConnex took part in the 'Housebuilder Mountain Challenge'. This involved a 20-mile hike over the three highest peaks in the Peak District.

In March, we relaunched our volunteering scheme which offers employees five days of paid leave per year for community volunteering. Teams and individuals from across the Group have made use of this scheme to provide direct assistance to local charities and worthy causes.

TriConnex team take advantage of our volunteering scheme

During the summer, the TriConnex Business Development Team spent a muddy day volunteering at a local Play & Resource centre.

The charity provides recreation facilities and respite care for children and young adults. The team spent a day in the charity's outdoor area, helping to improve their garden facility by tidying it up, planting flowers, jet washing the paving slabs and more.

Tom Barker, Business Development Manager, commented: "What a fantastic muddy day it was! Great for team building, and we all really enjoyed giving something back to the community."

It is always great to see our teams taking advantage of the Group's volunteering scheme and helping the community.

Sustainability continued

Building Bright Futures for our planet

Planet

Of long-term concern for humanity, is the critical issue of climate change. In October 2021 and as part of its Presidency of COP26, the UK Government published its net zero strategy 'Build Back Greener' which highlighted plans to eliminate carbon from power, change the transport sector to electric vehicles and phase-out gas boilers from homes. Nexus has business operations in each of these areas and our activities are at the heart of the national plan for energy transition.

eSmart Networks are experts in connecting renewable energy and battery storage assets to the grid and are also involved in the installation of EV charging infrastructure at hundreds of sites across the UK.

The crisis in Ukraine has had an impact on the supply of natural gas in Europe resulting in hikes in energy prices. We introduced measures to turn down our energy consumption which will have the benefit of both reducing cost increases and limiting our carbon footprint.

We have taken steps to reduce waste from our operations – both on site and from our offices. Technology has helped in many areas, such as reductions in materials excess, unnecessary travel and hard-copy printing.

Tamdown launched a tree-planting campaign 'Roots for Foundations' in January 2022 as part of an initiative run by the Future Forest Company which aims to establish a new forest on the Isle of Mull by 2025. Tamdown has committed to sponsor the planting of a tree for every foundation that the business completes. The total number of trees planted through Tamdown's sponsorship had reached 1,432 by the end of FY22.

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations were introduced in January 2022 and will apply to financial years starting on or after 6 April 2022. During the reporting period, we initiated activities to ensure the necessary preparations were in place to meet the requirements which will apply to our financial year beginning in October 2022.

SECR Energy Performance Report

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 2022.

The Group emissions have increased by 17.9% when compared with those of the previous year. The majority of the increase in consumption has arisen as a result of increased activity levels when compared to the prior year which was stabilising after the impact on activity levels, from Covid-19. This is offset by various improvement initiatives amongst others working with Certas and key suppliers to reduce fuel wastage, reducing transport distances and monitoring driver performance, refreshing the ageing vehicles in the fleet for more efficient models and launching a salary sacrifice scheme for green vehicles only.

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.

	2022 Tonnes of CO_2	2021 Tonnes of CO_2
GHG emissions from:		
Scope 1: combustion of gas and fuel for transport	**54,968**	46,630
Scope 2: purchase of electricity	**15**	14
Total emissions	**54,984**	46,644

	2022	2021
Intensity ratio:		
Total emissions per employee	**186**	159

	2022 kWh	2021 kWh
Energy usage from:		
Scope 1:	**21,495,403**	18,568,091
Scope 2:	**79,393**	66,642
Total usage	**21,574,796**	18,634,733

1 The two subsidiaries meeting the thresholds required to report in both 2022 and the comparative year are Tamdown Group Limited and TriConnex Limited.

2 Employee numbers are based on the average for the year.

3 Tamdown Group Limited and TriConnex Limited both operate in the UK only.

4 The reporting year runs from October to September.

Principal risks and uncertainties

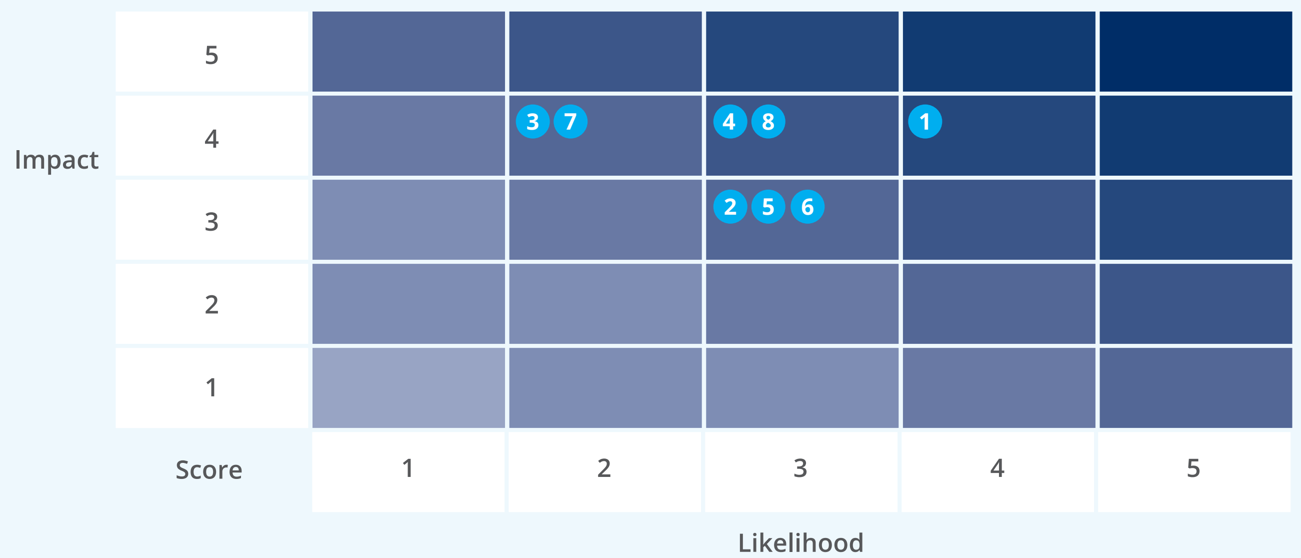
The Group has established and operates a system of internal control and risk management procedures, in order to identify, manage and mitigate risks.

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.



Risks:

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

1 Market downturn

Status	Increased

Risk

- **The Group's success is dependent on the general economic climate and fluctuations in the UK property 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

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 maintains a 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

- **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**

Description

- 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 and Buildings Standard and the Building Safety Act, potentially leading to increased costs or claims on legacy projects
- Not maintaining a high standard of ethics and compliance with Group policies or regulatory requirements

Mitigation

- 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 **Static**

Risk

- **The Group could be adversely affected by the availability of materials and subcontractors**

Description

- 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

Mitigation

- 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 levels 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 **Static**

Risk

- **The Group could be adversely affected by the loss of, or an inability to recruit and retain, key personnel**

Description

- 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

Mitigation

- 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 for employees, apprentice and graduate employee programmes
- Continual review of benefits
- Benchmarking of labour market rates

6 Contract execution

Status **Static**

Risk

- **Contracts may not perform as expected which may lead to contracts not being executed profitably**

Description

- 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 and claims on current and legacy projects

Mitigation

- 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

Principal risks and uncertainties continued

7 Health and safety

Status	Static

Risk

- **The Group operates in sectors that carry significant health and safety risks**

Description

- 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

Mitigation

- A Board-led commitment to achieve zero accidents
- Management commitment to safety tours, safety audits and safety action groups
- Comprehensive employee training programmes
- Health and Safety improvement plans in place

8 IT systems and cyber security

Status	Static

Risk

- **The failure of the Group's IT systems to ensure smooth flow and retention of information**

Description

- 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

Mitigation

- 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
- Increased resources, skills and knowledge

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 38, has been approved by the Board of Directors and is signed on its behalf by

Mike Morris
Chief Executive Officer
31 January 2023

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.

What's in this section

Chairman's introduction

Richard Kilner
Non-Executive Chairman

Governance

I was appointed as Chairman on 1 January 2022 and became responsible for the leadership of the Board, following on from Geoff French who retired at the end of his second term as Chairman.

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.

I consider Nexus to 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 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.

