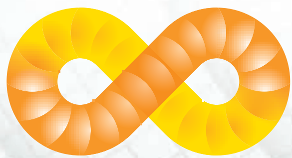
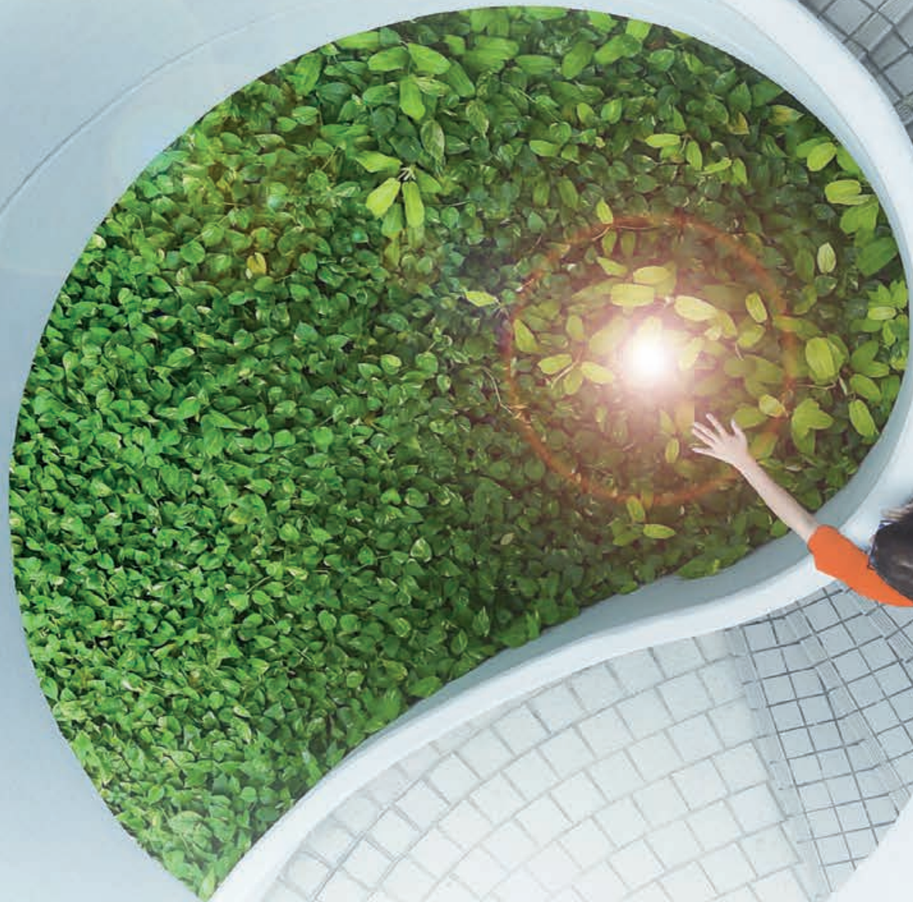




Generating a **Low Carbon** Future

Infinis Energy Group
Holdings Limited

Annual report and accounts 2021

Infinis is the UK's leading generator of low carbon power from captured methane

Strategic report
- **3** Infinis at a glance
- **5** Our business model
- **7** Chair's statement
- **9** Solar
- **10** Sustainability
- **14** Chief Executive's review
- **16** Market review
- **19** Key performance indicators
- **21** Risk management
- **23** Principal risks and uncertainties
- **27** Operational and financial performance
- **29** Climate related risk management
- **31** Stakeholder engagement
  - **32** Our employees
  - **36** Our communities
  - **38** Other key stakeholders

Corporate governance
- **41** Board of Directors
- **43** Corporate governance statement
- **46** Directors' report
- **48** Statement of directors' responsibilities

Financial statements
- **49** Independent Auditors' report
- **55** Consolidated income statement
- **56** Consolidated statement of comprehensive income
- **56** Consolidated statement of changes in equity
- **57** Consolidated statement of financial position
- **58** Consolidated cash flow statement
- **59** Notes forming part of the financial statements
- **80** Company statement of financial position
- **81** Company statement of changes in equity
- **82** Notes forming part of the Company financial statements

Other information
- **86** Glossary

Strategy

Vision

Generating a low carbon future

Mission

Growing Infinis into a more diversified renewable and low carbon energy portfolio, focused around our core expertise and strong platform, to create long-term value and a sustainable future

Delivery

Our business model drives resilient, stable and predictable cash flows enabling us to grow both organically and through M&A activity

Energy generation with a positive environmental impact

Our operations offset the equivalent CO_2 emissions of over 1.1 million[1] UK households.

Methane Capture
Methane is captured in a controlled way by applying a suction through a network of installed pipelines and gas wells on 103 landfill sites (CLM division) and on 16 disused coal mines (CMM division). Modular gas reciprocating engines then use the methane as a fuel source.

Methane (CH_4) is around 25 times more harmful than carbon dioxide (CO_2) as a greenhouse gas.

Power Response
Our PR division operates from 30 sites, generating power to export into the local electricity distribution network. It provides highly responsive power in local areas connected through the local distribution network closest to consumer demand, using mostly mains natural gas to power modular gas reciprocating engines. PR supports the UK's growing intermittent renewable power generation, mainly wind and solar, by providing responsive and efficient generation to the grid.

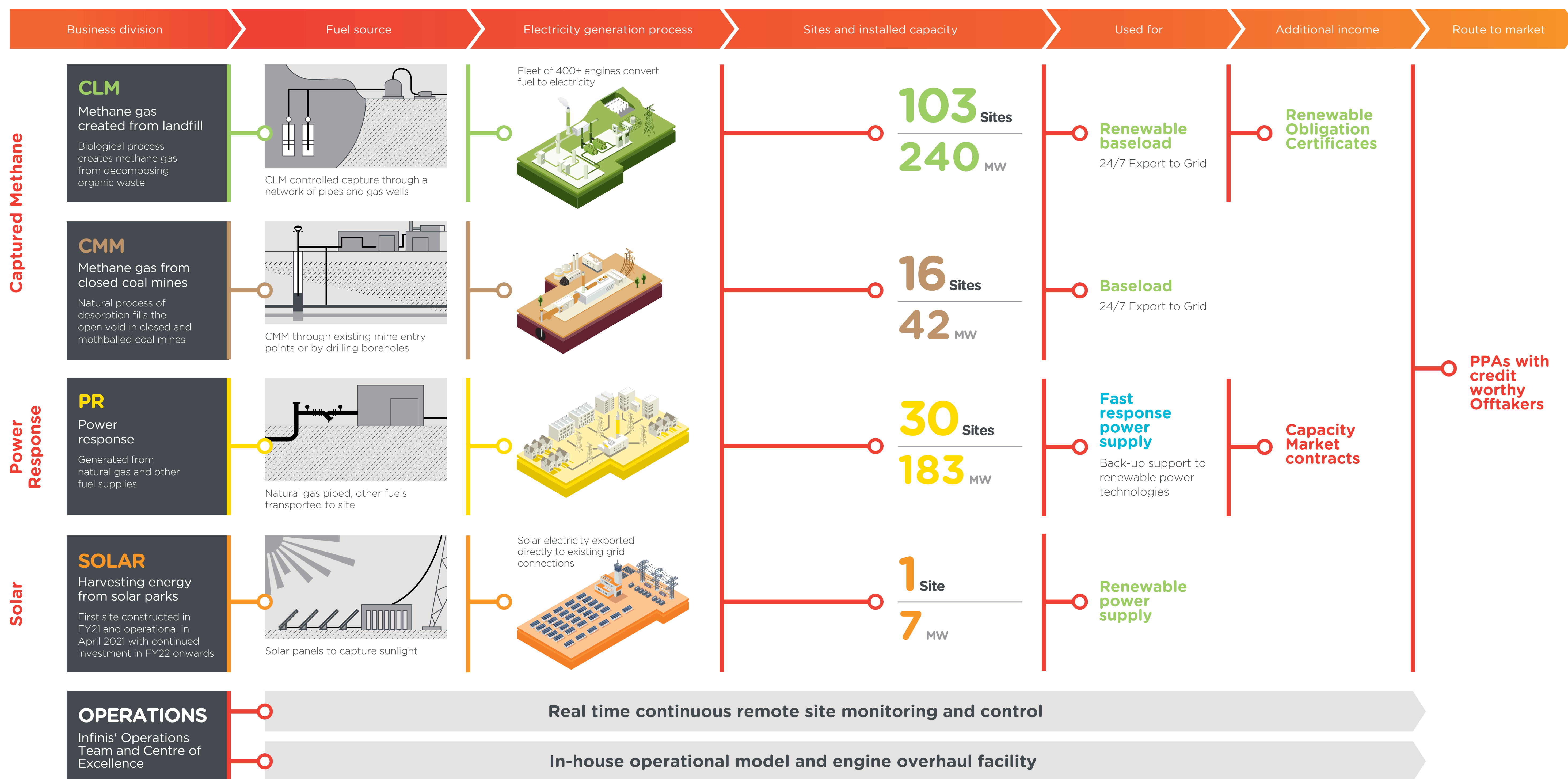
Future Solar Development
Our solar energy parks use interconnected photovoltaic panels to capture sunlight, creating DC electricity which is then converted to AC by on-site invertors. Solar power is a renewable and infinite resource with no environmental emissions.

7.1MtCO$_2$
(2020: 7.6 MtCO$_2$)

positive environmental impact from Infinis' activities

1 Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/979588/Defra_UK_carbon_footprint_accessible_rev2_final.pdf

Our business model



Tony Cocker
Chair

Chair's statement

Our strategy is aligned with the government's stated ambition of 'building back better' and achieving Net Zero through our focus on accelerating our renewable energy development, build and acquisition plans.

When writing my statement last year, the COVID-19 pandemic had created global economic uncertainty and the UK was in the early stages of the first 'lockdown'. During those early months Infinis demonstrated the vital role of the business and resilient nature of its operational model, as reflected by the Board's decisions to preserve jobs and not to use the Government furlough scheme. This was the right decision and has been demonstrated by the strength of Infinis' annual results.

Few would have predicted that 12 months on we would be exiting our third UK lockdown, we would have had such little chance to spend time with friends and family members, and that we would continue to have stringent controls limiting work and social activity, requiring us all to live our daily lives in a socially distant way.

Against this backdrop, it is with immense pride that I thank the employees and management team of Infinis for their dedication, commitment, and passion over the last year. Your efforts have ensured that Infinis has continued to excel and deliver excellent results in these unprecedented times.

Performance
I feel privileged to be able to report that Infinis has delivered a very strong operational and financial performance, outperforming budget in each of its operating divisions: Captured Landfill Methane (CLM), Capture Mineral Methane (CMM) and Power Response (PR).

The baseload divisions of CLM and CMM have an established strategy of forward selling the baseload electricity they generate up to three years ahead. This resulted in revenues being almost fully protected from the volatility of the UK power market, created by COVID-19. Profits of the PR division grew by 55% year-on-year and benefited from an increased dependency on this flexible, highly responsive generation to support periods of peak energy demand when intermittent wind and solar generation output was low.

Strategy
Despite the pandemic we have continued to deliver our strategy, which is aligned with the government's stated ambition of 'building back better' and achieving Net Zero through our focus on accelerating our renewable energy development, build and acquisition plans.

Most recently we commenced the development of energy parks by co-locating subsidy-free solar photovoltaic technology and potential battery storage on existing CLM sites. Our first 7MW solar site at the Ling Hall landfill site in Warwickshire was energised in March 2021 and a further seven energy parks, totalling 75MW, have been submitted into local planning processes, while an additional 90MW are in early phase planning with a significant pipeline being developed.

Regulation
On the regulatory front, the last year has seen the publication of the UK government's long awaited white paper on future energy policy, a more challenging UK Government commitment to cut carbon emissions to 78% by 2035 (on 1990 levels), the introduction of the UK Emissions Trading Scheme (ETS), and the recent publication of Ofgem's "minded to" position on network access and charging reforms.

More renewable and low carbon energy generation and a shift from existing fossil-fuelled generation is a priority. Anticipated and actual policy changes in the UK and EU have driven a higher cost of carbon, providing a signal for this transition and increasing power prices in turn. Easier access to the networks for new projects, and fair costs for access to and use of both distribution and transmission networks, is similarly seen as key for the sustainability of grid networks and delivery of Net Zero.

The Infinis operating model and growth strategy of regionally distributed generation from renewable and low carbon sources aligns strongly with this policy direction and positions the business well for the future.

Sustainability
As the UK's leading generator of low carbon power from captured methane, Infinis is already delivering a positive impact on climate change through the capture of a greenhouse gas and use of that resource to generate renewable electricity.

In the year to March 2021, Infinis captured 284,000 tonnes of methane, preventing more than an equivalent of 7.1 million tonnes of carbon dioxide (CO_2) escaping into the atmosphere. This critical environmental management role is recognised by the regulator Ofgem, with Renewable Obligation Certificates earned on the majority of exported electricity.

During the year Infinis progressed its sustainability agenda, publishing a sustainability strategy that it developed within the framework of the United Nations Sustainable Development Goals and reporting on certain carbon footprint and exposure metrics, taking account of the TCFD recommendations.

Our Shareholder, 3iN, the Board and the Senior Management Team are committed to being at the forefront of the UK energy sector in generating clean and sustainable electricity while ensuring our carbon footprint from all aspects of our operations, including that of our suppliers, is minimised.

Health and Safety
As an organisation, health and safety takes priority in everything we do. Infinis has a culture of excellence driven by a relentless focus on continuous improvement in all aspects of health, safety, quality and environmental management. The RoSPA president's award, recognising the thirteenth successive year of Gold Awards, and the British Safety Council International Award with distinction for excellence, combined with ISO accreditation provide external validation of the culture and demonstrable track record. In a year with so many unprecedented challenges, maintaining this focus, while also supporting all our employees who have faced physical or mental health challenges outside of the work environment, illustrates the strength of the management team throughout the organisation.

Outlook
With vaccine progress, there is now hope that the next twelve months will see a gradual return to a degree of pre-COVID-19 normality. While the economic outlook may be uncertain, the UK energy sector has demonstrated its resilience over the last year, and the energy transition is creating many opportunities, with renewable energy generators such as Infinis at the forefront.

I look forward with confidence to Infinis continuing to deliver a strong financial performance while also developing and investing in new renewable and sustainable forms of energy generation.

Tony Cocker
Chair
Infinis Energy Management Limited

Solar

Infinis is now generating electricity from solar following the construction of our first solar energy park on the Ling Hall CLM site in Warwickshire

13,200 bi-facial solar panels with a 7MW generating capacity have been installed on the landfill and will generate electricity for 1,700 homes in the local area.

This is our first co-located subsidy-free solar photovoltaic project on a site where Infinis also generate renewable power from captured landfill methane. By co-locating solar generation on the same land, this provides a new use for the land, and significantly increases the renewable energy generated from the site each year.

Infinis is committed to developing a co-located solar portfolio of scale over the coming years. By securing exclusivity on our largest landfill portfolio in late 2019, land options and grid offers were secured in the year and a series of projects were submitted into formal planning. At March 2021, projects totalling 75MW were in planning with a pipeline of other projects being progressed through the pre-planning stages.

Our solar strategy aligns with our overall strategy to grow Infinis into a more diversified energy portfolio, focused around its core expertise and operating platform, to create long-term value and a sustainable future.

Sustainability

Through the capture of 284,000 tonnes of methane and prevention of these harmful emissions being released into the atmosphere, Infinis sits at the forefront of the UK energy sector delivering a positive impact on climate change

Our focus and approach
Our employees, our Board and our Shareholder are committed to ensuring Infinis is at the forefront of sustainability within the UK energy sector. We are committed to protecting the environment and enhancing the social and economic impact of our activities.

Supporting the United Nations Sustainable Development Goals, our employees have identified the areas where Infinis can have the greatest impact and have focused on four key areas.

1. We protect the health, wellbeing and safety of our people, customers and the environment

Goal	Target Date	Status
Zero fatalities and major injuries	Annual rolling	Health and Safety KPIs and controls detailed on pages 32 to 33
Zero significant environmental incidents	Annual rolling	No significant environmental incidents in the last 3 years
15% of employees trained as mental health first aiders	Annual rolling	17% of employees mental health first aid trained

Sustainability continued

2. We combat global warming by targeting the reduction of our direct carbon emissions, understanding and identifying our upstream supply chain and downstream climate change risks and implementing measures to mitigate those impacts and risks

Goal	CO_2 equivalent saving per annum	Target Date	Status
Remove inefficient and higher emitter generation plant	N/a	March 2022	See propane and diesel PR decommissioning case study on page 12
Target > 200MW of installed solar over the next 5 years, displacing higher carbon intensity generation technology from the UK Grid	45,000 tonnes	March 2026	See solar update on page 9
Electrify the vehicle fleet (including those with company car allowance) and utilise Infinis CLM and CMM sites to provide electricity generated on site to charge vehicles	960 tonnes	March 2027	See electric vehicle case study on page 12
Evaluate the supply chain and identify areas to reduce carbon impact through review of raw materials used, transport and production methods	TBC	March 2023	Review due to commence in FY22
Optimise engine efficiency on each CLM and CMM site through engine rightsizing and also minimising the number of operating engines on each site	TBC	Annual rolling	**Engine rightsizing** Our operations and development teams complete an ongoing review of lower generation CLM and CMM sites and look to replace larger engines with smaller more effective engines One project was completed in the year to remove 1MW of installed engine capacity on smaller sites and replace it with engines operating to 0.33MW capacity, resulting in higher operating efficiency and lower emissions **Automatic Load Balancing (ALB)** ALB is an internally developed application which evaluates the level of methane and other operational conditions on a site and looks to maximise engine load, and therefore efficiency, by limiting the number of engines operating on CLM sites to the minimum number required. ALB is now operating on 69 sites equating to 48% of the installed CLM capacity

Case Study

Propane and diesel decommissioning

Our natural gas PR engines hold a low emitter status. A small number of the larger PR sites require an MCPD permit as outlined in the Regulatory stakeholder section on page 40.

Diesel

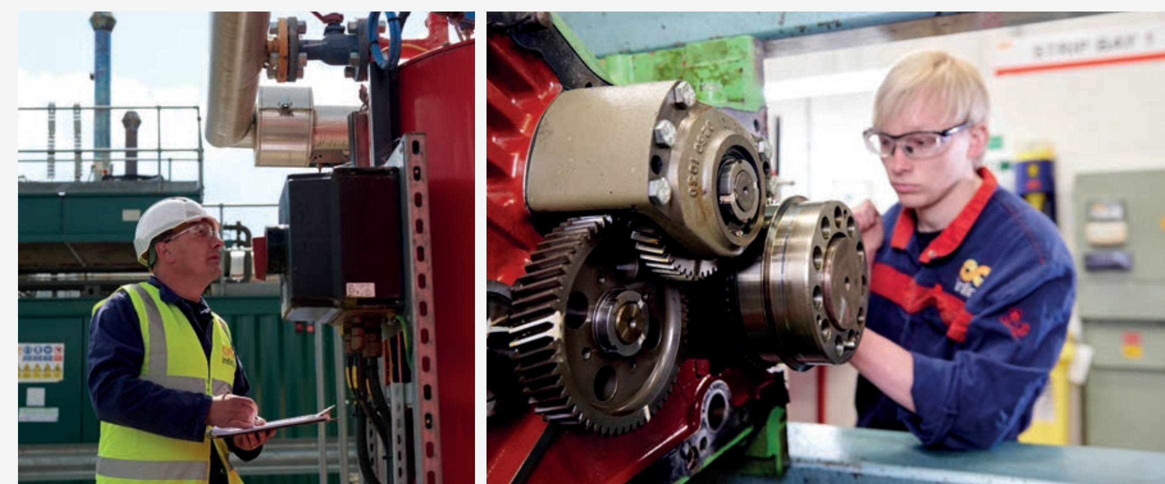
During FY21, the decommissioning of a 13MW Diesel PR site commenced. As a higher CO_2 emitter the Board made the decision several years ago to not operate this site day-to-day. The site is now in the process of being decommissioned with the engine now disposed of and work to remove the compound due to commence shortly.

Propane

Four initial PR sites were previously constructed to operate on tankered propane. The lower emissions and better economics of natural gas subsequently replaced propane as the primary fuel source for PR.

The conversion of two of the propane sites (totalling 6.8MW) to natural gas commenced in the year with one site completed and one due to complete by end of July 2021.

The remaining two propane sites will be decommissioned in 2022 and are being progressed for alternative renewable generation on the sites, including solar on one of the sites.



Case Study

Electric vehicles

Infinis operates a fleet of approximately 120 company vehicles and has a unique opportunity to utilise the electricity that it generates on its sites to power this fleet.

Our transition to electric vehicles is technology dependent and will be largely dictated by vehicle manufacturers developing vans with a full payload range between charges which aligns with Infinis' operational requirements to ensure our operational excellence is maintained. Working closely with our vehicle leasing provider Lex Autolease, a project has commenced to evaluate the electric vehicle options currently available. A number of electric vehicles are currently being trialled.

Sustainability continued

3. We proactively support society and authorities in eliminating the risk of exploitive work in the supply chain

Goal	Target Date	Status
No human rights violations within our control	Annual rolling	Our suppliers undergo a rigorous onboarding process and then on-going management as detailed within the Supplier section on page 39 Our supply chain is established and largely based in the UK. The procurement of solar panels and technology from Asia creates a new risk which we recognised through an expanded onboarding process to those suppliers
Adequate mitigation measures initiated for all human rights risks identified	Annual rolling	Annual refresher training is given to key managers involved with the supply chain, together with general company-wide campaigns to ensure all employees continue to be alert to any actual or potential slavery

4. We believe that success is achieved through a culture of passion, energy and engagement, where employees can grow and develop talents and capabilities. We aim to reduce inequalities, foster diversity and inclusion in our work force and give back to our communities

Goal	Target Date	Status
Increase company-wide diversity	March 2025	See our employee section on pages 34 to 35
Achieve gender pay equality	Annual rolling	
Year-on-year increase in number of hours committed to community projects and/or the value of donations to local or national charities and sport and community clubs in the UK	Annual rolling	See our communities section on pages 36 to 37

Chief Executive's review

The resilience of Infinis' operating platform has been validated and we now focus with renewed optimism, vigour and belief in our vision of 'generating a low carbon future' and our strategy for growth, in renewable and more sustainable forms of energy

Shane Pickering
Chief Executive Officer

What a year!
As we commenced the year, it was clear that COVID-19 would have a sustained economic impact and present new challenges for Infinis, the energy sector and society. However, having witnessed the tremendous response from our employees during the initial months of UK lockdown, I was confident that we would deliver our budget and fulfil our strategic objectives.

I am delighted to say that my expectations were exceeded. It has been an outstanding year with the team working incredibly hard and delivering a tremendous operational and financial performance set against the challenging backdrop of the pandemic. Our employees have risen to meet the challenges of both work and lifestyle change, vigilantly following newly introduced processes and protocols as well as maintaining social distancing and self-isolation rules where required. This ensured that less than 4% of the workforce contracted COVID-19 during the year.

Our strong financial results are validation of the resilience of our operating platform and a testament to the tremendous dedication and commitment of the whole Infinis team. I would like to thank the team for continuing to deliver exceptional performance in these challenging times.

Operational performance
Performance across all divisions has been excellent, with exported power outperforming budget in all cases. Reliability and availability have been high and costs have been managed very effectively.

During the year, the operational teams have continued to develop strategies to increase the sustainability and profitability of our operations by focusing on how we utilise, manage and optimise our gas resources and generation assets. Three strategies of note were:

(i) Vacuum reduction – Reducing vacuum levels on CLM sites leads to less air ingress and benefits the anaerobic conditions within the waste mass in which landfill gas is produced and managed. During the year vacuum levels were reduced across a significant portion of the CLM portfolio. Overall results have been very encouraging with a noticeable change in the annual available gas decline rate averaging 7.2% compared to an average of 9% for the past four years. This strategy will continue to build on this positive trend by focusing on the long-term sustainability of the gas fields and enhancing the total methane captured and utilised.

(ii) CLM gas clean-up – Trials commenced during the year to determine the economic benefits for using activated carbon filters on sites with high gas contamination. These filters clean the landfill gas before it is utilised in the engines. The data highlighted that significant savings could be achieved as the cleaner gas reduced the number of decokes and oil changes. During the year, carbon filters have been installed at Greengairs, Welbeck and Poplars sites with positive results. Additional carbon filters will be installed on sites where high levels of gas contamination lead to excessive engine maintenance costs and performance issues.

