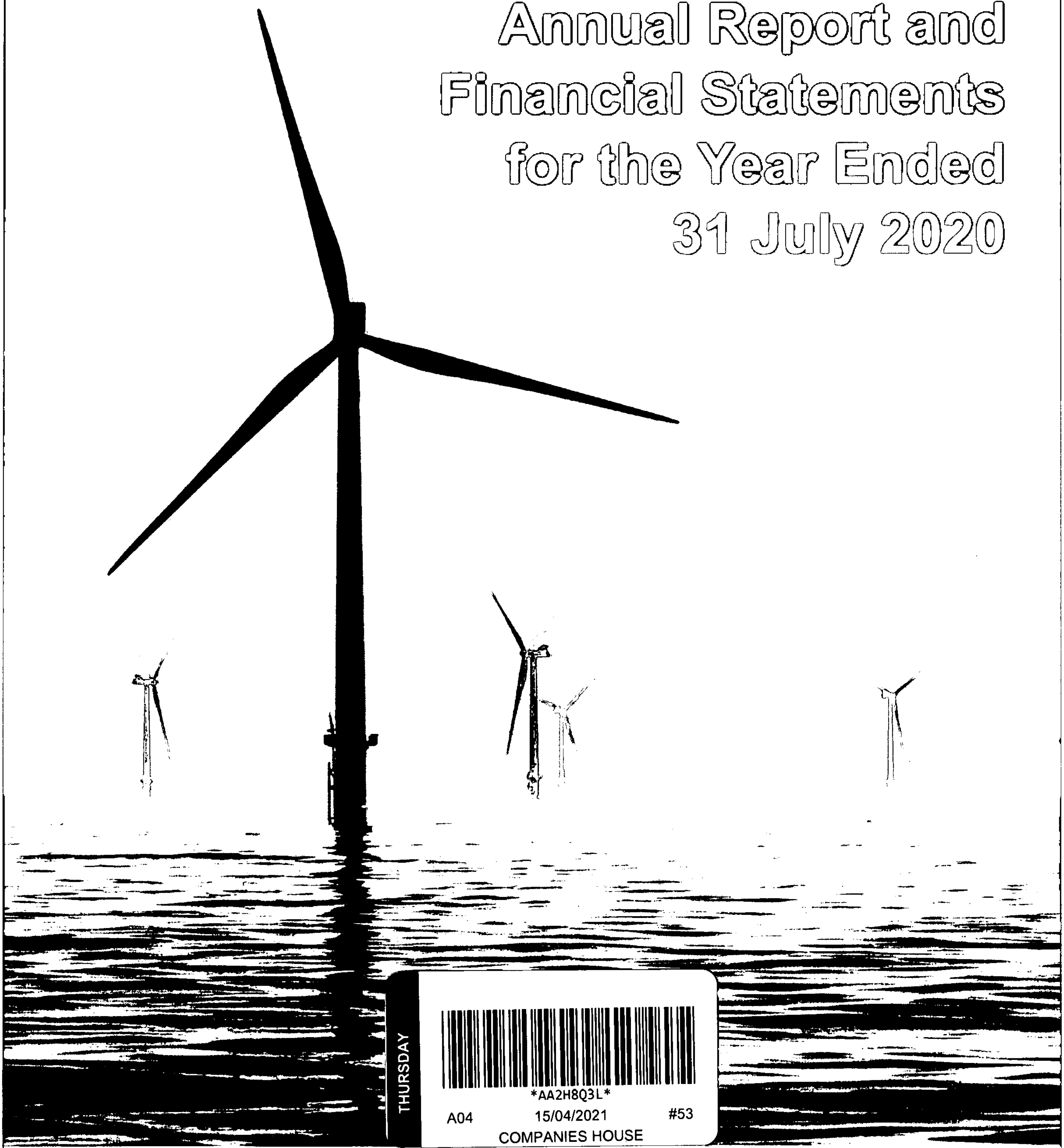
Registration number: 06409712

InfraStrata plc Annual Report and Financial Statements for the Year Ended 31 July 2020




Islandmagee Gas Storage Project
Harland & Wolff Belfast
FSRU project
London – Infrastrata Headquarters
Harland & Wolff Appledore

Contents

4
Chairman's Report

8 to 30
Chief Executive Officer's Strategic Report

32 to 35
Chief Finance Officer's Report

36 to 45
Directors' Report

46 to 49
Independent Auditor's Report

51
Consolidated Statement of Comprehensive Income

52
Consolidated Statement of Financial Position

53
Company Statement of Financial Position

54 to 55
Consolidated Statement of Changes in Equity

56 to 57
Company Statement of Changes in Equity

58
Consolidated Statement of Cash Flows

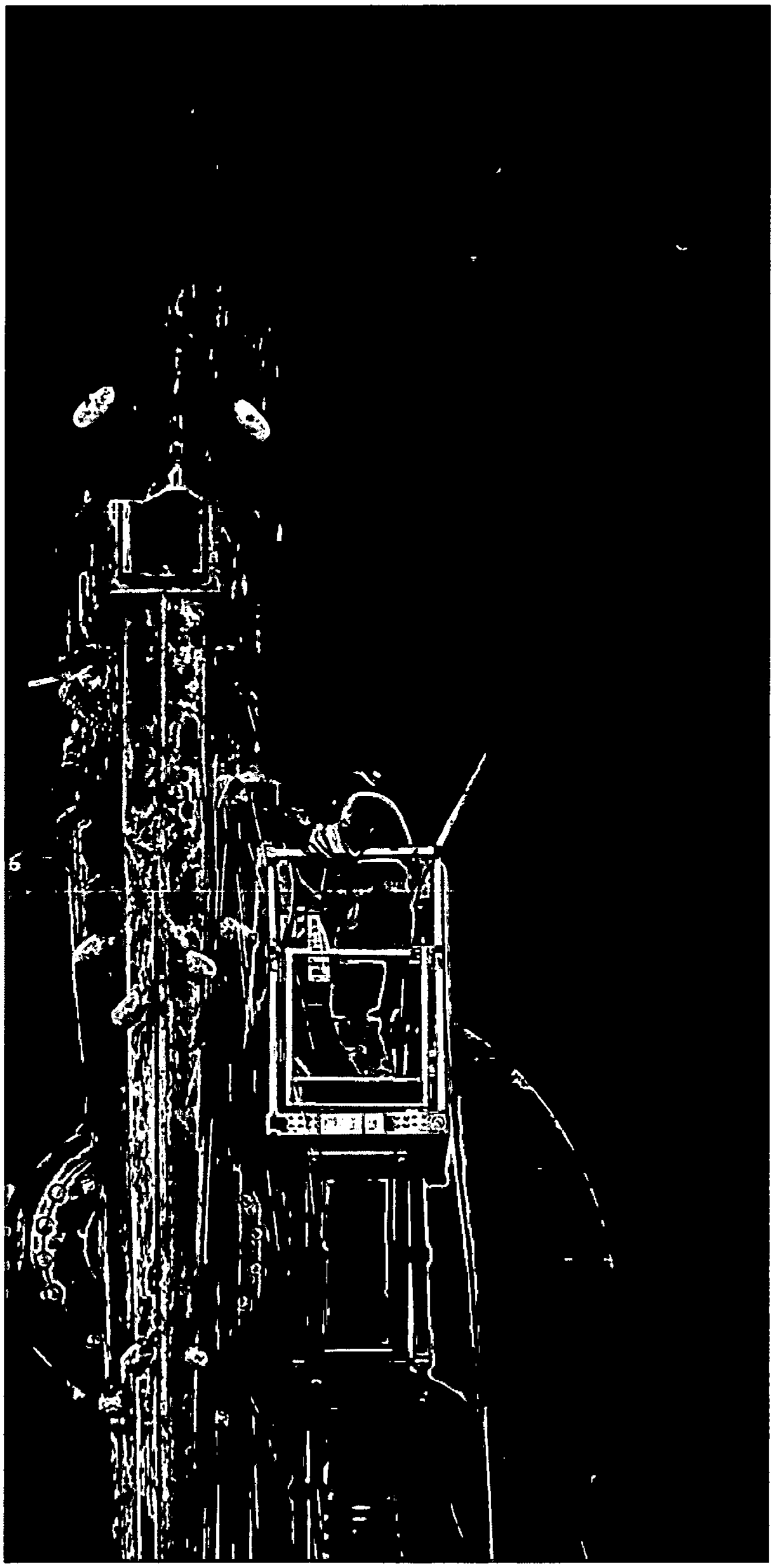
59
Company Statement of Cash Flows

60
Consolidated Net Debt Reconciliation

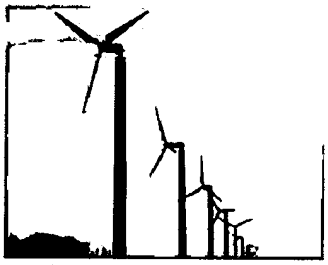
60
Company Net Debt Reconciliation

61 to 82
Notes to the Financial Statements

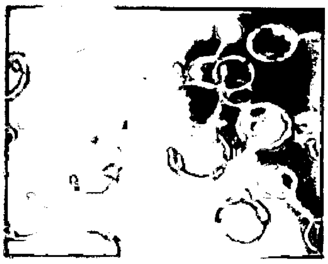
IBC
Company Information



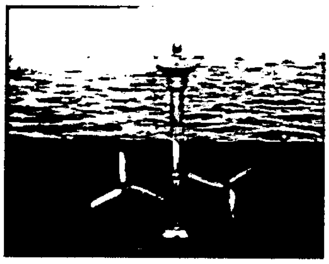
Our Business Model



Wind and floating wind

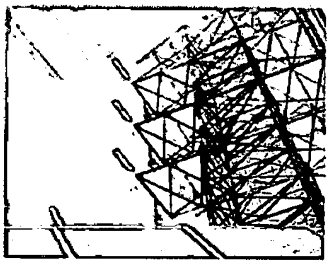


Hydrogen

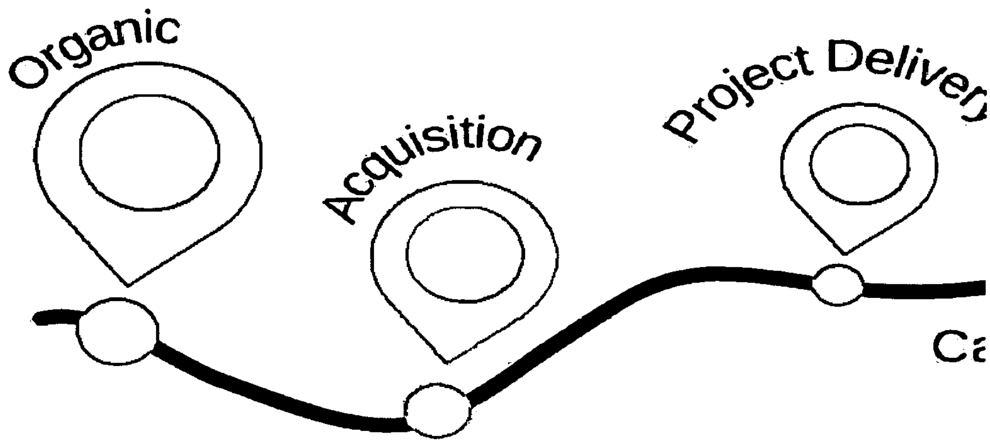


Tidal

Battery

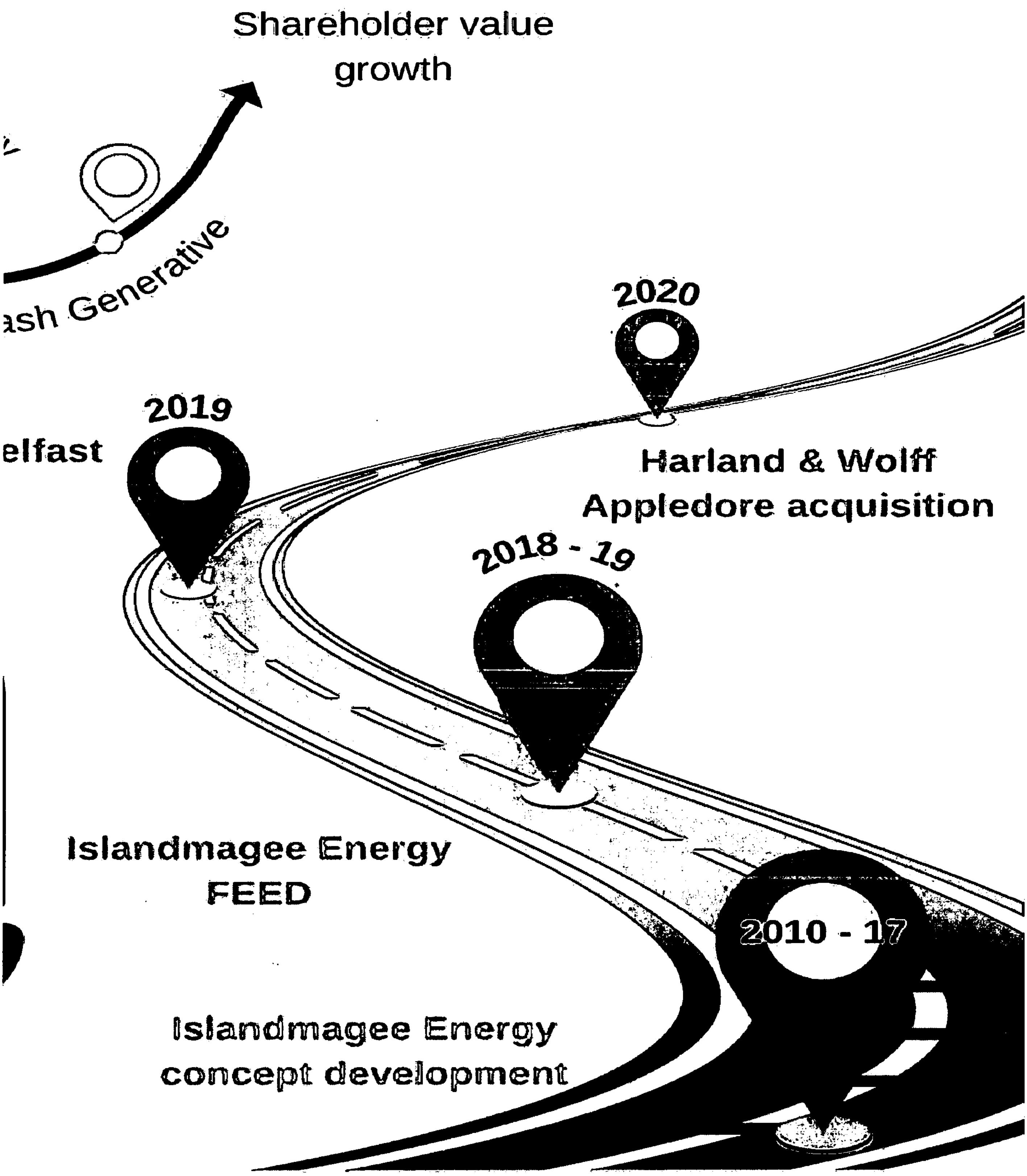


Energy Infrastructure



Harland & Wolff B
acquisition

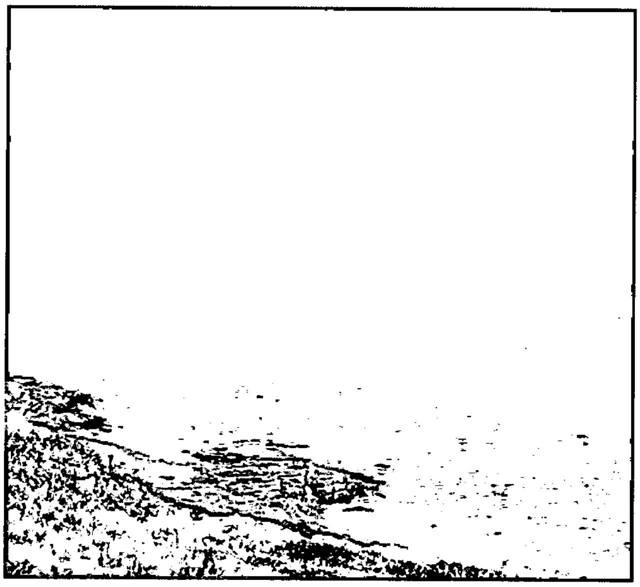
> *"Heavy engineering, fabrication, project development and operation of strategic infrastructure assets are in our DNA through our existing projects and our future vision."*


Shareholder value growth
ash Generative
2019
elfast
2020
Harland & Wolff Appledore acquisition
2018 - 19
Islandmagee Energy FEED
2010 - 17
Islandmagee Energy concept development

Chairman's Report for the Year Ended 31 July 2020

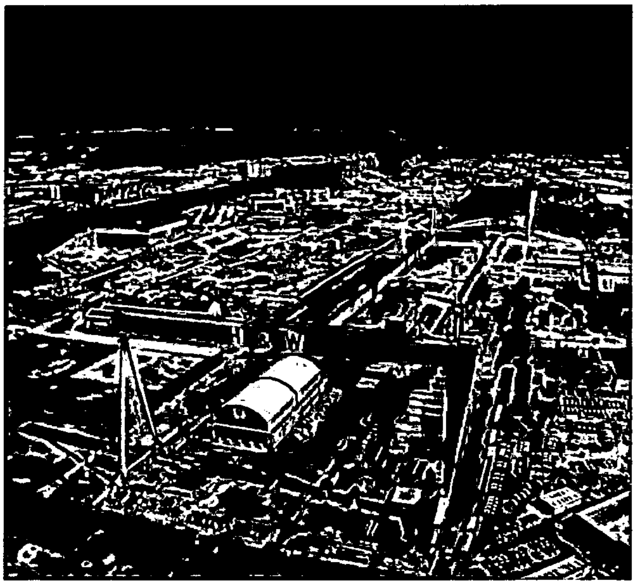
I am delighted to be writing my first report as Chairman of InfraStrata plc (the Company), following my appointment on 1st February 2020. It has been a privilege to chair the Company during this challenging period and to see it continue to prosper, despite the impact of the Covid-19 pandemic. This is testament to the hard work and dedication of the entire executive team, ably led by our CEO, John Wood. Following the stabilisation of the Islandmagee gas storage project and the acquisition of the Harland & Wolff shipyard in 2019, the Board has turned its attention to growth and continued its strategy of developing multiple strategic infrastructure projects, enhancing revenue opportunities and carefully managing cash balances as we monetise those projects.