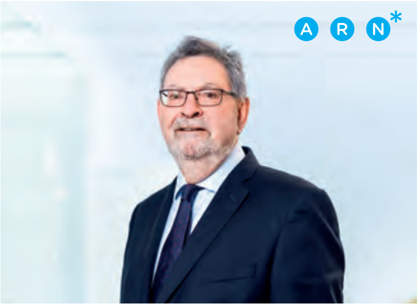
The Group has appropriate governance structures in place and will continue to develop them as the business evolves as a public company. The Directors recognise the importance of sound corporate governance and have adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") in line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

Richard Kilner
Non-Executive Chairman
31 January 2023

Applying the QCA Code

	Governance principle	Summary explanation
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.
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.
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.
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.
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 42 and 43. The Board reviews the independence of the members of the Board on a regular basis and consider the Non-Executive Chairman and the Non-Executive Directors to be independent.
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 42 and 43 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.
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.
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.
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.
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



Richard Kilner
Independent Non-Executive Chairman

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 Chair) 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
- Chair of True Lens Services (Holdings) Limited
- Non-Executive Director of Hercules Site Services plc
- Non-Executive Director of PH Realisations 2020 Limited (in administration)

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, mergers 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

A Audit Committee   R Remuneration Committee   N Nomination Committee   * Chair

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 a 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
- Chair of Bristol Holdings 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

Clare Lacey
Independent Non-Executive Director

Appointed to Board: 2022

Core strengths and experience
- Significant experience in infrastructure and renewable energy sectors
- Qualified Chartered Accountant

Background

Clare is a Chartered Accountant with nearly 20 years' experience, focused on the infrastructure and renewable energy sectors. She holds a portfolio of Non-Executive Director roles in these sectors. As one of the founding partners of QMPF, an Edinburgh based infrastructure and energy advisory business, she was heavily involved in the management buy-out from Quayle Munro in 2012 and growing the business over its first ten years. While still a part of Quayle Munro, Clare undertook fund management of an AIM-listed PFI fund, PFI Infrastructure Company Plc, among other PFI and corporate finance remits.

External appointments
- Non-Executive Director of NYOP Education
- Non-Executive Director of Scot Roads Partnership Project Ltd
- Non-Executive Director of Woodland View Project Co Ltd

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

Purpose: to ensure that the financial performance of the Group is properly reported and monitored, through the internal control systems and the external auditor.

Nomination Committee

Purpose: responsible for reviewing the structure, size and composition of the Board, nominating candidates for Board vacancies and succession planning.

Remuneration Committee

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.

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	6
Geoff French[1]	1/1
Richard Kilner	6
Alex Wiseman	6
Ffion Griffith	6
Clare Lacey[2]	5/5
Mike Morris	6
Alan Martin	6

1 Geoff French resigned 31 December 2021.

2 Clare Lacey appointed 14 January 2022.

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 42 and 43. All the Directors served throughout the year to 30 September 2022.

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.

Strategy
- Review and assess the strategic objectives of the Group and Group businesses
- Consider options to enhance shareholder value
- Review of the external market

Financial
- Review of business performance
- Consideration of dividend policy
- Assess options on Group assets

Board activities

Operational
- Monitor the Group's health and safety performance
- Review and assess Group businesses' operational performance
- 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

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 46 to 52.

Board evaluation

Due to the change in Chairman and a new Non-Executive Director being appointed in the year, the Board took the decision to defer a formal evaluation until the Chairman has been in place for one year. In the meantime, 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 22 to 25.

Audit Committee report

Alex Wiseman
Chair of the Audit Committee

	Audit Committee
Number of scheduled meetings	4
Alex Wiseman (Chair)	4
Geoff French[1]	1/1
Richard Kilner	4
Ffion Griffith	4
Clare Lacey[2]	3/3
Mike Morris[3]	4
Alan Martin[3]	4

1 Geoff French resigned 31 December 2021.
2 Clare Lacey appointed 14 January 2022.
3 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;
- 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 2022;
- reviewed the insurance cover in place for the Group and approved the appointment of a new insurance broker, Marsh Ltd; and
- reviewed the Group pension scheme.

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

The sale of TriConnex and eSmart Networks announced in December 2022 and due to complete in February 2023 has required the Committee to consider the application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations on the financial statements.

External auditors

The independence of the external auditors are essential to ensure the integrity of the Group's published financial information. The Group's external auditors are 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.

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
Chair of the Audit Committee
31 January 2023

Nomination Committee report

Richard Kilner
Chair of the Nomination Committee

	Nomination Committee
Number of scheduled meetings	2
Richard Kilner	2
Alex Wiseman	2
Ffion Griffith	2
Clare Lacey[1]	1/1
Mike Morris[2]	1
Alan Martin[2]	1

1 Clare Lacey appointed 14 January 2022.

2 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. Mike Morris and Alan Martin did not attend the meeting to discuss the appointment of a new Non-Executive Director.

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 Company and subsidiary boards is appropriate for the Group with the right balance of skills and knowledge in place.

The Nomination Committee's key review during the year was the composition of the Nexus Infrastructure plc Board. A new Non-Executive Director was added to the Board and the Nomination Committee reviewed the skills, knowledge and experience required for the role and recommended the appointment of Clare Lacey as an independent Non-Executive Director from 14 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 twice during the year to discuss the composition of the Company and subsidiary boards and succession planning for the Group.

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

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 Non-Executive Director to the Nexus Board;
- the recommendation to the Board of appointments to subsidiary boards; and
- the recommendation to the Board of a new Chief Executive Officer and new Chief Financial Officer, to be appointed following the completion of the sale of TriConnex and eSmart Networks and the resignation of Mike Morris and Alan Martin.

Richard Kilner
Chair of the Nomination Committee
31 January 2023

Remuneration Committee report

Ffion Griffith
Chair of the Remuneration Committee

	Remuneration Committee
Number of scheduled meetings	5
Ffion Griffith (Chair)	5
Richard Kilner	5
Alex Wiseman	5
Clare Lacey[1]	4/4
Geoff French[2]	1/1
Mike Morris[3]	5
Alan Martin[3]	5

1 Clare Lacey was appointed as a Non-Executive Director and a member of the Remuneration Committee on 14 January 2022.

2 Geoff French retired as a Director and as a member of the Remuneration Committee on 31 December 2021.

3 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 2022.

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.

Committee meetings

The Remuneration Committee comprises Ffion Griffith (Chair), Richard Kilner, Alex Wiseman and Clare Lacey. 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.

Remuneration Committee report continued

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 long-term incentive plan awards to Executive Directors and senior management;
- considered and approved the detailed rules and performance targets for a combined bonus and long-term incentive plan to 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 salary reviews;
- reviewed and approved Executive Directors' and senior management salaries for 2022;
- reviewed and approved the level of fees for the Chairman for 2022;
- 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. The Committee sought advice from FIT Remuneration Consultants during the year regarding salary benchmarking and a review of the combined bonus and long-term incentive plan.

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 introduced a combined bonus and long-term incentive plan for the Executive Directors and certain members of senior management, which replaced 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.

The Committee has reviewed the appropriateness of the 2021 Long-Term Incentive Plan for Executive Directors and has concluded that the Long-Term Incentive Plan and separate performance related bonuses would be more appropriate for the Executive Directors. The combined bonus and long-term incentive plan will continue for certain members of senior management.

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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Executive Directors										
Mike Morris	**342**	342	**46**[1]	58[2]	**18**	18	**54**	53	**460**	471
Alan Martin	**259**	250	**24**	—	**19**	18	**41**	39	**343**	307
Non-Executive Directors										
Richard Kilner	**66**	39	**—**	—	**—**	—	**—**	—	**66**	39
Ffion Griffith	**39**	36	**—**	—	**—**	—	**—**	—	**39**	36
Alex Wiseman	**37**	36	**—**	—	**—**	—	**—**	—	**37**	36
Clare Lacey[3]	**25**	—	**—**	—	**—**	—	**—**	—	**25**	—
Geoff French[4]	**16**	66	**—**	—	**—**	—	**—**	—	**16**	66
Total	**784**	769	**70**	58	**37**	36	**95**	92	**986**	955

1 Mike Morris was awarded a cash bonus in lieu of the 20,664 ordinary shares due to him under the 2019 Long-Term Incentive Plan award, which he voluntarily surrendered.

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.