(iii) CMM banking strategy – As a trial, five CMM sites were placed into short term preservation mode during the lower power price seasons (spring/summer) so as effectively to bank the gas underground. Generation was resumed in the Autumn/ Winter seasons when power prices are higher. The trial concluded that shifting the utilisation of CMM gas into the higher priced winter period enhanced revenue per MW, improved engine efficiency as the engines would be operating at full load, reduced emissions and reduced operating costs. Based on the success of the trials further sites will be added in the year ahead.

Strategic growth
Our vision of 'generating a low carbon future' is being achieved by focusing on our strategy to grow Infinis into a more diversified, renewable and low carbon energy portfolio. Throughout the year we have been enhancing our plans for strategic growth and recently launched our new "Triple A" Strategy which is focused upon:

- Accelerating the development and construction of our organic solar and battery pipeline.
- Acquisitions to supplement our core operations and organic project pipeline.
- Accumulating – Long-term sustainable value creation and returns to our Shareholder.

Good progress has been made on developing our new solar division that will create energy parks by co-locating subsidy-free solar, and potentially energy storage, on existing sites where Infinis already operates.

Chief Executive's review continued

I am delighted that our first Solar site at Ling Hall (7MW) was commissioned in March 2021 and a further 75MW are in the planning process with construction expected to commence in FY22. This is a fantastic achievement and is a credit to everyone involved in this initiative.

To align with our new strategy, the development team has been expanded and is focused on accelerating our organic growth plans. Several senior level positions have already been filled from within the business and more opportunities will become available over the coming year. As well as creating opportunity for experienced Infinis people, we will continue to bring in external talent where required and we have welcomed both a new Head of Solar and new Energy Storage Development manager during FY21. Both roles are providing a real impetus in accelerating our efforts in this space.

Refinancing
Infinis was successfully refinanced on favourable terms in January 2021, set against a challenging backdrop of more cautious lending due to the pandemic. This was an excellent result which provides Infinis with a longer-term debt structure which will offer greater flexibility and a platform to fund our future growth ambitions.

Market power price
Global energy and commodity markets observed cyclical price lows during the latter part of FY20 with a market low in March 2020 when UK and global lockdowns were announced. Markets rebounded relatively quickly and have grown steadily across the year. Infinis' progressive wholesale power price forward hedging strategy ensured that CLM and CMM revenues were fully protected from this market volatility and provided price certainty.

Immediately prior to Brexit, carbon pricing began to increase and by March 2021 had risen to a then all-time high of €43.76, an increase of €29.04 over a year. This increase was to a large degree translated into a higher power price by March 2021. This increase in the carbon price has been driven by a mix of speculative financial trading and strengthening carbon reduction commitments across Europe. The rising power price has created opportunity for further progressive hedging of future generated power and revenue security for the business.

Sustainability
Infinis is committed to generating a low carbon future and is already delivering a positive impact on climate change. By capturing 284,000 tonnes of methane it prevents this harmful greenhouse gas entering the atmosphere as well as using that fuel resource to generate renewable electricity.

We are dedicated to protecting the environment, our natural resources and enhancing the social and economic impact of our activities. Supporting the United Nations Sustainable Development Goals, our employees have identified the areas where Infinis can have the greatest impact and have focused on four key areas. Great progress has been made on progressing them as detailed on pages 10 to 13.

As part of our sustainability strategy, we have targeted further reductions in our direct carbon emissions, while also continuing to build on our strong relationships with the local communities around our sites. Over the next five years we will be focused on the following Net Zero initiatives: removing our most inefficient and carbon intensive generation assets such as diesel and propane generators from the business and re-purposing where viable; delivering more renewable energy through development of solar; installing behind the meter electric charging points at strategic site locations to enable charging of fleet vehicles and; transitioning our diesel vehicle fleet to all electric.

Our Shareholder, 3iN, the Board and the Senior Management Team aim to invest responsibly in new renewable and low carbon energy generation. Our positive environmental impact, and continued focus on sustainability, has positioned us very well to benefit from the evolution of the UK energy sector and to find further opportunities for profitable growth.

Employee safety and wellbeing
Change always brings a level of increased risk and health and safety is no exception. Given the speed and significance of change required in response to the pandemic, I am extremely proud of Infinis' unwavering focus on health and safety and excellent performance. We had three minor RIDDOR reportable injuries during the year underpinned by over 2,300 safety observations. Our safety performance has once again been recognised by both the British Safety Council, achieving the 'International Safety Award', and RoSPA, achieving the president's award for the thirteenth successive year for excellence in health and safety with merit. We have also been reaccredited in ISO 45001, 9001 and 14001.

Outlook
As the UK begins to ease lockdown conditions, we commence the new financial year with renewed vigour and optimism.

At a strategic level our near-term growth opportunities will further reinforce our position as a sustainable energy generator and deliver long-term value for the business.

On a more personal level I am looking forward to a future where we can get back to some form of normality and importantly, together with the Senior Management Team, getting out again to all our sites and spending time catching up face-to-face with all our employees. We will be considering our successes and learnings from over 12 months of remote working to develop new, more flexible and productive ways of working.

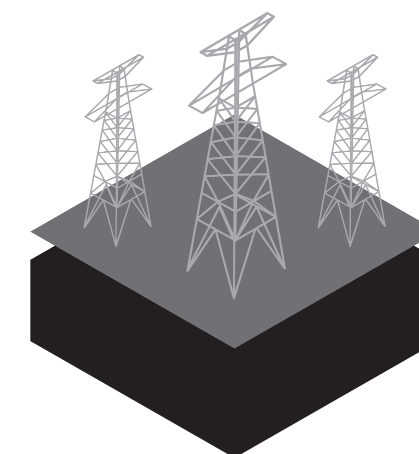
Overall, I am very excited by our future and our Shareholder and the Board remain fully supportive and committed to our vision and growth ambition. Let us keep up the excellent momentum and make FY22 another successful year.

My thanks go to our Board and 3iN for their continued support and collaboration.

Shane Pickering
Chief Executive Officer
Infinis Energy Management Limited

James Milne
Commercial Director

Market review



Infinis operates solely within the UK energy market. The majority of its generated electricity is not sold directly to consumers but is contracted under seasonal Power Purchase Agreements (PPAs) to large blue-chip energy offtakers.

The UK energy market remains in a period of transition and in December 2020 the Government published its long awaited energy White Paper setting out the direction of future policy. The White Paper builds upon the Prime Minister's 'ten-point plan' for a green revolution to "build back better" following the heavy toll COVID-19 has taken on the UK economy. The Net Zero target requires a significant speeding up of the shift from fossil fuels to renewables and all the associated implications that entails. The White Paper sets out stronger commitments to offshore wind, hydrogen, carbon capture and storage, and a focus on the aviation and shipping sectors. In April 2021 the UK Government committed to a steeper cut in emissions of 78% by 2035 (on 1990 levels) in recognition of the very significant progress needed to be made in the 2020s.

The Net Zero challenge and hardening commitments on emissions reductions have provided the backdrop for a bullish carbon market and the introduction of a UK Emissions Trading Scheme (UK ETS) as a successor to the EU Emissions Trading Scheme with effect from 1 January 2021. Further consultation is expected during FY22 on the UK ETS. The total cost of carbon will continue to be a key driver of power prices, the relative value of renewable generation and peak/off-peak power spreads based on the operating costs of marginal price-setting plant. Ofgem continues to conduct a wider review of charging for network access and usage, and published its "minded to" position in June 2021. Access reform seems likely from April 2023, to provide more flexibility for new grid connections, with charging reform thereafter following a wider review.

The Infinis operating model of regionally distributed embedded generation aligns closely with a policy direction of more actively managed networks at a localised level closer to demand by Distribution Network Operators (DNOs) as system operators.

COVID-19
The COVID-19 pandemic had notable impacts on the UK power market during FY21. Initial lockdown measures reduced power demand by a record 20% and, while demand gradually recovered, the second UK lockdown hampered that demand recovery. Electricity prices initially reacted as expected and were very bearish in early FY21, though most of FY21 was characterised by surging prices on the back of positive vaccine news, underlying commodities (notably carbon and oil) and falling LNG supplies. Near-term prices broke all previous records with hourly day-ahead prices clearing above £1,000/MWh on four occasions through the winter months and twice clearing at the cap of £1,500/MWh – these prices occurred during relatively high demand periods whilst UK thermal plant availability was low. The Electricity System Operator (ESO) issued a number of Electricity Margin Notices and two Capacity Market Notices during the winter of FY21; the market responded well, and no Capacity Market Stress Events subsequently occurred.

The significant and rapid drop off in demand during COVID-19 has led to the ESO facing significant new challenges to balance supply with demand, particularly when high intermittent renewable output (solar/wind) combines with traditionally low demand periods. There has been increased balancing activity as a result which has translated into high BSUoS charges and benefits for distribution-connected generators such as Infinis during FY21.

Our forward hedging strategy mitigated the impact of COVID-19 on our achieved sale price for power and commercial performance during FY21. Further progressive hedging during FY21 enabled the business to secure prices for the future delivery of power at levels above those witnessed in the previous 12 months.

Data quoted on the following pages is from National Statistics Energy Trends: UK electricity unless otherwise stated and covers the calendar year to December 2020. Whilst this is not coterminous with the March 2021 Infinis financial year end, it provides an appropriate overview of key market factors and trends.

James Milne
Commercial Director

Market review continued

Demand

- COVID-19 caused electricity consumption levels to reduce
- Cold weather drove higher peak demand in the final quarter of FY21
- Continued development of smarter responsive demand

UK electricity consumption of 281TWh for 2020 was down 4.7% compared to 2019 (295TWh) and, but for a below average cold spell in the final quarter of FY21, the drop in demand across FY21 would have trended closer to 7%. The trajectory of demand recovery as against Ofgem forecasts will be an important factor in the value during FY22 of Renewable Obligation Certificates awarded to renewable electricity generation and specifically the "recycle" benefit based on a 10% stretch in the contribution from renewable generation.

In late 2020, National Grid updated their demand forecasts for the next five years (to 2025) and reflected an average reduction of 1.1% per annum based on accelerated corporate and domestic energy efficiency. Importantly, outlook demand from 2026 (particularly at peak) is projected to increase driven by the electrification of heat and transport.

Supply

- Continued thermal plant retirement
- 2.3GW of CCGT capacity in long-term mothball through Calon administration
- Increased development of intermittent renewables
- Tightening reserve and flexibility margin

The share of electricity generated by renewables in the UK was a record 42.9% in FY21, up from 37.1% in FY20, driven by high generation from wind, solar and bioenergy sources and growing renewable capacity. Drax ceased generation from coal on 5 March 2021, ending over 50 years of near continuous generation. EDF also announced it will cease generation from the West Burton A coal power station by September 2022 leaving one remaining coal plant on the system after this date.

The Calon CCGT assets remain in administration and while the economics for thermal generation remains challenging it is unclear when, if ever, these assets will return to operation.

Electricity prices

- Significant increase in UK wholesale electricity prices during FY21
- Very high intra-day pricing, particularly through winter, driven by capacity tightness and high peak demand

There are several markets quoted for electricity sales, from short-term within-day and day-ahead 'spot' prices to long-term seasonal markets providing positions up to three years in the future. Infinis typically sells exported power from CLM and CMM at prices that are pre-agreed ahead of delivery for the season, with small amounts of exposure to the day-ahead market. PR output is sold day-ahead or within-day to take advantage of short-term price signals reflective of supply issues or other market factors impacting pricing.

Wholesale power prices varied significantly during FY21. Day ahead prices through Summer 2020 averaged £30.37/MWh vs £40.36/MWh in Summer 2019 reflecting the initial effect of the COVID-19 pandemic on demand. Day ahead prices averaged £55.76/MWh in Winter 2020 vs £36.42/MWh in Winter 2019 showing the effects of tighter reserve and flexibility margins, bullish commodity markets and cold weather in January, February and March 2021. Seasonal prices similarly increased by between 25% and 40% across the year.

Infinis trading strategy

Infinis sells its exported power under PPAs with a range of major offtakers. Infinis has a well-established trading strategy and looks to lock in CLM pricing and volume for up to six seasons / three years ahead on a rolling basis, protecting it from intra-year market volatility and trends. Prior to entering a financial year, the majority of CLM and CMM output for that year will have been forward sold.

The average selling price (ASP) for wholesale power achieved by Infinis during FY21 through forward contracting of its baseload CLM and CMM output was £53.20/MWh (FY20: £52.01/MWh). This compares to an average market day-ahead price of £43.03/MWh (2019: £38.21/MWh) for the same period. This price is before ROC subsidy per MWh for CLM and additional embedded benefits for both CLM and CMM which further protect traded margins.

The forward selling of a proportion of PR output during the year provided a guaranteed minimum margin from the business but with flexibility to unwind this if day-ahead markets presented opportunity. During summer 2020, market conditions meant fewer and lower peak power prices for the PR commercial operations. Low gas prices did, however, positively impact the number of run hours and exported MWh, which both increased compared to FY20 as our smaller gas reciprocating engines benefited from lower fixed and start-up costs to displace closed cycle gas turbines (CCGTs) in the merit order for running. The winter 2020 period saw a significant uplift in volatility and with it higher peak day-ahead pricing, again positively impacting Infinis' PR assets.

Networks

- Increased embedded capacity connected to distribution networks
- Increasing inter-connection with non-UK supply and demand
- Evolving market for services to assist the growing challenge of balancing the system

Distribution Network Operators (DNOs) continue to transition into their roles as Distribution System Operators (DSOs) through the procurement of flexibility services. These services remain highly localised and, whilst Infinis evaluates all tender opportunities, our participation is currently limited to CLM operations at a few sites and awaits a broader rollout in which fully flexible PR operations can participate at scale.

Regulatory

- Capacity Market (CM) mechanism changes allow assets under long-term STOR to participate; Infinis' Redditch OCGT (25MW) included from October 2020
- Targeted Charging Review completed but Significant Code Review (SCR) progressing slowly with April 2023 introduction now looking most likely only for access reform with usage charging to follow
- Triad benefit further phased out

Ofgem and BEIS continue to be focused on levelling the playing field between transmission and distribution connected users. Late in the period BEIS launched a consultation within which it proposed all CM participants be required to be active in the Balancing Mechanism including distribution connected generation. Independently of that review, Infinis has during FY21 enabled participation of its first PR asset in the Balancing Mechanism to provide access to another potential revenue stream close to the time of delivery, through either the dispatch of capacity not previously forward sold under our trading strategy or buy-back in the case of over-supply. Infinis will aim to widen Balancing Mechanism access to further PR assets during FY22.

Triads

Triads are the three highest points of demand in the winter for which premium payments are received as a particular benefit for embedded generators such as Infinis. Following regulatory change, FY21 saw the third and final of a three-year phased reduction in Triad amounts and FY21 concluded a reduction by c85% (on a like-for-like basis) of the value of triads as an ancillary benefit.

Network charging

A taskforce concluded in FY21 that all Balancing Services Use of System (BSUoS) charges should be moved onto energy consumers which will take effect from April 2023. This change reduces costs for transmission connected generators but any impact should already be priced in to traded power from summer 2023. Ofgem's decision during FY20 to remove BSUoS payments as a credit benefitting generators like Infinis connected to the local distribution networks has now taken effect from 1 April 2021. Ofgem published its 'minded to' position on network access and charging in June 2021 under the ongoing SCR. This identified Ofgem's intention to socialise transmission network charges more widely including among distributed generators such as Infinis. Distribution network charges (and remaining GDUoS embedded benefits) remain under review and like transmission charges, seem likely to be subject to further change in the years after 2023.

Key performance indicators

Strategic priority	Objectives	KPIs	KPI definition	KPI measurement	KPI commentary
High performance safety culture	— Maintain high standards for health and safety compliance	**RIDDOR accident frequency rate**	Reported as the number of instances for every 100,000 hours worked	0.37 (2020: 0.25)	The Health and Safety of our workforce is central to the way we operate as demonstrated by our excellent safety record.
		Total recordable injury rate	Total reportable lost time and medical treatment injuries for employees	0.86 (2020: 0.35)	
Relentless focus on operational excellence	— Build and maintain an outstanding reputation — Maintain, protect and safeguard assets — Maintain highest standards of environmental compliance	**Installed capacity (MW)**	Total power production capacity	472 (2020: 472)	Installed capacity remained at 472MW following a CLM site disposal, a PR site ceasing to be operational and the new 7MW solar site becoming operational.
		Exported power (GWh)	Total power sold	1,404 (2020: 1,482)	Explained in Operational and Financial Performance on pages 27 to 28.
		Reliability (%)	Run hours/adjusted dispatched hours	96.2 (2020: 96.0)	Reliability and availability of engines remains consistently high, reflecting continued investment in maintaining the fleet via regular servicing and overhauls.
		Availability (%)	The amount of time our sites are available to generate	92.6 (2020: 92.9)	
		Maintenance capital expenditure (£m)	Capital expenditure on maintenance activity in the year	12.7 (2020: 16.6)	Reduction in spend due to reduction in major overhauls carried out during the year.
High level of in-house commercial expertise	— Maximise the average selling price — Define and operate a clearly defined trading strategy — Maintain and renew land arrangements for operating sites	**Average selling price (£/MWh)**	Revenue recognised in the year divided by exported power	**CLM** 111.9 (2020: 113.7)	CLM ASP decreased by £1.82 from FY20. This was driven by lower ROC Recycle (-£5.92) and Triad income (-£1.67) offset by increased BSUoS income (+£2.11), higher traded power prices (+£1.56) and ROC Buyout (+£1.93).
				CMM 60.5 (2020: 67.5)	CMM ASP reduced by £6.96 from FY20 driven by lower traded power prices (-£6.31) and lower Triad income (-£1.87) offset slightly by higher BSUoS income (+£1.26).
		Gross profit per MWh (£/MWh)	Gross profit divided by exported power	**PR** 30.0 (2020: 22.4)	Gross profit/MWh increased by £7.62 mainly driven by a volatile market in the second half of the year driving higher day ahead prices.
Deliver strong financial performance	— Maintain stable and predictable cash flows — Ensure availability of funds to achieve business objectives	**Revenue (£m)**	Income from export of electricity and associated benefits	148.7 (2020: 160.9)	Explained in Operational and Financial Performance on pages 27 to 28.
		EBITDA (£m)	Earnings before interest, tax, depreciation, amortisation and operating exceptional items	74.2 (2020: 81.5)	
		Cash generated from operations (£m)	Operating cashflow generated from operating activities	76.8 (2020: 87.7)	
		Net debt (£m)	External borrowings under the Senior Facilities Agreement net of cash and cash equivalents	195.8 (2020: 210.4)	
Develop and invest in new growth opportunities	— Deliver appropriate development on schedule and within budget	**Development capital expenditure (£m)**	Capital expenditure on development activity in the year	3.1 (2020: 3.7)	Explained in Operational and Financial Performance on pages 27 to 28.

Risk management

We adopt a continuous, structured and disciplined approach to risk management

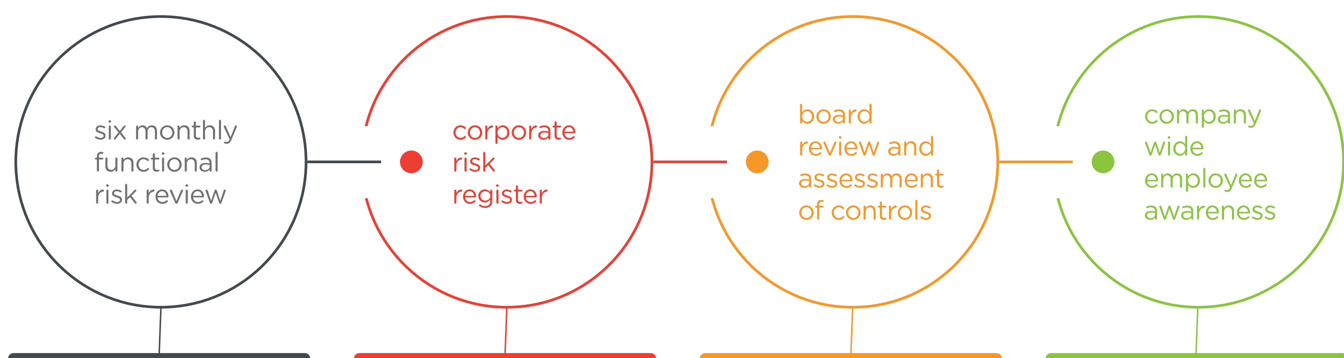
Approach to risk management
Our approach to risk management is continuous, collaborative and designed to protect and enhance value. Our processes aim to support the Group's strategy whilst ensuring appropriate systems and controls are in place to operate within the defined risk appetite levels.

The Governing Board exercises oversight of the risk management process at Board and Audit Committee meetings.

The aim of our risk management policy is to:

— improve decision-making and increase the likelihood that the Group's objectives will be achieved;
— reduce the probability that damaging events will occur; and
— if damaging events do occur, minimise their impact.

Risk management process
The Group has a well-established risk management process underpinned by a risk management policy that is approved by the Governing Board.



Each business function has responsibility for proactively managing its applicable risks and maintaining its own risk register to formally identify and manage risk. These registers identify inherent risk, mitigating controls and residual risk after taking account of those control measures.

Business functions formally review the management of risks under their ownership on a half-yearly basis.

The individual functional risk registers are consolidated into a corporate risk register, through which key risks can be monitored.

A consolidated Group risk report is presented to the Audit Committee and the Governing Board. This highlights material changes in risk profile, any recent material events which have tested the risk management process, and responses to those events.

Executive Directors consider whether any new risks have materialised or deteriorated on an ongoing basis and, if required, these are reported on more frequently.

To ensure that understanding and managing risk is at the core of how we operate, results of the risk management process are embedded in the Group's systems and procedures where appropriate, and periodic briefings are made to our management teams.

Responding to COVID-19
The business was able to utilise its existing risk assessment process to quickly identify the key risks and adopt actions at the outset of the COVID-19 pandemic that ultimately minimised the impact of those risks on the operation of the business.

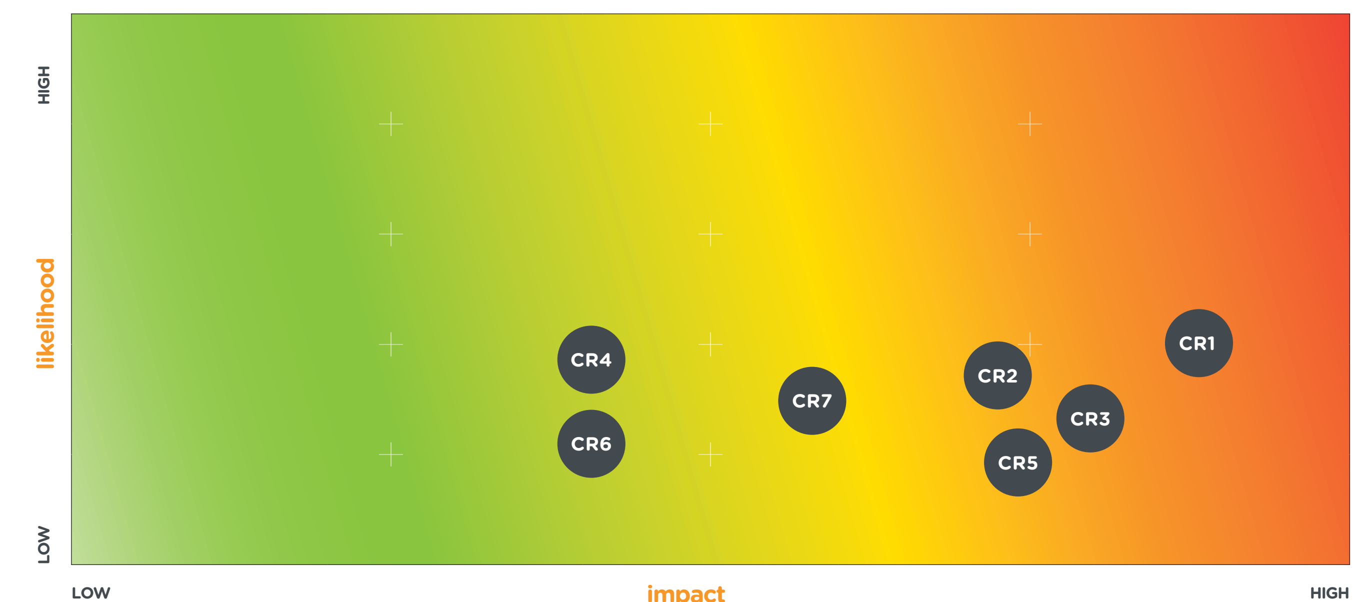
This included increased working from home where possible and embedding new communication forums, such as increased use of Microsoft Teams. Operational procedures were amended to allow for social distancing and reflect evolving government guidance.