2020 was a notable year for the Company, with the end of the consultation period on the application for a marine licence for the brine discharge from the Islandmagee gas storage facility (the IM project), the commencement of operations at the Harland & Wolff (Belfast) shipyard (H&W), partnership negotiations on the Floating Storage and Regasification project at Barrow-in-Furness (the FSRU project), the raising of £9m of additional equity on the AIM market in July and, just after the end of this financial year, the acquisition of the land and assets at the Appledore Shipyard in Devon. Finally, we were delighted to secure a further raise of c£7.40m, announced at the end of December 2020, which was supported strongly by existing and new shareholders.



Islandmagee Gas Storage Project

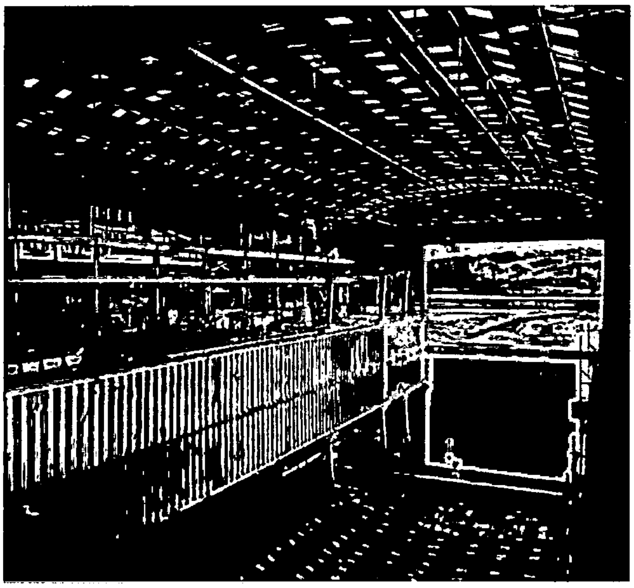
The 42-day consultation process on the IM marine licence application concluded in March this year and we now await the decision of the Department of Agriculture, Environment and Rural Affairs (DAERA). The Company firmly believes that it has now completed all formalities regarding the marine licence application and that no further work should be required. The matter is now in the hands of DAERA and we continue to cooperate closely with the Department and offer any further assistance that they might require. There is no doubt that the Covid-19 pandemic has disrupted the work of Government departments and there is no certainty on how long this disruption may continue. However, we will continue to work hard to remove this last impediment to a final investment decision. Latest discussions with DAERA as announced to the market indicates a determination on the Marine Licence will be made by the end of Q1 2021 and we will work with DAERA to ensure that this timeline is met. We are delighted that our offtake partnership with Vitol remains in place and indeed, that bipartite discussions are continuing with other interested parties. The Company remains confident that, once the marine licence has been secured, we will move very rapidly to a final investment decision and the next stage of this exciting project.



Harland & Wolff (Belfast)
Following the completion of the acquisition of H&W (Belfast) on 5th December 2019, the yard was reactivated and a carefully planned capital expenditure programme was put in place to ensure that the yard could very quickly accept vessels for repair and refurbishment, such that the Company's objective of achieving a cash break-even position could be realised within a calendar year. A new leadership team has been recruited and has been focussed on rebuilding the capability of the yard across multiple sectors and offerings, whilst carefully managing the reactivation of facilities as work is won. Spanning five key markets; cruise and ferry, defence, commercial fabrication, oil & gas and renewables, H&W operates six core services; technical services, fabrication & construction, repairs & maintenance, in-service support, conversions and decommissioning.

We are delighted to have established a strong reputation with blue-chip clients such as Stena, P&O, Irish Ferries etc., and we are confident that we will continue to build our customer base, despite the slowdown being experienced in some sectors of the shipping market due to the impact of the pandemic. H&W (Belfast) is also focussed on bidding for major defence programmes alongside establishing a Teaming Agreement with Navantia for the UK MoD Fleet Solid Support Warships requirement - a proposed fleet of three supply ships for the Royal Fleet Auxiliary. As further announcements are made by the Ministry of Defence over the course of 2021, we shall be keeping the market informed.

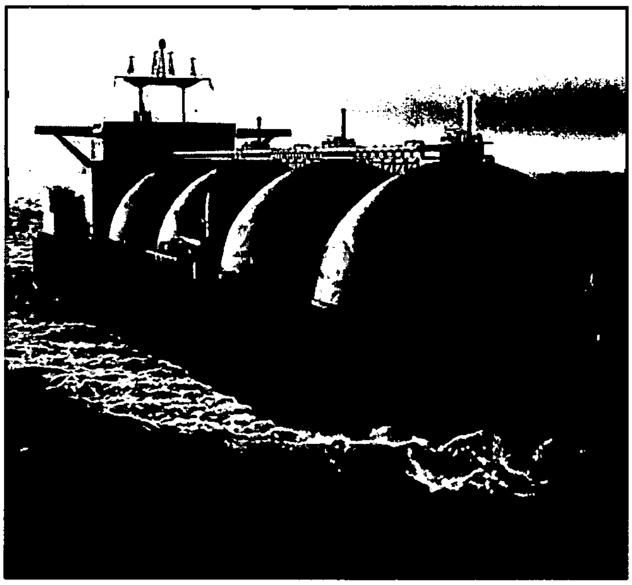
Due to the Covid-19 pandemic, trading conditions at H&W (Belfast) have remained tough for the first half of the new financial year and achieving our target of cash break-even for the next full year period, would, I believe, be an excellent result following the first year of operations at H&W (Belfast).



Harland & Wolff (Appledore)
The Company has demonstrated its ability to capitalise on opportunities quickly as they arise and this was demonstrated again in August through the acquisition of the land and assets at the Appledore shipyard in Devon, for a total consideration of £7m. We were delighted to receive the Prime Minister, Rt. Hon. Boris Johnson MP, at the yard on the day of the announcement and to hear, first-hand, his commitment to supporting the National Shipbuilding Strategy for the UK. The Company believes that there is a compelling case for the acquisition of the Appledore yard, to operate in tandem with H&W (Belfast) under the latter's corporate identity.

H&W (Belfast)'s core competence lies in vessels that require a dock length in excess of 300 metres. With two dry docks at 356 metres and 556 metres in length respectively, H&W (Belfast) has the largest drydock capability in the UK and the second largest in Europe which, therefore, puts it in a prominent position in relation to larger vessels. H&W (Appledore), on the other hand, will focus on the smaller vessel in the market, requiring a dock length of 119 metres. There are very few shipyards in the UK that can offer this type of undercover building dock and repair facility and, given the number of sovereign vessels required in this category over the next ten years, the Company believes that this is a market segment that cannot be ignored. H&W (Appledore) will operate across the five markets and six core services targeted by H&W (Belfast) and the Company is confident that together, the two yards can access a significant short, medium, and long-term market opportunity. It is important to note that we do not envisage meaningful expenditure at H&W (Appledore) until work is secured - a strategy that we have deployed successively at H&W (Belfast).

Chairman's Report for the Year Ended 31 July 2020 (continued)



FSRU Project
The Company continues to negotiate the required agreements with potential partners to put in place the FSRU project in Morecambe Bay, Barrow-in-Furness. Technical and commercial due diligence has been completed and we continue to see significant interest from globally recognised Liquefied Natural Gas (LNG) companies, across the spectrum of the LNG supply chain. We have not yet formed the optimum partnerships and it is important that we do not commit funding to this project until a clear route forward is mapped out.

We remain on the bench and are viewed as the partner of choice for the project. When we consider conditions to be right, we will be in a strong position to move forward to the Front End Engineering and Design phase of the project. We continue to be confident that, at that time, we will have access to the required funding for further investment in this potentially lucrative project.

Future Projects
With the continuing focus on cleaner energy and carbon emissions, we believe that natural gas will become the feedstock for power generation and will overhaul coal and fuel oil consumption at power stations as alternative energy sources come on-line. Equally, given current government policy and the impetus being provided to kickstart what is termed as the "Green Industrial Revolution", we must focus our attention on exciting renewable energy projects and new technologies.

We will continue to remain aligned with government policy. More importantly, definitive market soundings and routes to funding will determine which energy infrastructure projects we prioritise and monetise.

Investor Backing
Given our continued success in identifying exciting infrastructure projects and positioning the Company for further investment and growth, the Board decided in March of this year that further equity would be required to fund the Company's ambitious programme throughout the next financial year. I am delighted that in July the Company was able to announce that it had raised an additional £9m of equity through a placing on the Alternative Investment Market in London and that, in addition to existing retail and institutional investors increasing their shareholdings, we attracted new institutions into the share register. A further £7.4m was announced to be raised by the Company in December. The overarching rationale for the placings was to strengthen the Company's balance sheet and provide management with the growth capital needed to buy new assets and to win key contracts that will underpin the growth of the Company and enable it to maximise its potential. On any measure, the placings were a great success and I warmly welcome our new shareholders and thank existing shareholders for your continued support.

The InfraStrata Team
As the Company's operations expand and its revenues grow, we continue to recruit talented people at an operational and corporate level. Our current focus is on HR, Finance and Project Management support and I have been delighted to welcome several new additions to the team in the last few months. However, it is important to note that we continue to be fully aware of the need to balance increased overhead costs with additional revenue, and only increase our cost base at a level that is sustainable.

At Board level, we continue to strengthen governance and the Non-Executives are encouraged to constructively challenge the Executive team on major decisions. Given this increased Board workload, and following the acquisition of Appledore, it was with regret that I accepted the resignation of Deborah Saw as a Non-Executive Director, for personal reasons. The Board is actively working to replace Deborah but would like to place on record its thanks for her help and counsel in the months that she served.

Finally, I thank those who have been supportive of the Company this year and in the past, our team, our shareholders, our customers, our suppliers and partners. The Company is confident that, with your continued support, we will continue to prosper.

Mr C R Richardson
Director

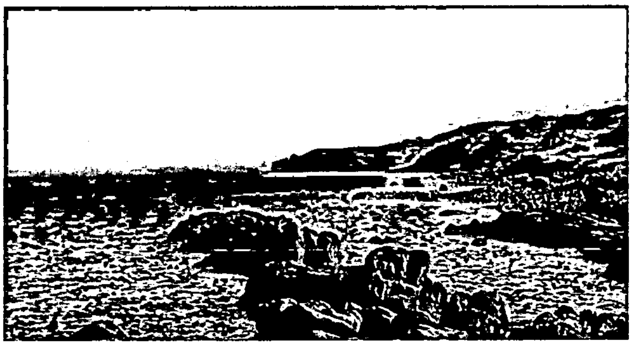
Strategic Report

Chief Executive Officer's Strategic Report

Overview
We entered 2020 with excitement for the year ahead having just accepted the keys to the iconic Harland & Wolff facility in Belfast. However, none of us could have expected the tsunami of disruption that we encountered this year across our entire business as a result of COVID-19.

Whilst it has been tough, I am extremely proud of the way our team has dealt with the various challenges thrown at them, some of which were very unexpected, for example, when the initial lockdown was announced we saw the cancellation of numerous dry dockings (some contracted for and others close to contract execution) totalling tens of millions of pounds within a single week. Many companies took the easier path of furloughing employees and riding out the storm. We, on the other hand, made the strategic decision to carry on and utilise the downtime to our advantage by bringing forward planned maintenance work which would inevitably enable us to capitalise on the resurgence in activity that we expect to see in the maritime industry towards the end of the current COVID environment. At every stage, the health and safety of all our employees and that of the environment has been at the forefront of every discussion and decision. I am pleased to report that with the various measures put in place from social distancing to regular sanitising, our facilities have remained open for business throughout this tumultuous period. I wish to place my heartfelt thanks to the entire management team and the workforce for their commitment to keeping our yard open for business.

I set out some clear objectives to further realise our Group strategy in 2020:



Islandmagee, Northern Ireland

1. Delivering the Final Investment Decision ("FID") for our Islandmagee Gas Storage Project

Given the amount of interest in the award of our Marine Construction License, it is now more likely than ever that Final Investment Decision (FID) on the Islandmagee Gas Storage Project will be taken after the license has been awarded. We remain of the firm opinion that there is no reason why the marine license will not be granted, given that we are dealing with proven technology, meeting and, in some cases, exceeding environmental regulations, and have a legal opinion on the consultation process. This project is effectively a transition project that will help facilitate the UK government's clean energy 2050 targets. It is quite clear that natural gas will be consumed for many years to come as we have only just started the real transition away from coal. We expect that natural gas will be the transitional fuel of choice as we progress towards a greener future with renewables and hydrogen. We remain sure that salt caverns are critical not only to facilitate the transition but also to provide baseload security of energy supply when the wind does not blow, irradiation for solar power generation is inadequate or physical gas molecules cannot flow through existing pipeline infrastructure because of geopolitical and / or commercial impediments. As an island nation that is on the brink of a new era outside the European Union and with imported natural gas as the predominant energy provider, we believe that InfraStrata will have a large part to play in ensuring the security of energy supplies in the UK, especially on the island of Ireland. Whilst some progress has been made in relation to hydrogen and adapting everyday products to use it the key will be mass production, monetisation and storage of hydrogen as well as the ability to blend it back into the network. Subject to further consents, our facilities at Islandmagee will be strategically well placed to capitalise on this transition in the future.

Having held meetings with Northern Ireland's First Minister and Minister for the Economy in the devolved government and the Secretary of State for Northern Ireland, we firmly believe that there has been, eventually, a realisation that this project is critical, not only for the security of energy supply but also for providing primary, secondary and tertiary employment in a desperately needed post-COVID economic recovery.

2. Fully Integrating the Harland & Wolff Brand into InfraStrata Plc

We have now fully integrated Harland & Wolff into the InfraStrata group. As part of that process, we are now running on an integrated enterprise-wide business management system (ERP system). Whilst system integration and change management projects are complex, undertaking a substantial portion of this work whilst in lockdown has demonstrated what can be achieved by teams collaborating remotely. Our business systems are now set up for further expansion of the Group and will capitalise on operational synergies where available.

3. Achieving cash breakeven for the first twelve months of operations

I believe in setting tough but achievable goals. Whilst we have not met our cash breakeven target for the entire Harland & Wolff group, we achieved an important milestone by reaching our first month of cash breakeven on our drydock operations in October last year. Whilst not in our original plan, we had to make some key decisions at the start of lockdown in March 2020 that made our breakeven goal much harder to achieve. With the second national lockdown now upon us, there has not, unfortunately, yet been the massive upsurge in re-certification work that we expected to see at the end of 2020.