3 Clare Lacey was appointed as a Non-Executive Director on 14 January 2022.

4 Geoff French retired as Non-Executive Chairman on 31 December 2021.

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

		Number at 1 October 2021	Awarded in year	Exercised in year	Lapsed in year	**Number at 30 September 2022**	Date of grant
Mike Morris	Option[1]	175,312	—	—	175,312[3]	**—**	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]	124,667	—	14,694[4]	109,973	**—**	14 January 2019
Alan Martin	Option[1]	75,000	—	75,000[5]	—	**—**	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
Alan Martin	Option[1]	—	175,000	—	—	**175,000**	1 March 2022

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 shares in Nexus under Rule 9 of the Takeover Code. Of the 175,312 awarded share options, 12% would have vested having achieved the performance conditions, equal to 20,664 share options. The equivalent of the share options that would have vested was paid as a cash bonus, subject to taxes.

4 12% of the award vested on 14 January 2022 following Committee approval of the outcome of the performance conditions. Alan Martin sold 7,347 shares to cover taxes and retained the remaining 7,347 shares.

5 100% of the award vested on 1 April 2022 following Committee approval. Alan Martin sold 37,500 shares to cover taxes and retained the remaining 37,500 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 and March 2022.

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	14,694	2.0	225.0	33
Alan Martin	75,000	2.0	178.0	132

Directors' interest in the Company's shares

At 30 September 2022, the Directors had the following interests in the Company's shares:

Director	Number of shares
Richard Kilner	53,142
Mike Morris[1]	10,074,110
Alan Martin	172,134
Ffion Griffith	5,119
Alex Wiseman	53,000
Clare Lacey	—

1 Including the shares held by connected persons.

Ffion Griffith
Chair of the Remuneration Committee
31 January 2023

Directors' report

The Directors present their report and the consolidated financial statements for the year ended 30 September 2022.

The corporate governance disclosures on pages 40 to 52 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 2022 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 34 to 38.

Results and dividends

The results are set out in the consolidated statement of comprehensive income on page 61.

An interim dividend of 1.0p per share was paid to shareholders on 15 July 2022 (2021: 0.6p per share). The Board does not recommend a final dividend in respect of the 2022 financial year (2021: 1.4p per share) as the Board will undertake a capital distribution by way of a tender offer in early 2023. The total dividend for the year was 1.0p per share (2021: 2.0p 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 33 and form part of the Directors' report disclosures.

Directors

The Directors of the Company as of the date of this report and their biographical details are shown on pages 42 and 43. Geoff French served as Non-Executive Chairman until his resignation on 31 December 2021. Richard Kilner was appointed Chairman of Nexus Infrastructure plc from 1 January 2022, following the resignation of Geoff French. Clare Lacey was appointed as a Non-Executive Director from 14 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 2022 are disclosed in the Remuneration Committee report on page 52. Details of the interests of the Executive Directors in share options and awards of shares can be found on page 51 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.

Disabled employees

The Directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible recruitment, training, career development and promotion of disabled persons is the same as for other employees and for people applying for employment with the Company. Should employees become disabled, every effort is made to ensure that their employment continues, and appropriate retraining is received.

Share capital structure

At 30 September 2022, the Company's issued share capital was £911,138.08, divided into 45,556,904 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 22 to 25.

Directors' report continued

Substantial shareholdings

At 27 January 2023, the shareholdings noted below, representing 3% or more of the issued share capital, had been notified to the Company. In addition, as at 27 January 2023, 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	22.1%
Ruffer	7,000,000	15.4%
Keith Breen[1]	5,551,007	12.2%
Otus Capital Management	3,457,182	7.6%
Business Growth Fund	2,218,998	4.9%
Gresham House Asset Management	2,068,026	4.5%
Close Brothers Asset Management	1,929,266	4.2%
Premier Miton Investors	1,793,000	3.9%
NR Holdings	1,675,825	3.7%

1 Including the shares held by connected persons.

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

As the transaction to sell TriConnex and eSmart Networks has not completed at the date of approving the Annual Report, management has forecasts based on two scenarios, firstly, on the basis that the transaction does not go ahead and secondly on the basis that the transaction does complete. The scenarios have then been sensitised to reflect severe but plausible downside scenarios reducing forecast revenue and forecast margin, reflecting a cautious view on the trading outlook based on the current market. All scenarios demonstrate that the Group is forecast to generate profits and cash in the year ending 30 September 2023 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 forecast in the no transaction scenario would satisfy the financial covenants of the banking facilities of the review period; however, the downside scenarios significantly reduces profitability, resulting in limited headroom on some of the financial covenants, though there is no forecast draw down on the bank facilities throughout the review period. As such, in all scenarios, 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 31 January 2023.

D R Hillman

Dawn Hillman
Company Secretary
31 January 2023

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 Group and the Company financial statements in accordance with UK-adopted international accounting standards.

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 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 UK-adopted international accounting standards 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's 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.

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

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

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 Group's and 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 Group's and Company's auditors are aware of that information.

By order of the Board

Mike Morris
Chief Executive Officer

Alan Martin
Chief Financial Officer
31 January 2023

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 2022 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 Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); 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 and Financial Statements (the "Annual Report"), which comprise: The consolidated and company statement of financial position as at 30 September 2022; the consolidated statement of comprehensive income; the consolidated and company statements 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, 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, TriConnex Limited, eSmart Networks Limited, Tamdown Services Limited, Tamdown Plant Hire Limited and Nexus Park Limited.
- We conducted a full scope audit of Nexus Infrastructure plc, Tamdown Group Limited, TriConnex Limited and eSmart Networks Limited; while we performed specified procedures over certain financial statements line items of Tamdown Services Limited, Tamdown Plant Hire Limited and Nexus Park Limited.
- These audit procedures obtained sufficient coverage of the Group's revenue (100%), profit after tax (87% on an absolute basis) and total assets (95%).

Key audit matters

- Revenue recognition and long-term contract accounting in respect of infrastructure contracts (group)
- Valuation of investments held in subsidiaries (parent)

Materiality

- Overall group materiality: £867,000 (2021: £685,000) based on 0.5% of total revenue including discontinued operations.
- Overall company materiality: £335,000 (2021: £374,000) based on total assets of 1%.
- Performance materiality: £650,000 (2021: £513,750) (group) and £251,000 (2021: £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.

Valuation of investments held in subsidiaries (parent) is a new key audit matter this year. 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 £173.4m in the financial year (see note 4) of which £98.3m related to continuing operations and £75.1m relates to discontinued operations. The principal revenue streams relate to the provision of infrastructure services to the UK house building 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 including trade receivable (£28.9m, see note 19), contract assets (£25.9m, see note 4) and contract liabilities (£35.1m, see note 4).	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 2021 to actual outturn at end of contracts during the year ended 30 September 2022 to assess the accuracy of previous estimates. We have also compared a sample of actual margins at the end of October 2022 and November 2022 to those forecast margins at September 2022. • 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 receivables, contract assets and contract liabilities to supporting documentation, including signed contract, variation orders and post year end cash receipts, where appropriate. We found no material exceptions in our testing.
Valuation of investments held in subsidiaries (parent) Investments held by the parent entity are recognised at £23.5m (see note 17). The value of these investments are primarily attributed to Tamdown Group Limited (£20.5m) and eSmart Networks Limited (£3m).	• We considered the value of the net assets held within the investment entity. • We considered the current information available in relation to the performance of the relevant entities • We obtained management's forecasts and performed various tests over the reasonableness of the inputs and assumptions within. We also considered the proposed value that would be achieved by the proposed acquisition of eSmart Networks and TriConnex. We found no material exceptions in our testing performed to indicate a requirement for impairment.

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 components set out above in the Audit Scope section, with the exception of Nexus Park Limited, Tamdown Services Limited and Tamdown Plant Hire Limited, where specified procedures over material financial statement line items were performed.

Independent auditors' report continued

to the members of Nexus Infrastructure plc

Report on the audit of the financial statements continued

Our audit approach continued

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	£867,000 (2021: £685,000).	£335,000 (2021: £374,000).
How we determined it	Based on 0.5% of total revenue including discontinued operations	Based on total assets of 1%
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 £335,000 and £800,000. 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% (2021: 25%) of overall materiality, amounting to £650,000 (2021: £513,750) for the group financial statements and £251,000 (2021: £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 £43,300 (group audit) (2021: £34,225) and £16,750 (company audit) (2021: £18,700) 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 including those assuming the disposal of TriConnex and eSmart Networks completes, in addition to the scenario that this does not occur. 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.