There has been ongoing monitoring of the risks associated with COVID-19, including specifically metrics related business performance and staff absence levels.

Internal control
Infinis has well-defined systems and controls that are supported by policies and documented levels of authority that encourage appropriate accountability for decision making in the business. Internal controls are key to mitigating the likelihood or impact of a risk adversely affecting the business. The main elements of the Group's internal control system comprise:

The Governing Board confirms that no significant failings or weaknesses have been identified in the Group's system of internal controls in the year ended 31 March 2021.

Overall risk assessment
The following matrix summarises the known principal risks and uncertainties facing the Group.



CR1 Macro-economic impact on pricing
CR2 Lower than expected gas availability
CR3 Without diversification the natural decline in CLM and CMM will lead to a shrinking business over time
CR4 Loss or expiry of landowner leases
CR5 Availability of funds to achieve business objectives
CR6 Business continuity including cyber risk
CR7 Counterparty risk

Principal risks and uncertainties

In the table below the following key applies, with measurement against the assessment made at March 2020:

- Risk assessed to have increased
- Risk assessed as unchanged
- Risk assessed to have decreased

Risk description	Mitigation and monitoring	Change
1. Macro-economic impact on pricing		Unchanged
Infinis' baseload revenue pricing comprises a market price, ROC subsidy for CLM, Capacity Market subsidy for PR and embedded benefits for all divisions. Both regulation and market pricing risk could result in lower revenues being generated by the business. **Regulatory** As outlined on pages 16 to 18, Ofgem continue to be focused on levelling the playing field between transmission and distribution connected users. The Targeted Charging Review (TCR) is complete but the Significant Code Review (SCR) is ongoing. Only network access reforms now seem likely from April 2023 with network usage charging being the subject of wider review and implementation thereafter. **Pricing risk** As a price taker the business is impacted by wholesale power prices which generate a significant proportion the Group's revenue. Lower revenues and consequently, profits and operating cash flows could result in: — Increased senior debt leverage — Reduced shareholder distributions / loan repayments — Financial impairment of the carrying value of goodwill (if applicable), intangible assets and property, plant and equipment.	**Regulatory** The expected loss of BSUoS takes effect from 1 April 2021 following the conclusion of the TCR. In FY21, BSUoS contributed £7.1m (FY20: £4.7m) revenue. The SCR is the only on-going regulatory review at present and is expected to impact how GDUoS revenue is earned. Infinis expects that GDUoS will only be eligible in DDAs post April 2023. This is a key revenue stream for PR although importantly, with the SCR ongoing for several years now, all PR development has been focused on DDA areas. The ROC regime runs to 2027 for most sites with a proportion running to 2031. FY21 ROC revenue was £53.9m (FY20: £62.6m) and is earned only on the CLM division. ROC revenue reduces over time as methane gas levels reduce in CLM. Triads and the Capacity Mechanisms and Network Charging are all areas that impact Infinis and more detail is provided in the Market Review on pages 16 to 18. Our development of new technologies with a focus on renewables, including solar and battery, will support the UK Government's Net Zero campaign. In order to mitigate regulatory risk we ensure that we have close working relationships with industry trade bodies to remain informed and influence decisions. Having foresight of impending decisions also enables informed investment decisions to be made. **Pricing risk** The Market report on pages 16 to 18 outlines the in-year factors and the impact of COVID-19. Our developed and documented Board approved trading strategy considers forward contracting and index-linked agreements among other pricing strategies. By the effective implementation of this strategy over FY21, Infinis has a high degree of revenue certainty over the coming years. In both FY20 and FY21, Infinis' trading strategy has yielded more favourable pricing than the average day-ahead pricing for those periods (see page 17 in the Market review). ROC Recycle has been a significant value driver in recent years contributing revenue of £7.6m in FY20. The revenue stream is dependent on electricity demand. Following a significant drop in demand during the COVID-19 pandemic this led to a significant reduction in the ROC Recycle value in the year.	

Risk description	Mitigation and monitoring	Change
2. Lower than expected gas availability		Unchanged
CLM and CMM gas availability across our portfolio may decline faster than anticipated due to inaccurate estimates, changes in waste volumes, waste mix, mine flooding and early site closure. Weather, in particular prolonged periods of high temperatures, may impact landfill methane gas production and/or extraction. A lower gas availability could result in lower revenues, profits and operating cash flows resulting in: — Increased senior debt leverage — Reduced shareholder distributions / loan repayments — Financial impairment of the carrying value of goodwill (if applicable), intangible assets and property, plant and equipment.	**CLM** Our in-depth understanding of the composition of CLM sites enables us to take a data driven approach to forecasting gas output. Forecasting assumptions are periodically benchmarked with third party specialists. Our estimates are updated at least annually in line with the annual reporting cycle to reflect latest waste volumes/mix and tipping plans provided by landfill operators. Our strong relationships with landfill operators enable us to understand how their activity may impact levels of waste and composition. There is a strong track record of accurate forecasting of available gas. Over the last five years output from across the CLM portfolio has varied between +/- 2% compared with budget, with FY21 +2% (FY20: +1%). Infinis is the largest CLM generator in the UK, operating across a number of sites throughout the country. In the event of early closure of sites by a landfill operator, waste may be diverted to another site from which Infinis operates. **CMM** CMM gas forecasting is data driven and our understanding is based on input from experts and geologists, and factors in the risk of flooding. Estimates are also benchmarked against external third-party data. Available gas is the primary metric used to monitor this risk. All sites and engines are remotely monitored and controlled by the Logistics centre.	
3. Without diversification the natural decline in CLM and CMM will lead to a shrinking business over time		Unchanged
Diversification changes the revenue and cost profile and introduces new risks such as increased exposure to wholesale power price volatility, reduced margins and new regulation. The ability to deploy capital in either organic or M&A opportunities requires market conditions to justify an appropriate return on investment.	The Group's strategy recognises this risk and is focused on organic and acquisitive growth. Solar has progressed as an organic growth strategy during FY21 and complements CLM through utilising existing grid connections and other equipment on site which is freed-up as the methane gas levels decline over time. A number of priority sites have been identified with the intention of these sites being constructed during FY22. PR continues to be developed organically with a 'shovel-ready' pipeline of other sites continuing to be developed. Investing in development activities and growth through M&A into new technologies improves diversification and reduces the risk of a shrinking business. Development capital expenditure is a key performance metric for the business. The approach to development projects is continually assessed to ensure the return on investment is optimised. This includes working closely with our land owners, offtakers, DNO and suppliers to achieve optimal pricing and cost while also considering the interest of all applicable stakeholders. Integration plans and business-as-usual risk management processes are well-designed to recognise and manage new risk from new operations.	

Principal risks and uncertainties continued

Risk description	Mitigation and monitoring	Change
4. Loss or expiry of landowner leases		(arrow)
Infinis does not own any of its operating sites and is dependent on long-term lease and gas agreements. Failure to renew expiring leases could result in a reduction in revenues. Failure to comply with existing lease terms could result in early termination resulting in a reduction in revenues. When sites are no longer economically viable Infinis may exit that site, at which point certain obligations may arise.	Ongoing relationships are maintained with landlords to ensure we are well placed to renew leases on profitable and cash generative sites. There is an effective process for discharging payment obligations and monitoring lease expiries to enable us to engage promptly with landowners. The average remaining lease duration on site leases is 21 years. The business has site exit procedures which ensures all of our obligations are met at the end of the lease.	
5. Availability of funds to achieve business objectives		(no change)
To retain our debt funding Infinis is required to ensure it does not default on the lending facilities. In order to grow the business, Infinis may require funding to support organic and M&A growth ambitions.	In January 2021 the Group refinanced its debt facility, replacing a £248m term loan that expired in August 2023 with a £141m 5-year term loan expiring in January 2026 and a £65m 11-year term loan expiring in January 2032. Further details on the refinancing are set out in note 15 to the financial statements on pages 72 and 73. The business operates within its covenants and at 31 March 2021 a £39.0m (31 March 2020: £38.0m) undrawn RCF is available to fund growth as required. Compliance with our financing facilities is closely monitored on both an actual and forecast basis. Cash generated from operations and net debt are key performance metrics and the Governing Board reviews covenant compliance on a routine basis with six-monthly reporting to the senior lenders. There is regular engagement and dialogue with current and future lenders to ensure financing options are understood and assessed. Our Shareholder has extensive experience in financing to support these activities.	
6 Business continuity including cyber risk		(arrow)
Adverse events, such as weather, fire or explosion, may impact our ability to perform key compliance services and reduce exported power output. There are also potential reputational and financial losses from responding to any adverse business continuity events. **Cyber risk** Cybercrime is a growing risk for all businesses. Malicious cyber-attacks on our IT infrastructure and core systems may impact operational performance and could result in consequential costs or losses. The level of cybercrime activity during COVID-19 has increased as criminals have sought to take advantage of remote working arrangements.	Our sites are geographically dispersed across the UK, with no site contributing more than 6.2% of revenue in FY21 (FY20: 6.1%). Unlike many in the energy sector, Infinis is not significantly exposed by the loss of a single site. Business interruption and property damage insurance cover is maintained up to a limit of £25m, for loss of profit and reinstatement of any site. All engines are controlled via the Northampton Logistics centre, which has been demonstrably proven during COVID-19 to be able to operate remotely. Site monitoring and remote site management, including engine load balancing, is centralised through the Logistics centre. To support this, during FY21 the business has continued to upgrade the communication fail-over connections at all key sites. There remains an offsite facility to which our Logistics centre is able to relocate in the event of the loss of the Northampton Head Office (in addition to now proven home working capability). All core systems have a cloud-based IT recovery facility to ensure continuation of our operations. **Cyber risk** Our IT security systems and controls are routinely tested against the threats of malicious attacks and security breaches using expert third parties. Cyber insurance cover is also maintained.	

Risk description	Mitigation and monitoring	Change
7 Counterparty risk		(no change)
The electricity Infinis generates is sold to a small number of UK counterparties under a variety of contractual arrangements. Failure of a counterparty to honour a contract may result in loss of revenue for power already delivered or for power not yet delivered, and a loss of future revenue where we are unable to enter into a replacement contract with another counterparty. Clearing bank, supplier and land owner default is considered on pages 39 to 40 with appropriate mitigating actions identified.	Infinis enters into contracts with creditworthy counterparties. The trading strategy limits no more than 30% of a season, being placed with a single offtaker without Governing Board approval. Where required, parent company guarantees are further utilised to mitigate the risk of an offtaker's contracting subsidiary failing, providing Infinis the ability to recover losses against the parent. The credit worthiness of our offtakers is reviewed on an ongoing basis. Creditsafe is used to monitor the credit ratings of all of our key offtakers and provides prompt notification of any deterioration in creditworthiness. Actions are taken where credit exposure exceeds agreed credit limits. Our credit exposure is reviewed by the Board on a regular basis. All offtakers operate well within recommended credit limits. With the exception of accrual for ROC Recycle and Triad income, the majority of revenue is received within 30 days of the applicable month end to which it is recognised.	

Keith Reid
Chief Financial Officer

Operational and financial performance

Strong financial results in an unprecedented year

Trading overview
Infinis has delivered a strong set of financial results in FY21 which represent a combination of a robust business model and predictable cash flows at its core. A number of margin enhancing projects which have been implemented over the last two years have also enhanced revenue and reduced costs (both direct and overhead).

Our business fundamental is always to deliver the base budget projections. Exported power for the year was 1,404GWh (FY20: 1,482GWh) with budget being achieved in CMM and exceeded in CLM and PR.

Group revenue was £148.7m (FY20: £160.9m) with growth in PR revenue of £1.4m largely offsetting the revenue reduction in CMM of £2.2m. CLM revenue reduced by £11.5m (8.6%) inclusive of an adverse ROC Recycle revenue variance of £6.9m (FY20: £7.6m).

Gross profit margin increased from 37.1% to 38.5% with one-off item charges of £3.5m included in the prior year not being replicated.

Operating profit increased by £10.4m to £22.9m (FY20: £12.4m). The increase in operating profit is driven by:
- £2.5m reduction in business performance EBITDA at £74.2m (FY20: £76.7m)
- No significant one-off net income in FY21 (FY20: £4.8m)
- £19.7m of restructuring (£2.0m) and impairment (£17.7m) costs not incurred in FY21
- A £1.9m increase in depreciation and amortisation charge to £51.3m (FY20: £49.4m)

Loss before tax was £9.3m, a reduction of £7.7m compared to FY20 with £10.4m operating profit increase offset by £2.7m higher finance costs caused by one-off refinancing costs of £5.2m.

Segment performance
CLM
Exported power was 1,095GWh (FY20: 1,179GWh), a reduction of 7.2%. Revenue was £122.5m (FY20: £134.1m), a decrease of 8.6% in the year.

Total ROC revenue was £53.9m (FY20: £62.6m) split ROC buy-out £53.2m (FY20: £55.0m) and Recycled ROC £0.7m (FY20: £7.6m). With constant pricing ROC buy-out revenue follows a linear decline with the 7.2% reduction in exported power. The basis for Recycled ROC income is outlined in note 3 to the Financial Statements and relies on a series of estimates and judgements which are not confirmed until amounts are confirmed by Ofgem in the following October. FY21 ROC Recycle revenue comprises no current year (CP19) ROC Recycle (FY20: CP18 £6.3m) and mutualisation and ROC Recycle revenue related to prior year of £0.7m (FY20: £1.3m). The Directors consider that it is not possible at the date of signing the accounts to accurately calculate, nor be sufficiently certain, of CP19 ROC Recycle revenue. Many of the key drivers of the calculation have been impacted by COVID-19 and have a higher range of projected outcomes than in prior years given the market volatility created by demand reduction, smaller supplier defaults and regulator intervention.

Other revenue of £10.1m (FY20: £10.2m) includes Triad income and embedded benefits revenue. Triad income contributed £0.5m to other revenue (FY20: £2.5m). The reduction was in line with the expected final year of phased reduction of the Triad scheme as detailed on page 18.

BSUoS revenue was £7.1m, notably higher than the FY20 figure of £4.7m. As outlined in the Market Review on page 18 Infinis ceases to receive this income from April 2021.

CMM
Exported 132GWh (FY20: 151GWh) a 12.6% reduction on FY20. The reduction is a combination of the long-term trend for CMM exported power where available gas reduces over time, combined with the new banking operational strategy.

Revenue in the year was £8.0m (FY20: £10.2m) a reduction of £2.2m (21.3%) reflecting the reduction in exported power and a lower ASP year-on-year.

PR
The PR division exported 176GWh (FY20: 152GWh).

PR revenue was £18.1m (FY20: £16.7m) in the year. Variable revenue in the year, which includes traded power plus embedded benefits, was £13.8m (FY20: £10.5m). Variable revenue is normally locked in day-ahead with a natural gas price to fix a "spread" (defined as traded margin). Traded margin increased to £5.7m for FY21 from £2.6m in FY20 as noted below.

Other revenue, which includes STOR, Triad and Capacity Market income was £4.3m (FY20: £6.2m) with Triad revenue reducing by £1.6m.

Segment EBITDA
The segmental information outlined on page 66 sets out segmental EBITDA (as defined) which aligns with the information provided to the Senior Management Team and Board for the purpose of reviewing performance.

Group EBITDA was £74.2m (FY20: £81.5m). After adjusting for one-off net income of £4.8m in FY20 the Business performance EBITDA is £2.5m (3.3%) below prior year. By holding EBITDA at this level, the business has successfully offset the 7.6% adverse revenue variance year-on-year. Key factors in the delivery of the result include:

(i) operational cost reduction projects within CLM implemented over the last two years, increasing CLM gross profit margin (excluding one-off income) by +2.5% to 61.8%;
(ii) improved PR gross margin (excluding one-off expense) of +3.5% to 28.3% from increased gross profit per day of £3.6k to £14.1k driven by National Grid supply tightness over the winter months; and
(iii) £2.0m reduction in administration costs through a combination of a number of projects and some reduction in recurring semi-variable costs which naturally reduced due to COVID-19.

Liquidity
At 31 March 2021 the Group had a cash balance of £10.2m (FY20: £37.9m) and undrawn RCF Facility of £39.0m (FY20: £38.0m).

Net Current Assets are £9.3m (FY20: £40.4m) with the cash balance reducing £27.7m, after a reduction in gross interest-bearing indebtedness (Senior Debt plus Shareholder Debt) of £48.6m and finance expenses paid on those borrowings of £30.1m.

Net Cash Flow before Financing Activities is £59.3m equating to 79.9% cash conversion on EBITDA (FY20: £68.0m equating to 83.5%). This consistent high level of cash conversion provides the Group the opportunity to utilise cash flow from operations to invest in growth CAPEX to self-fund its growth strategy and/or continue to voluntarily reduce its net debt.

With our strategic objectives on solar development, the Board decided that it was appropriate to refinance the Group in the year to provide a debt structure with a longer tenor that will support this future growth platform. In January 2021, a new £246m debt facility was secured which included £65m, 11-year institutional debt and £181m five-year Bank senior facility (inclusive of a £39m undrawn RCF facility).

Capital Investment
£17.6m was invested in FY21 (FY20: £19.9m). Development CAPEX included Solar investment of £3.0m (FY20: £nil) inclusive of development costs of organic projects currently in planning, but having completed pre-planning.

Capital investment in engine and site maintenance was £12.7m (FY20: £16.6m), a reduction of £3.9m on FY20. PR and CMM maintenance CAPEX reduced by £1.5m as investment made in the acquired Alkane fleet in FY20 was not replicated with engine performance, reliability and availability now in line with Infinis expected levels. CLM CAPEX reduced by £1.8m with a reduction in major overhauls completed with reduced engines operational on sites to reflect year-on-year methane decline and also the sustainability strategies outlined on pages 10 to 13.

Tax
The Group paid tax of £3.2m (FY20: £6.0m).

The corporate tax charge for FY21 was £4.7m (FY20: £5.3m) with an overall tax expense of £0.1m (FY20: £0.9m credit) following a deferred tax credit of £4.6m (FY20: £6.2m). Deferred tax credit relates mainly to the unwind of temporary timing differences on property, plant and equipment and intangible assets, with the higher charge in the prior year relating to deferred tax charged on the impairment charge of £3.4m.

The UK Government announced in March 2021, that the corporate tax rate would be increasing from 19% to 25% from 1 April 2023. At 31 March 2021 the rate was not substantively enacted and therefore does not impact the tax position in the year. Over the next two years, as part of an economic stimulus package, additional and accelerated capital allowances are available on qualifying property, plant and equipment additions. The new rules provide for 130% relief in the year of spend on general pool investments and 50% first year allowance on special pool assets. The majority of Infinis CAPEX is on general pool investments with solar spend largely special pool.

Treasury policies & control
Liquidity risk, the risk that the Group will have insufficient funds to meet its liabilities, is managed by the Group's treasury function. Treasury is also responsible for managing the banking and liquidity requirements of the Group, risk management relating to interest rate risk, and managing the credit risk relating to the banking counterparties with which it transacts, including ensuring compliance with any banking covenants. Short-term liquidity is closely monitored by the treasury function, while the longer-term liquidity position is reviewed on a regular basis by the Governing Board.

In relation to the Group's liquidity risk, the Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Based on management forecasts and committed bank facilities with no near-term maturing dates, the Group considers it has adequate headroom and will continue to meet liabilities as they fall due.

Keith Reid
Chief Financial Officer
Infinis Energy Management Limited

Climate related risk management

The Board of Directors are focused on the longer term risk posed by climate change and evaluating the potential business impact.

Our corporate risk management process (detailed on pages 21 to 22) now includes appropriate climate related risks and, while these are not considered material to the Group for the reasons outlined below (and are therefore not included in our principal risks disclosure on pages 23 to 26), by embedding a six-monthly review it ensures all of the management team are now proactively considering climate related risks.

Risk assessment
Our risk assessment is focused on four areas:

Regulation
Government regulation, specifically Environment Agency permitted emission thresholds, are likely to be gradually reduced for the energy sector to support a zero carbon future in the UK. The critical role performed by Infinis' operations in managing methane emissions into the atmosphere (CLM and CMM) or supporting intermittent renewable wind and solar on the grid to maintain UK supply (PR) ensures the business is relatively defensive to increasing emission regulations. We do not envisage this position to fundamentally alter although we are committed to continually monitoring and seeking to reduce emissions from our engines. Our sustainability strategy on pages 10 to 13 outlines our approach to this and the associated objectives and progress in the year.

Greenhouse gas emissions have been monitored and reported for several years within our Annual Report, and are included in the tables below.

	FY21	FY20
Carbon intensity of operations (g CO_2 equivalent emission per kWh generated)	**68.2**	56.5

Operational carbon footprint
(tonnes of CO_2 equivalent)

Scope[1]	Type[2]	FY21	FY20
1	Road mileage of our company vehicles	**1,050**	1,371
2	Fuel we purchase	**95,520**	82,264
2	Electricity we purchase - Market - Location	 **-** **2,988**	 59 3,373
3	Business travel (e.g. flights, taxi, personal car)	**175**	289
Total		**99,733**	**87,356**

1 Scope 1, 2 and 3 are as defined in the international accepted Greenhouse Gas Protocol (www.ghgprotocol.org)
2 We have reported on emission sources required under the Companies Act 2006 (Strategic report and Directors' Reports) Regulations 2018. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's Greenhouse gas reporting: conversion factors 2019

CLM and CMM's operational carbon footprint has declined and while PR has shown a modest increase, this is against a backdrop of several extreme periods of National Grid tightness over the winter months when these engines were required to operate for extended periods to ensure Grid has appropriate supply.

Technology
Our engines can operate effectively in most temperatures experienced in the UK, helped by our auto load balancing system. This automatically derates our engines temporarily during periods of extreme heat in the summer. However, at temperatures outside of the effective operating range, engine performance is impacted. Too cold and the engines and control systems can trip off or fail to start, too warm and engines have to be switched off to avoid overheating. The analysis below shows how the UK's climate could change by 2070.

Compared to our climate in 1990, by 2070 the Met office project:

- Winters are between 1 and 4.5°C warmer
- Winters are up to 30% wetter
- Summers are between 1 and 6°C warmer
- Summers are up to 60% drier, depending on the region
- Hot summer days are between 4 and 7°C warmer

Source: https://www.metoffice.gov.uk/weather/climate-change/climate-change-in-the-uk

Gradually rising temperatures are attributed to climate change. The projected temperature increase, relative to the average for FY21, will ensure that the engines can generally operate for most of the year with no significant change to existing operational performance. In reality, generation potentially lost on very cold days may gradually be avoided, and while higher temperature generation losses are expected to increase, the net change from both may offset.

Rising temperatures may create a higher opportunity for solar. Solar projections are based on a P50 for the solar site postcode which represents, for each month, the average historical climate conditions. Climate change could increase solar output compared to the historical average and therefore this could provide a natural hedge to any modest impact that we may potentially experience in our engine performance.

The evaluation of new technology considers the risk of global warming as part of our project evaluation stage, which is within the initial feasibility approval section for new developments.

Operational sites
Periods of prolonged high temperature within our CLM sites result in lower methane production which impacts our electricity generating capacity. Our annual budgets and long-term forecasts adjust for this on a site-by-site basis based on historic experience.

To the other extreme, climate change may result in wetter winters. CLM sites can become extremely wet and difficult to operate on, but rain does not create the same operational challenge as the temperature extremes outlined above. Flooding is the larger risk. The table below shows the numbers of sites which have flooded over the last two years and the MWh generation lost – as can be seen this is not a material risk and again the diversification of the portfolio ensures minimal impact on overall performance.

	FY21	FY20
Number of flooded sites	**3**	3
MWh lost	**2,533**	672
% total generation	**0.18%**	0.05%

Flood risk assessment
Appropriate levels of business interruption cover and property damage are held to cover the risk of flooding. However, to appropriately assess the longer-term impact of climate change and rising sea levels a flood risk assessment is in the process of being completed for all of our operational sites.

Strategy
Our corporate strategy is outlined on page 3 and the Board of Directors consider that this is appropriately positioned to align with moving to a zero carbon future. The analysis completed on climate change demonstrates that the associated risks of more volatile weather and rising sea levels is unlikely to present a material risk to this strategy.