During the first national lockdown in March 2020, we made the decision to take our Belfast dock out of operation and undertake a fifteen-year cycle maintenance project along with upgrade works. This dock is one of our key assets due to its depth and access arrangements allowing it to handle some of the largest vessels. With the upcoming tender for the Queen Elizabeth aircraft carriers, we wanted to ensure that our facilities, being one of only two across the UK capable of handling these carriers, was ready for this tender. Additionally, by undertaking these upgrade works now, we have ensured that the facility would not be out of service when the anticipated high revenue projects flow into the yard once the current COVID-19 uncertainty passes. During the various lockdowns throughout the year, we have seen a greater number of emergency and routine dry dockings rather than conversion and upgrade works. Whilst the former provides a certain amount of baseload work, the latter set of contracts provide for larger revenue and cashflows as well as higher margins.

We are humbled by the amount of support that we have received from ship owners and operators globally. The overall outlook for the Belfast yard in the medium to long term is extremely positive and we have several large projects that are currently at tender stage. We expect to execute sales contracts in 2021 that have longer project lifecycles when compared to what we have today. This means that we expect to achieve cash breakeven across the business during the current calendar year and across two financial years. There is no doubt that COVID-19 has slowed our efforts down, reduced our efficiency and added costs to the business. We are several months behind where we would have liked to be at this stage in our lifecycle. However, this is not unexpected given that we operate in an environment that bears little resemblance to when we accepted the keys to the Belfast facility in December 2019. Having said that, from all accounts, the short to mid-term outlook for the shipyard across cruise & ferry, renewables and defence is looking very strong and, in fact, far better than what we had estimated. Despite lower revenues than we expected, we are pleased that we are taking all the right steps to achieve our margin target whilst operating the shipyard in a less than optimal manner. We achieved an overall margin of slightly over 20% by the year end and we expect this to grow to the c25% levels in the future.

4. Reactivating Harland & Wolff Belfast via a phased approach

When the acquisition of Harland & Wolff (Belfast) was completed on the 5th of December 2019 it was our aim to get the Belfast dock (335m) up and running immediately. This reactivation work was undertaken in short order as we welcomed a Seatruck ferry on the 23rd of December as our first project, eighteen days after the acquisition. Numerous vessels have passed through the Belfast dock over the months that have followed. With the onset of the COVID-19 pandemic, we made the decision to step up and accelerate our efforts to reactivate our larger building dock (556m) in order to enable the Belfast dock to be taken out of service for a four-month period and to undertake a fifteen-year upgrade on its dock gate.

The required works were undertaken to reactivate the building dock successfully and due credit to our team who undertook these works in an expedited manner to allow us to take advantage of a downturn in activity. All works have now been completed on the Belfast dock gate and that dock is now fully back in service such that we now have a fully functioning two dock operation. This puts us in an ideal position as we expect a major resurgence of high value docking and recertification works in 2021 as we start to see COVID-19 disruption end and business activities recover. We expect to see a sizeable amount of business in the yards as we deal with the enormous backlog of dry dockings that have been deferred by shipowners globally but now need to be conducted in order to start sailing again. Our last area of reactivation is the fabrication side of the business. Whilst a lot of work has been ongoing for internal projects, we hope to secure our first fabrication project in early 2021. Key to securing fabrication works is to have the right equipment in order to ensure efficiency. We have, therefore, ordered a robotic welding panel line which will reduce fabrication costs and increase volume flow through the facility.

Dock Gate Removal at Harland & Wolff (Belfast)

5. Developing the Harland & Wolff Brand

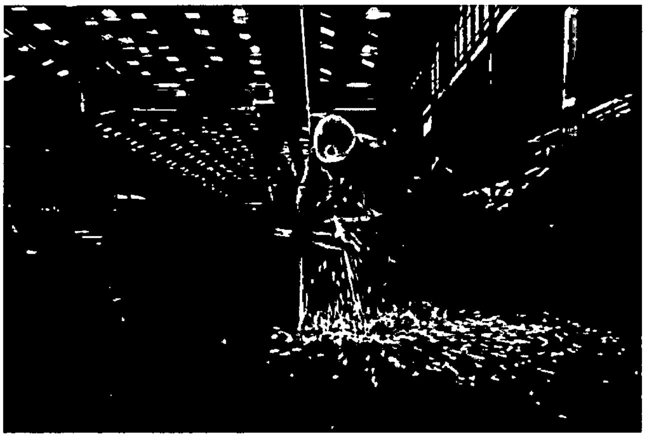
We have progressed well introducing our new brand and commercial offering to the market. When commencing trading from zero, there is a fine balance that needs to be struck between increasing overheads to generate sales and overburdening the business before it gets enough revenue-led traction. We have been very careful to strike this balance and have, therefore, brought in a small number of more experienced leaders who can cover multiple disciplines.

Acquisition Day: The Rt Hon Boris Johnson MP Prime Minister and John Wood, CEO at Harland & Wolff (Appledore)

We have been actively engaged across all of our five core markets and six sectors. As one would expect, some markets have a longer gestation period than others, but we are, nevertheless, pleased to have secured orders onboard vessels in the following markets: commercial, cruise & ferry and oil & gas which, given our relative state of infancy, is a significant achievement. As with our initial market focus, we have chosen to initially focus on some of our six sectors too. Clearly, repairs and maintenance have been our early "low hanging fruit". We believe that we are extremely close to securing our first fabrication project into the yard and given the Prime Minister's recent announcements, we consider ourselves to be well placed to capitalise on the increased focus on renewable projects with our partner Navantia who is a world leader in this area and have already delivered several large fixed and floating wind structures over the last few years. We have only scratched the surface in relation to sectors that we can build on as we move forward, and there are substantial opportunities that lie ahead.

Key to our brand development is organic growth whilst taking advantage of any opportunistic acquisitions that are a complementary fit to our strategy. Post the financial year end, we announced the acquisition of the Appledore shipyard which we are delighted to have brought into the Group. We believe that the Appledore facilities are an ideal fit, and they complement our two existing drydocks; We now have two of the largest drydocks in the UK (Belfast) and the largest small fully undercover drydock (Appledore). Strategically it is imperative to have facilities that carry a proportionate level of overhead for the type of work being undertaken. The Appledore facility is ideal for smaller vessels up to 120m given that the cost of accommodating these types of smaller vessels in Belfast would be disproportionate to the value of contracts for such vessels. The Appledore facility was traditionally only used for new build work. We have now established that there is a substantial number of sovereign vessels due for replacement over the coming years that would be an ideal fit for Appledore. In addition, we intend to ensure that the facility, where required can undertake docking works.

Just like Belfast, this facility will cater to all our key markets and sectors apart from cruise and large ferries. It was the highlight of our year to have the Prime Minister in attendance when the deal to acquire Appledore completed and to hear his passionate comments and underlying commitment to revitalise UK shipbuilding and restart vessel exports as well as marine related projects generated from the UK.



Reactivation: Steelworks at Harland & Wolff (Appledore)

We are progressing well with our objectives for this year despite the global pandemic and the chaos that COVID-19 has caused. During the year we have had to think on our feet and act fast. Being nimble across the business is one of our biggest strengths that we will continue to use this to our advantage. All aspects of our business have remained open and operational throughout the restrictions and shutdowns. Our shipyard in Belfast played a vital role during the first national lockdown, helping ensure that sea freight remained operational across the Irish Sea. In order to facilitate continued operations, we have introduced new processes and procedures not only for our own staff but also for our clients and suppliers. It is not until it is gone that we truly appreciate the high level of close human contact that we have all become accustomed to in our work and social lives. We can never become complacent, and we will continue to review and bring in additional measures as we feel are appropriate and proportional to ensure continued operations and strive to make as much progress as we can in the circumstances we find ourselves in.

The effects that we have felt and continue to feel given the unstable nature of this virus make it very hard fully forecast our expected performance for the next financial year. We are confident that we will pass our cash breakeven point for the Belfast facility in the current calendar year (2021). When market conditions settle and volatility reduces, we will endeavour to provide updates and guidance where appropriate.

During 2020 we have managed to complete three out of our five objectives and strive to get the others completed as soon as possible. We believe that we are starting to create real and demonstratable shareholder value and we will continue to build on the foundations that we have put in place through 2021 and beyond.

It is inevitable, in my opinion, that we will see significant shipbuilding back in our facilities due to the lack of capacity at other yards and the number of replacement vessels on the horizon over the next decade. This is even before we consider renewables, new power station construction requirements for structural steel and major conversion works on vessels. In summary, large scale and substantial volumes of steel fabrication work will lead our transformational change and we are confident of securing that this year. Having already welcomed over 20 ships through the Belfast facility during 2020, we are seeing momentum building. We hope that with the introduction of the new vaccines to tackle COVID-19, this momentum will be sustained and that we can hit our sales target for the calendar year 2021.

Key to our development is our strategy for our shipyard and fabrication facilities, not just focussing on one market but five along with operations occurring in six sectors within each of these markets. This gives us substantial opportunities with a skilled workforce that is common across all markets and sectors. By controlling risk and not specialising in one sector alone, it affords us the opportunity to keep generating revenues should either any markets and / or any sectors experience a downturn. Within the markets in which we operate, there will always be cyclical peaks and troughs. Our strategy is specifically designed to control that risk and provide for long term stability of cashflows.

Clap for Carers: Harland & Wolff Staff Give Thanks During National Lockdown

Islandmagee Gas Storage Project

Whilst much mention has been made of our newer assets, perhaps due to their ability to fund, in part, the Group's ongoing operations in the short to medium term whilst adding significant long-term value, we remain committed to delivering on our initial Islandmagee gas storage project. We continue to believe that this project has the potential to add significant value to the Company in the medium to long term. When I joined the Company in 2018, several key components of the project, on the face of it, had been completed. However, as the new team delved into greater detail, under the surface, a substantial portion of work remained to be undertaken. We have worked tirelessly over the last two years to ensure that we are ready to proceed to the construction stage. To this end, we were proud to welcome Mark Jessop as our Projects Director this year. Mark brings with him decades of experience within the gas storage and renewables sectors not only in operations but also in the construction of such facilities.

Much time has been spent working in consultation with DAERA to get the Marine License issued but despite our best efforts, we have had significant delays which have been exacerbated by COVID-19 and the department effectively being shut down throughout 2020. We carried out the first formal consultation back in December 2019, having it pre-approved by the department. In order to be thorough, we agreed to a second (additional) consultation to cover a small error in DAERA's process in relation to an advertisement (which had been pre-approved by the department in advance). That second consultation was duly completed in March 2020. We currently await the outcome of the recommendation to be made by DAERA to the Minister for Environment. In addition, we have sought a legal opinion and shared this with DAERA in order to try and expedite the process, particularly around the other licenses within the family i.e., the Abstraction and Discharge Licences. For the avoidance of doubt, the Company is currently in possession of a valid Extraction and Discharge license and it is their review, due to the passage of time that has been brought into question. I am pleased to report that after months of discussion, we agreed with DAERA that a consultation period would commence in December 2020 and formally complete on 13 January 2021, which marks the end of all such consultations. We have further been advised by DAERA of their intention to make a formal recommendation to the Minister for Environment on or before

Chief Executive Officer's Strategic Report (continued)

the end of the first quarter of 2021. The fact that we now have a formal date on which such recommendation will be made is vitally important for our Final Investment Decision (FID) and we can now look at planning for the next stage of the project with a higher degree of certainty.

East Antrim Coast

With the end of the transition period and our departure from the European Union on 31st December 2020, we believe that it is clearer now more than ever that the island of Ireland needs a storage project to protect it from price and supply volatility that will inevitably follow. As we move away from coal as a fuel source it is our view that natural gas will act as the transitional fuel of choice whilst moving towards a green energy mix. This will not be a quick process and it is likely to take a couple of decades (if not many) to occur. Gas storage is in a unique position in that it will likely be the cornerstone to any meaningful hydrogen development. Currently, numerous end user technologies are being developed; however, the key will be access to mass and large-scale production and storage. It is likely that at some point (subject to further approvals) that the caverns will transition over to hydrogen storage in the future. There are a lot of unknowns at this point including the pace of technological and commercial development but when there is a shift from gas to hydrogen at some point in the future, we believe that the caverns will be able to solve at least one aspect of the hydrogen commercialisation conundrum.

As was recently confirmed in an independent report published by **Oxford Analytics**, by 2035, 74% of all gas will be imported, which is a substantial increase from today's 48%. This will inevitably cause operational flexibility issues and make the country susceptible to shock events like the "Beast from the East" in 2018. With the storage caverns also being suitable for hydrogen (subject to approval), we believe that the facility is, by far the most appropriate technology to meet the UK's growing flexibility requirements. Oxford Analytics commented further on the key economic benefits of the Islandmagee gas storage project: -

Employment

- 400 direct jobs during construction as well as between 800 and 1200 indirect jobs
- 60 direct jobs during operation as well as 120 and180 indirect jobs

Wider Economy in Northern Ireland

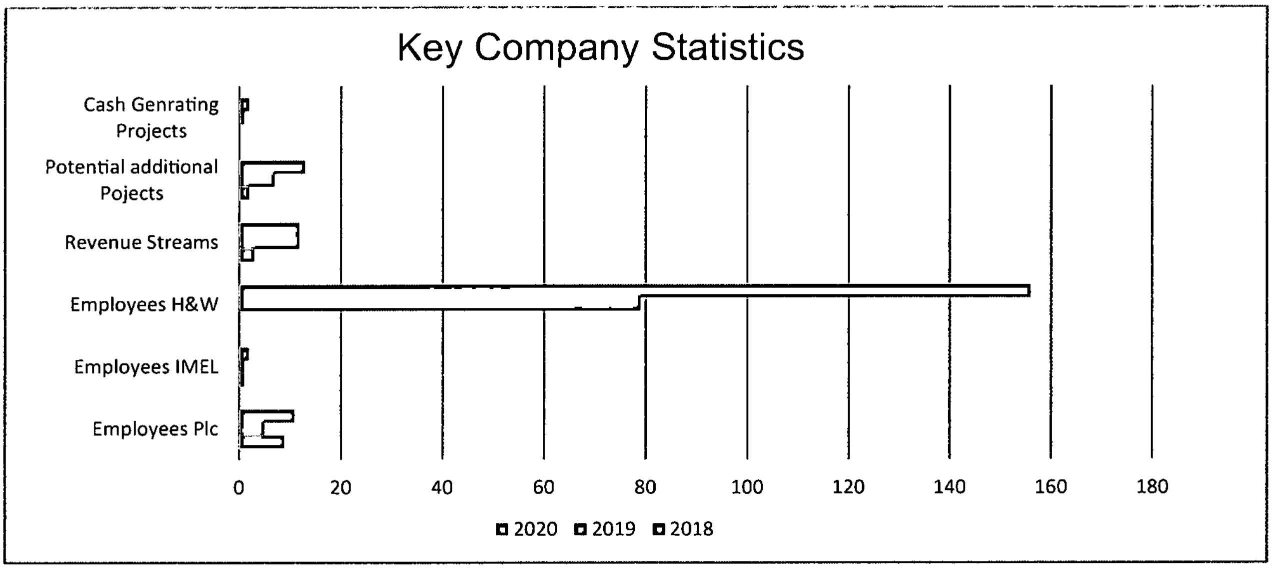
- During construction, every £1m of capital expenditure will result in a further £2m being created in the economy. Even if 25% of the work required is not sourced locally the wider economy could still benefit by around £400m with a further £13m flowing into the local economy as a result of employment.

Our view remains that this project is a critical requirement for grid stability given the intermittency of the growing renewables portfolio within the broader energy mix. Given that this is strategic energy infrastructure, we believe that there may be opportunities to retain 100% ownership of this project. As it stands today, we are in a holding pattern until the marine license award has been confirmed. We remain fully committed to getting this project underway and expect to commence construction with some pre enabling work in early in 2021, preparations for which are already underway. This will facilitate a sharper ramp up when we take the Final Investment Decision (FID) which we expect will be in H1 2021. The key to unlocking the next phase of this project is, clearly, the grant of the Marine Licence.