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 2022 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.

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 the Companies Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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.

Independent auditors' report continued

to the members of Nexus Infrastructure plc

Report on the audit of the financial statements continued

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

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

31 January 2023

Consolidated statement of comprehensive income

for the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
Continuing operations			
Revenue	4	**98,392**	77,324
Cost of sales		**(88,482)**	(71,330)
Gross profit		**9,910**	5,994
Administrative expenses		**(10,225)**	(7,427)
Other income	5	**—**	120
Operating loss before exceptional items		**(315)**	(2,579)
Exceptional items	6	**—**	1,266
Operating loss	8	**(315)**	(1,313)
Finance income	10	**13**	—
Finance expense	10	**(607)**	(384)
Loss before tax		**(909)**	(1,697)
Taxation	11	**(109)**	(92)
Loss from continuing operations		**(1,018)**	(1,789)
Discontinued operations			
Profit from discontinued operations (after tax)		**3,729**	4,764
Profit and total comprehensive income for the year attributable to equity holders of the parent		**2,711**	2,975
Earnings/(losses) per share (p per share)			
Basic (p per share) – total operations	13	**5.96**	6.56
Diluted (p per share) – total operations	13	**5.89**	6.43
Basic (p per share) – continuing operations	13	**(2.24)**	(3.95)
Diluted (p per share) – continuing operations	13	**(2.24)**	(3.95)
Basic (p per share) – discontinued operations	13	**8.20**	10.51
Diluted (p per share) – discontinued operations	13	**8.10**	10.30

The notes on pages 66 to 88 form part of the financial statements and accounting policies.

Consolidated and Company statement of financial position
as at 30 September 2022

	Note	**Group 2022 £'000**	Restated Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Non-current assets					
Property, plant and equipment	14	**5,459**	19,584	**275**	91
Right of use assets	15	**12,620**	2,415	**5**	6
Goodwill	16	**2,361**	2,361	**—**	—
Investments in subsidiaries	17	**—**	—	**23,545**	23,545
Deferred tax asset	23	**—**	—	**4**	—
Total non-current assets		**20,440**	24,360	**23,829**	23,642
Current assets					
Inventories	18	**43**	2,495	**43**	—
Trade and other receivables	19	**30,388**	38,150	**6,312**	8,956
Contract assets	4	**8,120**	19,107	**—**	—
Corporation tax asset		**27**	84	**—**	—
Cash and cash equivalents		**4,597**	29,517	**3,099**	4,816
Assets classified as held for sale	20	**57,411**	—	**—**	—
Total current assets		**100,586**	89,353	**9,454**	13,772
Total assets		**121,026**	113,713	**33,283**	37,414
Current liabilities					
Borrowings	21	**—**	2,076	**—**	1,326
Trade and other payables	22	**21,698**	33,894	**5,867**	9,267
Contract liabilities	4	**3,543**	33,495	**—**	—
Lease liabilities	15	**1,663**	1,090	**1**	1
Corporation tax liability		**—**	—	**—**	—
Liabilities associated with assets classified as held for sale	20	**49,094**	—	**—**	—
Total current liabilities		**75,998**	70,555	**5,868**	10,594
Non-current liabilities					
Borrowings	21	**—**	9,365	**—**	302
Lease liabilities	15	**10,793**	1,499	**4**	5
Deferred tax liabilities	23	**95**	162	**—**	22
Total non-current liabilities		**10,888**	11,026	**4**	329
Total liabilities		**86,886**	81,581	**5,872**	10,923
Net assets		**34,140**	32,132	**27,411**	26,491
Equity attributable to equity holders of the Company					
Share capital	24	**911**	908	**911**	908
Share premium account		**9,419**	9,419	**9,419**	9,419
Retained earnings		**23,810**	21,805	**17,081**	16,164
Total equity		**34,140**	32,132	**27,411**	26,491

Retained earnings of the Company

The profit of the Company in the financial year amounted to £1,623,000 (2021: £2,050,000).

The financial statements on pages 61 to 88 were approved by the Board of Directors on 31 January 2023 and signed on its behalf by

Mike Morris
Director

Alan Martin
Director

Company number 05635505

The notes on pages 66 to 88 form part of the financial statements and accounting policies.

Consolidated statement of changes in equity

for the year ended 30 September 2022

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 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		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
Transactions with owners					
Dividend paid	12	**—**	**—**	**(1,091)**	**(1,091)**
Share-based payments	28	**—**	**—**	**385**	**385**
Issue of share capital	24	**3**	**—**	**—**	**3**
		3	**—**	**(706)**	**(703)**
Total comprehensive income					
Profit and total comprehensive income for the year		**—**	**—**	**2,711**	**2,711**
		—	**—**	**2,711**	**2,711**
Equity as at 30 September 2022		**911**	**9,419**	**23,810**	**34,140**

The notes on pages 66 to 88 form part of the financial statements and accounting policies.

Company statement of changes in equity

for the year ended 30 September 2022

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2020		905	9,419	13,760	24,084
Transactions with owners					
Dividend paid	12	—	—	(272)	(272)
Share-based payments	28	—	—	626	626
Issue of share capital		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
Transactions with owners					
Dividend paid	12	**—**	**—**	**(1,091)**	**(1,091)**
Share-based payments	28	**—**	**—**	**385**	**385**
Issue of share capital		**3**	**—**	**—**	**3**
		3	**—**	**(706)**	**(703)**
Total comprehensive income					
Profit and total comprehensive income for the year		**—**	**—**	**1,623**	**1,623**
		—	**—**	**1,623**	**1,623**
Equity as at 30 September 2022		**911**	**9,419**	**17,081**	**27,411**

The notes on pages 66 to 88 form part of the financial statements and accounting policies.

Consolidated and Company statement of cash flows
for the year ended 30 September 2022

	Note	Group 2022 £'000	Restated Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash flow from operating activities					
Profit before tax (including discontinued operations)		**3,454**	3,757	**1,598**	2,072
Adjusted by:					
Profit on disposal of property, plant and equipment – owned		**—**	(1,288)	**—**	—
Share-based payments	28	**385**	626	**385**	626
Finance expense (net)	10	**588**	402	**61**	89
Depreciation of property, plant and equipment – owned	14	**833**	492	**58**	7
Depreciation of property, plant and equipment – right of use	15	**1,215**	1,110	**1**	—
Operating profit before working capital changes		**6,475**	5,099	**2,103**	2,794
Working capital adjustments:					
(Increase)/decrease in trade and other receivables	19	**(7,384)**	(485)	**2,644**	(3,926)
(Increase) in contract assets	4	**(6,818)**	(6,380)	**—**	—
(Increase) in inventory	18	**(430)**	(1,311)	**(43)**	—
Increase/(decrease) in trade and other payables	22	**4,155**	1,602	**(3,220)**	31
Increase in contract liabilities	4	**1,565**	4,914	**—**	—
Cash (used in)/generated from operating activities		**(2,437)**	3,439	**1,484**	(1,101)
Interest paid		**(244)**	(355)	**(25)**	(48)
Taxation paid		**(550)**	(343)	**—**	—
Net cash (used in)/generated from operating activities		**(3,231)**	2,741	**1,459**	(1,149)
Cash flow from investing activities					
Purchase of property, plant and equipment – owned	14	**(795)**	(7,681)	**(246)**	(91)
Purchase of property, plant and equipment – right of use	14	**—**	—	**—**	—
Proceeds from disposal of property, plant and equipment – owned	14	**13,555**	1,902	**—**	—
Proceeds from disposal of assets measured at FVOCI		**—**	3	**—**	3
Interest received	10	**39**	—	**9**	—
Net cash generated from/(used in) investing activities		**12,799**	(5,776)	**(237)**	(88)
Cash flow from financing activities					
Dividend payment	12	**(1,091)**	(272)	**(1,091)**	(272)
Drawdown of term loan		**—**	3,538	**—**	—
Drawdown on HP agreement		**587**	—	**—**	—
Repayment of term loan		**(11,663)**	(1,459)	**(1,850)**	(1,272)
Principal elements of lease repayments		**(2,753)**	(1,373)	**(1)**	—
Net proceeds from the issue of share capital		**3**	3	**3**	3
Net cash (used in)/generated from financing activities		**(14,917)**	437	**(2,939)**	(1,541)
Net change in cash and cash equivalents		**(5,349)**	(2,598)	**(1,717)**	(2,778)
Cash and cash equivalents at the beginning of the year		**29,517**	32,115	**4,816**	7,594
Cash and cash equivalents at the end of the year		**24,168**	29,517	**3,099**	4,816
Reconciliation of cash and cash equivalents at the end of the year					
Held by continuing operations		**4,597**	29,517	**3,099**	4,816
Held by discontinued operations		**19,571**	—	**—**	—
Cash and cash equivalents at the end of the year		**24,168**	29,517	**3,099**	4,816

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

The notes on pages 66 to 88 form part of the financial statements and accounting policies.