Stakeholder engagement

Stakeholders are people, communities and organisations with an interest or concern in Infinis' purpose, strategy, operations and actions, and who may be affected by them

The Governing Board recognise that engaging with stakeholders is fundamental to the success of Infinis. By listening to, and collaborating with, all key stakeholders Infinis can maximise shareholder value through operating in an effective and considered way with our employees, communities and all those directly involved supporting or dependent upon the Infinis operational activities.

Effective stakeholder engagement should help to ensure that Infinis is a company for which people want to work, which businesses want to supply, with which people want to partner (locally or nationally), in which our regulators have confidence and trust, to which financial institutions want to lend, and in which our shareholders want to invest.

Should a key stakeholder's interests alter, or a new stakeholder emerge, then the nature of our engagement with the counterparty identified may increase or decrease.

Key stakeholders

The role of the Governing Board in stakeholder engagement

- Ensure that the strategy of Infinis is set in the light of the perspectives, insights and opinions of relevant stakeholders;
- Set an expectation that all key operational, investment or business decisions taken in Infinis demonstrably (including in Board papers) take account of the perspectives, insights and opinions of relevant stakeholders;
- Require Executive Directors and other senior managers to engage with relevant stakeholders in a dynamic way that ensures current and emerging perspectives, insights and opinions are understood and demonstrably taken account of; and
- Encourage all employees to take a progressive view of stakeholder engagement, embracing the spirit as well as the letter of all statutory or regulatory requirements.

A pro-active approach to stakeholder engagement

Existing operations (CLM, CMM and PR) by their nature are established and stable operations. Effective stakeholder engagement on these operations is achieved through a formal six-monthly review. As required, should a key stakeholder's interests significantly alter, or a new key stakeholder emerge, the nature of engagement with the party identified will be presented to the Governing Board for discussion and consideration at the appropriate point.

New developments and acquisitions

Any new potential Infinis sites and/or new operational technologies require pro-active consideration of all stakeholders impacted, or potentially impacted, by the project. If in the opinion of the Executive Directors based on a review of the potential project, a new category of stakeholder exists and/or the considerations of any stakeholder materially differ to those of the existing operations, this should be referred to the governing Board for due consideration ahead of the project progressing.

Our employees

Health and safety

The wellbeing of our colleagues is our highest priority. Our mantra is "If you can't do it safely, don't do it"

Keeping safe through COVID-19

The pandemic created a broad range of fundamental challenges to the effective management of the health and wellbeing of all employees.

Workplace safety

Government guidance frequently changed over the initial UK lockdown to the end of June 2020, and then gradually evolved over the remainder of the year. The Senior Management Team proactively reviewed any changes and assessed any required updates to employee guidance as required. With Head Office staff working from home since March 2020, the focus was on ensuring regular and clear operational employee guidance was issued.

The Logistics Centre control the dispatch of all operational staff performing scheduled or unscheduled activity. In the ordinary course of business, the majority of operational tasks are performed via lone working. During the year, the Logistics Centre provided a further layer of control to ensure that on most occasions, only one employee was on any site at one time, thus minimising risk of infection. Activity that required more than one employee was limited where possible. A register of 'vulnerable employees', who had been contacted by the NHS, was developed and these employees' roles were limited and closely monitored.

Lone working consequently was maintained during the year, however employee safety was ensured through utilisation of the established lone worker protocols and monitoring system. In addition, a review was undertaken of all sites and additional hygiene guidelines were put in place which included availability of additional hygiene facilities and prominent signage.

The Lancaster Centre of Excellence facility adopted a split shift pattern to reduce the staff to the safest number possible, across the two sites, at any one period.

Safe systems of work

The importance of up to date, documented company processes and procedures, supported by specific risk assessments and safe systems of work, underpinned the ability for the organisation to operate with confidence during the pandemic. The nature of the, often remote, working practices at Infinis requires the business maintains documentation for each process and site which is available to all employees through the Maximo Fingertip application on their mobile device.

There is continual focus to ensure our processes adhere to best practice. As part of our ISO accreditation our processes were audited and re-certified in the year.

Employee support

The personal, financial, and family challenges created by the COVID-19 pandemic have placed unique challenges on all of our employees. Our Employee Assistance programme is there to provide an independent support network on all matters which may be impacting our employees and has been extensively used in the last year.

Our investment in mental health awareness training over recent years has also ensured that through our network of accredited mental health first aiders, the initial signs of any mental health concerns within our employees can be, and have been, identified to allow us to provide appropriate professional support at an early stage.

Case Study

Health and wellbeing

An external review of our complete suite of health and wellbeing services was undertaken in the year.

Continually improving staff wellbeing is at the heart of the business.

Health Surveillance will see all operational technician level staff invited to a baseline medical carried out by Wellness International, ensuring that we address all main areas identified through thorough risk assessments led by the HSQ&EC team.

The Occupational Health service, ranging from pre-employment medical questionnaires through to management referrals, is aimed at ensuring employees are supported during their absence from the business, optimising their return, whilst recognising and reflecting any ongoing or future risk.

Absence reporting will enable us to adopt a proactive expert approach to absence, with an associated reduction in the cost of absence, and maintaining a 'best in class' Employee Assistance Programme (EAP) will allow employees to be supported with the various challenges that can affect anyone.

Stakeholder engagement continued

Health and safety continued continued

Maintaining our excellent record
Health and safety is embedded within the Infinis culture, demonstrated by our exceptional health and safety record, with safety at the forefront of everything we do.

Over the last three years, Infinis has received no health and safety enforcement notices and has not been subject to any regulatory or enforcement action from the Environment Agency, Natural Resources Wales or the Scottish Environment Protection Agency.

Our external recognition continued with the retention of the prestigious International Safety Award from the British Safety Council in recognition of its commitment to keeping its workers and workplaces healthy and safe during the 2020 calendar year, including addressing the additional challenges of COVID-19. Infinis also received the RoSPA president's award, for a thirteenth successive year of Gold Awards.

2021 RoSPA President's Award

Continuous improving
Infinis continually seeks ways of improving our sites and operating practices and reducing risks through good design and maintenance, with safety rules, tools and training put in place to cover any residual risks.

The raising of safety observations are proactively encouraged across the organisation to continue to de-risk the working environment of our employees and also identify areas for appropriate investment. 2,310 safety observations were raised during the year (2020: 862) which allowed several enhancements to be made to sites and operational practices.

A high number of safety observations is a positive result, demonstrating active engagement with employees and allowing the business to reduce the number of more serious incidents.

Our employees

Achieving full potential

Our current strong business performance and future success can only be achieved through developing and investing in our people and ensuring there are no barriers to prevent any employee achieving their full potential

Culture and inclusion
All employees at Infinis can succeed if they have passion, energy, and a desire to work for the Company, irrespective of race, gender, religion or belief, marital status, age, culture, sexual orientation, disability, or background.

Our commitment to diversity and equality ensures Infinis recruit, develop and promote our employees based on the most skilled and experienced for the role.

Like most organisations, Infinis is assessing the way it will operate going forward following the changes required by the COVID-19 pandemic. Having operated central functions very successfully remotely over the last year, an element of this will likely remain going forward. This is important to retain and attract talented individuals with family or other carer responsibilities.

Our apprenticeship programme continues to provide a route for young people to build excellent careers with Infinis and in recent years we have expanded this from roles in Operations to include a number of head office and development team roles. The business has a strong track record of developing apprentices and during the year two apprentices completed their training and took larger roles in the business.

Stakeholder engagement continued

Achieving full potential continued

Roles and responsibilities
All roles within Infinis are clearly defined. Technical operational roles, and certain support function roles, have a structured and progressive grading level offering each employee opportunity to progress upwards and into more managerial roles as their skills and experience develop.

Appraisal and development
Enabling employees to get the most out of their careers through a strong training and development platform is fundamental to our success. The annual appraisal process allows appropriate development goals to be established early in the year and progress assessed throughout the year. Tailored technical and vocational training and development needs are identified and addressed as part of this process.

High potential
Identifying and developing high performing employees ensures Infinis continue to evolve. The diversification of the business has created a number of new positions in particular within the development team, and specifically the solar development team. Eight new roles were created in the year to expand the team, with six of these roles filled with high performing employees previously working within other Infinis functions and looking for progression and a new challenge.

Succession planning
All key management positions within the organisation have an identified successor. Development plans are in place which range from management training through to internal and external mentoring and coaching.

Communication
With approximately two thirds of Infinis employees working remotely prior to COVID-19, effective communication with all employees has always been critical to ensuring that all employees have a sense of both belonging to the organisation and also are kept up to date with businesses successes and developments. Like all organisations Infinis had to adapt its normal communication plan and move to 'virtual' communication comprised around three core areas:

- Regular employee operational guidance issued in response to government guidance during the pandemic and providing a platform for an increased level of employee questions and concerns;
- Quarterly CEO updates via Microsoft Sway to all staff updating on business performance and development; and
- Daily communication through Microsoft Teams by all managers. Microsoft Teams was rolled out in March 2020 and has been a fundamental platform to communicate and operate the business in the absence of physical weekly meetings and quarterly conference updates.

The Board and Senior Management Team look forward to the opportunity to get physically back together with all our employees when it is considered safe to do so. While post-pandemic working practices may evolve for some functions, regular and effective communication is essential to ensure all employees continue to approach their roles with the passion and pride of all at Infinis.

Diversity and gender pay
The UK energy sector has a number of diversity challenges relative to other sectors and countries; in particular it has the lowest proportion of female engineers in Europe. Infinis is committed to proactively addressing this and a set of challenging goals have been developed over recent years which include (i) management targets for diversity and (ii) the requirement that all new roles recruited externally must include candidates long-listed from diverse backgrounds, including race, ethnicity and gender.

Our 2020 Gender Pay Report was issued in March 2021 and continues to show progress towards our objectives, with both the mean and median gender pay gaps for Infinis remaining lower than averages across UK industry, according to data provided by the Office of National Statistics for the second year running.

Diversity: age (% as at end of period)

	2021	2020
Under 30	13	12
30–39	26	27
40–49	29	27
Over 50	32	34

Diversity: gender (% as at end of period)

	2021		2020	
	Employees	Senior management	Employees	Senior management
Male	85.5	100	89.4	100.0
Female	14.1	0	10.2	0.0
Other	0.4	0	0.4	0.0

Diversity: ethnic diversity (% as at end of period)

	2021	2020
White (UK)	93	93
White (Other)	1	4
Black (African)	2	1
Black (Caribbean)	1	0
Other (Mixed background)	3	2

Our communities

Infinis is committed to being a good neighbour and supporting and investing back into local communities across the UK

Working with our neighbours
Our employees and the local communities which surround our sites are key stakeholders in our business. Listening, responding, and supporting these communities is a foundation of our success. Existing sites across the three operating divisions, by their nature, are established and stable operations and our operational activity is undertaken under long-term contractual arrangements, meaning that we want to be a considerate and supportive neighbour. Our established processes ensure that noise and emissions from our operations are minimised to well within planning, permit and other requirements.

For new developments, such as new solar sites, pro-active community involvement is critical. In developing our solar site over the last 12 months, the development team have been challenged by lockdown and social distancing which prevented access to the communities local to our initial planned solar development sites. To respond to this, standalone websites were created to provide an overview and specific information for each project.

Investing back into our communities
The COVID-19 pandemic has made our community engagement programmes much more difficult. Planned projects to support local primary and secondary schools with learning programmes had to be delayed and social distancing made it almost impossible for Infinis employees to donate hours to the community or deliver community benefit projects. Therefore, as an organisation, we decided to double our efforts towards the national and local community charities that we support.

Dementia UK
In 2020, our employees selected Dementia UK as 'charity of the year'. We recognised that the existence of the UK national lockdown had a disproportionate effect on certain individuals, and that people living with dementia and the loved ones who care for them were amongst some of the hardest impacted. We therefore wanted to continue to support Dementia UK in 2021.

Local charities
During the last year, 16 donations were made to charities, either local to our operational sites, or particularly relevant for employees who have a friend or loved one who rely on the great work these organisations do. These included #TeamAlfie - Fighting Childhood Lymphoma and Northants Association for the Blind (NAB).

Case Study
Dementia UK

"The financial support of Infinis has allowed the growth of our national dementia helpline. Demand for this vital service increased by 34% in 2020 as a direct result of the pandemic, and we have been able to increase the number of nurses working on our Helpline each shift from 10 to 14 during weekdays, and from three to five during the evenings and at weekends. As a result, the nurses on our Helpline were able to support over 27,000 families last year.

We simply could not have supported so many families facing dementia during this crisis without the generosity of our wonderful partners and supporters like Infinis.

Thank you all so much."

Helen Collins
Corporate Partnerships Manager

Stakeholder engagement continued

Our communities continued

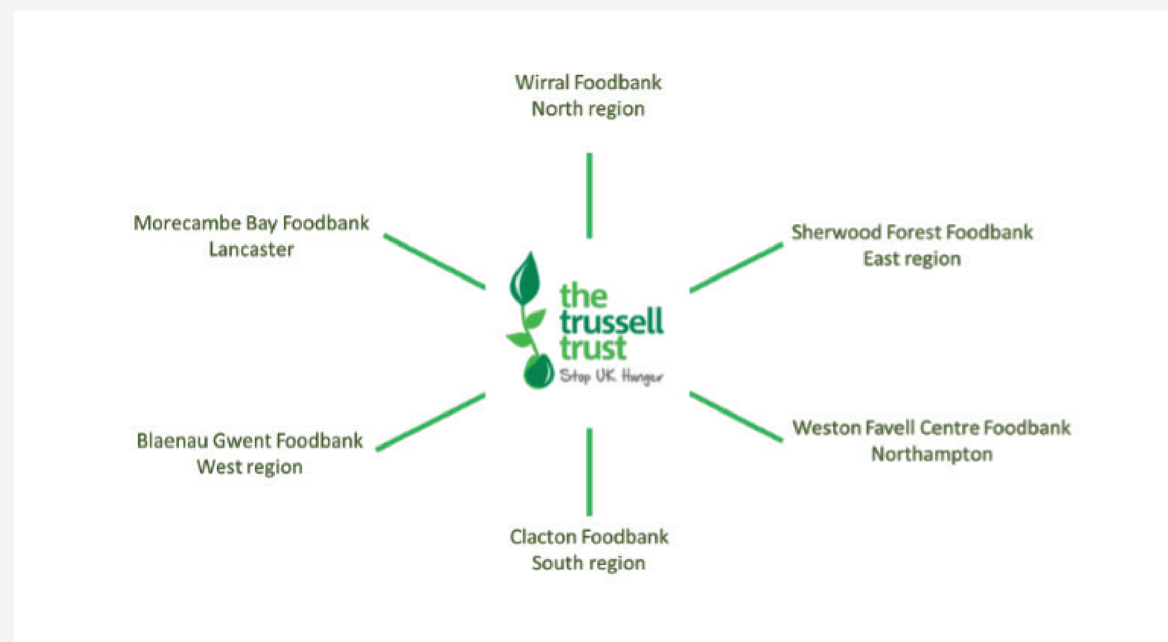
Case Study
Foodbank support

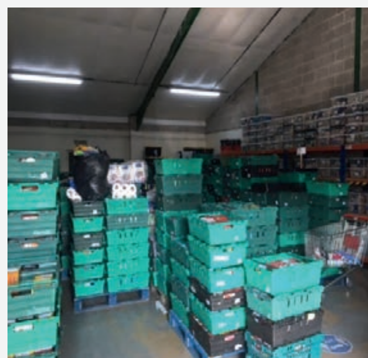
It was recognised that Christmas 2020 created many challenges, in particular financial challenges for those on low income who had been financially impacted by COVID-19. We recognised the increasing demand on foodbank charities across the UK over the festive period and wanted to ensure that, with the support of the Trussell trust, Infinis did its part to support this across our four UK operational regions and at Lancaster and Northampton.

"I would like to put on record our sincere and grateful thanks to the Directors of Infinis for their generous donation which has enabled us to continue our Home Delivery Service and to manage the logistics of collecting food from various collection points around our county and beyond and delivering to our Warehouse etc. A very big thank you - it means a lot to us."

Thank you all so much."

R. Wayne Evans
Blaenau Gwent Foodbank Manager





Other key stakeholders

Shareholder

Working together maximises long-term value

Our operational model and strategy focus on maximising the long-term value creation for our Shareholder, 3i Infrastructure plc. Our Corporate Governance statement (on page 43 to 45) outlines our formal process for engaging with the Directors and Shareholder Directors to provide effective management, governance and control of the business.

Outside of this formal structure, the Executive Directors engage weekly with the Governing Company Shareholder Directors providing performance reports and working collaboratively on strategic development projects, including organic growth and evaluation of potential acquisitions.

Over the last 12 months, the new long-term commercial arrangements on solar and extension of life on CLM sites (see Land owner section below) were discussed at length with the Shareholder Directors. In refinancing the business (as detailed in the Lender section on page 40), it was important that a debt structure was put in place which aligned with the Shareholder objectives and in particular a structure which aligned with that adopted in their other portfolio companies.

Offtakers

Delivering on our promises and commitments establishes long-term successful trading relationships

The majority of electricity generated by Infinis is sold under power purchase agreements to a small number of large, high credit worthy, UK energy offtakers. Electricity is typically forward sold up to three years ahead on a fixed volume and price commitment.

Our average offtaker relationship extends more than 10 years, although volume sold per six-month season may fluctuate from year to year. No more than 30% of seasonal volume is typically placed with any single offtaker.

Our commercial team will engage weekly with each offtaker's trading desk aiming to optimise our commercial strategy across the CLM and CMM divisions looking to capture optimal pricing based on daily market pricing. For PR, this communication is more frequent to make decisions on minimum margin targets and MWs available to trade.

Infinis has established a reputation for delivering against its commitments. While our contractual arrangements with offtakers are extensive, the high reliability and availability levels of the engines combined with ensuring trades are diversified across multiple sites means our minimum traded power commitments are delivered to all of our offtakers.

Capacity Market and STOR contracts are contracted directly with National Grid to provide emergency back-up power to the UK Grid. While these contracts provide a fixed income stream without operating daily, there is a need to achieve a minimum annual number of test runs each year to ensure the associated engines are evidenced as operational and hence are available when called. With the supply tightness experienced over the winter months, there was notification of a number of potential capacity market events although all were subsequently cancelled. This is a relationship underpinned by trust, with National Grid reliant on Infinis to ensure engines are well maintained and ready when needed. Failure to effectively operate when called will result in financial penalties initially and potentially the loss of the relevant contracts.

Other key stakeholders continued

Land owners

A long-term partnership

All sites operate through long-term contractual agreements with our land owners. In CLM, our land owners require Infinis to effectively manage the methane produced from the landfill to avoid environmental emissions and ensure that the land owners fulfil their permit obligations to the Environment Agency requirements.

Extensive contractual arrangements exist which for the majority of sites cover the expected life of methane generation from the site. A number of smaller sites have agreements which expire sooner and these are proactively negotiated and renewed with the land owner by our estates team under the leadership of Keith Hobbs, Director of Development.

CLM
During the year, an extension to the gas management agreement with our largest land owner was secured.

Within all our CLM agreements, Infinis maintains provisions for terminating the agreement early should the site become uneconomic, a key provision ensuring no site operates with a negative cash flow. The estates team proactively works with land owners on lower generation sites to ensure that we are able to support them for as long as economically viable.

Our site teams engage daily with the operational staff of our land owners, with operational management meeting on a quarterly basis. This is a true long-term partnership and we have built, and continue to actively promote, a culture of trust by ensuring we perform all our duties to the best of our abilities and where needed, go the extra mile to support our land owners' activities.

CMM and PR
CMM and PR sites operate via standard compound lease agreements, aligned with a standard commercial property lease and are based on market terms.

Solar development sites
Our lease and operational agreements for solar will require an effective interaction between CLM, solar and land owner activities on the site. Establishing this template of documents has been complex but is now in place for both our Ling Hall site and also for the sites which are progressing through planning.

Suppliers

We aim to establish long-term partnerships with our suppliers

Infinis contracts with the majority of key suppliers for a three-year term following an active tender process. Suppliers are asked to complete extensive supplier onboarding processes to ensure quality of service, appropriate health and safety practice and compliance with appropriate legislation, including data protection and modern slavery. A project was completed in the year which took feedback from our supply chain, leading to a number of changes to the onboarding process which ensured the process remains robust but is streamlined in some key areas based on specifics of each supplier.

Our top 20 supplier spend equated to 64% of total spend (direct costs (ex-royalty), overheads and CAPEX) with an average length of tenure of eight years.

Throughout the term of the supply contract, the procurement team will periodically meet with key suppliers and hold quarterly performance meetings. This provides both Infinis and the supplier the opportunity to make improvements to the benefit of both parties. Management of smaller suppliers is on a risk-based approach and driven by the quality of service delivery and in particular any issues emerging from the Infinis supplier reporting dashboard.

The COVID-19 pandemic had minimal impact on our supply chain with their service delivery and performance to service level agreements largely unaffected. For all deliveries and services to site, these were carefully planned to ensure that the additional COVID-19 safety protocols of both Infinis and our suppliers were addressed.

The procurement team actively engaged with key identified suppliers to plan for the expected delays over January 2021 relating to Brexit. While the engine parts are sourced from UK companies, elements of their supply chain are in the EU. Over recent years, stock holding has increased to plan for any Brexit associated delays. This planning meant that minimal disruption was experienced in the initial months post Brexit.

Our supply chain has developed over the last year, in particular developing a new supply chain with solar equipment and panel providers together with major UK construction companies. Our approach to these new relationships is the same as for our long-standing relationships but with a slightly higher demand on the supplier and/or contractor recognising that solar is new to Infinis and leveraging supplier know how to ensure Ling Hall, and future projects are successful. Our legal and technical advisors for solar have supported the setting up of these agreements to ensure these are fair to both parties and in line with generally accepted practice in the sector.

Our payment pattern has remained consistent. Suppliers are paid on time and normally 30 days from month end. Our procurement model is designed to deliver appropriate and sustainable margins.

Lenders

A close and strong lender relationship is central to delivering our strategic objectives

Our capital structure is a blend of shareholder equity (through shareholder loans) and also long-term debt. Entering the year, our senior debt structure had over two years to run however following discussion with the governing Board, the decision was made to refinance with the objectives of (i) providing capital certainty throughout the development and construction of solar and (ii) introduce longer term institutional debt which extended beyond a typical five-year senior debt facility.

An extensive process was undertaken over the second half of 2020 which completed in January 2021. A new £246m debt facility was secured which is split between a £65m, 11-year institutional debt and £181m, five-year senior bank facility which includes a £40m RCF secured to support the development and construction of solar. £42m of cash on balance sheet was used to reduce the overall quantum of debt in the new facility and reduce the annual finance costs for the business.

The majority of lenders from the previous facility rolled into the new facility highlighting the strength of the relationship with the business and our Shareholder. Openness and transparency is key to this relationship and we provide our lenders with regular trading updates on an informal basis, together with the formal presentations on results and budgets required under the facility agreements.

The Board includes a number of experienced financial professionals and through both this experience, and consideration of key lender metrics, we seek to ensure that any new strategic project or shareholder payment does not prejudice the position of our lenders. Importantly, as a Board, where we consider equity investment is required our Shareholder has historically demonstrated its commitment to inject further equity where the Board considers there to be a requirement for equity investment.

Regulators

Ofgem & BEIS

As outlined in the Market Review on pages 16 to 18, Ofgem activity has been focused on other areas in the last year which have a much lower impact on Infinis than in previous years.

Infinis engages directly with Ofgem and BEIS on new and proposed changes to regulation and charging. This engagement can either be direct or through a series of industry recognised consultants. We aim to work collaboratively and as the largest renewable energy generator from captured methane we consider it important that we continue to ensure proposed changes appropriately consider all the operators within our sector.

Environment Agency

Infinis works closely with the Environment Agency (EA), reflecting the key environmental compliance role performed by the CLM division. While permits are held by our land owners, it is vital to operate to the highest standard and best practice in providing our services to them. The EA are proactively encouraged to visit our sites and we have strong relationships regionally and nationally.

Our larger PR assets require Medium Combustion Plant Directive (MCPD) permits which ensure that emissions are within acceptable levels. All the required permits are held for our sites and our run hours are controlled to ensure that emissions are well within the permit level.