When I joined the business in 2018, we were a company with just one project and facing several challenges. We are a totally different business today, with the building blocks now in place to build into a large and profitable corporate organisation. Key to sustainable growth is to ensure that the overall strategy is aligned with government policy and closely following global trends. Whilst we have spent many months considering the right strategic projects to develop, we have had to consider and rank all potential projects according to where we believe the industry in which they operate will be in the future. Whilst we still have a huge belief in the LNG import market and the ability to create additional shareholder value in that sector, we believe that there are other sectors which will create far greater opportunities at this time, viz., fixed and floating wind, hydrogen, tidal, battery and strategic energy infrastructure projects. In light of the changing energy infrastructure environment, we will continue to pursue the FSRU project but only in partnership with existing infrastructure, should we be able to close a commercial deal with partners who own such infrastructure in Barrow. As a greenfield standalone project, the project does not lend itself to robust economics any longer. Discussions are currently underway, and we hope to make further announcements about the FSRU project through the course of the year.

The Belfast acquisition provided the Company with the opportunity to substantially reduce the overall CAPEX of our Islandmagee gas storage project in addition to being cash generating and self-sufficient, potentially negating the need to constantly return to the market on a regular basis in order to provide cash inflow for ongoing operations. The addition of Appledore has substantially reduced the risk of operation of the Belfast facility and has provided the ability to share work in order to deliver larger projects in shorter time frames. With several centralised functions operating from Belfast, there are substantial synergies achievable by running the yards together under the iconic Harland & Wolff brand.

Islandmagee Energy Hub Ltd continues to be the holding company for projects or concepts that are in the incubation stage. We are looking at several projects currently in the new technology space including hydrogen. These new technologies may bring with them some grant funding to help us trial some of these concepts and undertake engineering design works.



We have introduced a new approach to Safety, Health and Environment (SHE) which was rolled out during 2020. Safety is of utmost importance in our minds and we will ensure no harm comes to any of our employees or to our environment.

Board

The board has very clear ambition and a strategy for growth, works well together and has very complementary skill sets. The board has remained stable throughout 2020 with the only change being the departure of Deborah Saw who was unable to meet the increase in time requirements given her prior and future commitments. I would like to place on record my thanks to Deborah for the work that she has undertaken for the Company and wish her well for the future.

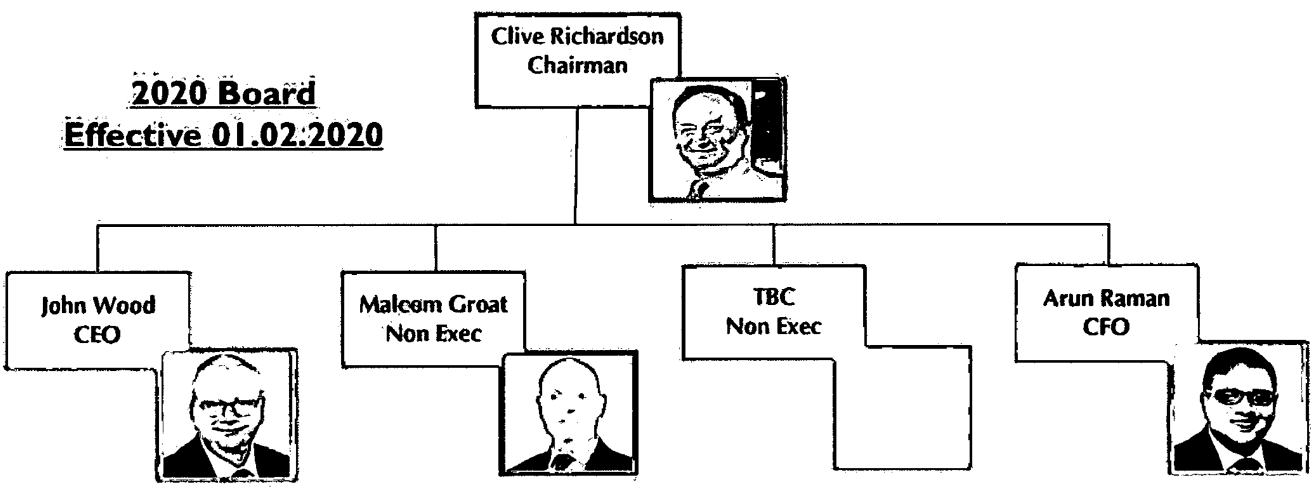
As we progress it is essential that we have the right composition and balance on the board. The Chairman and the rest of the Non-Executives have provided tremendous support to both me and the rest of the executive team during 2020.

Strategic Vision

During Q3 each year we carry out a detailed review of the overall business strategy which then leads into the formation of budgets and plans for the individual businesses. This year we went a stage further, reversed back and considered our original strategy as our starting point. Whilst COVID-19 has made this job so much harder, we have undertaken a full review commencing with assessing where we are today against the initial strategy presented to shareholders back on the 5th of December 2018.

As I have mentioned several times, on my appointment, it was clear that a one project company was very high risk and unsustainable in the long term. The vision we developed was to be a leading, global infrastructure development & asset management company, being intimately involved through the entire lifecycle of projects from conception to decommissioning. In some projects, we will participate from end to end of their respective lifecycles, whilst in other cases, we may choose to either only develop or acquire to operate them. One of the distinguishing features in all types of projects that we are currently involved in or wish to be involved in is that they have substantial heavy engineering and fabrication requirements. In order to control the lifecycle process more fully and retain a higher percentage of the development costs within the Group, it was decided to acquire a facility in December 2019 in order to give us that long run capability. The added advantage of acquiring Harland & Wolff (Belfast) was that it also gave us the ability to have a standalone business, in its own right, that has significant growth

The Current Board



Chief Executive Officer's Strategic Report (continued)

potential to be cash positive in a relatively short period as well as being vertically integrated into our larger development projects.

Our goal is to spread the Company's risk profile over several projects/operations or businesses. Whilst, initially, we restricted ourselves to a single geographical location in Northern Ireland we have now branched out into Devon. Additionally, we have global aspirations for the longer term. The key update in our strategy from last year is a more concentrated approach to asset management, operations and maintenance thereby ensuring vertical integration as well as a clear focus on heavy engineering and fabrication.

The model, whilst relatively simple, will allow us to continue to enhance our balance sheet year on year. Income will be generated from four main areas of operations; each new project or company may be different and have specific nuances that need to be critically assessed. Therefore, individual technical and commercial models will be developed to ensure that maximum value is derived from every potential project or operating company. The four areas of expertise that we hold and that will continue to lead to income generation and incremental shareholder value are:

- Front End Project Development to FID (Final Investment Decision) – Carried equity interest
- Construction Management & Project Delivery – Income generation
- Asset Operation, Management and Optimisation – Income generation
- Retained equity in development projects - Income generation

While carving out our future strategy, it is essential that the macroeconomic and political policy environment is considered in order to ensure that the Company's future strategy is in keeping with the fast pace of changing government policy in order to ensure as close an alignment as possible. We have focused on two key areas: national energy policy including renewable energy policy and the National Shipbuilding Strategy. Both areas of policy are interlinked and fall into Harland & Wolff's core business.

On the energy side, in order to meet our 2050 climate change ambitions, the Prime Minister has set out his vision to have every home powered by wind derived power by 2030 in addition to fast-tracking the transition from natural gas into hydrogen. The government is also keen to develop nuclear power in order to provide baseload support to the power grid.

As a company, we are uniquely placed to deliver on this government's ambitious strategies. On the one hand, we have two shipyards in the UK that can deliver on the National Shipbuilding Strategy. On the other hand, the multi-purpose nature of these facilities means that they are capable to carry out heavy engineering and fabrication of several hundred fixed and floating wind structures that will be needed over the course of the next decade. Maritime, heavy engineering and fabrication capabilities are inextricably linked to each other. Our business is, therefore, ideally positioned to help meet the challenges of successfully delivering on the National Shipbuilding Strategy, the government's climate change targets and, on the energy infrastructure side, the ability to store large volumes of hydrogen to transition into clean fuels for heating and power generation.

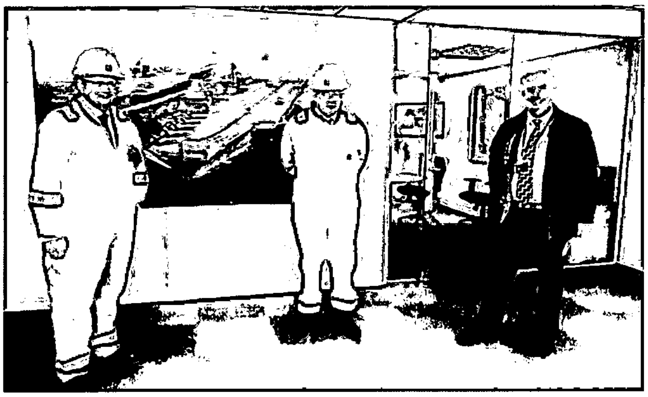
Over the past year, we have had many meetings with cross-party politicians in the UK Government, Northern Irish and Scottish devolved governments along with a number of international governments. In order to fully realise our strategy, we must be fully engaged with all political leaders across the spectrum. We believe that our current strategy is aligned with government policy and that we have the assets and infrastructure to capitalise on the conditions that will arise in the market in 2021 and beyond. As we look to the future, we must keep ourselves flexible in order to respond to any change in Government policy, especially its Net Zero ambitions by 2050. Whilst these targets are challenging the focus is on getting as close to them as possible. By way of an example, the Prime Minister announced that wind farms could power every home by 2030 with an increased target from 30 gigawatts to 40 gigawatts. The government is, therefore, targeting to achieve this goal in less than 10 years' time. InfraStrata owns one of the few UK facilities in the UK capable of undertaking this type of work and was previously involved in fabrication activities for East Anglia 1 which was a pioneering development in the UK and estimated to cost £2.5bn when it was commenced in 2016. In order to meet these ambitious targets, approval is likely to be fast tracked for numerous projects that are currently in the pipeline. Additionally, fabrication capabilities will need to be expanded rapidly including all existing and new facilities to swing into 24/7 operations in order to deliver on these upcoming huge projects.

The recent government announcement on shipbuilding is not a new one. The UK government has, for many years, been trying to identify why other developed economies with equally high labour costs are able to develop booming defence & commercial shipbuilding sectors with high export elements. Sir John Parker was commissioned in 2017 to develop a National Shipbuilding Strategy (NSBS), the clear focus of which has been on defence. Only in recent times and with the departure from the European Union has the government doubled down on efforts to widen the NSBS to cover commercial shipbuilding opportunities. As is common knowledge, there have been many failures in the shipbuilding sector globally. We believe that this is primarily due to shipyards maintaining a very narrow focus on only one, possibly two markets. In contrast, our strategy to build our shipyard and fabrication capacity has a focus on five key markets and six sectors. With each yard focusing on all five markets but providing a different offering relative to the size of each contract. Whilst operating across a broad range of markets the business will be able to withstand traditional downturn periods that are cyclical across industries like Defence, Oil & Gas and Commercial. Equally, whilst operating in the five key markets it is also essential to operate across multiple sectors to generate income both inside and away from the shipyard and fabrication facilities (such as through in-service support).

It is critical that the assets we acquire that have real strategic importance. For example, Harland & Wolff (Belfast) has two of the largest drydocks in Europe and the biggest in the UK ensuring that the top end of the market is protected. Likewise, with the recent acquisition of Appledore at the smaller end of the market, we have one of the only facilities with direct access to the sea with relatively deep water for its size.

There is work available across all markets and sectors. However, it will take time to build relationships and confidence in these markets that we have very recently entered, although we do feel well positioned to capitalise on clear gaps that we see in the market. Whilst the yards shall standalone in their own right, they will most likely form a link in our supply chain especially for our infrastructure project development in the future. By making good use of vertical integration, we can keep a proportion of the development costs of a project within the Group from which we aim to add substantial shareholder value.

Key to sustainable growth is to ensure that the overall strategy is aligned with government policy and closely following global trends. Whilst we have spent many months considering the right strategic projects to develop, we have had to consider and rank all potential projects according to where we believe the industry they operate in will be in the future. For every project that we look at we go through a robust set of criteria to ensure it is the right fit for the Company and, equally, it is essential that at each gate review we continue to make that assessment as policy and markets evolve during the lifecycle of each project. From that perspective, the challenge is to assess where markets are likely to be in 4-5 years' time as opposed to where they are today.

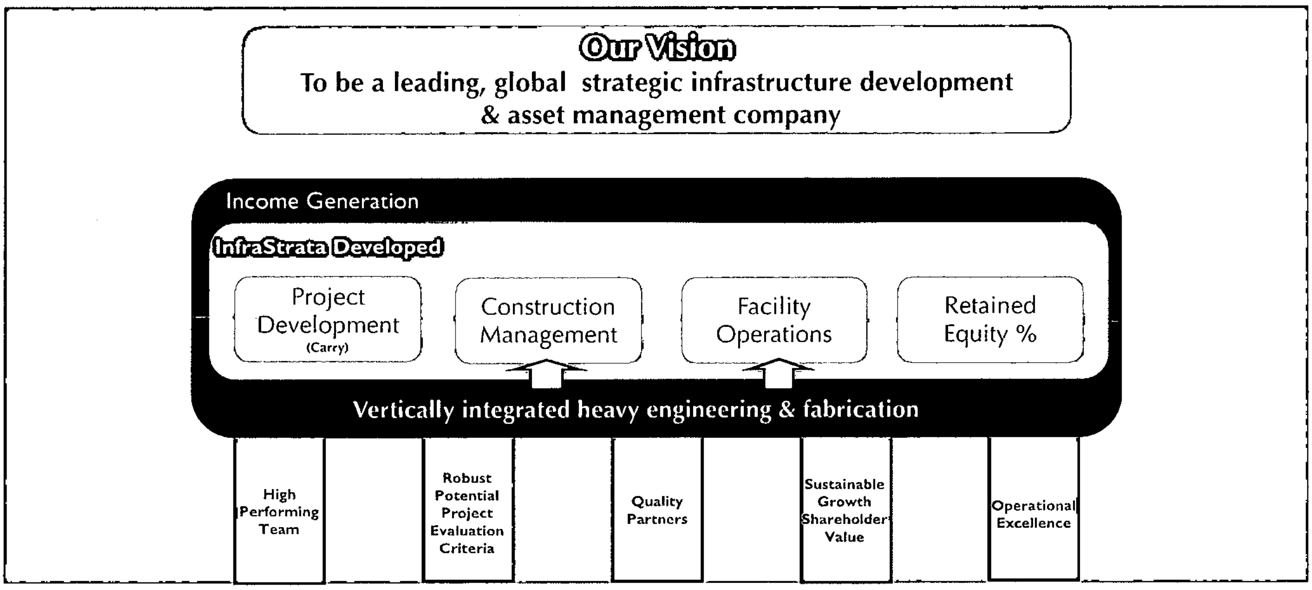


L-R: John Wood, The Rt Hon Boris Johnson, Prime Minister and The Rt Hon Sir Geoffrey Cox QC MP

L-R: Perry Kennedy, The Rt Hon Brandon Lewis MP, Secretary of State for Northern Ireland and John Wood

We are seeing some key trends emerging and believe that our long-term opportunities exist within fixed and floating wind, hydrogen storage, tidal, battery and other green energy infrastructure projects. We are now seeing our strategy coming together following the acquisition of the two Harland & Wolff facilities which, by themselves, will start growing organically in the months and years ahead with the ultimate ability to generate funds in order to invest in new projects.

As we continue to grow, we will cluster our businesses under activity specific group structures in order to appoint fully qualified teams to run each cluster while maintaining commonality and an extensive crossover between the clusters. Having a group structure of this nature will allow for dilution, where necessary, at project/operational level without having to dilute at the parent company level. In addition, it will provide efficiencies to allow similar businesses in the same cluster to operate with shared management and a central function facilitating a reduction in overheads. Where any international business is undertaken within the InfraStrata group, this will be undertaken by a newly incorporated company inside that jurisdiction and will be held by a fully owned intermediate subsidiary of the ultimate parent company, InfraStrata plc.