Notes to the financial statements

for the year ended 30 September 2022

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 subsidiaries TriConnex Limited and eSmart Networks Limited have been classified as discontinued during the year due to the post balance sheet event as detailed in note 33. Their results have been presented within the income statement as discontinued operations coupled with their respective assets and liabilities being classified as held for sale at the balance sheet date.

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 2022. The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 have been applied consistently, other than where new policies have been adopted.

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.

The financial statements for the year ended 30 September 2022 for Nexus Park Limited, Tamdown Plant Hire Limited and Tamdown Services Limited have been exempted from audit under section 479A of the Companies Act 2006 by way of parental guarantee from Nexus Infrastructure plc.

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 £1,623,000 (2021: £2,050,000).

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. For the current year, as the transaction to sell TriConnex and eSmart Networks (refer to details in note 34) has not completed at the date of approving the Annual Report, management has forecasts based on two scenarios, firstly, on the basis that the transaction does not go ahead and secondly on the basis that the transaction does complete. The scenarios have then been sensitised to reflect severe but plausible downside scenarios reducing forecast revenue and forecast margin, reflecting a cautious view on the trading outlook based on the current market.

For both scenarios the budgets for the two-year period to September 2024 approved by the Board have been used.

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 10%;
- a reduction in revenue of approximately 10%; and
- a reduction in gross profit of approximately 2%.

The budgets, as approved by the Board, satisfied all of the financial covenants of the banking facilities. The banking facilities would remain in place in the event that the transaction does not go ahead. The downside scenarios significantly reduced profitability, resulting in limited headroom on some of the financial covenants.

Based on the results of the analysis undertaken for both scenarios, the Group is forecast to generate profits and cash in the year ending 30 September 2023 and beyond. 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 2021.

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 2022 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.

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. 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. For contracts that include customisation, where the suppliers are able to confirm to eSmart Networks the stage of progress on customisation, revenue is recognised on a stage of completion basis for the customisation process. 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
Consumables	Weighted average rate method

Net realisable value for raw materials is based on an estimated selling price less any further costs expected to be incurred for completion and disposal. Consumables are generally not resold.

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.

Notes to the financial statements continued

for the year ended 30 September 2022

1. Accounting policies continued

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.

Sale and Leaseback

During the year the Group sold freehold land and buildings and leased them back. The transfer of the asset satisfied the requirements of IFRS 15 to be accounted for as a sale, the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, only the amount of gain that related to the rights transferred is recognised 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.

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.

Non-current assets held for sale and discontinued operations

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and represents a separate major line of business.

Certain comparative figures have been reclassified to discontinued operations, as a result of the expected sale of TriConnex Limited and eSmart Networks Limited. The impact on the affected financial statement line items is as follows. Refer to note 34 for further details.

Notes to the financial statements continued

for the year ended 30 September 2022

1. Accounting policies continued

Impact of comparative figures adjustments on the Income Statement – increase/(decrease)

	Previously Reported £'000	Discontinued Operations £'000	Restated £'000
Revenue	136,955	59,631	77,324
Cost of sales	(112,774)	(41,444)	(71,330)
Gross profit	24,181	18,187	5,994
Administrative expenses	(20,155)	(12,714)	(7,441)
Other income	133	13	120
Operating profit before exceptional items	2,893	5,486	(2,593)
Exceptional items	1,266	—	1,266
Operating profit	4,159	5,486	(1,327)
Finance income	—	—	—
Finance expense	(402)	(18)	(384)
Profit before tax	3,757	5,468	(1,711)
Taxation	(782)	(690)	(92)
Profit and total comprehensive income for the year attributable to equity holders of the parent	2,975	4,778	(1,803)

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. During the year detailed reviews are undertaken by the Directors; estimating the non-recoverability of debt. These reviews and estimations are seen as critical. See note 19 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 to ensure any loss making contracts are identified and accounted for; and
- impairment of goodwill and investments – the Group tests goodwill annually for impairment, based on discounted future cash flows. The Company tests investments 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 £34,139,000 (2021: £32,132,000).

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:

	2022 Continuing Operations £'000	2022 Discontinued Operations £'000	2022 Total £'000
Segment revenue	**98,392**	**75,011**	**173,403**
Inter-segment revenue	**—**	**—**	**—**
Revenue from external customers	**98,392**	**75,011**	**173,403**
Timing of revenue recognition			
Over time	**98,392**	**75,011**	**173,403**
Customer type			
Residential	**98,392**	**55,670**	**154,062**
Non-residential	**—**	**19,341**	**19,341**
	98,392	**75,011**	**173,403**

	2021 Continuing Operations £'000	2021 Discontinued Operations £'000	2021 Total £'000
Segment revenue	78,047	59,739	137,786
Inter-segment revenue	(723)	(108)	(831)
Revenue from external customers	77,324	59,631	136,955
Timing of revenue recognition			
Over time	77,324	59,631	136,955
Customer type			
Residential	76,233	50,730	126,963
Non-residential	1,091	8,901	9,992
	77,324	59,631	136,955

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

	2022 £'000	Restated 2021 £'000
Contract assets		
Accrued income – continuing operations	**8,120**	7,859
Accrued income – discontinued operations	**17,805**	11,248
Total	**25,925**	19,107

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 2022

4. Revenue continued

	2022 £'000	Restated 2021 £'000
Contract liabilities		
Deferred income – continuing operations	**1,337**	2,472
Deferred income – discontinued operations	**31,197**	28,337
Contract cost accruals – continuing operations	**2,206**	2,182
Contract cost accruals – discontinued operations	**319**	504
Total	**35,059**	33,495

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:

	2022 £'000	2021 £'000
Continuing operations	**2,787**	2,037
Discontinuing operations	**24,264**	19,701

For the continuing operations, management expects that £62,250,000 representing 65.2% (2021: £59,817,000 representing 70.1%) of the transaction price allocated to unsatisfied performance obligations as at 30 September 2022 will be recognised within one year and £33,325,000 representing 34.8% (2021: £25,472,000 representing 29.9%) within two to five years. For the discontinued operations, management expects that £62,682,000 representing 28.4% (2021: £56,478,000 representing 28.1%) of the transaction price allocated to unsatisfied performance obligations as at 30 September 2022 will be recognised within one year, £79,619,000 representing 36.1% (2021: £108,328,000 representing 53.9%) within two to five years and £78,256,000 representing 35.5% (2021: £36,339,000 representing 18.1%) over five years.

The Group has not recognised any assets in relation to costs to fulfil a contract (2021: £nil).

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

	2022 £'000	2021 £'000
Tamdown		
Customer 1	**22,541**	14,210

5. Other income

	2022 £'000	2021 £'000
Continuing operations		
Research and development expenditure credit	**—**	120
Discontinued operations		
Research and development expenditure credit	**—**	13

6. Exceptional items

	2022 £'000	2021 £'000
Continuing operations		
Gain on the disposal of fixed asset	**—**	1,266

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

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.

The results for TriConnex and eSmart Networks have been presented as discontinued under IFRS 5, with the Tamdown and Group administration expenses comprising the continuing operations below. The related assets and liabilities of these operations have been similarly presented.