During the year, the development and HSQE teams have worked closely with the EA on our Ling Hall development. With solar on landfill relatively uncommon in the UK, the regional EA team were keen to understand how the mounting system and various other aspects of the construction ensured that the landfill cap was protected. Following review, our construction methods have been shared nationally within the EA and are likely to be considered the standard that all future projects should be built to, irrespective of whether or not developed by Infinis.

Board of Directors

The Board of Infinis Energy Group Holdings Limited consists of one Shareholder Director and the three Executive Directors.

The Board of Infinis Energy Management Limited (the Governing Company) consists of two Shareholder Directors, the three Executive Directors, the Chair and two Non-executive Directors.

Key:
- (A) Audit Committee
- (E) Executive Committee
- (R) Remuneration Committee
- ● Committee Chair

Shane Pickering
Chief Executive Officer

Committee membership E

Appointed to the Board
Infinis Energy Group Holdings Limited – 13 January 2017

Infinis Energy Management Limited – 13 January 2017

Other key appointments
None

Shane joined the Infinis Board as CEO following the acquisition of the CLM business by 3i. From May 2015, he held the position of Infinis Director of Operations, responsible for both the wind and CLM portfolio. Prior to that, Shane was Regional Director of Operations at Intergen.

James Milne
Commercial Director

Committee membership E

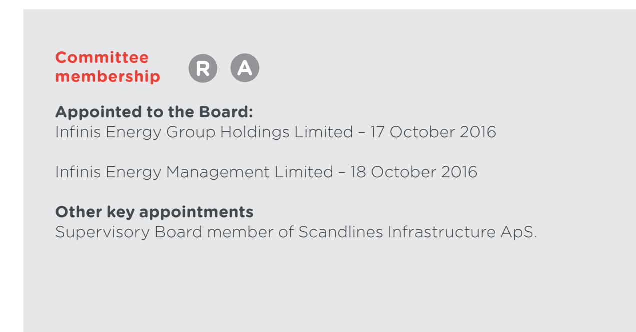
Appointed to the Board
Infinis Energy Group Holdings Limited – 13 January 2017

Infinis Energy Management Limited – 13 January 2017

Other key appointments
None

James worked as Head of Legal for Infinis from March 2011. He leads the Group's commercial and legal activities. Prior to Infinis, James was a partner at the international law firm, Herbert Smith, specialising in corporate advisory work.

Tim Short
Shareholder Director



Committee membership R A

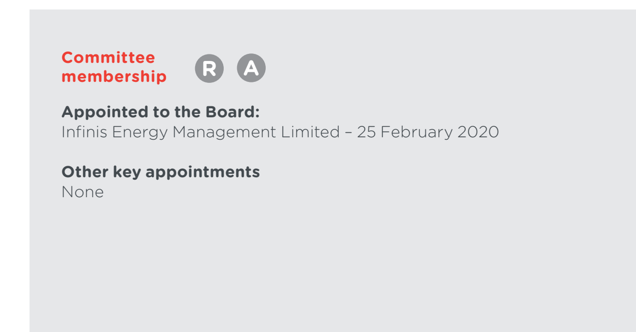
Appointed to the Board:
Infinis Energy Group Holdings Limited – 17 October 2016

Infinis Energy Management Limited – 18 October 2016

Other key appointments
Supervisory Board member of Scandlines Infrastructure ApS.

Tim is a Partner in 3i's infrastructure division focused on origination, execution and financing of infrastructure investments. His transaction experience includes Attero, Belfast City Airport, East Surrey Pipelines, Elenia, ESVAGT, Ionisos, Joulz, Oystercatcher, Scandlines, Tampnet, TCR and WIG.

Matthew Edwards
Shareholder Director



Committee membership R A

Appointed to the Board:
Infinis Energy Management Limited – 25 February 2020

Other key appointments
None

Matt is a Director in 3i's Infrastructure team focusing on the infrastructure and energy sectors in the UK and continental Europe. Prior to joining 3i, Matt was Investment Director at Innisfree Limited.

Keith Reid
Chief Financial Officer

Committee membership E

Appointed to the Board
Infinis Energy Group Holdings Limited – 25 April 2019

Infinis Energy Management Limited – 26 March 2019

Other key appointments
None

Keith joined Infinis in March 2019 as Chief Financial Officer. He is a KPMG qualified chartered accountant and has held Group CFO roles in both UK and International private equity backed businesses.

Tony Cocker
Chair and Non-Executive Director

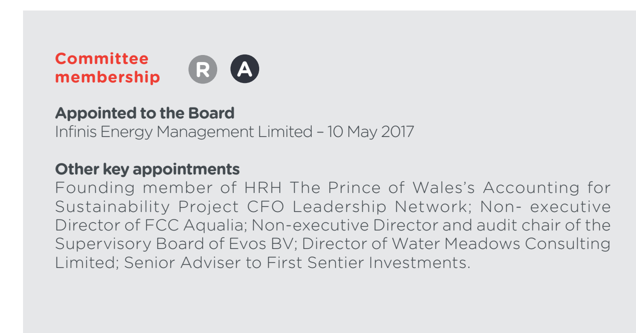
Committee membership R (Chair) A

Appointed to the Board
Infinis Energy Management Limited – 1 August 2017

Other key appointments
Senior Independent Director, SSE plc; Governor and Deputy Chairman, Warwick Independent Schools Foundation.

Tony was appointed Chair and Non-Executive Director on 1 August 2017. He previously worked for E.ON and Powergen in a number of roles from 1996 to 2017, including Chair and CEO of E.ON UK plc, CEO of E.ON Energy Trading SE and Managing Director of E.ON UK Energy Wholesale.

Scott Longhurst
Non-executive Director



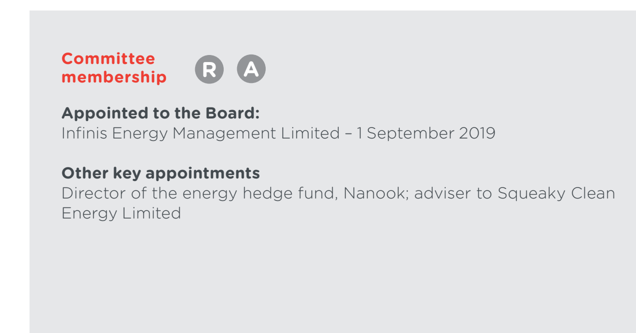
Committee membership R A (Chair)

Appointed to the Board
Infinis Energy Management Limited – 10 May 2017

Other key appointments
Founding member of HRH The Prince of Wales's Accounting for Sustainability Project CFO Leadership Network; Non- executive Director of FCC Aqualia; Non-executive Director and audit chair of the Supervisory Board of Evos BV; Director of Water Meadows Consulting Limited; Senior Adviser to First Sentier Investments.

Scott joined the Infinis Board on 10 May 2017. He holds a number of Non-executive Director positions in the UK and Europe. He was formerly Group Finance Director of Anglian Water Group (AWG) and Managing Director of its non-regulated business. Prior to AWG, he spent most of his career with Shell.

Richard Lewis
Non-executive Director



Committee membership R A

Appointed to the Board:
Infinis Energy Management Limited – 1 September 2019

Other key appointments
Director of the energy hedge fund, Nanook; adviser to Squeaky Clean Energy Limited

Richard has 25 years of experience in the energy industry, specialising in trading, investing and origination in the power, gas, fuels, biofuels and renewables sectors. He previously held senior roles at RWE, Barclays and Enron.

Corporate governance statement

The Infinis Group's corporate governance structure is set by the Board of Directors of Infinis Energy Management Limited

Governance structure
The Board of Directors (the 'Governing Board') of Infinis Energy Management Limited (the 'Governing Company'), the Company's wholly-owned subsidiary, is responsible for establishing, overseeing and managing the delivery of the strategy and the corporate governance structure of the Infinis Group. These governance arrangements are formalised in the Corporate Governance Policy as approved by the Governing Board.

The operating subsidiaries of the Infinis Group are owned by the Governing Company. The Directors are responsible for implementing the Group's strategy and business plans and have delegated the oversight of the day-to-day management of the Infinis Group to the Executive Committee.

The Infinis Group maintains an active dialogue with its Shareholder through direct engagement by the Executive Directors, the Shareholder Directors and the Non-executive Directors. The Shareholder Directors have weighted voting rights and de facto control of the Boards of the Company and the Governing Company.

The Governing Board believes that effective corporate governance is a key feature of prudent business practice. The Governing Company is committed to achieving high and relevant standards of corporate governance and to comply with the Walker Guidelines for Disclosure and Transparency in Private Equity.

Set out below are further details of the main governance structures of the Infinis Group and key terms of the Corporate Governance Policy. Details of directorships and committee memberships set out below are as at the date of this report.

Board composition
Biographies and other details of the members of the Company Board and the Governing Board can be found on pages 41 and 42.

The Company Board comprises the three Executive Directors (Shane Pickering, Chief Executive Officer; Keith Reid, Chief Financial Officer; and James Milne, Commercial Director) and one Shareholder Director (Tim Short). The Governing Board comprises the three Executive Directors, the two Shareholder Directors (Matthew Edwards and Tim Short), the Chair (Tony Cocker), and two Non-executive Directors (Richard Lewis and Scott Longhurst).

The Operations Director and the Director of Development may be invited to attend meetings but may not vote.

Board meetings
The Governing Board meets regularly, generally on a monthly basis, with other meetings being convened where circumstances require. In FY21 the Governing Board held 13 meetings.

Board procedure
The Directors of the Infinis Group take decisions for the long-term and aim to uphold the highest standards of conduct. The Directors recognise the importance of understanding and respecting the views and needs of our stakeholders, including customers, employees, the communities in which we operate, our suppliers and our Shareholder, to further the success of our business.

The Governing Board conducts a regular review of business issues and key performance metrics in a timely and structured way. The Company's and the Governing Company's Directors discharge their responsibilities in accordance with Group policy, set strategy and business plans of the Infinis Group, provide leadership to the Infinis Group within a framework of prudent and effective controls, and assess and manage risk.

An agenda and briefing pack are prepared for all Governing Board meetings, which includes routine business items for monthly scheduled meetings, including health and safety, financial and operational performance, a review of commercial activities and an overview of operations and development opportunities. All members of the Governing Board receive sufficient information in a timely manner on agenda items, whether or not they are able to attend, and minutes are prepared and approved as an accurate record of proceedings. This ensures a regular update to the Governing Board on all key matters and enables Board members to discharge their duties. Regular updates on risk management are also given to the Governing Board by the Executive Directors.

The agreed principles of corporate governance applicable to the Infinis Group, including terms of reference for committees of the Governing Board, are set out in the Corporate Governance Policy and record the overarching internal policies by which the Infinis Group should operate, without restricting the legal independence of any Group Company and whilst ensuring that key policy and strategic decisions relating to the Infinis Group are made by the Governing Board. The Governing Board's formal schedule of delegated authorities, reviewed annually by the Governing Board, sets out the financial authorities delegated to its committees, the Chief Executive Officer and other directors, officers and employees (the 'Delegated Authorities'). Matters which must be brought to the Governing Board for approval in accordance with the Delegated Authorities include, but are not limited to, strategy, the annual business plan, the Infinis Group budget, power trading strategy, all acquisitions and disposals and any proposed change to the capital structure.

The Company maintains appropriate directors' and officers' liability insurance.

Board committees
The Governing Board has established the Executive Committee, Audit Committee and Remuneration Committee, each of which operates under clearly defined terms of reference and in accordance with the Delegated Authorities.

No one other than the committee chair and members is entitled to be present at a committee meeting and vote on matters. The chair may request others to attend by invitation as referred to below.

The Executive Committee
The Executive Committee comprises the three Executive Directors and meets at least monthly, or more often, as required. In FY21 there were 14 meetings of the Executive Committee.

This Committee exercises the day-to-day management of the Infinis Group in accordance with the authorities delegated to it by the Governing Board.

Audit Committee
The Audit Committee comprises the Shareholder Directors and the Non-executive Directors. In addition, the Group Governance Policy provides that the Executive Directors may be invited to attend meetings but may not vote. The Audit Committee meets as often as required and at least twice annually. In FY21 there were four meetings of the Audit Committee.

The Audit Committee is responsible for ensuring that internal and external audit processes are carried out in the best interests of the Infinis Group's shareholder, creditors, employees and customers. In assisting the Governing Board to fulfil its duties, specific duties and responsibilities of the Committee include:

- overseeing the Group's relationship with the external auditors;
- agreeing the nature and scope of the audit and reviewing the audit plan;
- advising the Governing Board regarding the appointment and re-appointment of the external auditors of the Company and Group Companies;
- recommending to the Governing Board the remuneration and terms of engagement of the external auditors of the Company and Group Companies;
- reviewing with the Governing Company's, and any Group Company's, external auditor, the interim (if any) and the annual financial statements of the Group before submission to the Governing Board;
- discussing audit findings with the external auditors, including any major issues or reservations which arose during the course of the audit and their resolution, and recommendations made to management by the auditors and management's response;
- deciding on the implementation of the Group's internal audit programme, ensuring coordination between the internal and external auditor and ensuring that the internal audit function is adequately resourced;
- recommending to the Governing Board appropriate policies of risk and internal control and ensuring that the implementation of such policies is formulated, operated and monitored. Such policies shall help to ensure the quality of internal and external reporting and adoption of suitable risk control measures, and shall specifically include a review by the Committee of the Chief Financial Officer's report on risks affecting the Group (which the Chief Financial Officer shall make no less frequently than twice each year); and
- considering other topics relating to the audit of the financial systems or records of the Group as determined by any member of the Committee.

Since the year end, the Committee met on 30 June 2021 and 27 July 2021 to consider the consolidated report and accounts of the Company and of the Governing Company with focus on: the key financial judgments therein; sensitivities regarding those key judgments; whether the report as a whole was fair, balanced and understandable; and the auditor's report to the Committee which included a discussion on the control environment. The final form of the report and accounts of the Group and Company was approved by the Directors on 27 July 2021.

Remuneration Committee
The Remuneration Committee comprises the Shareholder Directors and the Non-executive Directors. The Corporate Governance Policy provides that the Chief Executive Officer shall have the right to attend but not vote at meetings of the Remuneration Committee. The Committee meets at least once a year and at such other times as the Governing Board requires. In FY21 the Committee met four times.

The Remuneration Committee's specific duties and responsibilities include discretions or authorities in respect of:

- the organisational structure of the Governing Company and any Group Company and the Group as a whole;
- the appointment and termination of any Executive Director and Senior Management Team members of any Group Company and terms and conditions of appointment or employment;
- any policies and terms and conditions of employment of any employees of the Governing Company or senior Senior Management Team member of any Group Company;
- any significant changes to the role of any Executive Director or Senior Management Team member;
- any recommendation from the Executives in respect of the implementation of material redundancies;
- the structure, eligibility of participants and the performance against the Long-Term Incentive Plan;
- the remuneration and benefits of any Executive Director or Senior Management Team members; and
- approval of annual salary increases, bonuses and incentive programmes and overall bonus levels for all staff.

Corporate governance statement continued

The following table sets out the total number of meetings held in the year of the Company Board, the Governing Board and its Committees to 31 March 2021 and the Directors' attendance at the meetings they were entitled to attend.

	Company	Governing Company	Executive Committee	Audit Committee	Remuneration Committee
Tony Cocker	-	12 of 13	-	4 of 4	4 of 4
Matthew Edwards	-	11 of 13	-	4 of 4	4 of 4
Richard Lewis	-	12 of 13	-	4 of 4	4 of 4
Scott Longhurst	-	12 of 13	-	4 of 4	4 of 4
James Milne	2 of 2	13 of 13	13 of 14	-	-
Shane Pickering	2 of 2	13 of 13	14 of 14	-	-
Keith Reid	2 of 2	13 of 13	14 of 14	-	-
Tim Short	2 of 2	13 of 13	-	4 of 4	4 of 4

Internal control and risk management

The Governing Board understands its responsibilities to present a fair, balanced and understandable assessment of the Group's position and prospects and to provide the information necessary for the Shareholder to assess the Group's performance, business model and strategy.

The Group's approach to risk management is set out in further detail in the risk management section on pages 21 and 22.

The Group's risk management and internal controls processes are designed to ensure that the risks associated with conducting our business activities are effectively controlled in line with the Group's risk appetite. The Governing Board believe the processes provide reasonable, but not absolute, assurance against material misstatement or loss.

The Governing Board, through the Audit Committee, has reviewed the assessment of risks and the risk management process, and has considered the effectiveness of the system of internal controls for the year and up to the date of approval of this report by the Governing Board. There are established procedures and controls in place to identify entities whose results must be consolidated with the Group's results.

The process followed by the Governing Board in reviewing the system of internal controls reflects the Governing Board's responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Governing Board provides oversight to help ensure that the Group maintains sound risk management and internal control systems. The Group's system of risk management and internal control has operated throughout the year, with the benefit of an independent review and input into system refinements as further explained in the risk management section and continues to operate up to the date of approval of this annual report.

Directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2021.

Strategic report

The Companies Act 2006 requires the Directors to present a fair, balanced and understandable perspective of the Company's and Group's business during the year ended 31 March 2021 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties facing the Group.

The Directors' business review is set out as part of the Strategic report which can be found on pages 3 to 40.

Corporate governance statement

A corporate governance statement can be found on pages 43 to 45 and is incorporated into the Directors' report by reference.

Private equity ownership

The Company heads a group of companies (the 'Infinis Group') and was incorporated in October 2016 with its subsidiary, Infinis Energy Management Limited, by 3i Infrastructure plc (3iN).

3iN, part of 3i Group, is an economic infrastructure business which invests for the long-term of between 20 and 30 years in utilities, energy, transport and communications and is listed on the London Stock Exchange.

Going concern

When considering the going concern assertion, the Directors review several factors including the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans. A series of more pessimistic trading scenarios, that were deemed severe but plausible, were also reviewed.

The Group and Company statements of financial position, which can be found on page 57 and 80, respectively, both reflect a positive equity position.

The Company generated a loss in the year of £2.1m due to tax charges as a consequence of restrictions on interest deductibility. The Company has net current liabilities at 31 March 2021 due to this tax liability, settlement of the liability will be facilitated through group settlement arrangement.

The Group generated a loss in the year of £9.4m. Included within this number are £51.3m of non-cash expenses relating to amortisation and depreciation. Adjusting for this, the reported performance for the year was a £41.9m profit. Net cash from operating activities was £76.8m with strong closing cash and notable closing and projected covenant headroom on senior secured debt.

In January 2021 the Group refinanced its outstanding term loans that were due to expire in August 2023, securing a longer term debt structure of between 5 and 11 years. This gives the Group continued certainty over future funding arrangements and provides a platform for continued growth.

The Directors consider that the Group and parent Company have adequate resources to continue in operation for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated and individual financial statements of the Company.

Financial risk management

Details of financial instruments and the Group's approach to capital management and financial risk are provided in note 20 on pages 75 to 78 to the accounts.

Directors

Biographical details of the Directors of the Company and of the Governing Company currently serving on the Boards and their dates of appointment are set out on pages 41 to 42.

A summary of all Directors who served in the year is set out in the Corporate Governance report on page 45.

Results and dividends

The results for the year ended 31 March 2021 are set out on page 55 to 58. No dividend was proposed or paid for the year ended 31 March 2021 (FY20: nil).

Employee involvement

Details of the Company's policies on employment, training, career development and promotion of disabled persons, and a statement on employee involvement in the financial year, are set out on pages 34 to 35.

Sustainability

Details of the Company's commitment to the progressive introduction of appropriate measures to limit the adverse effects of its operations upon the environment are set out on pages 10 to 13.

Stakeholder engagement and key decisions

Details of the key decisions and discussions of the Governing Board during the year and the main stakeholder inputs into those decisions are set out in the Strategic report.

Directors report continued

Section 172 (s172) of the Companies Act

Disclosures relating to s172 of the Companies Act require the Directors to identify the issues, factors and stakeholders they consider relevant to comply with their duty to have regard to stakeholders.

This consideration of our stakeholders is reflected in our values. The Governing Board considers the effect of s172 in all of its decisions and the impact on any of the specified groups. The Governing Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making decisions. The Governing Board, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Group for its shareholders in the long-term. Further information in relation to the specific considerations of the Governing Board are set out below:

	Consideration	Further information
A	Likely consequences of any decision in the long-term	Pages 3-40
B	Interests of the Company's employees	Pages 32-35
C	Need to foster the Company's business relationships with suppliers, customers and others	Pages 38-40
D	Impact of the Company's operations on the community and the environment	Pages 10-13 and 36-37
E	Desirability of the Company maintaining a reputation for high standards of business conduct	Pages 31-40
F	Need to act fairly as between members of the Company	Pages 31-40

Policy and practice on payment of creditors

Infinis' payment policy and practices are outlined on page 39.

Political and charitable donations

No political donations were made during the year. The Infinis Group made charitable donations of £67,000 (FY20: £10,000) during the year.

Significant agreements

The Infinis Group has several contractual relationships with customers, operational counterparties and banks, which are essential to our business and with whom we work proactively.

(i) Customers

The Infinis Group has a relatively small customer base, the majority of which consists of energy offtakers with investment grade ratings. Contracts are for the delivery of power for a season (six months) with a minimum and maximum threshold for exported MWhs under each contract.

(ii) Operational counterparties

Our primary operational counterparties for the CLM business are the waste companies or local authorities with whom we work, most notably FCC Environment, Veolia, Biffa and Viridor.

The business also operates under licenses from the Oil and Gas Authority for extraction of methane in the CMM business.

(iii) Banks

The Governing Company has a total financing facility of £246,000,000 which is provided by a syndicate of financial institutions.

Directors' indemnities

During the financial year the Governing Company has agreed to indemnify past and present Directors in accordance with and subject to the terms of the Corporate Governance Policy for the Infinis Group, against liability and all expenses reasonably incurred or paid by them in connection with any claim, action suit or proceeding in which they become involved in the performance of their duties as a Director and against amounts paid or incurred by them. These are qualifying third party indemnity provisions for the purposes of section 234 of the Companies Act 2006 and are in place at the date of approval of the Directors' report.

The Company has also arranged directors' and officers' liability insurance.

Auditors

The auditors, PricewaterhouseCoopers LLP (PwC), have indicated their willingness to continue in office and, pursuant to section 487 of the Companies Act 2006, PwC are deemed to be reappointed as auditors and will therefore continue in office.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information

The Directors' report of the Company for the year ended 31 March 2021 comprises these pages and the sections of the annual report referred to under the corporate governance report and other information above which are incorporated into the Directors' report by reference.

The Directors' report was approved by the Governing Board on 27 July 2021. By order of the Board

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 IFRSs as issued by the International Accounting Standards Board (IASB) have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also 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 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.

Directors' confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the Group 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 and Company's auditors are aware of that information.

Keith Reid
Director

Independent Auditors' report to the members of Infinis Energy Group Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Infinis Energy Group Holdings Limited'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 31 March 2021 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 accounts (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 31 March 2021; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated statement of changes in equity and 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

- Our responsibility is to form an opinion on the Group and Company Annual report and accounts of Infinis Energy Group Holdings Limited for the financial year ended 31 March 2021.

Key audit matters

- Impairment of goodwill, CLM and CMM gas rights and other intangible assets (Group)
- Valuation of recycle ROC's (Group)
- Going concern and impairment consideration relating to Coronavirus (COVID-19) (Group and Company)

Materiality

- Overall Group materiality: £1,854,000 (2020: £2,039,000) based on 2.5% of EBITDA.
- Overall Company materiality: £1,761,000 (2020: £1,800,000) based on 1% of Total assets.
- Performance materiality: £1,391,000 (Group) and £1,321,000 (Company).