2021 Key Objectives

1. Obtain the marine license and take FID on the Islandmagee gas storage project
2. Ensure cash breakeven for the whole of the Harland & Wolff group
3. Commence fabrication projects in Harland & Wolff and obtain a new vessel build order or a block fabrication order
4. Identify and establish an entry point into the renewable energy industry
5. Continue to build a high performing team that operates in a safe and environmentally friendly manner

Chief Executive Officer's Strategic Report (continued)

ISLANDMAGEE ENERGY LIMITED
Overview

Larne Lough

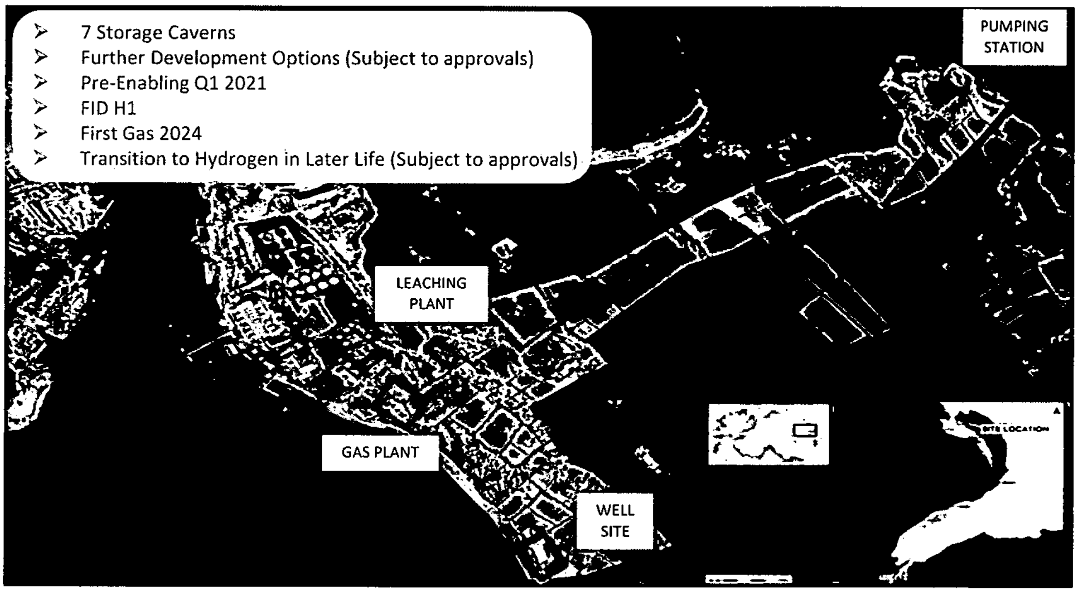
Our flagship Islandmagee gas storage project was first established in 2010 when a layer of salt was discovered 1500m underneath Larne Lough. This salt layer is ideal for the establishment of underground gas storage caverns. The storage caverns are formed by drilling wells from the well pad into the salt layer thereafter removing the salt (in a brine solution) and discharging it into the fast-flowing Irish Sea via the leaching plant and pumping station. The rates and levels of discharge are highly regulated activities governed by the regulations set by the Department of Agriculture, Environment and Rural Affairs ("DAERA"). Our proposed discharge rates are well within the legal environmental limits and we have further proposed a monitoring program that is in excess of these legal requirements.

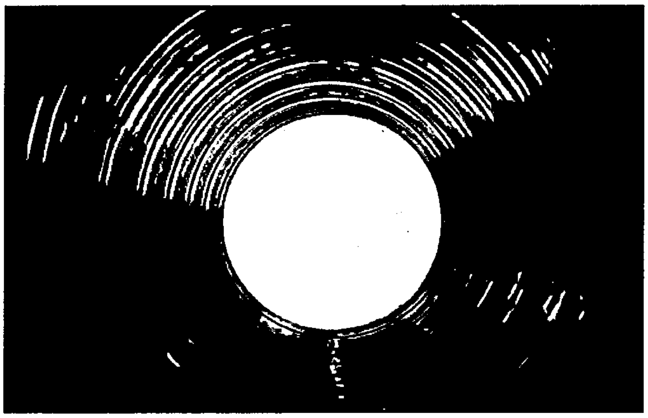
The gas injection and withdrawal facility will be constructed on the surface and this will facilitate moving gas from the network to be injected into the caverns in times of excess supply and, conversely, withdrawn from the caverns back into the gas network when there is a shortage of gas supply. The project will have seven storage caverns and subject to approvals there may be an opportunity to develop further caverns.

The current expectation work is that pre enabling work, which is not reliant on the Marine License will commence in Q1 2021 with FID expected in H1 2021. Assuming the marine license is issued in Q1 2021 we expect first gas in 2024.

The project has the advantage of being a transition project from natural gas to hydrogen (subject to approvals required for hydrogen storage). We have now formally departed from the European Union; however, we will continue to have strong domestic demand for gas and pressures on our gas delivery network during times of high stress will continue each year. However, in the absence of adequate domestic storage, we will stand exposed to the risk of physical gas not flowing from the EU into the UK during peak periods until local EU demand has been fully satiated. The events from the past (such as the Beast from the East) have demonstrated our reliance on imported gas and the volatility in price and physical supply in the absence of domestic gas storage.

The UK until recently had the Rough gas storage facility and substantial domestic production. With UK indigenous production declining, gas storage has become increasingly essential to ensure that the UK does not suffer from interruptions in power supply. The UK government has set substantial targets to tackle climate change and this project will be at the heart of those targets. The facility will be able to be converted to hydrogen storage or provide the opportunity in the first instance to provide blends of hydrogen as that industry develops over the next two or three decades. A lot of work has been done in developing front end technologies for hydrogen production. However, without storage solutions, those technologies will struggle to reach commercial reality. Whilst further approvals will be required at some point in the future when that transition period arrives, it is also possible that we could jumpstart this process by seeking approvals for one cavern initially with the intention to transition other caverns subsequently. Even though hydrogen from a mass production and consumption point of view is still in its early stages of development, what is abundantly clear is that hydrogen storage will be absolutely essential in the future.





Gas Pipeline

The development of this project will provide substantial economic benefits to the local economy. In order to fully understand these benefits, the company engaged Oxford Analytica to assess the impact of the project on the local economy.

As a result of COVID-19 thousands of jobs have been lost in Northern Ireland in a reasonably close proximity to the project. The project has had independent verification that it will create 400 direct and between 800- 1200 indirect jobs whilst injecting at least £7m into the local economy during the construction stage which will be a much-needed boost in a post COVID-19 environment. The wider economy is expected to benefit by around 400m as a result of the project, whilst 60 long term direct jobs will bring £1m into the local economy annually with around 120-180 indirect jobs creating another £2-3m benefit annually.

The project is expected to have a technical useful life in excess of 50 years. However, in order to be prudent, the financials of the project have been run over a 40-year period. Unaudited management expectations are a projected IRR of 21.6%, NPV10 £141.6M, NPV8 £222.6m, undiscounted cumulative revenues £3.67bn and undiscounted cumulative free cashflows of £1.68bn. As can be seen from the chart below, the caverns will be brought into commercial operation in a phased approach, but the project will nevertheless commence revenue generating prior to the full capital expenditure being realised. The model takes into consideration the CAPEX, OPEX, revenues, finance costs, tax and resulting free cash flow over the life of the project. Whilst the project is modelled over a 40-year period it is highly likely that the project will exceed that period given the continued economic life of existing caverns around the world in excess of 50 years.

The project is at an advanced stage and technically ready to proceed to construction. We are currently in the process of obtaining new tenders for the various work packages given the delay that has been caused in relation to the Marine Licence being issued.

As it stands currently, the project has a "draft Marine Licence" and work has been undertaken to convert it into a "full Marine Licence. The Marine Licence is required to discharge salt into the Irish sea inside the 12 nautical mile limit. As part of the Marine Licence, an abstraction and discharge licence is also required, both of which are currently held by the company. Discharge outside the 12 nautical mile limit was an option that was considered as plan "B" given that the discharge requirements to be put in place beyond the 12 nautical mile range were less onerous. A review was undertaken during 2019 in relation to this plan "B". However, this has been taken no further due to all planned activities currently falling well inside the existing environmental limits. Last year we spent considerable time and effort working through revising and updating all our environmental data to ensure we had established a full baseline.

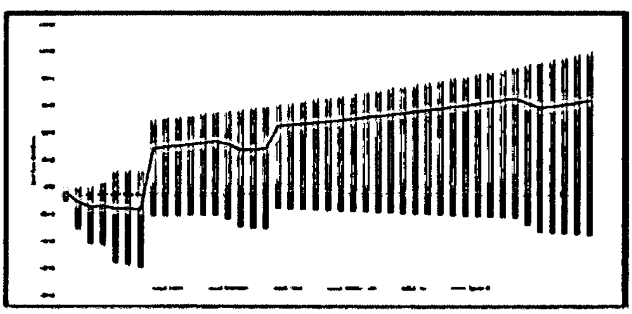
We have additionally revisited all aspects of the project to ensure that it complies and, in some cases, exceeds regulatory standards. We have also established internal systems and processes that significantly exceed current regulations to prove and facilitate full transparency around the discharge of brine for this project. This has achieved two objectives; one, it has sought to mitigate concerns of locally formed protest groups and, two we have been open and honest with the Department Agriculture Environment and Rural Affairs (DAERA) and shared all data to ensure transparency. Despite a DAERA error with the first round of consultation that commenced in December 2019 we agreed to hold another round to avoid further delays in the future. This second round was completed in March 2020 just at the onset of COVID-19. However, after the closure of the second consultation, DAERA informed the company that they wished to consult on the existing abstraction and discharge Licences. The company strongly contested this position and instructed its legal advisors to confirm our understanding of the relevant legislation. Further, we also obtained an independent legal opinion which yet again confirmed our understanding of the legislation. It is clear that the department is entitled to undertake a review of the existing licenses at any time during the life of the project but it has no legislative authority to conduct a consultation for a review process which ultimately leads to unnecessary delays and a waste of taxpayer funds.

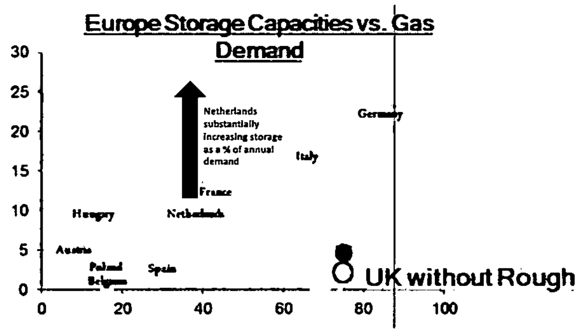
As announced via an RNS in December 2020, we have now reached an agreement with DAERA to undertake another consultation that will formally end on 13 January 2021. For those stakeholders who have not had the opportunity to respond to the consultation either due to the holiday season or COVID-19, DAERA has extended the consultation on a case-by-case basis till 20 January 2021. More importantly, we have also reached an agreement with DAERA that they will make a formal recommendation (whether to approve or reject the Marine Licence) by the end of Q1 2021. We see no reason why a recommendation for the issue of the Marine Licence will not be made given that we are fully compliant with all relevant legislation and have taken all the steps over the course of the last two years to engage with all stakeholders, update all scientific reports and provide a watertight project to DAERA.

Gas Storage Agreement (GSA)

A significant amount of detailed commercial work was undertaken during the negotiation of the Heads of terms stage for the GSA. Implementation of these terms into the GSA has progressed well but have been temporarily put on hold so as not to waste legal costs whilst the Marine Licence remains under discussion. Drafts have been exchanged between the parties. Given that the commercial model being used is pioneering and has not been devised previously, a number of back tests and independent assessments have been conducted in order to prove the effectiveness of this new commercial gas storage model. The fact that we have managed to secure an element of the traders' profit into our agreement in addition to receiving 100% of the classic seasonal spread bodes well for the future. For the avoidance of doubt, the funding model that we adopt to construct the project will not affect the GSA.

Islandmagee Project Cash Flows





Chief Executive Officer's Strategic Report (continued)

Project Funding
We have numerous options open to us to fund the capital expenditure element of the project and all will be done at the project level rather than at the Plc level. The option that we had prior to COVID-19 with an equity partner coming in, providing the equity and obtaining the majority shareholding whilst repaying our back costs is still active and on the table. In addition, we also have options of a foreign company investing in the project and obtaining government inward investment finance for strategic infrastructure. Lastly, we also potentially have the ability to obtain direct government funding for constructing a strategic piece of infrastructure that will ensure the security of energy supply and act as a transition facility that will (subject to further consents) convert to storing hydrogen at some point in the future.

As soon as the Marine Licence has been resolved we intend on pursuing all three options, determining the viability of all three in parallel and completing funding discussions in order to take FID and commence construction. For the avoidance of doubt, no contractual commitments have been entered into between the Company and any set of funders as yet. This process will gather speed once the Marine Licence has been formally granted.

Future of Storage
We believe that storage projects have a very bright future in general, the Islandmagee gas storage project in particular. Our flagship project is the only gas storage project in the entire island of Ireland and lends itself naturally to boosting the security of energy supply to the entire island. The fact that gas will be stored in salt caverns allows for high deliverability rates into and out of the store. This operational efficiency will help balance the gas network in times of peak stress. The salt strata in which the caverns will be situated is substantial and the number of caverns can be increased subject to further planning permissions and meeting other regulatory requirements. Most importantly, given the pace at which technologies for hydrogen production and carbon capture are being developed, we believe that gas storage, within the correct geological strata, can be converted into hydrogen storage and for carbon capture. Salt caverns are inherently multi-purpose and have the capability of being used for a wide range of commodity storage. Our gas storage project is, therefore, likely to transition from natural gas storage to hydrogen storage as soon as commercial volumes of hydrogen that at least mirror gas prices can be produced. Various grid operators in the UK and around the EU are already looking at blending hydrogen with natural gas. Blending is best done mid-stream at a storage facility. From that perspective, we believe that the transition into hydrogen storage will involve an intermediate step of blending both gases at the storage facility and injecting such a blend into the domestic gas network. The project has, therefore, been adequately future proofed to make sure that the capacity in the caverns will be utilised in one shape or another through their technical lifetime.

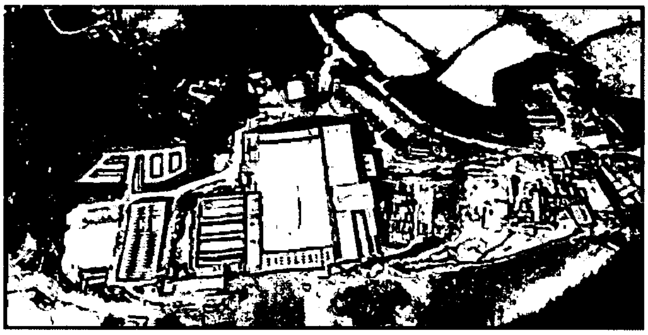
Synergies Between IMEL and Harland & Wolff
During the FEED study it was clear that one of the challenges for the Islandmagee gas storage project was the transportation of several large items of plant and equipment to the project site. Further, in the absence of any involvement of the company in the overall capital expenditure of the project, almost all the expenditure would be devoted to third party suppliers.

Given the restrictions relating to weight and physical size of component structures, we put a lot of detailed analysis into the transportation plan. In an effort to determine the most cost-effective transportation route, numerous locally available sites and facilities were considered. The Harland & Wolff site in Belfast was visited in March 2019 and considered to be an optimum staging facility for the project.

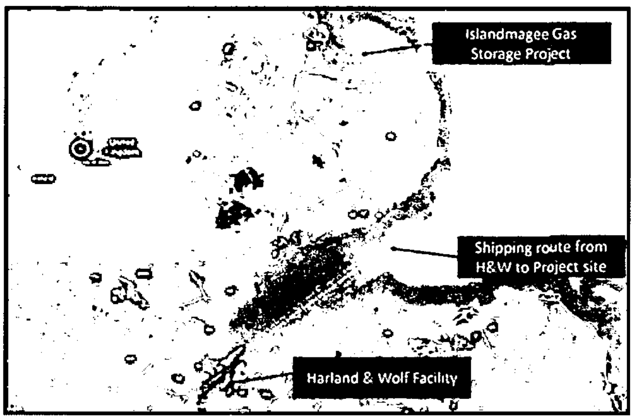
The advantage of being able to construct larger modules and have less assembly work on-site was calculated to offer a substantial CAPEX cost reduction for the Islandmagee gas storage project. With the relatively short coastal passage of 12 nautical miles, Harland & Wolff was the ideal acquisition from, inter alia, a geographical perspective.