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

	2022 £'000	2021 £'000
Revenue from continuing operations		
Tamdown	**98,392**	78,047
Inter-company trading	**—**	(723)
Total revenue from continuing operations	**98,392**	77,324
Revenue from discontinued operations		
TriConnex	**55,670**	50,730
eSmart Networks	**19,341**	9,009
Inter-company trading	**—**	(108)
Total revenue from discontinued operations	**75,011**	59,631
Total revenue	**173,403**	136,955
Gross profit from continuing operations		
Tamdown	**9,910**	5,994
Total gross profit from continuing operations	**9,910**	5,994
Gross profit from discontinued operations		
TriConnex	**16,319**	15,665
eSmart Networks	**4,024**	2,522
Total gross profit from discontinued operations	**20,343**	18,187
Total gross profit	**30,253**	24,181
Operating profit from continuing operations after exceptional items		
Tamdown	**2,272**	624
Group administrative expenses	**(2,587)**	(1,938)
Total operating profit from continuing operations after exceptional items	**(315)**	(1,314)
Operating profit from discontinued operations after exceptional items		
TriConnex	**5,568**	5,302
eSmart Networks	**(1,212)**	171
Total operating profit from discontinued operations after exceptional items	**4,356**	5,473
Total operating profit after exceptional items	**4,041**	4,159

The value of depreciation included in the measure of segment profit is:

	2022 £'000	2021 £'000
Tamdown	**814**	1,042
Group	**733**	73
Total deprecation – continuing operations	**1,547**	1,115
TriConnex	**351**	382
eSmart Networks	**150**	105
Total deprecation – discontinued operations	**501**	487
Total deprecation	**2,048**	1,602

Notes to the financial statements continued

for the year ended 30 September 2022

7. Segmental analysis continued

Balance sheet analysis of operating segments:

	2022 Assets £'000	2022 Liabilities £'000	2022 Net assets £'000
Continuing Operations			
Tamdown	**42,419**	**25,925**	**16,494**
Group	**21,674**	**12,345**	**9,329**
Total for continuing operations	**64,093**	**38,270**	**25,823**
Discontinued Operations			
TriConnex	**47,912**	**39,644**	**8,268**
eSmart Networks	**9,499**	**9,450**	**49**
Total for discontinued operations	**57,411**	**49,094**	**8,317**
	121,504	**87,364**	**34,140**

	2021 Assets £'000	2021 Liabilities £'000	2021 Net assets £'000
Continuing Operations			
Tamdown	37,240	26,184	11,056
Group	25,863	13,047	12,816
Total for continuing operations	63,103	39,231	23,872
Discontinued Operations			
TriConnex	44,726	37,071	7,655
eSmart Networks	7,915	7,310	605
Total for discontinued operations	52,641	44,381	8,260
	115,744	83,612	32,132

Group represents head office expenses. Assets classified within Group principally comprise goodwill and a right of use asset. Liabilities classified within Group principally comprise lease liabilities and creditors.

In the prior year cash was presented as a separate segment; in light of the post balance sheet transaction described in note 34, it is now presented within the applicable segments.

8. Operating profit

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

	2022 £'000	2021 £'000
Continuing operations		
Depreciation of property, plant and equipment	**591**	257
Depreciation of right of use assets	**956**	858
Profit on disposal of assets	**(10)**	(1,361)
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of the Company and consolidated financial statements	**40**	29
Fees payable to the Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	**161**	115
Tax advisory services	**—**	—
For tax compliance services	**—**	4
Discontinued operations		
Depreciation of property, plant and equipment	**243**	235
Depreciation of right of use assets	**258**	252
Loss on disposal of assets	**10**	73

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

The profit on the disposal of assets in the year relates mainly to the disposal of the Nexus Park office building.

9. Staff costs

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Continuing operations				
Wages and salaries	**19,769**	19,300	**2,348**	2,106
Share-based payments	**385**	626	**385**	626
Social security costs	**2,312**	2,106	**318**	261
Other pension costs	**422**	410	**114**	109
	22,888	22,442	**3,165**	3,102
Discontinued operations				
Wages and salaries	**15,823**	13,488	**—**	—
Social security costs	**1,785**	1,318	**—**	—
Other pension costs	**293**	236	**—**	—
	17,901	15,042	**—**	—
	40,789	37,484	**3,165**	3,102

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

	2022 Number	2021 Number
Continuing operations		
Tamdown	**345**	379
Group	**33**	30
Discontinued operations		
TriConnex	**248**	243
eSmart Networks	**87**	48
	713	700

The average number of people employed by the Company (including Directors) during the year was 33 (2021: 30).

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 2022 totalled £1,105,000 (2021: £1,151,000), including: short-term employee benefits £38,000 (2021: £36,000), employer pension contributions £93,000 (2021: £92,000) and share-based payment charge £37,000 (2021: £196,000). Further details of the Directors' remuneration are provided in the audited section of the Remuneration Committee report on pages 51 and 52.

10. Finance income and expense

	2022 £'000	2021 £'000
Finance income		
Continuing operations		
Interest on bank deposits	**13**	—
Discontinued operations		
Interest on bank deposits	**26**	—
Finance expense		
Continuing operations		
Interest on bank loan	**(186)**	(287)
Interest on lease liabilities	**(421)**	(97)
	(607)	(384)
Discontinued operations		
Interest on bank loan	**—**	—
Interest on lease liabilities	**(20)**	(18)
	(20)	(18)
Finance expense (net)	**(588)**	(402)

Notes to the financial statements continued

for the year ended 30 September 2022

11. Taxation

	2022 £'000	2021 £'000
Current tax – continuing operations:		
UK corporation tax on profits for the year	**79**	—
Adjustment in respect of prior periods	**—**	281
Total current tax – continuing operations	**79**	281
Current tax – discontinued operations:		
UK corporation tax on profits for the year	**635**	525
Adjustment in respect of prior periods	**(19)**	92
Total current tax – discontinued operations	**616**	617
Total current tax	**695**	898
Deferred tax – continuing operations:		
Origination and reversal of timing differences	**(94)**	144
Adjustment in respect of prior periods	**124**	(314)
Effect of tax rate change on opening balance	**—**	(19)
Total deferred tax – continuing operations	**30**	(189)
Deferred tax – discontinued operations:		
Origination and reversal of timing differences	**17**	33
Adjustment in respect of prior periods	**—**	26
Effect of tax rate change on opening balance	**—**	14
Total deferred tax – discontinued operations	**17**	73
Total deferred tax	**47**	(116)
Total tax charge	**742**	782

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax as applied in the UK. The differences are explained below:

	2022 £'000	2021 £'000
Profit/(loss) before tax	**3,454**	3,757
Profit/(loss) before tax multiplied by the respective standard rate of corporation tax applicable in the UK (19.0%) (2021: 19.0%)	**657**	714
Effects of:		
Fixed asset differences	**(168)**	(233)
Non-deductible expenses	**229**	149
Income not taxable for tax purposes	**—**	(24)
Other tax adjustments, reliefs and transfers	**(59)**	(45)
Chargeable gains/losses	**—**	128
Losses carried back	**—**	—
Adjustment in respect of prior periods – current tax	**(19)**	373
Adjustment in respect of prior periods – deferred tax	**124**	(288)
Deferred tax not recognised	**—**	13
Deferred tax – other	**(22)**	(5)
Total tax charge	**742**	782
Income tax expense from continuing operations	**109**	92
Income tax expense from discontinued operations	**633**	690
Total tax charge	**742**	782

There was no income tax (charged)/credited directly to equity in the year (2021: £nil).

12. Dividends

Group and Company	**2022 £'000**	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 September 2022 of 1p per share (2021: 0.6p per share)	**456**	272
Final dividend for the year ended 30 September 2021 of 1.4p per share (2020: £nil per share)	**635**	—
	1,091	272

As the Board of Directors has elected to not propose a final dividend for the year ended 30 September 2022, the total dividend for the year is 1p per share (2021: 2p per share).