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill, CLM and CMM gas rights and other intangible assets (Group) The value of the intangible assets per note 12 of the annual report are material to the financial statements and the carrying value of the intangible assets rely on significant management judgements and estimates in considering whether the carrying value of those assets or cash generating units are recoverable. Determining the recoverable amount involves significant estimation including: — forecasting future cash flows; — forecasting future generation profiles; — forecasting future commodity prices; — estimating gas reserves; and — determining an appropriate discount rate. As disclosed in note 12, the total book value of intangible assets is £340.8 million and following management's impairment testing, there was no impairment required in the year. The output of the impairment review is sensitive to the assumptions. We note that the Group's impairment test is particularly sensitive to estimated gas reserves, commodity price assumptions and discount rates, as shown by the sensitivities disclosed in note 12.	— In relation to audit of the goodwill impairment, we evaluated and challenged the Directors' assumptions and estimates used to determine the recoverable value of the goodwill, CLM and CMM gas rights and other intangible assets. — This included assessing management's experts with regard to gas volume data and short and long-term pricing assumptions. We tested these assumptions by reference to third party documentation where available, such as power price forecasts and inquiry with operational management. — We used PwC valuation specialists to help us assess the reasonableness of the price curves and discount rates used by management. — We tested and challenged the disclosed sensitivities to ensure appropriate judgement had been applied. We performed further sensitivities around key drivers of cash flow forecasts, including output volumes, power prices, operating costs including royalties, capex and expected life of assets. In addition, we reviewed and challenged the Group's disclosures about the sensitivities of the impairment assessment. — Based on our analysis we did not identify any material issues with the impairment conclusions and the valuation of the goodwill, CLM and CMM gas rights and other intangible assets.
Valuation of recycle ROC's (Group) The value of the recycled ROC revenue as disclosed in note 6 of the annual report relies on judgments and assumptions. This includes a number of factors (some of which are unknown at the time of estimating the price), including expected electricity demand, targets set for renewable generation in the UK and estimates of the actual amount of renewable energy generated in the year and factors outside of the entity's influence. Management have estimated the value of recycled ROC revenue in the normal way, based on their estimates of the key variables. However, in view of the increased uncertainty and volatility in the market this year and the increased uncertainty with how the Regulator may intervene, they have concluded that unlike in previous periods, it is currently no longer probable that there will be no subsequent reversal. As such they have not recognised this revenue in this period. They continue to disclose the estimate in note 6 of the annual report.	— We have assessed and challenged management's methodology to estimate the ROC recycle price, including the expected electricity demand, targets set for renewable generation in the UK and estimates of the actual amount of renewable energy generated in the year. — We have challenged the accuracy of management's historical forecasting in this area. We have considered the extent that it is highly probable that there will be no significant subsequent reversal in the cumulative amount of recognised ROC recycle revenue, and seen evidence of the factors outside of the entity's influence. We discussed this judgment with the audit committee and concur with the decision not to recognise this revenue. — We considered the disclosure of this decision in the annual report and accounts to be appropriate.

Independent Auditors' report
To the members of Infinis Energy Group Holdings Limited continued

Key audit matter	How our audit addressed the key audit matter
Going concern and impairment consideration relating to Coronavirus (COVID-19) (Group and Company) "The strategic report, Directors' report and note 12 all reference COVID-19 and where relevant potential impacts on the Group. COVID-19 has continued to have a significant impact on the economy throughout FY21. As a result, management (including the Board and Audit Committee) invested time to fully consider the implications on the Company and Group. Management has considered the implications for the Company and Group's going concern assessment, impairment of certain assets and appropriate disclosure in the Annual Report and Accounts. The assessment includes: — Assessing future compliance with bank facilities; — Preparation and review of cash flow projections for at least 12 months from the date of approval of the accounts; — Assessing future compliance with the interest repayments and financial covenants; — A number of stress tests; and — Assessment of current year performance as well as post year end trading against budget. Management have also considered the impact of COVID-19 on the impairment assessment and on the key assumptions and judgements described in the key audit matter in relation to impairment of goodwill, CLM and CMM gas rights and other intangible assets included above.	— We reviewed management's stress test scenarios including considering a severe but plausible scenario to demonstrate the financial resilience of the Group. We have considered levers available to management to mitigate the impacts of downside scenarios. Based on the information available at the time of the Directors' approval of the financial statements and us signing our audit opinion, we consider the scenarios to be reasonable. — We challenged management on the key assumptions included in the scenarios and confirmed management's mitigating actions are within their control. — We considered the potential impact on the balance sheet, specifically around goodwill and intangibles. We do not consider there to be any indicators of material impairment as at the balance sheet date or subsequently (for disclosure only). We reviewed management's disclosures in relation to the Coronavirus impact and found them to be consistent with the stress test scenarios performed. Our reporting on going concern is set out below. — We have challenged the disclosures regarding management's analysis of going concern and considered this to be appropriate.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

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 have performed a full scope audit on all in-scope subsidiaries confirmed by management for the current year. The materiality of the subsidiary entities was set using 3% of revenue, 3% of total expenses or 2% of total assets as the benchmark depending on whether the entity is a trading or holding entity respectively, capped to 95% of Group materiality which was set at 2.5% of EBITDA (being the Group performance measure), the Company materiality was set at 1% of total assets. All financial statement line items greater than the performance materiality threshold were then scoped in for substantive testing.

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	£1,854,000 (2020: £2,039,000).	£1,761,000 (2020: £1,800,000).
How we determined it	2.5% of EBITDA	1% of Total assets
Rationale for benchmark applied	EBITDA is the primary measure used by the shareholders in assessing the performance of the Group.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark.

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 £2,000 to £1,761,000. 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 75% of overall materiality, amounting to £1,391,000 for the Group financial statements and £1,321,000 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 £93,000 (Group audit) (2020: £102,000) and £88,000 (Company audit) (2020: £90,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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.

Independent Auditors' report
To the members of Infinis Energy Group Holdings Limited continued

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 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, 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 health and safety, employment legislation, tax legislation, Bribery Act 2010, Data Protection Act 1998, RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), OFGEM, The Listing Rules for TISE (The International Stock Exchange for the Channel Islands) and the Companies Act 2006, 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 management's non-disclosure of incidents in the year. Audit procedures performed by the engagement team included:

- enquiry of management around actual and potential frauds, litigations or claims against or by the Company;
- understanding and evaluating the key elements of the Company's internal controls relating to estimates;
- testing of journals posted in the year that have unusual account combinations;
- reviewing significant accounting estimates for bias and validating the support behind the assumptions and judgments made by management, and evaluating the business rationale of significant or unusual transactions outside the normal course of business;
- incorporating elements of unpredictability into our audit procedures; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

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.

Andrew Lyon
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
27 July 2021

Consolidated income statement

For the year ended 31 March 2021

	Note	Business performance £'000	Significant one-off items (note 7) £'000	**2021 Total £'000**	Business performance £'000	Significant one-off items (note 7) £'000	**2020 Total £'000**
Revenue	6	148,688	-	148,688	160,946	-	160,946
Cost of sales		(91,376)	-	(91,376)	(97,671)	(3,504)	(101,175)
Gross profit		**57,312**	**-**	**57,312**	**63,275**	**(3,504)**	**59,771**
Administrative expenses		(34,451)	-	(34,451)	(35,973)	(11,353)	(47,326)
EBITDA		**74,168**	**-**	**74,168**	**76,699**	**4,833**	**81,532**
Operating exceptional items	7b	-	-	-	-	(1,964)	(1,964)
Depreciation of property, plant and equipment	7a	(29,114)	-	(29,114)	(27,970)	-	(27,970)
Amortisation of intangible fixed assets	7a	(22,193)	-	(22,193)	(21,427)	-	(21,427)
Impairment of property, plant and equipment and intangible assets	7a	-	-	-	-	(17,726)	(17,726)
Operating profit		**22,861**	**-**	**22,861**	**27,302**	**(14,857)**	**12,445**
Finance costs	9	(27,023)	(5,195)	(32,218)	(29,718)	-	(29,718)
Finance income	9	59	-	59	254	-	254
Net finance costs		**(26,964)**	**(5,195)**	**(32,159)**	**(29,464)**	**-**	**(29,464)**
Loss before income tax		**(4,103)**	**(5,195)**	**(9,298)**	**(2,162)**	**(14,857)**	**(17,019)**
Income tax (expense)/credit	10			(57)			852
Loss for the year				**(9,355)**			**(16,167)**

The notes on pages 59 to 79 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	2021 £'000	2020 £'000
Loss for the year	**(9,355)**	**(16,167)**
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to the profit or loss:		
Recycling of discontinued cash flow hedges	2,321	-
Amounts recycled to profit and loss	1,893	990
Fair value movement on cash flow hedges	(624)	(4,394)
Tax on movement in cash flow hedges	(621)	613
Remeasurement of defined benefit liability	(34)	81
Total comprehensive expense for the year	**(6,420)**	**(18,877)**

The notes on pages 59 to 79 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	**35,000**	**(2,234)**	**1,179**	**33,945**
Loss for the year	-	-	(16,167)	(16,167)
Amounts recycled to profit and loss	-	990	-	990
Fair value movement on cash flow hedges	-	(4,394)	-	(4,394)
Tax on movement in cash flow hedges	-	613	-	613
Remeasurement of defined benefit liability	-	-	81	81
Total comprehensive expense	**-**	**(2,791)**	**(16,086)**	**(18,877)**
At 31 March 2020	**35,000**	**(5,025)**	**(14,907)**	**15,068**
Loss for the year	-	-	(9,355)	(9,355)
Recycling of discontinued cash flow hedges	-	2,321	-	2,321
Amounts recycled to profit and loss	-	1,893	-	1,893
Fair value movement on cash flow hedges	-	(624)	-	(624)
Tax on movement in cash flow hedges	-	(621)	-	(621)
Remeasurement of defined benefit liability	-	-	(34)	(34)
Total comprehensive expense	**-**	**2,969**	**(9,389)**	**(6,420)**
At 31 March 2021	**35,000**	**(2,056)**	**(24,296)**	**8,648**

The notes on pages 59 to 79 form part of these financial statements.

Consolidated statement of financial position

At 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	11	115,394	128,667
Goodwill	12	68,230	68,230
Other intangible assets	12	272,556	293,030
Derivatives	20	1,082	-
		457,262	**489,927**
Current assets			
Inventories	13	4,369	2,393
Trade and other receivables	14	28,499	38,882
Cash and cash equivalents		10,246	37,902
		43,114	**79,177**
Total assets		**500,376**	**569,104**
Current liabilities			
Interest-bearing loans and borrowings	15	882	922
Trade and other payables	18	32,961	37,826
		33,843	**38,748**
Non-current liabilities			
Interest-bearing loans and borrowings	15	409,661	459,950
Deferred tax	16	33,572	37,532
Provisions	17	9,628	9,637
Derivatives	20	2,578	6,129
Other payables	18	2,446	2,040
		457,885	**515,288**
Total liabilities		**491,728**	**554,036**
Net assets		**8,648**	**15,068**
Equity			
Share capital	19	35,000	35,000
Hedging reserve		(2,056)	(5,025)
Retained earnings		(24,296)	(14,907)
Total equity		**8,648**	**15,068**

The financial statements on pages 55 to 79 were approved by the Board of Directors on 27 July 2021 and were signed on its behalf by

K Reid
Director

S S Pickering
Director

Company number: 10432005

The notes on pages 59 to 79 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2021

	2021 £'000	2020 £'000
Cash flow from operating activities		
Loss for the year	(9,355)	(16,167)
Adjustments for:		
Depreciation of tangible fixed assets	29,114	27,970
Amortisation of intangible fixed assets	22,193	21,427
Impairment of property, plant and equipment and intangible fixed assets	-	17,726
Finance costs	32,218	29,718
Finance income	(59)	(254)
Taxation	57	(852)
Operating cash flow before changes in working capital and provisions	**74,168**	**79,568**
Decrease in trade and other receivables	9,765	13,473
(Increase)/decrease in inventories	(1,976)	2,395
Decrease in trade and other payables	(1,862)	(1,747)
(Decrease)/increase in provisions	(8)	226
Cash generated from operations	**80,087**	**93,915**
Interest paid on leases	(143)	(203)
Tax paid	(3,170)	(5,986)
Net cash generated from operating activities	**76,774**	**87,726**
Cash flow used in investing activities		
Interest received	59	254
Acquisition of intangibles	(1,662)	-
Acquisition of property, plant and equipment	(15,896)	(19,939)
Net cash used in investing activities	**(17,499)**	**(19,685)**
Cash flow used in financing activities		
Proceeds from borrowings	65,000	-
Repayment of borrowings	(107,300)	(29,700)
Repayment of shareholder loans	(6,323)	(17,050)
Interest paid on borrowings	(8,815)	(9,763)
Settlement of interest rate swaps	(3,365)	-
Interest paid on shareholder loans	(21,287)	(17,984)
Principal elements of lease payments	(967)	(1,282)
Arrangement fees on new loans	(3,874)	-
Net cash used in financing activities	**(86,931)**	**(75,779)**
Net decrease in cash and cash equivalents	**(27,656)**	**(7,738)**
Cash and cash equivalents at the beginning of the year	37,902	45,640
Cash and cash equivalents at the end of the year	**10,246**	**37,902**

The notes on pages 59 to 79 form part of these financial statements.

Notes forming part of the financial statements

For the year ended 31 March 2021

1. Accounting policies

Infinis Energy Group Holdings Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the UK.

The Group financial statements consolidate the results of the Company and its subsidiaries (together referred to as the 'Group') for the year ended 31 March 2021. The Company financial statements present information about the Company as a separate entity and not about its Group.

1.1 Basis of preparation and consolidation

The Group financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Company financial statements in accordance with FRS 101. These are presented on pages 80 to 85. Having made enquiries, the Directors consider that the Company and its subsidiaries have adequate resources to continue in operation for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparing these financial statements. Further information regarding the Directors assessment of the going concern basis of preparation is set out on page 46.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except where mentioned otherwise. The financial statements are prepared on the historical cost basis except for certain financial instruments which are stated at their fair value. All values are rounded to the nearest thousand (£'000) except where otherwise indicated.

1.2 Alternative Performance Measures (APM)

The Group presents APMs on the face of the Income Statement that are not defined terms under IFRS. The Directors believe that these APMs provide useful additional information on business performance. These measures are used for internal performance reporting purposes.

EBITDA: earnings before interest, tax, depreciation, amortisation, impairment of non-current assets and exceptional items. EBITDA is included as a key performance measure used by the Group's key stakeholders, including lenders, to evaluate business performance and allow a clear evaluation of performance year-on-year.

To further aid the transparency of the financial performance the Group splits its EBITDA and Operating profit between business performance and significant one-off items, which aggregate to the overall reported results for the year.

Significant one-off items are material items which because of their size and nature, merit separate presentation in the income statement to allow a better understanding of the Group's financial performance. These items are typically one-off in nature and are disclosed within EBITDA if they relate to the core business activity or disclosed within exceptional if they relate to significant non-core, non-recurring items. Impairment of non-current assets is included in significant one-off items.

Exceptional items are income or expenditure including but are not limited to significant reorganisation costs; income / expenditure related to significant restructuring of the organisational design, changes in investment in subsidiaries (including acquisition and disposal of all or part of a shareholding) and capital structure of the Group (including refinancing related costs). Directly related costs to these activities including professional fees, transaction costs and employee related costs are included within exceptional items. Exceptional items are excluded from the calculation of EBITDA.

2. New standards and interpretations

Standards, amendments and interpretations in issue but not yet effective

There are a number of amendments to standards which will be effective in the following year's financial statements, however none of these are expected to have a material impact on the financial reporting of the Group.

3. Accounting estimates and judgments

In the process of applying the Group's accounting policies, management makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgments and estimates are explained below.

Accounting estimates

Acquisition accounting

When the Group completes a business combination the date of acquisition is the date at which control of the acquired business passes to the Group. This can involve a degree of judgment. The fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised at their fair value. The determination of the fair value of acquired assets and liabilities is based, to a considerable extent, on management's judgment. In estimating fair value, particularly in relation to identifiable intangible assets, management is required to estimate the useful economic life of each asset and the future cash flows expected to arise from each asset and apply a suitable discount rate.

Gas rights acquired are initially valued based on the net present value of expected cash flows from electricity generation. A number of assumptions are made in arriving at such a valuation which include price, method and uniformity of gas production, gas availability and methane content. The judgments applied, and the assumptions underpinning them, are considered to be appropriate at the time of valuation.

The carrying value of the intangible assets is disclosed in note 12.

Impairment

In assessing impairment, judgment is required to establish whether there have been any indicators of impairment, either internal or external, for all amortising and depreciating non-current assets. Goodwill is tested annually for impairment.

Where there is the need to determine the recoverable value of an asset, this requires judgments and assumptions similar to those used when performing a valuation of acquired CLM rights and therefore could significantly impact the financial statements. Further details regarding impairment testing can be found in note 12.

ROC Recycle revenue

ROC Recycle is separately identified as a component of revenue and is intrinsically linked to the generation of power and is therefore recognised as it accrues. As variable consideration, ROC Recycle revenue is recognised to the extent that it is highly probable there will be no significant subsequent reversal in the cumulative amount of revenue recognised. Whilst the Group considers that ROC Recycle revenue can normally be estimated reliably using a standard methodology including key market information, these factors are completely outside of the Group's control and influence and include the number of ROCs issued in the UK energy sector and UK electricity demand for the year to March.

This calculation is further variable to specific generator decisions, specifically in relation to the number of ROCs which are carried forward and not declared in the current year (defined as ROC Banking) which fluctuates year-to-year. Finally, the amount paid in November/ December following the year end is subject to a deduction for mutualisation which covers suppliers who have ceased trading in the current year. This amount is paid over a 12-month period commencing from the November 18 months following the year end to the extent it is collectable by Ofgem.

Further details regarding the ROC Recycle revenue recognised in the year is set out in note 6.

Provision for decommissioning costs

The Group recognises provisions for decommissioning assets and restoring sites at the end of their expected useful life. These provisions are the discounted estimated costs of the work required at the expected date of decommissioning. Significant judgments and estimates are required about both the costs and the expected dates. The Group's estimates are based on limited experience of actual decommissioning to date.

Long-term incentives

The Group operates a cash settled long-term incentive plan for selected senior management and directors. The calculation is based on Total Shareholder Return (TSR) over a three-year period. Each year an accrual is made equating to a third of the expected pay-out. In calculating this accrual, a forecast equity valuation at the end of the scheme is calculated using a discounted cashflow forecast methodology consistent with that used in the impairment review.

Critical judgments

There are no additional material judgments in the financial statements.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

4 Significant accounting policies

Business combinations

The Group accounts for business combinations, using the acquisition method, when control is obtained by the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill arising is tested immediately for impairment. Any gain on a bargain purchase is recognised in the income statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Revenue from contracts with customers

The Group's three main revenue streams are as follows:

i. Traded power

Revenue relating to the sale of electricity produced by baseload power and peaking operations is recognised at the point in time that electricity is exported, i.e. when the customer obtains control. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the supply.

ii. Renewable Obligation Certificates (ROCs)

ROCs are a product related to government initiatives to encourage investment in renewable energy sources. ROCs are certificates issued where electricity has been sourced from renewable energy sources. Revenue arises from two elements:

- the 'Buy Out' price - the sale of the certificate itself (almost always to the customer purchasing the electricity); and
- the 'Recycle' price - a share of a central fund comprising aggregate penalty payments Ofgem receives from electricity suppliers who did not meet their obligations to obtain supply from renewable sources.

Revenue from ROC Buy Out certificates is recognised as exported. The customer does not receive the certificate until confirmation is received from Ofgem but control relating to the certificates passes from the Group at export and the customer is contractually obliged to accept it.

Where ROC Recycle revenue is recognised, it is in line with exported power. ROC Recycle revenue is estimated as outlined in note 3 and is accrued each year end and then invoiced when the final ROC Recycle figure is announced in October following the year end. Revenue is accrued based on the ROC Recycle amount for the current year less the amount to be paid by mutualisation which is accounted for on a cash basis when received due to its less certain nature.

iii. Other revenue

Other revenue includes Capacity Market revenue, embedded benefits such as Triad, Generator Distribution Use of System (GDUoS) and Balancing Services Use of System (BSUoS) and disposal of generating infrastructure.

- Capacity Market revenue is received for providing available capacity to the National Grid that can be called upon when it is needed. Fixed monthly payments are received for assets entered into the Capacity Market on a per MW basis. Revenue is recognised at a point in time as the revenue accrues according to the contract.

- Triad periods are the three 30-minute time periods with the highest energy demand across the grid between the start of November and the end of February each year. National Grid incentivises high power production during these periods. Prices for the year are announced by National Grid in March and attract an income premium. Triad income is recognised once the Triad periods and the associated prices are announced.

- GDUoS income is received for generating in the local network and revenue is recognised in line with exported power. BSUoS income is received for the avoidance of charges levied on electricity suppliers who use National Grid to transmit their electricity from one point in the UK to another to fund National Grid's balancing services. Revenue is recognised on delivery in line with recognition of traded power as it is contractual income with the customer.

- The sale of site infrastructure may occur when Infinis exits a site. Revenue received in relation to the sale of this is recognised at the point in time that the asset is transferred.

Royalty payments

Royalty payments to land owners are recognised in the income statement as they accrue, based on the level of electricity generation at each site and according to specific site agreements.

Finance income and costs

Finance income arises on cash deposits and funds invested and is recognised in the income statement as it accrues, using the effective interest method.

Finance costs are recognised in the income statement as they accrue, using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for use. Where instruments have been taken out to hedge against interest rate risk, capitalised borrowing costs will reflect the interest rate after taking into account the effect of the hedging instrument.

Costs incurred in raising finance are capitalised and amortised over the length of the borrowing. Additional costs incurred due to the redemption of a facility are charged to the income statement in the year in which they are incurred.

Inventories

Inventory is measured at the lower of cost and net realisable value. Cost is based on average costs and includes expenditure in acquiring the stocks and bringing them to their existing location and condition.

Employee benefits

Pension arrangements

The Group provides pension arrangements for employees and certain Directors who are members of the Aviva Stakeholder or Aviva Group Personal defined contribution schemes. Contributions to these schemes are charged to the income statement as they accrue.

Long-term incentives

The Group recognises a provision in respect of long-term incentives as the amount of the future benefit that employees have earned in return for their service in the current and prior periods. Obligations are measured at their present value and included in emolument disclosures when paid.

Tax

Income tax comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end.

Property, plant and equipment (PP&E)

PP&E is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and attributable borrowing costs during its construction. During the construction phase these assets are held separately with depreciation commencing once the asset is commissioned and ready for use.

Depreciation is charged to the income statement on a straight-line basis, assuming assets have no residual value, over the estimated useful life of the asset.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

4 Significant accounting policies continued

Property, plant and equipment (PP&E) continued

The cost of replacing an item of PP&E is capitalised if it is probable that the future economic benefits will flow to the Group. The carrying amount of the asset replaced is then de-recognised. The costs of the day-to-day servicing of PP&E are recognised in the income statement as incurred.

PP&E include plant, equipment and gas assets used in running the operating sites. The cost of decommissioning the sites is included within plant and equipment. Engines are subject to overhauls and are depreciated over the period between each overhaul.

The estimated useful lives are as follows:

Plant and equipment	Over the shorter of the minimum lease term of each specific operating site and the expected life of the asset, being 2–20 years
Decommissioning	Over the expected life of the operating site
Engine overhauls	2–4 years

Intangible assets and goodwill

Goodwill on acquisition is initially measured as the excess of the cost of the business combination over the fair value of the net assets acquired.

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to the relevant cash generating unit (CGU) of the business and is not amortised but is tested annually for impairment.

Other intangible assets are stated at cost less accumulated amortisation and impairment. Other intangible assets include CLM generation rights, STOR contracts, technology, brand and solar development.

Solar development costs include costs incurred to progress the Group's organic development of solar energy parks through from initial feasibility to securing planning, land and grid and being ready for construction. Costs are capitalised as an intangible asset if, on a project by project basis, the Directors consider that each project is highly probable of securing planning consent, has land options signed and has Grid offers where required. Projects are only progressed from initial feasibility if the projected returns exceed the minimum internal post-tax rate of return.

Details of the accounting estimates and judgments made in the valuation of these assets are disclosed in note 3.

Amortisation of intangible assets

Generation rights

Amortisation of CLM generation rights allocates the cost of the asset over its estimated useful life using a profile that reflects the decline in available methane reserves.

Technology & brand

Technology and brand are amortised on a straight-line basis over five and ten years, respectively.

Solar energy parks

Solar energy parks intangible assets will be written off over the minimum period of the site lease for each solar energy park.

Impairment

The carrying amounts of the Group's non-current non-financial assets, other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, based on the judgment techniques explained in note 3. Where an indication of impairment exists on such assets, testing for impairment is undertaken. Any impairment loss is expensed immediately to the income statement. Further details regarding impairment testing can be found in note 12.

Provisions

Provisions are determined by discounting the future expected cash flows at a pre-tax rate that reflects the time value of money. The unwinding of the discount is recognised as a finance cost.

Provisions for the decommissioning of assets and site restoration are recognised where a legal or contractual obligation exists. An equivalent amount of the provision is captured within property, plant and equipment. Given recent experience the Directors consider they have sufficient information to estimate the costs required and timing for decommissioning and restoration on a reasonable basis.