With potentially more modules/components now being able to be transported via barge, this will lead to significantly less traffic on the local roads. In addition, it will facilitate a higher level of utilisation of the Northern Irish workforce. We have made a commitment at all stages of our flagship project to utilise, where possible, the local workforce. The utilisation of local labour and construction within a nearby facility like Harland & Wolff will ease the supervisory burden on the company, increase efficiency and save on costs. From an InfraStrata perspective, retention of margins on fabrication work within a group company as opposed to passing it on to a third-party fabrication company added to the attractiveness of Harland & Wolff as well as the ability of Harland & Wolff to be self-sufficient within its own right.

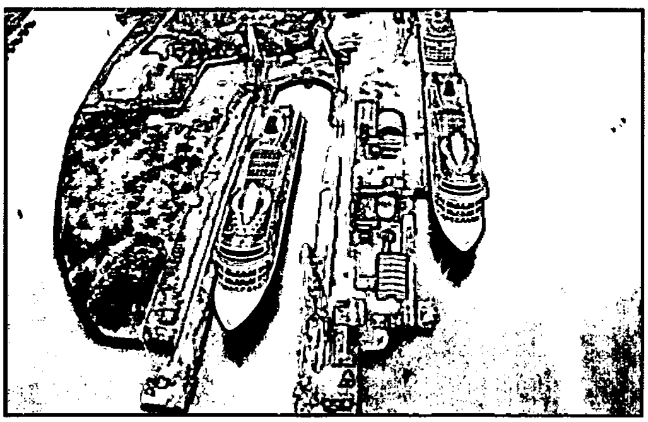
Harland & Wolff
A year has passed since InfraStrata took ownership of its first shipyard in Belfast when it purchased the assets of Harland & Wolff and obtained the keys to the facility on 5th December 2019. The rationale through the acquisition was to utilise the site to develop the Islandmagee gas storage project and to establish a standalone business which would be capable of operating across five markets and six sectors whilst enabling InfraStrata to vertically integrate high value fabrication works to keep more funds flowing through the company's internal strategic infrastructure projects. The final payment to acquire the assets of £1.45m was paid to the administrator during July 2020.



An Aerial View of Harland & Wolff (Appledore)



Proximity: The Distance Between Harland & Wolff (Belfast) and the Islandmagee Gas Storage Site



Harland & Wolff (Belfast) Welcomes Three Sister Viking Ships - The First Time Since the Olympic-Class Trio

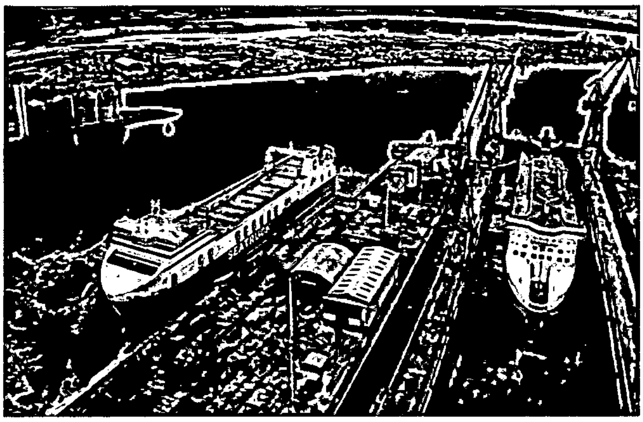
On 24th August 2020, InfraStrata acquired another facility known as the Appledore shipyard in North Devon to complement the larger Belfast facility. After further developing a deeper understanding of the markets that are involved in and having spoken with a large number of stakeholders, particularly the government and our key clients, it was agreed by the board that to capitalise on a significant amount of work at the smaller end of the market it required a dedicated yard to do so. The yard had previously been leased to Babcock plc on a long-term lease by Langham Industries. In 2019, the tenant decided to relinquish the lease and focus on its operations in Scotland.

The company has agreed to pay a total Consideration of £7million for the Acquisition of substantially all the assets of Appledore. The Consideration will be payable in the following tranches:

- Tranche 1 on Completion: A total of £1.50million consisting of cash of £1.20million and 784,404 ordinary shares of 1 penny each in the capital of the Company ("Ordinary Shares") equivalent to £300,000
- Tranche 2 on the first anniversary of Completion of £1.50million: A total of £1.50million consisting of cash of £1.20million and Ordinary Shares in the Company equivalent to £300,000
- Tranche 3 on the second anniversary of Completion: A total of £2million consisting of cash of £1.60million and Ordinary Shares in the Company equivalent to £400,000
- Tranche 4 on the 30th month anniversary of Completion: A total of £2million consisting of cash of £1.60million and Ordinary Shares in the Company equivalent to £400,000

The two Harland & Wolff facilities in Belfast and Appledore respectively have had a chequered history. We believe that this was due to a particular focus being paid to one market only. For example, the Belfast yard specialised in renewable energy too early and the Appledore yard was only focussed on the defence market. The resultant situation meant long sustained periods without work when one of those industries took a downturn. The model that we are implementing is to operate across five different markets, namely, Cruise and Ferry, Oil & Gas, Commercial, Renewables and Defence. Within these markets, we will be operating in sectors throughout the entire project lifecycle from technical services at the start of the lifecycle, through the fabrication of vessels, vessel blocks, civil bridges and steel for power stations and other civil infrastructure projects. The repair and maintenance of vessels is a sector and will utilise the drydocks and slipways in both yards. Vessels are required to drydock every three or five years to meet classification society rules so that will inevitably become a baseload business for us. In-service support is a market that covers supporting vessels and projects away from the yard, the benefit being we are not constrained by our own footprint. Should a project not be awarded to the yard, in-service support still provides us with the optionality to be involved in the project. More importantly, in-service support helps build client relationships for future projects and provides additional routes for vertical integration. One of the larger sectors is conversion where major projects are carried out on vessels to change the use or substantially upgrade them. Finally, at the end of the lifecycle is the recycling or decommissioning of a vessel or structure.

Clearly, there is a lot that needs to come together including political engagement and support of our various communities to ensure that we have the correct talent and workforce coming through the yard gates. This includes apprentices starting out on their individual journeys. Fully engaging a global supply chain is essential to ensuring contracts that are tendered are done so with the minimum amount of risk and at the most competitive price. It will not always be possible to undertake projects on our own, and in recognising our limitations, we have already established a joint venture with Navantia where we are looking at several projects together across defence, cruise and ferry and the renewables markets. We also have the opportunity of establishing technology transfers to upskill Harland & Wolff quicker than we may be able to do so on our own and with a substantially reduced risk profile, whilst endorsing the latest technology available. We have a complete sense of purpose and a clear strategy of what we are looking to achieve and how we will deliver it. The defence industry, for example, has a duopoly currently in place and we are friendly disruptors who will provide for further competition rather than a pre-arranged split of work. When considering the number of fabrication works that will be required over the next decade over defence, renewables and commercial there are simply not enough facilities available. Our yards will be full over time taking up as much slack as possible. Within the export market, there are numerous opportunities that can be exploited as well. In the midst of all the business that we are seeing likely to come into both yards, we should remain vigilant with our risk profile in relation to every project that we take on as well as investing in technology and innovation in order to establish a strong foothold in our various markets.



Stena & Seatruck Vessels at Harland & Wolff (Belfast)

Our business model must be sustainable. We are less interested in one massive contract that will fill up all the capacity and not allow us any other projects. That will be unwise. We must stick with our strategy regardless of how tempting it is to fill the yard with work from one sector that is currently booming but equally likely to undergo a downturn in a few years' time. Looking back in history, this has probably been the most mistake that shipyards have made. Keeping a balanced portfolio is essential to dealing with the enormous peaks and troughs that naturally occur in the various markets that we are engaged in.

when looking for Government support and funding programmes, having two facilities that are in close proximity to each other but in two distinct regions where levelling up has been promised is very helpful. From an operational perspective, it helps reduce the risk profile of both yards and gives the yards the flexibility to split the work up to ensure delivery is on time whilst benefiting from a transient workforce that can operate on either site. Having the gas storage project on the doorstep of H&W in Belfast provides opportunities for initial fabrication and ongoing through life support for the project.

The key to success in any business is building a competent management team that is capable of growth and can be upscaled. It is essential, with any team, that they operate as one team and ride the journey together through its highs and lows. The team that we have established has an international pedigree with vast experience across all our markets and sectors.

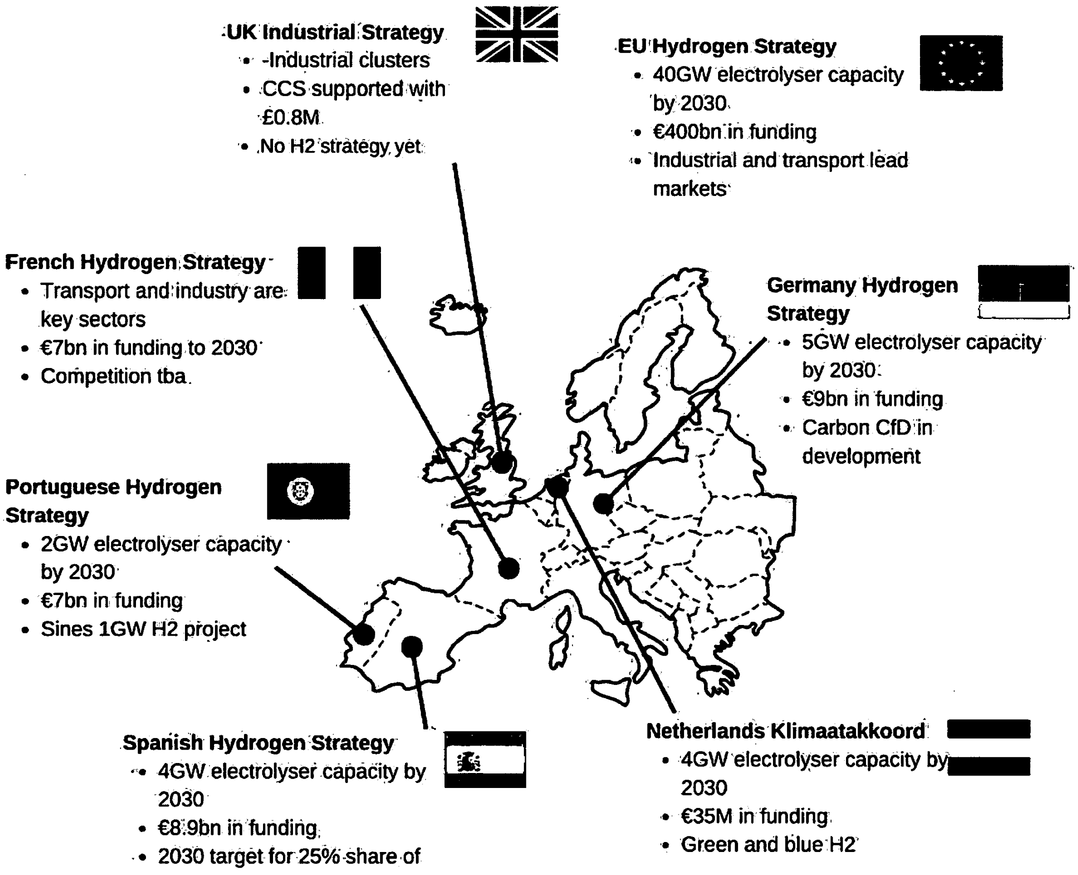
Looking at the profile of our two facilities, Belfast sits at the top of the dock size range with two of the largest docks in Europe whilst Appledore sits at the bottom end of the market with the largest fully enclosed float-in / float-out dock in the UK. Our main competitors are situated in the crowded middle sector. With Belfast's impressive 81 acres and Appledore's 29 acres, we have the perfect footprint to fabricate and load-out the majority of structures.

Having the ability to load out large scale renewable projects directly from our fabrication facilities is a huge bonus in the current Green Industrial Revolution that was announced by Prime Minister Johnstone in November 2020. With the announcement that followed in relation to the biggest increase in Defence spending for thirty years, clearly, all the UK's fabrication facilities will be at capacity in order to meet the unprecedented demand of both sectors. It is essential during this boom time however to ensure that we maintain a balanced portfolio of work in the facilities across our five key markets providing our six services.

Chief Executive Officer's Strategic Report (continued)

Future of storage

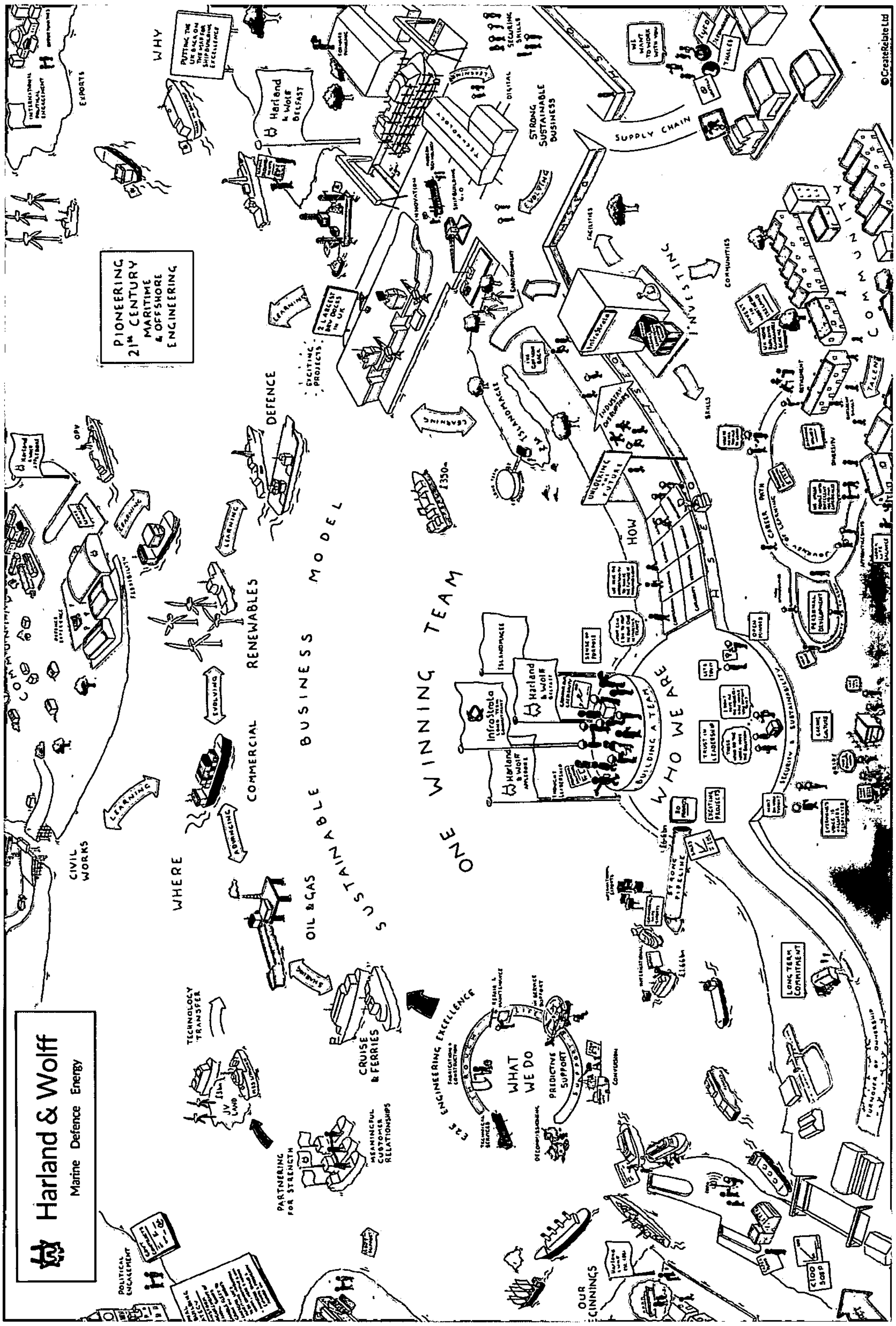
Gas in one shape or another is around for decades to come.	Conversion of power stations from oil burn is first stage in the process to cleaner energy.
Positive effects of Brexit	Vulnerability in the market has increased
Island of Ireland's electricity grid vulnerability	Transition to cleaner fuel – hydrogen will not be a short journey and will take many decades
Transition could see blending initially	Hydrogen – what is it and how will it work, including natural gas blend
For Hydrogen to become the fuel of the future it will require storage on a massive scale; the only feasible economic option for this is in underground storage caverns.	Caverns will be huge in transition making Northern Ireland a global leader in the hydrogen sector



Source: AFRY

Note:- As with all infrastructure, if any change of use is deemed viable from gas to hydrogen in the future then all regulatory authority approvals required will be applied for.