13. Earnings per share

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

Diluted earnings 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 per share is based on the following data:

	2022 £'000	2021 £'000
Weighted average number of shares in issue for the year	**45,482,193**	45,346,677
Effect of dilutive potential ordinary shares:		
Share options (number)	**578,508**	926,345
Weighted average number of shares for the purpose of diluted earnings per share	**46,060,701**	46,273,022
Profit for the year attributable to equity shareholders	**2,711**	2,975
Basic earnings (p per share)	**5.96**	6.56
Diluted earnings (p per share)	**5.89**	6.43
Continuing operations		
Loss for the year from continuing operations	**(1,018)**	(1,789)
Basic losses (p per share)	**(2.24)**	(3.95)
Diluted losses (p per share)	**(2.24)**	(3.95)
There is no dilutive effect of the share options given the loss in the continuing operations.		
Discontinued operations		
Profit for the year from discontinued operations	**3,729**	4,764
Basic earnings (p per share)	**8.20**	10.51
Diluted earnings (p per share)	**8.10**	10.30

Notes to the financial statements continued

for the year ended 30 September 2022

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 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
Additions	**41**	**—**	**185**	**196**	**373**	**795**
Disposals	**(13,569)**	**—**	**(130)**	**(93)**	**(6)**	**(13,798)**
Transfer to leasehold improvements	**(3,393)**	**3,393**	**—**	**—**	**—**	**—**
Transfer from right of use assets	**—**	**—**	**232**	**—**	**—**	**232**
Transfer to assets held for sale	**—**	**—**	**(99)**	**(1,008)**	**(491)**	**(1,598)**
At 30 September 2022	**—**	**4,050**	**2,131**	**135**	**1,884**	**8,200**
Accumulated depreciation						
At 1 October 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
Charge for the year	**137**	**85**	**99**	**119**	**394**	**834**
Disposals	**(175)**	**—**	**(91)**	**(76)**	**—**	**(342)**
Transfer from right of use assets	**—**	**—**	**154**	**—**	**—**	**154**
Transfer to assets held for sale	**—**	**—**	**(56)**	**(542)**	**(292)**	**(890)**
At 30 September 2022	**—**	**742**	**1,523**	**86**	**390**	**2,741**
Net book value						
At 30 September 2020	11,483	—	722	542	224	12,971
At 30 September 2021	16,883	—	526	455	1,720	19,584
At 30 September 2022	**—**	**3,308**	**608**	**49**	**1,494**	**5,459**

Company	Fixtures and fittings £'000	Total £'000
Cost		
At 1 October 2020	11	11
Additions	91	91
Disposals	—	—
At 30 September 2021	102	102
Additions	**247**	**247**
Disposals	**(4)**	**(4)**
At 30 September 2022	**345**	**345**
Accumulated depreciation		
At 1 October 2020	4	4
Charge for the year	7	7
Disposals	—	—
At 30 September 2021	11	11
Charge for the year	**59**	**59**
Disposals	**—**	**—**
At 30 September 2022	**70**	**70**
Net book value		
At 30 September 2020	7	7
At 30 September 2021	91	91
At 30 September 2022	**275**	**275**

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 predominantly large machinery used in site operations.

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

	2022 £'000	2021 £'000
Right of use assets		
Freehold property	**10,881**	542
Plant and machinery	**873**	1,305
Motor vehicles	**861**	561
Fixtures and fittings	**5**	7
	12,620	2,415
Lease liabilities		
Current	**1,663**	1,090
Non-current	**10,793**	1,499
	12,456	2,589

Additions to the right of use assets during the year were £11,674,000 (2021: £524,000). Disposals of £47,000 (2021: £94,000) were also recorded.

Notes to the financial statements continued

for the year ended 30 September 2022

15. Right of use assets and lease liabilities continued

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

	2022 £'000	2021 £'000
Depreciation		
Freehold property	**475**	252
Plant and machinery	**387**	512
Motor vehicles	**351**	334
Fixtures and fittings	**2**	12
	1,215	1,110
Interest expense	**421**	97
Expenses relating to short-term leases	**286**	330
Expenses relating to low-value leases that are not shown above as short-term leases	**7**	4

The total cash outflow for leases during the year was £2,042,000 (2021: £1,373,000).

The present value of lease liabilities is as follows:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Within one year	**1,820**	1,202	**1**	1
Two to five years	**4,276**	1,461	**5**	6
Over five years	**16,174**	—	**—**	—
Future finance charge on lease liabilities	**(9,336)**	(74)	**(1)**	(1)
Present value of lease liabilities	**12,934**	2,589	**5**	6

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.

16. Goodwill

	2022 £'000	2021 £'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 (2022: £2,361,000; 2021: £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 two years ending 30 September 2024 extended to 30 September 2027 using an estimated growth rate of 2.0% (2021: 2.0%). The terminal growth rate beyond FY28 remains at 2.0% (2021: 2.0%).

A post-tax discount rate of 8.0% (2021: 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 including decreasing revenue and operating margins, which indicates that a reasonable change in assumption will not give rise to an impairment.

Management have calculated that a ~34% reduction in the gross margin of Tamdown Group Limited could potentially lead to an impairment of the goodwill value.

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

	2023 £'000	2024 £'000	2025 £'000	2026+ £'000
Revenue (% annual growth rate)	(6.6)%	0.3%	2.0%	2.0%
Gross margin	12.8%	13.9%	13.9%	13.9%
Operating margin	3.3%	3.9%	3.9%	3.9%

17. Investments in subsidiaries

	2022 £'000	2021 £'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.

The financial statements for the year ended 30 September 2022 for Nexus Park Limited, Tamdown Plant Hire Limited and Tamdown Services Limited have been exempted from audit under section 479A of the Companies Act 2006 by way of parental guarantee from Nexus Infrastructure plc.

18. Inventories

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Raw materials	**—**	2,495	**—**	—
Consumables	**43**	—	**43**	—
	43	2,495	**43**	—

The value of raw materials purchased as inventory and later recognised as an expense in the year ended 30 September 2022 amounted to £nil (2021: £6,136,000). These were included in cost of sales.

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

19. Trade and other receivables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade receivables from contracts with customers	**28,906**	35,960	**—**	—
Other receivables	**908**	1,597	**47**	37
Prepayments	**574**	593	**310**	206
Amounts owed by Group undertakings	**—**	—	**5,955**	8,713
	30,388	38,150	**6,312**	8,956

Overdue trade receivables	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
By less than three months	**3,030**	4,702	**—**	—
Over three but less than six months	**1,503**	1,622	**—**	—
Over six months but less than one year	**693**	1,282	**—**	—
Over one year	**4,268**	4,430	**—**	—
	9,494	12,036	**—**	—

Notes to the financial statements continued

for the year ended 30 September 2022

19. Trade and other receivables continued

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At 1 October	**1,041**	1,187	**—**	—
Charged to the statement of comprehensive income	**—**	164	**—**	—
Charged/(written back) to the statement of comprehensive income	**15**	(310)	**—**	—
Written off as impaired	**—**	—	**—**	—
At 30 September	**1,056**	1,041	**—**	—

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 related to amounts owed by Group undertakings is deemed necessary.

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

20. Assets held for sale and associated liabilities

On 30 December 2022 the Board received an offer of £77,700,000 for the disposal of all the shares in TriConnex Limited and eSmart Networks Limited. The assets and liabilities related to these subsidiaries have been presented as assets held for sale as at year end as per the Directors' consideration of IFRS 5.

The statement of financial position shows the following information relating to assets held for sale and the associated liabilities:

	2022 £'000
Non-current assets	
Property, plant and equipment	708
Right of use assets	1,228
Total non-current assets	**1,936**
Current assets	
Inventories	2,882
Trade and other receivables	15,146
Contract assets	17,805
Corporation tax asset	71
Cash and cash equivalents	19,571
Total current assets	**55,475**
Total assets	**57,411**
Current liabilities	
Trade and other payables	16,357
Contract liabilities	31,517
Lease liabilities	382
Total current liabilities	**48,256**
Non-current liabilities	
Lease liabilities	723
Deferred tax liabilities	115
Total non-current liabilities	**838**
Total liabilities	**49,094**

21. Borrowings

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Current	**—**	2,076	**—**	1,326
Non-current	**—**	9,365	**—**	302

As part of the sale and leaseback transaction on 1 April 2022, the Group extinguished the loans outstanding.

The Group entered into a £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.

22. Trade and other payables

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Trade payables	**19,583**	29,482	**243**	306
Other payables	**218**	783	**2**	—
Accruals	**1,063**	2,210	**684**	431
Social security and other tax payable	**834**	1,419	**130**	80
Amounts owed to Group undertakings	**—**	—	**4,808**	8,450
Current	**21,698**	33,894	**5,867**	9,267

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.

23. Deferred tax

Accelerated capital allowances	**Group 2022 £'000**	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
At 1 October	**162**	278	**22**	—
Charge/(credit) for the year	**48**	(116)	**(26)**	22
Transfer to assets held for sale	**(115)**	—	**—**	—
At 30 September	**95**	162	**(4)**	22

There was no unrecognised deferred tax in the year (2021: £13k).