Leases

The Group leases various offices and vehicles. All operational vehicles are typically leased for 3 to 4 years. Office contracts are typically 5 to 10 years in duration.

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 payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- payments expected to be made under reasonably certain extension options;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group enters into lease-like arrangements with land owners for the long-term right to capture methane and use it as a fuel source for generation of electricity. The legal form of these arrangements is a lease or a licence with an annual rental or royalty payment based on electricity output. The use of the methane as a fuel source in electricity production does not constitute a lease for the purpose of IFRS 16 as the methane itself is not a leased asset.

Financial instruments

The classification and subsequent measurement of the Group's financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group classifies financial assets as either of the following:

- Financial assets held at amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortised cost.
- Financial assets held at fair value through profit and loss: Assets that are held with the purpose of selling the financial asset, or where the assets' cash flows do not represent solely payments of principal and interest, are subsequently measured at fair value and movements are recognised within the profit and loss account.

The group classifies and subsequently measures all financial liabilities at amortised cost, unless they are required to be measured at fair value through profit or loss.

Derivative financial instruments – cash flow hedges

The Group utilises derivative financial instruments in the normal course of business to hedge its exposure to fluctuations in interest rates. The Group adopts a policy of ensuring that it has limited exposure to changes in interest rates on borrowings. The Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives used as cash flow hedges are measured at fair value and changes in the

Notes forming part of the financial statements continued

For the year ended 31 March 2021

4 Significant accounting policies continued

Derivative financial instruments - cash flow hedges continued

fair value are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same year that the hedged item impacts the income statement.

Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the amendments that apply to the Group are:

- When considering the 'highly probable' requirement, the Group has assumed that the GBP LIBOR interest rate on which our hedged debts are based does not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the GBP LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by IBOR reform; and
- Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Note 15 provides the required disclosures of the uncertainty arising from IBOR reform for hedging relationships for which the Group has applied the reliefs.

Investments and other financial assets - Impairment

Financial assets are assessed for impairment using the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or fair value through other comprehensive income ('FVOCI') will be subject to the impairment provisions of IFRS 9. The Group applies the simplified model to recognise lifetime expected credit losses for its trade receivables and other receivables by making an accounting policy election.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, accrued income, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are measured as described below:

(i) Trade and other receivables are carried at original invoice amount less any allowance for uncollectable amounts. An estimate for doubtful debts is made under the expected credit loss model which assesses the expected loss rates based on historical credit losses experienced. Bad debts are written-off in the income statement when identified.

(ii) Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents may include restricted cash balances, which principally relate to the debt service requirements of certain borrowings undertaken by the Group.

(iii) Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(iv) Trade and other payables are carried at cost. Due to their short-term nature, their carrying value approximates their fair value.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year end, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, discounting is applied.

5.Segmental Information

The Group reports three divisions: Captured Landfill Methane (CLM), Captured Mineral Methane (CMM) and Power Response (PR). Solar, whilst separately identified in the business model on page 5-6, is not currently material enough to be a reportable segment. Information regarding the results of each operating segment is included below and is reported information provided to the Senior Management Team and the Board for the reportable segments for the year ended 31 March 2021:

£'000	CLM	CMM	PR	2021 Total	CLM	CMM	PR	2020 Total
Revenue	**122,548**	**8,002**	**18,138**	**148,688**	**134,067**	**10,171**	**16,708**	**160,946**
Operating expenses	(46,736)	(3,157)	(12,997)	(62,890)	(54,526)	(3,524)	(12,571)	(70,621)
Operating expenses – significant one-off items	-	-	-	-	5,451	97	(715)	4,833
Gross profit excluding depreciation	**75,812**	**4,845**	**5,141**	**85,798**	**84,992**	**6,744**	**3,422**	**95,158**
Administrative expenses (excluding depreciation, amortisation and impairment)	(9,886)	(846)	(898)	(11,630)	(11,582)	(1,356)	(688)	(13,626)
Segment EBITDA	**65,926**	**3,999**	**4,243**	**74,168**	**73,410**	**5,388**	**2,734**	**81,532**
Maintenance capital expenditure	(10,847)	(1,154)	(653)	(12,654)	(13,453)	(2,074)	(1,073)	(16,600)
Segment EBITDA after maintenance capital expenditure	**55,079**	**2,845**	**3,590**	**61,514**	**59,957**	**3,314**	**1,661**	**64,932**

Reconciliation to the income statement:

	2021	2020
Segment EBITDA	**74,168**	**81,532**
Amounts not allocated to segments:		
Operating exceptional items	-	(1,964)
Depreciation, amortisation and impairment	(51,307)	(67,123)
Operating profit	**22,861**	**12,445**

Other gains, depreciation, amortisation, impairment, interest income and operating exceptional items are not allocated to segments as this type of activity is driven centrally, and not reported segmentally.

6.Contracts with customers

A description of the principal revenue streams is set out in the accounting policies. All revenue is generated in the UK.

The Group recognises all revenue from the transfer of goods and services at a point in time in the following revenue types:

Revenue from contracts with customers by type

	2021 £'000	2020 £'000
Traded power	76,002	77,817
Renewable Obligation Certificates	53,923	62,615
Other revenue	18,763	20,514
Total	**148,688**	**160,946**

Total ROC revenue was £53.9m (FY20: £62.6m) split ROC buy-out £53.2m (FY20: £55.0m) and Recycled ROC £0.7m (FY20: £7.6m). With constant pricing ROC buy-out revenue follows a linear decline with the 7.2% reduction in exported power. The basis for Recycled ROC income is outlined in note 3 and relies on a series of estimates and judgments which are not confirmed until amounts are confirmed by Ofgem in the following October. FY21 ROC Recycle revenue comprises no current year (CP19) ROC recycle (FY20: CP18 £6.3m) and mutualisation and ROC Recycle revenue related to prior year of £0.7m (FY20: £1.3m). The Directors consider that it is not possible at the date of signing the accounts to accurately calculate, nor be sufficiently certain, of CP19 ROC Recycle revenue. Many of the key drivers of the calculation have been impacted by COVID-19 and have a higher range of projected outcomes than in prior years given the market volatility created by demand reduction, smaller supplier defaults and regulator intervention.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

7. Expenses

(a) Operating expenses/(income)

Included in operating profit are the following:

	2021 £'000	2020 £'000
Business performance		
Depreciation of property, plant and equipment	28,135	26,858
Depreciation of right of use assets	979	1,112
Amortisation of intangible fixed assets	22,193	21,427
Inventories recognised as an expense	6,786	3,779
Payments to landlords for royalties	22,020	24,375
Significant one-off items[1]		
Refund of site rates relating to prior years	-	(5,548)
Termination of capacity agreements	-	715
Impairment of property, plant and equipment (note 11)	-	8,082
Impairment of intangible assets (note 12)	-	9,644
Operating exceptional items (note 7 (b))	-	1,964

[1] In the year ended 31 March 2021, significant one-off items include £5.2m (FY20: nil) of finance costs as set out in note 9.

In the year ended 31 March 2020 refund of site rates relating to prior years comprise rates refunds received in the year for historical years overpayments and is included in EBITDA.

Termination of capacity agreements are costs incurred where Capacity Market obligations are not expected to be met and is included in EBITDA.

(b) Operating exceptional items

The Group has adjusted for the following exceptional items to provide a measure of its underlying profitability:

	2021 £'000	2020 £'000
Restructuring costs	-	1,964
Total operating exceptional items	**-**	**1,964**

In the year ended 31 March 2020 restructuring costs were incurred in respect of a significant restructuring of the operating model of the business.

(c) Operating profit reconciliation

A reconciliation from operating profit (a GAAP measure) to EBITDA (an APM) is presented in the table below:

	2021 £'000	2020 £'000
EBITDA	**74,168**	**81,532**
Operating exceptional items	-	(1,964)
Depreciation of property, plant and equipment	(29,114)	(27,970)
Amortisation of intangible fixed assets	(22,193)	(21,427)
Impairment of property, plant and equipment and intangible fixed assets	-	(17,726)
Operating profit	**22,861**	**12,445**

(d) Auditors remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditors for the audit of the Company and the consolidated financial statements of Infinis Energy Group Holdings Limited	49	47
Audit of the financial statements of subsidiaries	253	241
Tax advice services	5	6
	307	**294**

8. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2021 number	2020 number
Operational staff	208	225
Administration and management	73	72
	281	**297**

The aggregate payroll costs of these persons was as follows:

	2021 £'000	2020 £'000
Charged to operating expenses		
Wages and salaries	17,170	19,397
Social security	1,912	2,085
Pension	842	861
	19,924	**22,343**

In the year ended 31 March 2020 included in wages and salaries were amounts paid for termination benefits of £1.7m relating to restructuring of the business model. These amounts were charged as operating exceptional costs.

Long Term Incentive Plan (LTIP) charges of £0.8m were incurred in the year ended 31 March 2021 (FY20: £1.2m) and are included in wages and salaries.

Pensions and other post employment benefit plans

The Group operates a number of defined contribution pension schemes on behalf of eligible employees. The total expenses and amounts owed relating to these plans was as follows:

	2021 £'000	2020 £'000
Pension scheme contributions	842	861
Outstanding pension scheme contributions	-	126

The assets of the scheme are held separately from those of the Group in independently administered funds.

9. Finance costs and income

	2021 £'000	2020 £'000
Finance costs		
Interest on secured loans	8,712	9,664
Interest on shareholder loans	16,969	17,960
Amortisation of arrangement fees	959	1,685
Arrangement fees written off	2,874	-
Provisions: unwinding of discount	240	206
Interest on lease liabilities	143	203
Impact of discontinued cashflow hedge	2,321	-
Total finance costs	**32,218**	**29,718**
Finance income		
Bank and other interest receivable	(59)	(254)
Total finance income	**(59)**	**(254)**
Net finance costs	**32,159**	**29,464**

In the year ended 31 March 2021 the Group re-financed its borrowing facility (note 15). Due to their one off nature, arrangement fees write-off and the impact of discontinued cash flow hedge are treated as significant one-off items.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

10. Tax

Recognised in the income statement:

	2021 £'000	2020 £'000
Current tax		
Current year	(4,891)	(5,350)
Adjustments in respect of prior years	196	12
Total current tax charge	**(4,695)**	**(5,338)**
Deferred tax		
Origination and reversal of temporary differences	4,751	7,743
Adjustments in respect of prior years	(113)	385
Reduction in tax rate	-	(1,938)
Total deferred tax credit	**4,638**	**6,190**
Total tax (charge)/credit	**(57)**	**852**
Reconciliation of effective tax rate		
Loss before tax	(9,298)	(17,019)
Tax credit at the UK corporation tax rate of 19% (2020: 19%)	1,767	3,234
Non-taxable income	(35)	62
Non-deductible expenses	(1,872)	(915)
Adjustments in respect of prior years	83	409
Impact of change in corporation tax rate	-	(1,938)
Total tax (charge)/credit	**(57)**	**852**

11. Property, plant and equipment

	Property Plant & equipment £'000	Right of use assets £'000	Assets under construction £'000	Total £'000
Cost				
At 1 April 2019	**185,389**	**3,800**	**14,479**	**203,668**
Additions	295	358	20,039	20,692
Disposals	–	(389)	–	(389)
Transfers	24,120	–	(24,120)	–
At 31 March 2020	**209,804**	**3,769**	**10,398**	**223,971**
Additions	31	188	15,907	16,126
Disposals	(241)	(192)	-	(433)
Transfers	19,401	–	(19,401)	-
At 31 March 2021	**228,995**	**3,765**	**6,904**	**239,664**
Accumulated depreciation and impairment				
At 1 April 2019	**59,348**	**-**	–	**59,348**
Depreciation	26,858	1,112	–	27,970
Impairment	7,627	-	455	8,082
Disposals	–	(96)	-	(96)
At 31 March 2020	**93,833**	**1,016**	**455**	**95,304**
Depreciation	28,135	979	–	29,114
Disposals	-	(148)	–	(148)
At 31 March 2021	**121,968**	**1,847**	**455**	**124,270**
Net book value				
At 31 March 2021	**107,027**	**1,918**	**6,449**	**115,394**
At 31 March 2020	**115,971**	**2,753**	**9,943**	**128,667**

An impairment of £8.1m was recognised in the year ended 31 March 2020. The basis of impairment testing is set out in note 12.

Right-of-use assets comprise property and vehicle leases.

12. Intangible assets

	Goodwill £'000	CLM and CMM Gas Rights £'000	Other £'000	Total £'000
Cost				
At 31 March 2019 & 31 March 2020	**68,230**	**364,624**	**14,171**	**447,025**
Acquisitions	–	–	298	298
Additions	–	–	1,421	1,421
At 31 March 2021	**68,230**	**364,624**	**15,890**	**448,744**
Accumulated amortisation				
At 31 March 2019	**-**	**50,871**	**3,823**	**54,694**
Amortisation	–	19,447	1,980	21,427
Impairment	–	9,644	–	9,644
At 31 March 2020	**-**	**79,962**	**5,803**	**85,765**
Amortisation	-	20,246	1,947	22,193
At 31 March 2021	**-**	**100,208**	**7,750**	**107,958**
Net book value				
At 31 March 2021	**68,230**	**264,416**	**8,140**	**340,786**
At 31 March 2020	**68,230**	**284,662**	**8,368**	**361,260**

The Group tests the carrying amounts of goodwill annually as described in note 3.

A value in use model is used to determine the recoverable amount of assets subject to impairment testing. The discounted estimated future operating cash flows are compared to the net carrying value of the cash generating unit's (CGUs) assets. The Group's operating segments, as reported internally to management, form the basis of determining the CGU's for the assessment, with allocations required for unallocated costs (e.g. overheads).

Other intangible assets of £8.1m include brand (£3.7m), STOR contracts (£2.2m), technology (£0.5m) and solar (£1.7m).

Property, plant and equipment are separately tested at an individual asset level when there is an impairment trigger.

Impairment

In the year ended 31 March 2021 no impairment has been recognised by the Group. During the year ended 31 March 2020 the Group recognised an impairment of £9.6m in relation to the CMM division.

Impairment testing

The Group forecasts CGU cash flows to the end of the CGU's useful life. Future cash flows comprise those related to existing core operations and growth opportunities arising from existing spare grid and engine capacity. The post tax discount rate used for each CGU was CLM: 5.0%, CMM: 5.5% and PR: 6.0% (FY20: CLM 5.5%; CMM 6.0%; PR 6.5%).

An impairment loss is recognised if the carrying amount of the single CGU exceeds its recoverable amount, which is equal to the value of the future discounted cash flows. Any impairment losses are recognised in the income statement. Any impairment loss previously recorded in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed only to the extent that the CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

12. Intangible assets continued

The impairment tests for goodwill are based on the FY22 budget and Long Term Plan, modified as appropriate to reflect the latest conditions, and incorporate the following assumptions:

- methane volumes and pricing of exported electricity are estimated with reference to third party market data;
- operational costs (excluding royalties) are calculated as a cost per megawatt hour (MWh) to ensure the cost base appropriately flexes up or down on a site by site level based on forecast gas exported power;
- royalty costs are based on a percentage of revenue and are assumed to decrease over time as the site profitability reduces;
- overheads are projected based on the expected future business requirements;
- tax costs are estimated with reference to the expected future tax rates applicable to the business;
- capital expenditure is projected based on an expected maintenance CAPEX profile with reference to MWh exported. Capital expenditure excludes development spend for which there is no corresponding forecast income or expenditure in the projections; and
- the discount rate used is based on Infinis' estimated weighted average cost of capital. The discount rate has been adjusted by specific risk premiums associated with the individual risk profile of each CGU.

The values assigned to the key assumptions represent management's assessment of future trends and were based on both external and internal sources (prospective and historical data).

CLM

Management has an in-depth understanding of the composition of landfill sites and associated methane reserves which enables a data driven approach to forecasting gas output. These forecasts are updated on a regular basis. Pricing assumptions are driven by available short-term market information and for the longer-term by industry forecasts and models.

CLM projections are based on a portfolio of 103 sites. The projections in CLM are not sensitive to any site and the portfolio effect mitigates the risk from single sites differing, notably from the projections due to specific site issues which could occur. No CLM site currently generates more than 6% of revenue.

CMM

The CMM portfolio has largely the same methane extraction and operational characteristics as CLM. Due to a smaller portfolio of 16 sites, the projections in CMM are more dependent on the top five sites (representing 72% of revenue in the year ended 31 March 2021) and site specific factors i.e. early flooding of a major site, could materially impact the projections. This risk is offset by differing gas field characteristics across the portfolio which results in the methane only being extracted when the engines are operating. In the event of engine failure the gas is simply stored and extracted at a later date thus ensuring forecasts are less sensitive to methane volume variances than CLM, where gas is flared in the event of engine failure. In the year ended 31 March 2021 the division also moved to a banking strategy where feasible sites only extract in higher pricing periods which is expected to extend the life of sites.

PR

PR represents a long-term strategy which aligns with the macro trend of both (i) growing intermittency of UK electricity supply caused by traditional thermal power plants closure which are replaced by renewables in the form of wind and solar; and (ii) the long-term view of increasing electric demand caused by the increased electrification of transport. The projections of the business are based on an increasingly growing demand, which results in gradually increasing short-term peak power prices, over the medium to long-term. These projections are based on industry experts and economists macro forecasts and projections for overall power supply together with a specific subset used for the PR market. The near-term performance of the business, while important in delivering shareholder returns, is less of a factor in assessing the carrying value of assets. The deliverability of the forecasts is instead more dependent on the long-term macro electricity supply trends and the forecast development expenditure invested. The Directors continue to work closely with industry experts and remain comfortable that despite the benign market conditions experienced in the last year for PR, the long-term macro trends and forecasts remain largely unaltered, with margins expected to increase due to higher baseload demand from the electrification of heat and transport (see Market review). A number of these factors contributed to strong year on year growth for the division in the year ended 31 March 2021.

Sensitivities

Cash flow projections used for the value in use modelling are by their nature subject to inherent uncertainties:

- the discount rate used is based on a weighted average cost of capital calculation which requires a series of assumptions related to the risk profile of the business, target gearing and market risk; and
- the assumptions related to generation and pricing are subject to risks which are explained in the strategic report. To reflect the risks posed by the current market conditions, a series of sensitivities, outlined below, have been ran against the forecast projections.

COVID-19

In the year ended 31 March 2021 the Group has not seen a materially adverse impact from the COVID-19 pandemic and whilst there is not expected to be a material impact on the performance of the business, the Directors continue to consider the impact on the carrying value of intangible assets of COVID-19. As outlined in the Market review on pages 16 to 18, COVID-19 has not materially impacted the financial performance of the business.

Other sensitivities

A summary of the other key sensitivities in the model is outlined below:

CGU	CLM	CMM	PR
Increase of 1% in discount rate	No impairment	No impairment	Impairment of £7.1m
2% decline in CLM and CMM exported power	No impairment	No impairment	N/a
5% decrease in forecast power prices	No impairment	No impairment	No impairment
5% increase in gas prices and no corresponding revenue increase	N/a	N/a	Impairment of £2.9m

13. Inventories

	2021 £'000	2020 £'000
Parts and spares	3,587	1,582
Lubricants	782	811
	4,369	**2,393**

14. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	3,215	1,349
Accrued income	23,194	35,176
Prepayments	1,860	1,575
Other receivables	230	164
Current tax receivable	-	618
	28,499	**38,882**

15. Interest-bearing loans and borrowings

The Group's interest-bearing loans and borrowings are measured at amortised cost. Information relating to interest rates and liquidity is included in note 20c.

Interest-bearing loans and borrowings:

	2021 £'000	2020 £'000
Non-current		
Secured loans	201,627	244,817
Shareholder loans	206,907	213,230
Lease liabilities	1,127	1,903
	409,661	**459,950**
Current		
Lease liabilities	882	922

Secured loans - Senior debt

At 31 March 2021 the Group had in place a £246.0m banking facility, comprising a £65.0m 11-year term loan, a £141.0m 5-year term loan and a £40.0m revolving credit facility.

In January 2021 the Group refinanced its existing £288.3m banking facility, comprising a £248.3m term loan and £40.0m revolving credit facility. A further £42.3m was repaid against the outstanding term loan at the point of refinancing using cash available in the Group.

The £65.0m 11-year term loan attracts interest at a fixed rate of 5.0%, matures in January 2032 and is repayable at that date.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

15. Interest-bearing loans and borrowings continued

Secured loans - Senior debt continued

The £141.0m 5-year term loan matures in January 2026. £105.8m of the term loan value attracts interest at a fixed rate of 3.61% until August 2023 and 2.75% from August 2023 to maturity in January 2026. £35.2m of the loan value is at a variable rate of LIBOR +2.35%.

At 31 March 2020 £208.5m of the term loan value attracted interest at a fixed rate of 3.61% using interest rate swaps and £39.8m of the loan value is at a variable rate of LIBOR +2.35%.

The secured loans are subject to financial covenants, including interest cover and leverage ratios.

The carrying value of the loan at 31 March 2021 of £201.6m (FY20: £244.8m) is stated net of unamortised issue costs of £4.5m (FY20: £3.5m). These costs are being amortised to the income statement over the term of the facility.

Shareholder loan

At 31 March 2021 the Group had £206.9m (FY20: £213.2m) of interest-bearing subordinated unsecured loan notes in issue to 3i Infrastructure plc, its immediate parent company. The loan notes are due for repayment in 2045 and attract interest at a rate of 8%, payable at half yearly intervals and are listed on The International Stock Exchange.

Shareholder payments of £27.6m (FY20: £35.1m) were made in the year, consisting of £21.3m (FY20: £18.0m) interest payments and £6.3m (FY20: £17.1m) principal repayments.

Impact of interest rate benchmark reform

The Group has monitored developments and considered the impact of interest rate benchmark reform, concluding that the primary impact relates to cash flow hedging relationships in which floating interest rates linked to LIBOR on loans are swapped for fixed interest rates. IFRS 9 permits the continuation of hedge accounting even if, in the future, the benchmark interest rate applicable to the hedge may not be separately identifiable.

The Group will continue to apply the amendments until the uncertainty arising from the interest rate benchmark reforms ends and the Group is able to engage with its incumbent lenders to transition to an alternative measure.

During FY22 the business will be required to transition away from LIBOR as the benchmark is phased out. The loan facility agreement entered in January 2021 includes provisions for facilitating this transition and the business will automatically adopt SONIA as an alternative benchmark after 31 December 2021. The loan facility agreements also include an option for a switch earlier than 31 December 2021 if the Group elects.

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021 £'000	2020 £'000
Liabilities		
Property, plant and equipment	5,799	6,308
Intangible assets	36,491	40,599
Total	**42,290**	**46,907**
Assets		
Losses	(7,526)	(7,657)
Other temporary differences	(1,192)	(1,718)
Total	**(8,718)**	**(9,375)**
Net deferred tax liability	**33,572**	**37,532**

Movement in deferred tax assets and liabilities during the year:

	At beginning of the year £'000	Acquisitions £'000	Recognised in reserves £'000	Temporary differences in the year £'000	Rate change £'000	At end of the year £'000
31 March 2021						
Property, plant and equipment	6,308	-	-	(509)	-	5,799
Intangibles	40,599	57	-	(4,165)	-	36,491
Losses	(7,657)	-	-	131	-	(7,526)
Other temporary differences	(1,718)	-	621	(95)	-	(1,192)
Total	**37,532**	**57**	**621**	**(4,638)**	**-**	**33,572**
31 March 2020						
Property, plant and equipment	8,162	-	–	(2,050)	196	6,308
Intangibles	44,786	-	–	(5,910)	1,723	40,599
Losses	(7,354)	-	–	(303)	-	(7,657)
Other temporary differences	(1,259)	-	(613)	135	19	(1,718)
Total	**44,335**	**-**	**(613)**	**(8,128)**	**1,938**	**37,532**

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2021 remains at 19%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

On 3 March 2021 the UK Government announced in the Budget 2021 that tax rates would increase to 25% with effect from 1 April 2023. At 31 March 2021 the rate was not substantively enacted and therefore deferred tax balances are calculated at 19%. The impact of an increase to the deferred tax rate to 25% at 31 March 2021 would be to increase the deferred tax liability to £44.4m resulting in an increased tax charge of £10.8m.

Losses arise in the CMM division and are measured at an effective tax rate of 40%. For corporation tax purposes, the extraction of methane in the CMM division is considered an oil extraction activity and therefore deemed a separate ring fence trade, the profits of which are subject to ring fence corporation tax and supplementary charge at an aggregate rate of 40%.