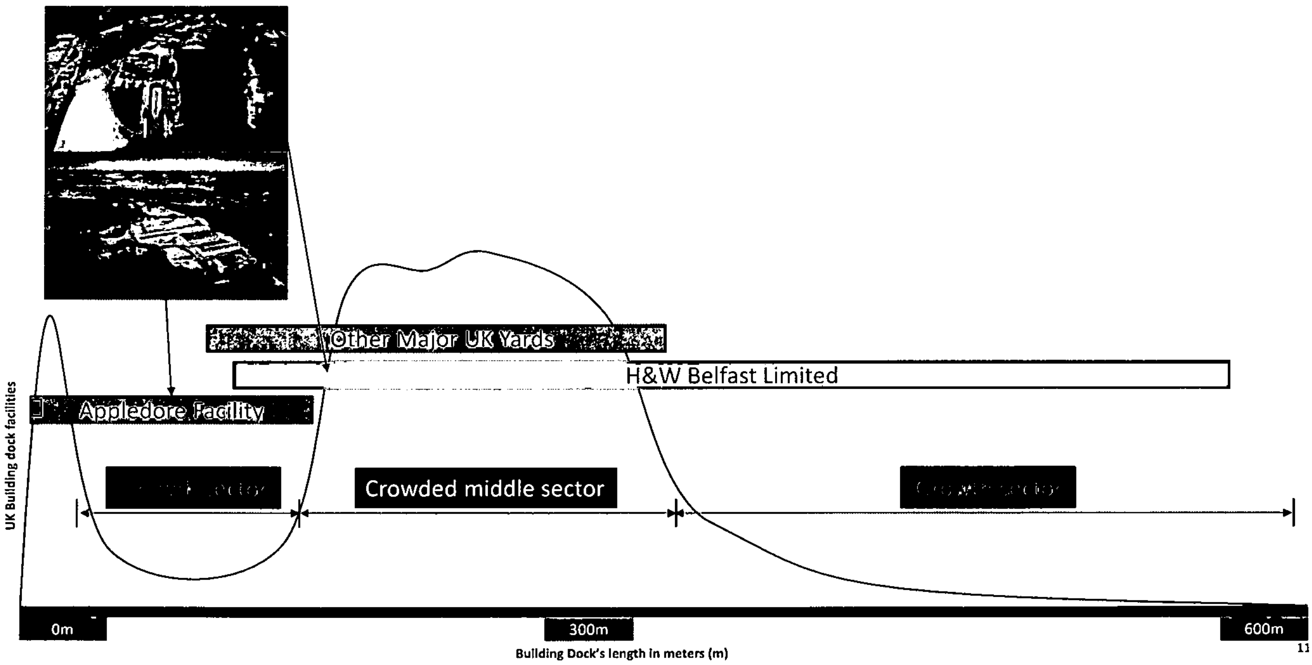
Chief Executive Officer’s Strategic Report (continued)



One Winning Team: Harland & Wolff's Sustainable Business Model

Management team

UK shipyard landscape



Chief Executive Officer's Strategic Report (continued)

MARKETS

Defence

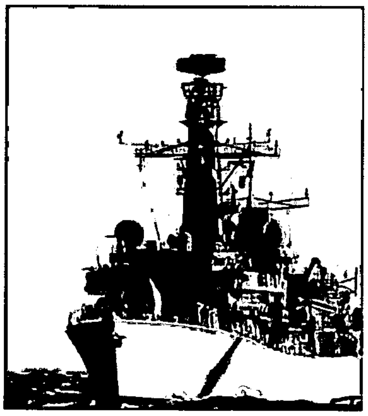
Harland & Wolff is a UK strategic defence asset, as one of only three UK naval shipbuilders suitable for major MOD contract work and boasting two of the largest docks in Europe. Set on 81 acres our Belfast facility is one of only three facilities in the UK suitable for major MOD contract work. Meanwhile, our Appledore shipyard has a strong portfolio of vessels built within its facilities from landing crafts to patrol boats. Our 335m Belfast dock is one of only two docks that can currently dock the Queen Elizabeth Aircraft Carriers. With global warming and rising sea levels we will shortly be the only yard that has the water depth available to undertake these critical dockings.

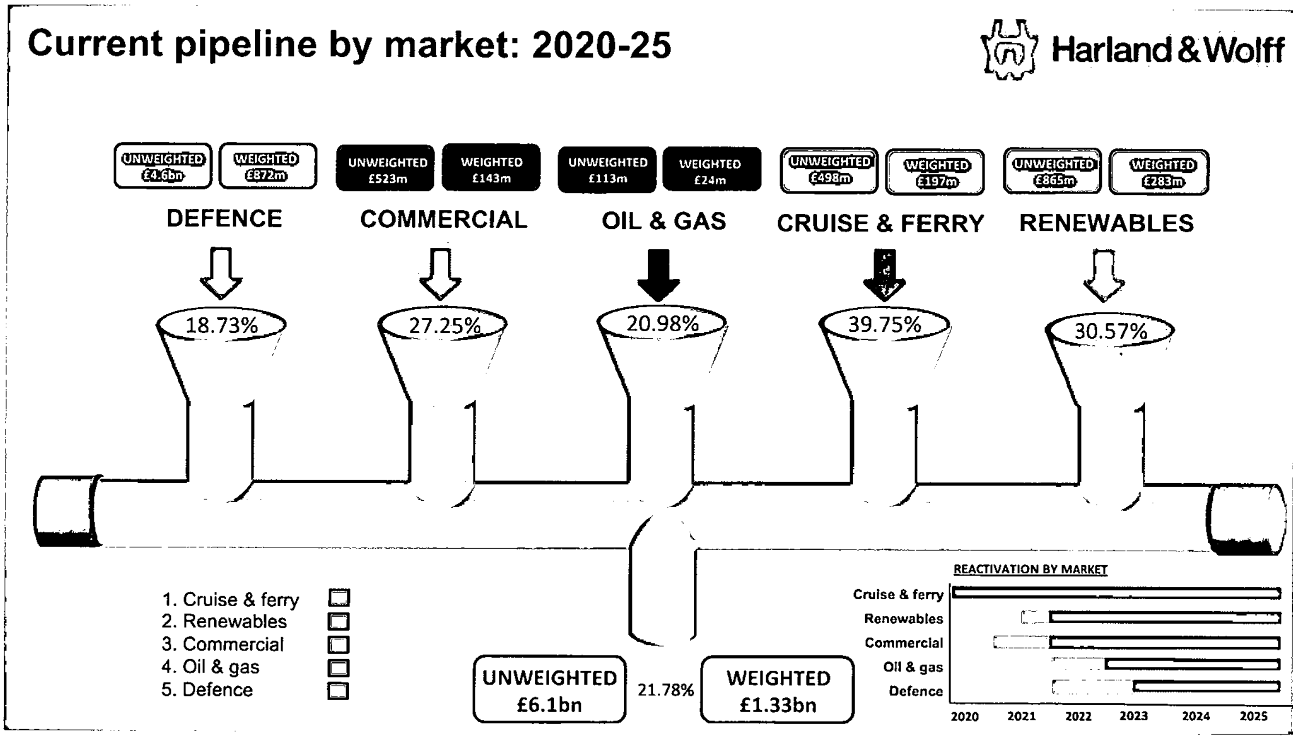
Our senior team has extensive experience across several high-profile global defence programs, including the Canberra Class Amphibious Assault Ship, Anti-Ship Missile Defence upgrade for the Royal Australian Navy ANZAC Class Frigates, the Canadian patrol program and UK complex warship programs.

Commercial

Whilst we are able to undertake work on numerous commercial vessels, we are also ideally positioned to fabricate bridges, structural steel, building and loading frames with the ability to handle numerous projects concurrently. High performing teams across both shipyards are dedicated to delivering success stories. Our Appledore site regularly hosts fishing and commercial vessels for repairs on its slipway whilst undertaking refits in its undercover drydock.

The impressive drydocks and deep-water access at Belfast provide unrivalled accessibility. Vast storage areas and quayside space present opportunities to conduct work ahead of vessels arriving, reducing downtime for fabrication on construction and conversion projects.





Oil & Gas

Our advanced design engineering skills and construction facilities allow us to offer tailor-made solutions competitive with standard off the shelf products. Modules have been designed and built in accordance with NORSOK, Lloyds, DNV, GL, ABS, BSH, NMD, and NPD regulations, including the new DNV-OS-J201 standard

Our large storage areas and 2000m of quayside offer unique opportunities to manufacture and store modules and blocks. In addition, our Belfast facility enjoys access to the open sea free of any restrictions making it ideal for new Oil and Gas projects as well as for through-life upgrades of large offshore structures.

Cruise & Ferry

Harland & Wolff is the only shipyard in the UK capable of undertaking multiple Cruise projects concurrently. Our Belfast yard offers flexibility and capacity ensuring a rapid turnaround. Our fully engaged and high performing team have a passion for quality and getting all the details right first time. Vessels entering our facilities are in the hands of some of the worlds most experienced talent who appreciate the importance of ensuring a five-star finish.

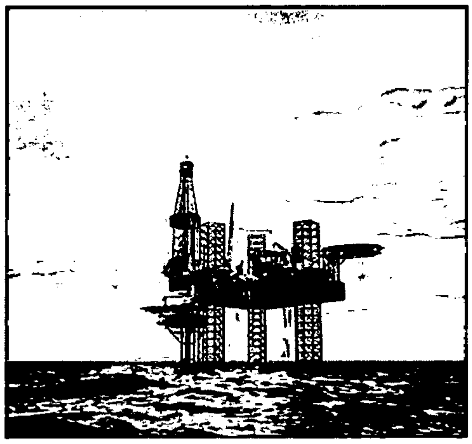
Our Belfast shipyard expertly handles some of the world's largest cruise ships within its 335m and 556m drydocking facilities respectively. Set a short steam away from the Atlantic Ocean and the Irish Sea, Belfast has two international airports, offering immediate access for cruise & ferry customers. The city also has a substantial supply chain including being home to some leading interior outfitting contractors.

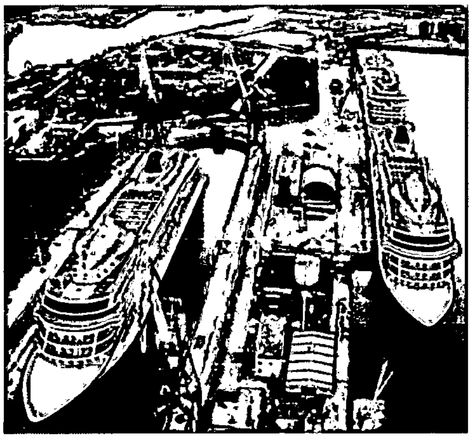
Renewables

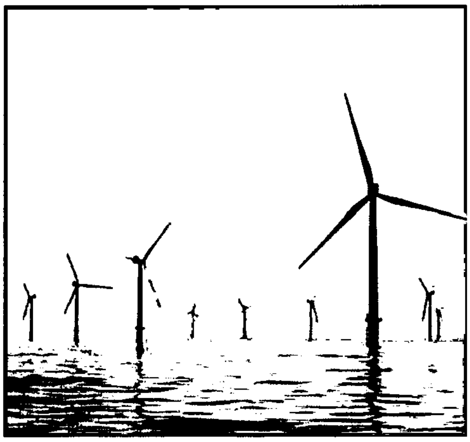
With renewable energy set to become one of the UK's most valuable assets, we are in an enviable position with one of the world's best facilities offering flexible fabrication and load in/out facilities with a dedicated project management team to guarantee delivery.

Our large 81 acres site in Belfast has multiple high load points to ensure structures can be fabricated, tested and stored before a consolidated loadout to site. We have a 556m drydock with twin overhead cranes that can load structures from the dock onto a waiting barge. Additionally, with multiple wet and dry configurations, our facilities can be set up to provide fast and cost-effective loadouts regardless of the configuration of vessels or barges. With 30 acres in Appledore and direct access to the Bristol Channel, we can load out from out our quayside or directly from our 120m drydock which can also be used as a fabrication facility.

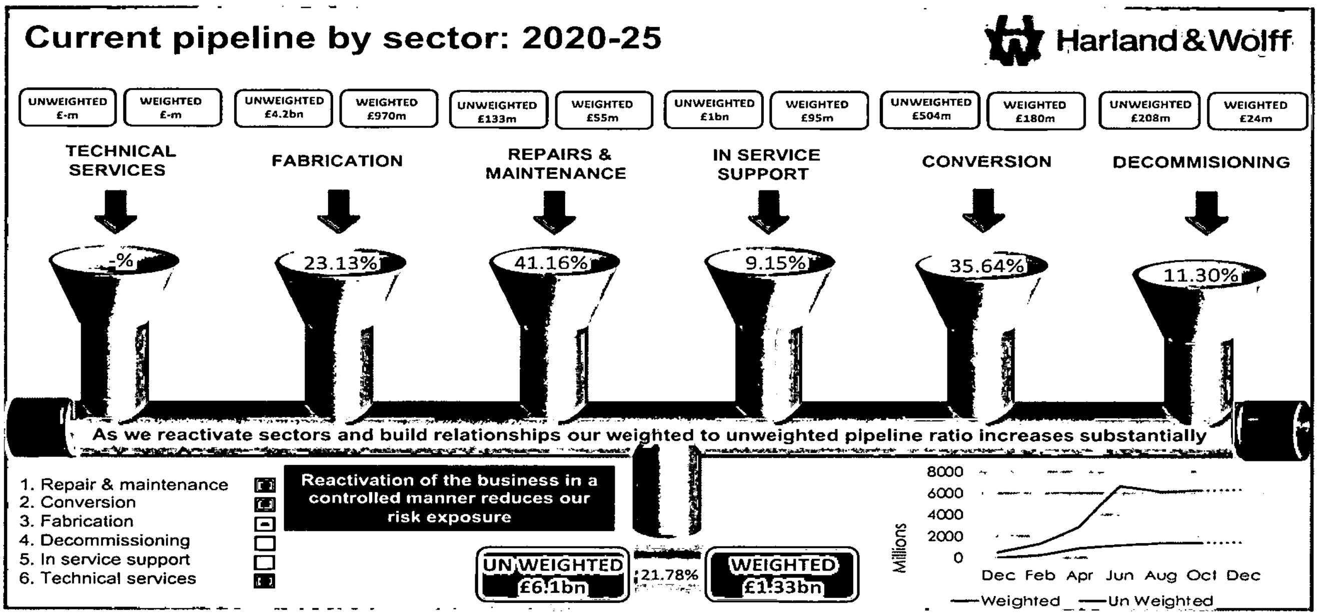
Harland & Wolff is actively marketing in all our key markets, some of which have a longer gestation time than others. We have chosen to pick the low hanging fruit first with cruise & ferry and commercial as projects are immediately available and tend not to have a substantially long lead time. However, these projects tend to have smaller contract values. On the other hand, projects with higher contract values also suffer from longer lead times. A lot of the work that we are undertaking now and the tenders that we are submitting currently are for projects that will commence in 12-24 months' time. We are effectively investing in our future today.







Chief Executive Officer's Strategic Report (continued)



SERVICES

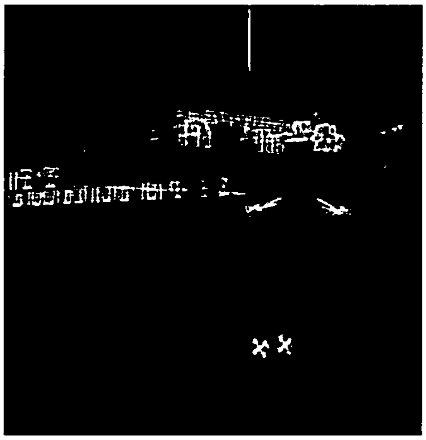
Technical Services

Our technical services team comprise naval architecture, system design and engineering, electrical design and engineering, steel structural design and engineering and general arrangement and outfitting. The team of professional design engineers provide a comprehensive range of services from initial consultancy, basic design, detailed engineering to through-life support, and with all services being accredited to internationally recognized standards. The deeply experienced engineering team takes a holistic approach to providing comprehensive solutions and provides engineering support from individual tasks to complete work packages. With a well-proven track-record in delivering success stories.