24. Share capital

During the year, the Group issued 156,139 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	**2022 £'000**	2021 £'000
45,556,904 (2021: 45,400,765) ordinary shares of £0.02 each (authorised and in issue)	**911**	908
	911	908

25. Net cash/(debt)

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Cash and cash equivalents	**4,597**	29,517	**3,099**	4,816
Borrowings	**—**	(11,441)	**—**	(1,628)
Lease liabilities	**(12,456)**	(2,589)	**(5)**	(6)
Net (debt)/cash	**(7,859)**	15,487	**3,094**	3,182
Cash and cash equivalents	**4,597**	29,517	**3,099**	4,816
Lease liabilities (2021: gross debt included borrowings)	**(12,456)**	(14,030)	**(5)**	(1,634)
Net (debt)/cash	**(7,859)**	15,487	**3,094**	3,182

Notes to the financial statements continued

for the year ended 30 September 2022

25. Net cash/(debt) continued

	Cash and cash equivalents £'000	Borrowings £'000	Lease liabilities £'000	Total £'000
Net cash at 1 October 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 at 30 September 2021	29,517	(11,441)	(2,589)	15,487
Cash flows	**(5,349)**	**11,627**	**2,856**	**9,134**
New leases	**—**	**—**	**(12,709)**	**(12,709)**
Finance expense	**—**	**(186)**	**(441)**	**(627)**
Other changes	**—**	**—**	**33**	**33**
Held for sale/associated liabilities	**(19,571)**	**—**	**1,105**	**(18,466)**
Net debt at 30 September 2022	**4,597**	**—**	**(11,745)**	**(7,148)**

26. Financial instruments

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Current assets				
Trade receivables	**28,906**	35,960	**—**	—
Other receivables	**—**	674	**—**	—
Amounts owed by Group undertakings	**—**	—	**5,955**	8,713
	28,906	36,634	**5,955**	8,713
Cash and cash equivalents	**4,597**	29,517	**3,099**	4,816
Total financial assets	**33,503**	66,151	**9,054**	13,529
Non-current liabilities				
Borrowings	**—**	9,365	**—**	302
Lease liabilities	**10,793**	1,499	**4**	5
	10,793	10,864	**4**	307
Current liabilities				
Borrowings	**—**	2,076	**—**	1,326
Trade payables	**19,583**	29,482	**243**	306
Accruals	**1,063**	4,896	**684**	431
Other payables	**218**	783	**2**	—
Lease liabilities	**1,663**	1,090	**1**	1
Amounts owed to Group undertakings	**—**	—	**4,808**	8,450
	22,527	38,327	**5,738**	10,514
Total financial liabilities at amortised cost	**33,320**	49,191	**5,742**	10,821

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:

	2022 £'000	2021 £'000
Continuing operations		
Group		
Trade and other receivables	**30,388**	38,150
Contract assets	**8,120**	7,859
Cash and cash equivalents	**4,597**	29,517
Company		
Trade and other receivables	**6,312**	8,956
Cash and cash equivalents	**3,099**	4,816

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.

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

Continuing operations

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:

2022	**Within one year £'000**	**Two to five years £'000**	**Over five years £'000**
Lease liabilities	**2,234**	**3,846**	**7,252**
Trade payables	**32,922**	**—**	**—**
Accruals and payments on account	**39,032**	**—**	**—**

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	—	—

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:

2022	**Within one year £'000**	**Two to five years £'000**	**Over five years £'000**
Trade payables	**243**	**—**	**—**
Amounts owed to Group undertakings	**4,808**	**—**	**—**
Accruals and payments on account	**719**	**—**	**—**
Other payables	**126**	**—**	**—**

Notes to the financial statements continued

for the year ended 30 September 2022

27. Financial risk management continued

b) Liquidity risk continued

Continuing operations continued

Company continued

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	—	—

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 or interest rate risk.

28. Share-based payments

During the year to 30 September 2022, 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 (October 2019 and March 2022)	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.

Fair value is used to measure the value of outstanding options.

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.

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	04/10/2018	14/01/2019	01/04/2019	01/10/2019	14/01/2020	09/02/2021	30/09/2021	01/03/2022
Stock price at grant date	£2.48	£1.94	£2.07	£1.22	£2.03	£1.57	£2.43	£2.06
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	Four years	Three years
Expiry date	20/02/2028	14/01/2029	01/04/2029	01/10/2029	14/01/2030	09/02/2031	30/09/2031	01/03/2032
Expected volatility	35%	35%	35%	35%	30%	38%	30%	30%
Risk-free interest rate	0.85%	0.83%	0.66%	0.25%	0.47%	0.01%	0.7% - 0.8%	0.82%
Dividend yield	3.40%	3.40%	3.20%	5.40%	3.30%	3.00%	3.00%	3.00%
Fair value of one option (EPS)	£2.22	£1.74	£0.00	£0.00	£1.82	£1.41	£0.00	£0.00
Fair value of one option (TSR)	£1.81	£1.27	£0.00	£0.00	£1.63	£0.92	£0.99 - £1.07	£0.00
Fair value of one option	£0.00	£0.00	£1.86	£1.02	£0.00	£0.00	£2.14 - £2.27	£1.87
Performance condition period	01/10/2017 -30/09/2020	01/10/2018 -30/09/2021	—	—	01/10/2019 - 30/09/2022	01/10/2020 -30/09/2023	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	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	01/03/2022 No. of shares
Outstanding at 1 October 2021	95,000	906,742	75,000	75,000	1,004,325	1,311,789	418,542	—
Granted in the year	—	—	—	—	—	—	—	175,000
Lapsed	—	—	—	—	—	—	—	—
Forfeited	95,000	825,603	—	—	53,768	85,588	—	—
Exercised	—	81,139	75,000	—	—	—	—	—
Outstanding at 30 September 2022	—	—	—	75,000	950,557	1,226,201	418,542	175,000
Remaining contractual life	—	—	—	1 month	4 months	17 months	36 months	29 months

None of the options are currently exercisable.

The total share-based payments charged to the statement of comprehensive income was a charge of £385,000 (2021: £626,000).

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 49 to 52.

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Dividend received from other Group companies	**—**	—	**3,708**	3,983
Cost recharged receivable from other subsidiaries	**—**	—	**5,755**	8,573
Donations made to the Nexus Community Trust	**18**	—	**—**	—

In the current 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 2022 was £nil (2021: £nil).

Notes to the financial statements continued

for the year ended 30 September 2022

30. Cash flows of discontinued operations

	2022 £'000	2021 £'000
The impact of the discontinued operations on the cash flows of the Group are as follows:		
Cash flow from operating activities	**35**	6,487
Cash flow from investing activities	**(271)**	(349)
Cash flow from financing activities	**(3,922)**	(4,230)
Total cash flows	**(4,158)**	1,908

31. 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 2022, there was a value added tax asset of £1,202,000 (2021: £382,000).

The Group's bank debt is guaranteed jointly and severally with other Group companies. At 30 September 2022, the bank debt covered by this guarantee amounted to £nil (2021: £11,662,000).

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

32. Capital commitments

Group and Company

At 30 September 2022, the Group had no capital commitments (2021: £1,094,000). The Company had no capital commitments (2021: £nil).

33. Prior year restatement

During the year the Group considered the accounting classification of certain Contract assets and Contract liabilities of TriConnex Limited. For certain contracts TriConnex Limited presented and disclosed the gross value of contract assets and contract liabilities without offsetting, where applicable, these amounts; resulting in some contracts presenting amounts for both a contract asset and contract liability. As a result, the Group has reclassified balances in line with IFRS 15's presentation and disclosure requirements (refer to note 4).

	As Reported 2021 £'000	Restatement £'000	As Restated 2021 £'000
Current Assets			
Contract assets	21,138	(2,031)	19,107
Current Liabilities			
Contract liabilities	32,840	(2,031)	30,809

	As Reported 2020 £'000	Restatement £'000	As Restated 2020 £'000
Current Assets			
Contract assets	12,727	(1,882)	10,845
Current Liabilities			
Contract liabilities	26,026	(1,882)	24,144

34. Events after the reporting year

Group and Company

On 30 December 2022, the Board received an offer of £77,700,000 for the disposal of all the shares in TriConnex Limited and eSmart Networks Limited. The assets and liabilities related to these subsidiaries have been presented as assets held for sale as at year end and their results presented separately on the income statement as discontinued operations as per the Directors' consideration of IFRS 5. The transaction is expected to be completed on 3 February 2023.

An analysis of the results of the discontinued operations can be found within note 7.

Further information

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Any shareholder with enquiries should, in the first instance, contact our Registrar using the address provided above.

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 30 March 2023.

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