17. Provision

	Decommissioning provisions £'000	Other provisions £'000	Total £'000
At 1 April 2019	**7,685**	**1,126**	**8,811**
Unwinding of discount	206	–	206
Additional provision charged to plant and equipment	394	–	394
Additions	134	143	277
Utilisation of provisions	–	(51)	(51)
At 31 March 2020	**8,419**	**1,218**	**9,637**
Unwinding of discount	240	–	240
Reduction in provision credited to plant and equipment	(241)	–	(241)
Additions	121	–	121
Utilisation of provisions	(103)	(26)	(129)
At 31 March 2021	**8,436**	**1,192**	**9,628**

Decommissioning provisions relate to the restoration of the Group operating sites. As explained in the accounting policies (note 4) provisions are calculated at a discounted value of expected future costs.

Other provisions relate primarily to remediation costs and aftercare costs. The remediation costs relate to known issues at various sites and the aftercare costs relate to one site within Infinis (Re-Gen) Limited, a subsidiary of the Group.

All provisions are classified as non-current.

Notes forming part of the financial statements continued

For the year ended 31 March 2021

18. Trade and other payables

	2021 £'000	2020 £'000
Amounts due within one year		
Trade payables	5,275	2,702
Accruals and deferred income	23,562	28,263
Amounts payable to a related party	-	4,318
Other creditors	3,218	2,543
Current tax liability	906	-
	32,961	**37,826**
Amounts due after one year		
Other payables	2,446	2,040
	2,446	**2,040**

Amounts due after one year relate to liabilities under the Group's long term incentive plan.

19. Share capital

	Issued share capital 2021 Number	Issued share capital 2020 Number	Aggregate nominal value 2021 £'000	Aggregate nominal value 2020 £'000
Allotted, called up and fully paid				
At 1 April (ordinary shares of £1 each)	35,000,001	35,000,001	35,000	35,000
At 31 March	**35,000,001**	**35,000,001**	**35,000**	**35,000**

20. Financial instruments

Capital management

The Group's policies seek to match long-term assets with long-term finance and to ensure that there is sufficient working capital to meet the Group's commitments as they fall due, comply with the loan covenants and deliver its strategy. Management monitor actual cash flows against Board approved cash flow forecasts. The Group continues to be a highly cash generative business that is able to support its financing arrangements.

Financial instruments

Financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, interest rate swaps, trade and other payables, amounts payable to related parties and provisions. Financial instruments give rise to credit, liquidity and interest rate risks. Information about these risks and how they are managed is set out below.

(a) Financial risk management – measurement

Financial instruments are classified into the following levels based upon the degree to which fair value is obtainable:
Level 1 – fair values from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – those fair values derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – those fair values derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is based on observable market data and classified as Level 2. Valuations are calculated, discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

For all other financial instruments the carrying amount is deemed to be a reasonable approximation of the fair value as amounts are either repayable on demand or are short-term in nature.

The following table presents the carrying values and the fair values of financial instruments subsequent to initial recognition.

	Carrying value 2021 £'000	Fair value 2021 £'000	Carrying value 2020 £'000	Fair value 2020 £'000
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	10,246	10,246	37,902	37,902
Trade receivables	3,215	3,215	1,349	1,349
Accrued income	23,194	23,194	35,176	35,176
Other receivables	230	230	164	164
Derivative financial assets	1,082	1,082	-	-
Total financial assets	**37,967**	**37,967**	**74,591**	**74,591**
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	35,407	35,407	39,866	39,866
Interest-bearing loans	408,534	408,534	458,047	458,047
Leases	2,009	2,009	2,825	2,825
Provisions	9,628	9,628	9,637	9,637
Financial liabilities at fair value through profit and loss:				
Derivative financial liabilities	2,578	2,578	6,129	6,129
Total financial liabilities	**458,156**	**458,156**	**516,504**	**516,504**

(b) Financial risk management – credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group holds trade receivables and accrued income at amortised cost, which are therefore subject to the expected credit loss model. While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was minimal.

To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. The accrued income relates to unbilled exported power and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of our customers to settle the receivables.

The Group's customer base consists of large, high credit worthy, UK energy offtakers and contracts directly with these organisations.

The closing provision for trade receivables and accrued income as at 31 March 2021 reconciles to the opening provision as follows:

	2021 £'000	2020 £'000
Opening provision at 1 April	-	129
Receivables written off during the year as uncollectible	-	(129)
Closing provision at 31 March	**-**	**-**

Notes forming part of the financial statements continued

For the year ended 31 March 2021

20. Financial instruments continued

(b) Financial risk management - credit risk continued

Trade receivables and accrued income are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments when the debtor is significantly past due. Impairment losses on trade receivables and accrued income are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

	2021 Gross £'000	**2021 Expected credit loss £'000**	2020 Gross £'000	2020 Expected credit loss £'000
Not past due	26,409	-	36,525	–
Past due > 12 months	-	-	-	-
	26,409	**-**	**36,525**	**-**

(c) Financial risk management – liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's Treasury policy is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation. The Group finances activities with a combination of external bank facilities, related party borrowings and cash from operating activities. Based on management forecasts, the Group has adequate headroom and will continue to meet liabilities as they fall due.

The following are the contractual maturities of financial liabilities and assets (all sterling denominated), including estimated interest payments and excluding the effect of netting agreements:

	Nominal interest rate	Year of maturity	Carrying value liability/ (asset) £'000	Cash outflows £'000	In less than one year £'000	Between one and two years £'000	Between two and five years £'000	In more than five years £'000
As at 31 March 2021								
Non-derivative financial liabilities								
Trade payables	-	2021-2022	5,275	(5,275)	(5,275)	-	-	-
Bank loan	2.35%+libor	2026	138,047	(157,613)	(3,437)	(3,437)	(150,739)	-
Bank loan	5%	2032	63,580	(101,768)	(3,250)	(3,250)	(10,270)	(84,998)
Leases	5%	2021-2027	2,009	(2,263)	(982)	(478)	(593)	(210)
Related party payable	8%	2045	206,907	(608,531)	(16,734)	(16,734)	(50,203)	(524,860)
Total			**415,818**	**(875,450)**	**(29,678)**	**(23,899)**	**(211,805)**	**(610,068)**
Derivative financial liabilities/assets								
Derivative financial liabilities	1.26%	2023	2,578	(2,996)	(1,240)	(1,240)	(516)	-
Derivative financial assets	0.4%	2026	(1,082)	-	-	-	-	-
Total			**1,496**	**(2,996)**	**(1,240)**	**(1,240)**	**(516)**	**-**
As at 31 March 2020								
Non-derivative financial liabilities								
Trade payables	–	2020-2021	2,702	(2,702)	(2,702)	–	–	–
Bank loan	2.35%+libor	2023	244,817	(271,431)	(6,822)	(6,803)	(257,806)	–
Finance Lease	5%	2020-2027	2,825	(3,208)	(1,068)	(973)	(820)	(347)
Related party payable	8%	2045	217,548	(661,223)	(17,058)	(17,058)	(51,175)	(575,932)
Total			**467,892**	**(938,564)**	**(27,650)**	**(24,834)**	**(309,801)**	**(576,279)**
Derivative financial liabilities								
Derivative financial liabilities	1.26%	2023	6,129	(6,150)	(1,822)	(1,822)	(2,506)	–
Total			**6,129**	**(6,150)**	**(1,822)**	**(1,822)**	**(2,506)**	**–**

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The Group does not have a material exposure to exchange rates and equity prices.

Market risk – interest rate risk

The Group adopts a policy of limiting exposure to changes in interest rates on borrowings. The Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. At 31 March 2021 75% (FY20: 84%) of the Group's term loan is subject to an interest rate swap.

A hedge is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. Ineffectiveness may occur due to:

- any fair value adjustments on the interest rate swaps which is not matched by the loan;
- changes in critical terms between the interest rate swaps and loans; and
- the effects of the forthcoming reforms to GBP LIBOR, because these might take effect at a different time or have a different impact on the hedged item and the hedging instrument.

At 31 March 2021 a balance of £0.8m (FY20: nil) is held within the cash flow hedge reserve in relation to discontinued hedges where the forecast cash flows are still expected to occur. This is being released to finance costs in the income statement on a straight line basis to August 2023.

Profit or loss is sensitive to higher/lower interest costs from changes in interest rates as a result of the element of the Group's term loan that is not hedged. The impact of an increase/decrease in interest rates of 1% is a decrease/increase in the Group's profit before tax of £0.3m (FY20: £0.4m).

21. Leases and commitments

	2021 £'000	2020 £'000
Current	882	922
Non-current	1,127	1,903
Lease liabilities at 31 March	**2,009**	**2,825**

Capital commitments

During the year, the Group entered into various contracts relating to the purchase of capital equipment:

	2021 £'000	2020 £'000
Capital commitments contracted but not provided for	2,448	1,012
	2,448	**1,012**

The Group has other commitments that are outside the scope of IAS 17 and IFRS 16 relating to site access. These commitments have a duration of between 12 months and 21 years and are a mix of fixed and variable rentals. The cash outflows in the year were £0.9m (FY20: £1.0m).

22. Related parties

(a) Transactions with key management personnel

Key management personnel comprise the Directors of the Company and the Directors of the Governing Company.

Directors' shareholdings

None of the Directors had an interest in the shares of the Company.

Remuneration

The key management personnel of the Group are considered to be the Directors of the Company and the Directors of the Governing Board. Their remuneration was as follows:

	2021 £'000	2020 £'000
Short-term employee benefits (including employer national insurance)	**1,897**	1,704
Post-employment benefits	**64**	50
	1,961	**1,754**

Notes forming part of the financial statements continued

For the year ended 31 March 2021

22. Related parties continued

The aggregate of emoluments and amounts receivable under long-term incentive schemes and post employment benefits of the highest paid Director of the Group were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	733	630
Post employment benefits	41	27

(b) Other related party transactions

3i Infrastructure plc (3iN), a company incorporated in the Channel Islands, is the Company's ultimate parent company. 3iN therefore has the ability to exercise a controlling influence through its shareholding in each of the wholly-owned subsidiaries (the '3i Holding Companies') through which it owns the entire issued share capital of the Company. The Directors therefore consider 3iN and each of the 3i Holding Companies to be related parties.

Related party transactions occurring during the year and balances outstanding at the year end are as follows:

	Value of transactions 2021 £'000	Value of transactions 2020 £'000	Outstanding payable 2021 £'000	Outstanding payable 2020 £'000
3i Infrastructure PLC	(27,609)	(35,235)	(206,907)	(217,548)
	(27,609)	**(35,235)**	**(206,907)**	**(217,548)**

Transactions for the year comprise repaid loan notes together with associated interest. There were no other transactions between the Company and either 3iN or any of the 3i Holding Companies during the year, there were no other balances outstanding between the Company and either 3iN or any of the 3i Holding Companies at the year end.

In the year ended 31 March 2021 the Company repaid loan notes totalling £6.3m (FY20: £17.1m). The Company paid interest of £21.3m (FY20: £18.0m).

23. Ultimate parent company and parent company of larger Group

3i LFG Topco Limited, a company registered in Jersey, is the Company's immediate parent and sole shareholder. The ultimate parent and controlling entity is 3i Infrastructure plc, a company registered in Jersey.

Infinis Energy Group Holdings Limited is the largest and smallest group for which consolidated financial statements are prepared of which the Company is a member.

24. Subsequent events

There were no subsequent events.

Company statement of financial position

At 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Investments	26	237,730	248,230
		237,730	**248,230**
Current assets			
Trade and other receivables	27	643	4,158
Cash and cash equivalents		7	44
		650	**4,202**
Total assets		**238,380**	**252,432**
Non-current liabilities			
Trade and other payables	28	206,907	213,230
		206,907	**213,230**
Current liabilities			
Trade and other payables	28	2,290	7,884
		2,290	**7,884**
Total liabilities		**209,197**	**221,114**
Net assets		**29,183**	**31,318**
Equity			
Called up share capital	29	35,000	35,000
Retained earnings		(5,817)	(3,682)
Total equity		**29,183**	**31,318**

The Company reported a loss of £2,135,000 for the year ended 31 March 2021 (2020: £1,991,000 loss). The financial statements were approved by the Board of Directors on 27 July 2021 and were signed on its behalf by:

K Reid
Director

S S Pickering
Director

Company number: 10432005

The notes on pages 82 to 85 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 March 2021

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019	**35,000**	**(1,691)**	**33,309**
Loss for the year	–	(1,991)	(1,991)
Total comprehensive expense	**-**	**(1,991)**	**(1,991)**
At 31 March 2020	**35,000**	**(3,682)**	**31,318**
Loss for the year	–	(2,135)	(2,135)
Total comprehensive expense	**-**	**(2,135)**	**(2,135)**
At 31 March 2021	**35,000**	**(5,817)**	**29,183**

The notes on pages 82 to 85 form part of these financial statements.

Notes forming part of the Company financial statements

For the year ended 31 March 2021

Accounting policies

Basis of preparation

Infinis Energy Group Holdings Limited (the 'Company') is a private company limited by shares and incorporated in England in the UK. The Company's registered office is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

The Company has adopted Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101 ') in these financial statements.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is included in the consolidated financial statements of Infinis Energy Group Holdings Limited. The consolidated financial statements of Infinis Energy Group Holdings Limited are set out on pages 55 to 79.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Infinis Energy Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently with the year ended 31 March 2020.

Measurement convention

The financial statements have been prepared under the historic cost basis.

Going concern

As explained in the Directors' report on page 46 the financial statements have been prepared on the going concern basis.

Profit and loss account

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year ended 31 March 2021 or for the year ended 31 March 2020.

Tax

Current tax is the expected tax payable (or receivable) on the taxable income/expense for the year, using tax rates enacted or substantively enacted by the year end. Taxable profit differs from net profit in the profit and loss account because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Amounts owed by Group undertakings

For amounts owed by group undertakings, the Company first determines the 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk. If external or internal rating information is available, the expected credit loss is determined based on the basis of this data. If no rating information is available, the Company determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk.

Notes forming part of the Company financial statements continued

For the year ended 31 March 2021

Accounting policies continued

Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each year end to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the year end. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Investments

Fixed asset investments reflect investments in subsidiaries and are shown at cost less any provision for impairment.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables , cash and cash equivalents and trade and other creditors. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition they are measured as described below:

Trade and other receivables

Trade and other receivables are carried at original invoice amount less any allowance for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off in the income statement when identified.

Trade and other payables

Trade and other payables are carried at cost.

Key judgments and sources of estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. There are no critical accounting judgments. The key accounting judgments and estimates are explained below.

Impairment of investments

In assessing impairment, judgment is required to establish whether there has been any indicators of impairment, either internal or external. Where there is a need to determine the recoverable value of an investment this requires judgments and assumptions related to the expected future cash flows to be derived from the investment.

25. Directors and employees

None of the Directors received any remuneration or benefits from the Company during the current year or prior year. The Company had no employees during the year.

26. Investments

	Shares in group undertakings £'000	Amounts owed by group undertakings £'000	Total £'000
Cost			
At 31 March 2019	**35,000**	**230,280**	**265,280**
Repayments	–	(17,050)	(17,050)
At 31 March 2020	**35,000**	**213,230**	**248,230**
Repayments	–	(10,500)	(10,500)
At 31 March 2021	**35,000**	**202,730**	**237,730**
Net book value			
At 31 March 2021	**35,000**	**202,730**	**237,730**
At 31 March 2020	**35,000**	**213,230**	**248,230**

Amounts owed by Group undertakings comprise loan notes and are due for repayment in 2045 and attract interest at a rate of 8%, payable at half yearly intervals.

At 31 March 2021 the Company had the following investments in subsidiaries, associates and jointly controlled entities:

Directly held by the Company:		
Infinis Energy Management Limited		
Indirectly held by the Company:		
Alkane Biogas Limited		In members voluntary liquidation
Alkane Energy CM Holdings Limited		In members voluntary liquidation
Alkane Energy CM Limited		
Alkane Energy Limited		
Alkane Energy UK Limited		
Alkane Services Limited		In members voluntary liquidation
Aveley Methane Limited		In members voluntary liquidation
Barbican Bidco Limited		In members voluntary liquidation
Barbican Holdco Limited		In members voluntary liquidation
Bidston Methane Limited	50% owned	
Blackborough End Energy Limited		In members voluntary liquidation
Costessey Energy Limited		
Gengas Limited		
Infinis (COE) Limited		In members voluntary liquidation
Infinis (Re-Gen) Limited		
Infinis Alternative Energies Limited		
Infinis China (Investments) Limited		In members voluntary liquidation
Infinis Energy Services Limited		
Infinis Energy Storage Limited (formerly Infinis Acquisitions Limited)		
Infinis Hydro Holdings Limited		In members voluntary liquidation
Infinis Limited		
Infinis Solar Developments Limited	Incorporated 21 August 2019	
Infinis Solar Holdings Limited	Incorporated 20 August 2019	
Infinis Solar Limited (formerly Reg Ling Hall Solar)		
Leven Power Limited		
Mayton Wood Energy Limited		
MW Renewables Limited		In members voluntary liquidation
Novera Energy Generation No. 1 Limited		
Novera Energy Generation No. 2 Limited		
Novera Energy Generation No. 3 Limited		
Novera Energy (Holdings 2) Limited		
Novera Energy Limited		In members voluntary liquidation
Novera Energy Operating Services Limited		
Novera Energy Services UK Limited		In members voluntary liquidation
Regent Park Energy Limited		
Renewable Power Generation Limited		
Rhymney Power Limited		
Seven Star Natural Gas Limited		

The Company has undertaken a project over the last two years focused on a proactive reduction in the number of intermediate non-trading holding companies, and smaller legacy trading entities typically containing one operating site. Following a period of due diligence, where applicable each of the trade, assets and liabilities are transferred to another Group company to facilitate the solvent liquidation of the companies through a members voluntary liquidation process. As at March 2021 12 subsidiaries (March 2020: 14) were in members voluntary liquidation process and are expected to complete the liquidation process in the next twelve months.

Notes forming part of the Company financial statements continued

For the year ended 31 March 2021

26. Investments continued

The subsidiary undertakings operate and were incorporated in England and Wales, and were 100% owned, unless otherwise stated, as at 31 March 2021. The voting rights are the same as the percentage holding. The registered office addresses of the subsidiaries are as follows:

England and Wales:
First Floor
500 Pavilion Drive
Northampton Business Park
Northampton
NN4 7YJ

The registered office addresses of those UK subsidiaries in liquidation are as filed and available on the Companies House website.

27. Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by Group companies	643	4,158
	643	**4,158**
Current	**643**	4,158

28. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	-	4
Corporation tax payable	2,290	3,562
Amounts owed to related parties	206,907	217,548
	209,197	**221,114**
Non-current	206,907	213,230
Current	2,290	7,884

Amounts owed to related parties are detailed in note 22.

29. Called up share capital

	Issued share capital 2021 Number	Issued share capital 2020 Number	Aggregate nominal value 2021 £'000	Aggregate nominal value 2020 £'000
Allotted, called up and fully paid				
At beginning of the year– ordinary share of £1	35,000,001	35,000,001	35,000	35,000
At 31 March	**35,000,001**	**35,000,001**	**35,000**	**35,000**

30. Related party disclosures

3i LFG Topco Limited, a company registered in Jersey, is the Company's immediate parent and sole shareholder. The ultimate controlling entity is 3i Infrastructure plc, a company registered in Jersey. Refer to note 22 for further details in relation to related parties.

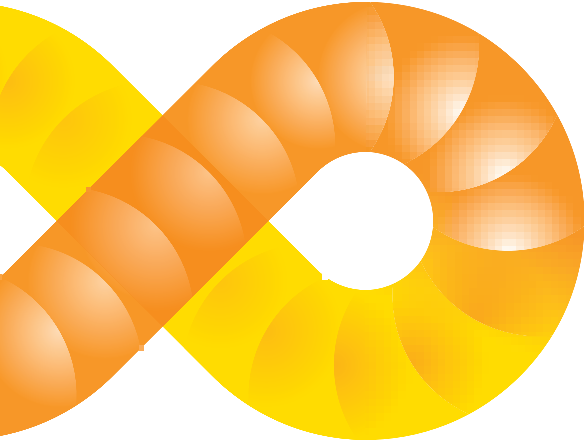
Glossary

The following definitions apply throughout the annual report and accounts unless the context requires otherwise:

3iN	3i Infrastructure plc, the Company's ultimate shareholder
3i/3i Group	3i plc and the group of companies of which 3i Group plc is the parent or for which any such company is investment adviser
AFR	accident frequency rate
APM	alternative performance measures
ASP	average selling price defined as revenue recognised in the year divided by exported power. It includes an element of ROC revenue, known as the recycled element, which is received following the publication of the recycle price by Ofgem
Audit Committee	the audit committee of the Board
BEIS	Department for Business, Energy and Industrial Strategy
BM	balancing mechanism
Board	the Board of Directors of the Company
BSUoS	Balancing Services Use of System
Capacity Market	mechanism to ensure that electricity supply meets demand
CAPEX	capital expenditure
CGU	cash generating unit
CLM	Captured Landfill Methane
CMM	Captured Mineral Methane
Company or Infinis	Infinis Energy Group Holdings Limited, a Company incorporated in England and Wales with registered number 10432005 whose registered office is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ
Corporate Governance Policy	formal policy of the governance arrangements of the Infinis Group approved by the Board and 3iN
COVID-19	Corona Virus Disease 2019
CSR	corporate social responsibility
DDA	demand dominated areas
Directors	the Executive and Non-executive Directors of the Company
DNOs	distribution network operators
DSOs	distribution system operators
EBITDA	earnings before interest, tax, depreciation, amortisation and , impairment and operating exceptional items
EGC	European General Court
ESO	electricity system operator
Executive Committee	the Executive Committee of the Board
Executive Directors	member of the Executive Committee as set out on page 41 to 42
FCA	the UK Financial Conduct Authority
FY20	the financial year ended 31 March 2020
FY21	the financial year ended 31 March 2021
FY22	the financial year ending 31 March 2022
GAAP	Generally Accepted Accounting Practice
GDUoS	Generator Distribution Use of System
Governing Board	the Board of Directors of the Governing company
Governing Company	Infinis Energy Management Limited
Government	the Government body of the UK
Group	the Company and its subsidiaries within the meaning of section 1162 of the Companies Act 2006
GWh	gigawatt hour
HSQE	health, safety, quality and environmental
HSQ&EC	health, safety, quality and environmental compliance

Glossary continued

IAS	International Accounting Standard
IFRSs	International Financial Reporting Standards as adopted by the European Commission for use in the European Union
Infinis Group	the Company and its subsidiaries
IRR	internal rate of return
kWh	kilowatt hour
LNG	liquified natural gas
LTIP	Long term incentive plan
M&A	Mergers and acquisitions
MCPD	Medium Combustion Plant Directive
MW and MWh	megawatt and megawatt hour
Ofgem	Office of Gas and Electricity Markets
OPEX	operating expenditure
Ordinary shares	the ordinary shares with a nominal value of £1 each in the capital of the Company
PPA	power purchase agreement
PR	Power Response
Relevant Interest	(i) 10% or more of the ordinary shares; (ii) 10% or more of the shares in any parent undertaking of the Company; or (iii) 10% or more of the voting power in the Company or any parent undertaking of the Company, and for the purposes of calculating a Relevant Interest, the holding of shares or voting power of a person includes any shares or voting power held by another person, if they are acting in concert
Remuneration Committee	the remuneration committee of the Board or a sub-committee of it
RIDDOR	the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
RO	Renewables Obligation, the financial mechanism by which the Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty
ROC	Renewables Obligation Certificate
RoSPA	Royal Society for the Prevention of Accidents
SCR	significant code review
Senior management	as defined in section 414(C) of the Companies Act 2006
Senior Management Team (SMT)	the team of individuals who have the day-to-day responsibilities of managing the Company
Shareholder	a holder of ordinary shares
Shareholder Directors	as set out on page 41 to 42
SRMC	short run marginal contribution
TCR	Ofgem targeted charging review
Triads	the three 30-minute time periods with highest energy demand between November to February each year
TWh	terawatt hour
UK	the United Kingdom of Great Britain and Northern Ireland
VAT	value added tax
Walker Guidelines	The Walker Guidelines for Disclosure and Transparency in Private Equity published by the Private Equity Reporting Group
Website	www.infinis.com



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Learn more online, at
www.infinis.com