Fabrication and Construction

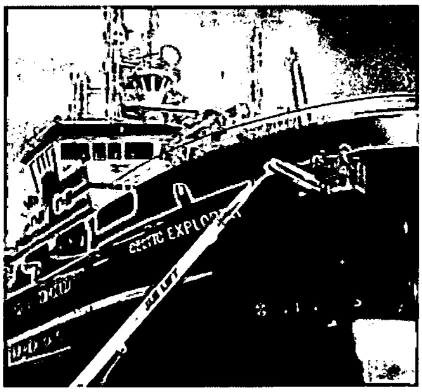
Since its establishment in 1861, over 1,700 ships, offshore vessels and various steel structures of all types and sizes have begun their life in our Belfast Shipyard and over 300 in the Appledore shipyard. These include Defence vessels, bulk carriers, tankers, drill ships, ro-ro's passenger vessels and FPSO's. Integrating extensive facilities with a large engineering capacity and strong project management enables us to offer a "one stop shop" with a highly focused, client centric approach.

With direct deep-water access and 2,000m of quayside space, our Belfast shipyard sitting on 81 acres welcomes a wide variety of vessels and structures. The site boasts a vast main dock and two 140m "Goliath" gantry cranes. Within the 30,000m2 covered fabrication halls up to 250 tonnes of structural steel can be handled per week in Belfast. Covering 29 acres our Appledore site is well positioned with direct access to the shipping lanes in Southern England and more conveniently to Belfast to enable project work and part components to be transported between the yards. With a 120m building dock and numerous fabrication and assembly areas, our Appledore facility can fabricate up to 120 tonnes of structural steel per week.



Repairs & Maintenance
We have a worldwide reputation with owners and operators for strict standards of health and safety, quality and timely delivery for planned and emergency repairs to all vessel types. This is reflected in our high numbers of repeat customers. We work with our clients to keep their assets in service and productive, whilst helping to improve their operational effectiveness.

We take the time to understand our clients' needs and ensure high quality project management for each and every project we undertake. Our engineering history has developed a superb technical skillset, specialised in the marine and offshore environment, with a team which works in partnership with our client's engineering and logistic teams. We have some of the most extensive and best equipped shipbuilding and repair facilities in Western Europe. In Belfast a massive 556m and 335m drydock complemented by a smaller 120m dry dock in Appledore.



In Service Support
Boasting not one – but two easily accessible shipyards, strategically set to provide a variety of expert-led services. Whether it's a remote breakdown, urgent repairs which do not require shipyard facilities or supporting a strict timetable of work, you are in safe hands with our deeply experienced team. Our crew has some of the most experienced marine and offshore workforce in the world, with varied technical skillsets and specialist knowledge.

No matter how complex the challenge. our crew has the talent and determination to find an effective and efficient solution. Our agile and flexible approach, combined with our widely experienced maintenance and repair team, means we can support our clients for planned in-service works off site as well as being able to mobilise at short notice in the event of an unplanned maintenance or repair requirement to ensure return to work of an asset with minimum downtime.

Conversion
Our crew offer a variety and depth of experience; working on a conversion project from simple renewals to complex overhauls, for vessels to offshore platforms and rigs. We support the entire conversion process from the initial feasibility studies and detailed design, through to fabrication and any extended lifetime support.

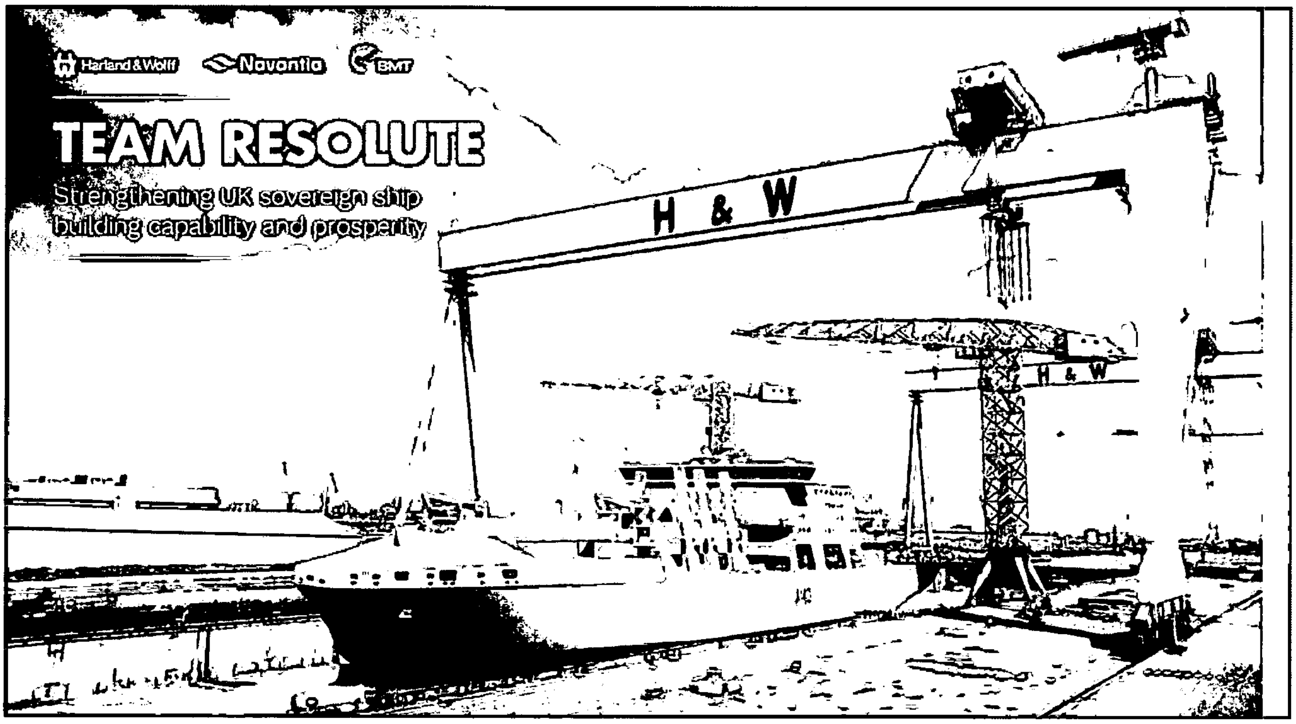
With the capability to work on one-off conversions to conversions of entire fleets. Our engineering history has developed a superb technical skillset, specialised in marine and offshore conversion projects. Our engineers work closely with the delivery team to ensure high quality, effective and responsive project management.

Decommissioning
We have the largest dock licensed for marine waste disposal in the UK enabling us to deliver cost effective, transparent and compliance assured projects. Our docks can accommodate the largest structures and a high degree of mechanisation strip costs out of the destruction process.

No matter the type of vessel of offshore structure, decommissioning requires careful attention to health, safety and environmental standards.

With our Belfast shipyard accommodating one of only two docks in the UK licensed for marine waste disposal, we understand this well. When DEFRA first established a set of standards that challenged the industry to step up and offer a transparent, environmentally sound and socially responsible solution to decommission, we were the first to answer that call and obtain a Waste Management License for ship and offshore unit recycling, based on that new standard.

Chief Executive Officer's Strategic Report (continued)



The other method of looking at our pipeline is to split it by the services that we provide. In re-establishing the Harland & Wolff facilities, we have had to be selective about which services we ramp up initially to ensure quality and guaranteed delivery. Given the ratios of our unweighted pipeline to our weighted pipeline, the clear focus has been on getting the drydocks up and running, with fabrication next to commence. In-service support and technical services are still in the planning stages with the intention to ramp them up in 2021.

From our next annual report, we intend on commencing reporting on our conversion ratio from pipeline to sales as well as the backlog on our books. This is predicated upon our business stabilizing following the subsiding of the COVID-19 pandemic. As our data becomes more mature it will be easier to set guidance with some level of confidence and to ensure we deliver against our guidance. With the ongoing COVID-19 situation it makes setting guidance extremely difficult as markets tend to change on a weekly basis following changes to government advice.

We are currently seeing a massive backlog of Cruise vessels' mandatory drydocking work building up as vessels remain out of service and will require substantial works before passenger certificates are reactivated as they re-enter service. With the cruise industry gearing up for a restart in H1 2021 we are already seeing a substantial increase in enquiries being received. Standard ferry docking demand remains strong; however, projects remain restricted to essential work only. We expect to see contract values in future years rise as soon as cash conservation by ferry operators due to the ongoing pandemic eases.

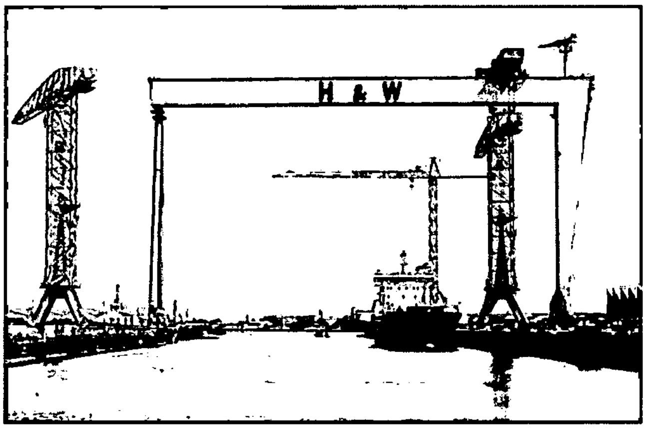
The two recent government announcements in relation to the "Green Industrial Revolution" and defence spending bode well for Harland & Wolff as these are two of the key markets that we are involved in and one of the only yards in the UK that has the immediate capacity to deal with a quick call to action as has been requested in and around the renewable sector following the quadrupling of wind powered energy targeted by 2030. The facilities in Belfast are ideal for both offshore static and floating wind farms. Our 556m drydock and gantry cranes are ideal for loading out capabilities. The Prime Minister announced the largest increase in government spending in defence for thirty years. Given the number of ships planned, it looks very positive that both the Belfast and Appledore yards will be involved in some way or another. As part of our strategic review of the overall fabrication industry, it is abundantly clear that the UK is substantially short on fabrication capacity and capability. We are fully aware that this will not be an immediate ramp up in work, but it bodes very well for the future of British shipbuilding.

British shipbuilders can no longer live in isolation whilst operating in an international market with export opportunities. We firmly believe in partnering and in joint venture arrangements to ensure on-time and ahead-of-budget delivery of projects. Whilst the UK does have advanced manufacturing capabilities our European neighbours have substantially more. Partnerships with the likes of Navantia who have successfully digitised shipbuilding with their Shipyard 4.0 programmes should be actively encouraged to improve domestic efficiencies, enhancing productivity and ultimately delivering cost effective projects to end clients.

Team Resolute

When considering partners for upcoming defence programmes, we spent considerable time evaluating the options to ensure that we put a credible offering to the Ministry of Defence. In forming Team Resolute with Navantia, the Spanish state-owned shipbuilder and BMT, the UK's go-to design house we truly believe that we have a team capable of winning projects. The initial focus will clearly be on the Fleet Solid Support project (FSS); however, we are also collaborating on several other projects across defence and cruise along with several projects in the renewable sector.

Working in this team provides us with a substantially lower risk entry point, access to significant historical data, a comprehensive track record and a portfolio of proven hull designs that can be utilised for future bids and tenders. More importantly, it gives us access to Navantia' s Shipyard 4.0 system, their program management skills, system integration and weapons systems capabilities. Whether Team Resolute prevails in the FSS tender will largely depend on the end client's requirements. Should Team Resolute fail in its pursuit to win the FSS contract, we remain convinced that we will be successful on other projects that we are bidding for. We have built a strong working relationship with both Navantia and BMT and we look forward to working closely with as a team on upcoming projects. We are acutely aware that one size does not fit all, and we will continue to form other joint ventures and partnerships for projects that have a better probability of winning with other partners.



Our two iconic yellow 'Goliath' type gantry cranes are permanent features of our Belfast yard

Belfast Facility
Our strategic shipyard and fabrication facility is located a short drive from Belfast International Airport. The facility is made up of two sites. Site one includes the Belfast Dry Dock (335m) and Site two includes the new building and fabrication dock (556m) along with 30,000m2 of undercover fabrication space.

The facilities have deep water access and over 2,000m of quayside berths between the two facilities. There are various deep-water pockets around both sites that will facilitate larger deep drafted vessels and structures to berth and be worked on. The yard has had numerous piling works done in order to enable it to withstand large single point loads associated with the renewable industry.

The facility has been reactivated in stages since acquiring the yard on the 5th December 2019. The initial stage was to get the Belfast dock up and running which included undertaking upgrade and maintenance works on the various plant and equipment. The first vessel was welcomed to the yard on the 23rd December 2019 and since then a further twenty vessels have entered the yard.

After works were completed on the Belfast dock the next priority was to get the larger building dock up and running, undertaking much of the same type of works. With the onset of Covid-19 and the resultant slowdown to essential works only, it was decided to take advantage of this slowdown in activity and remove the dock gate from Belfast dock to be drydocked inside the building dock for repairs, upgrade and a multi-year preservation package.

The dock gate is required to be docked every ten to fifteen years depending on routine survey works. The team made the decision to undertake the works earlier than planned to avoid taking it out of service when larger contracts became available. In addition, in order to qualify for the Queen Elizabeth class carrier bid, the work that was required on the dock gate would be needed to be undertaken in earnest. The entire operation from commencement, floating the dock gate, demounting it and finally re-installing it lasted five months.

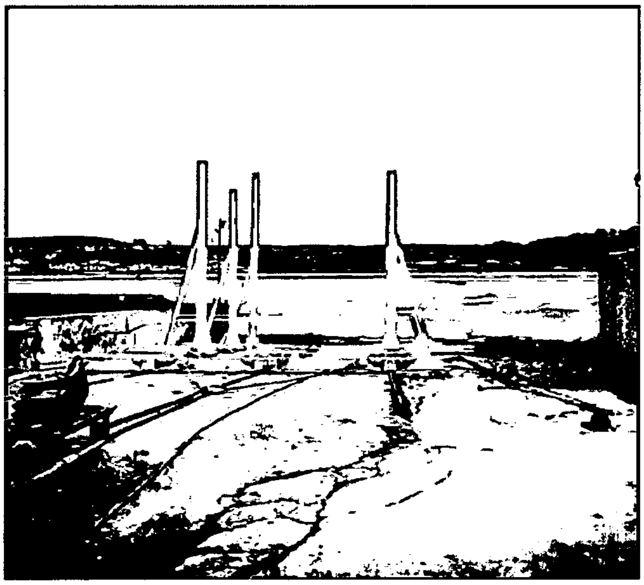
The facility effectively operated as a single dock operation for the majority of 2020, but we are pleased to have this work behind us as we now proceed towards bigger and more time critical projects. The next phase of the reactivation process is to get the fabrication facility up and running. Whilst there is much that we can do to improve the efficiency and productivity of the fabrication halls, we are determined to win contracts and start processing them as we gradually upgrade the facilities over the course of the next few years. We have however ordered a new Inrotech robotic micro panel line for the fabrication hall, as this will be critical in shipbuilding and major fabrication projects. The panel line is planned to be delivered in January 2021 and will be up and running during Q1 2021 following installation and training of key members of staff.

We will be looking at the longer-term upgrade plans in conjunction with our budgets as part of our ten-year plan. Given that the site is spread over 81 acres, we believe that there are innumerable opportunities to increase turnover over and above our current internal projections. Some of these opportunities will involve capital investment in order to realise the growth potential. Such enhanced capital spend will be reviewed on a case-by-case basis.

Appledore Facility
The Appledore shipyard was acquired by the group and the deal completed on 26th August 2020. The site comprises 30 acres of freehold waterfront land, a 120m fully covered drydock, a small undercover slipway, an external 90m slipway, quayside and outfitting berths along with numerous fabrication and storage buildings.

Historically the yard has been used for new building projects only. It is our intention to not only use it for new building projects but to also encourage repair and maintenance dockings, conversions as well as major fabrication projects. We expect the majority of this work to be undertaken in the main Bidna facility.

With the extensive slipways, it is expected that commercial and patrol vessels will be docked here in addition to smaller survey and commercial fishing vessels. Given the beam that the slipway enjoys, it is expected that it will be utilized by vessels engaged in the construction and servicing of renewable energy projects in the Celtic Sea. In order to keep a tight control on cash burn, it is not planned for this facility to commence trading until early 2021.



Slipway at Harland & Wolff (Appledore)

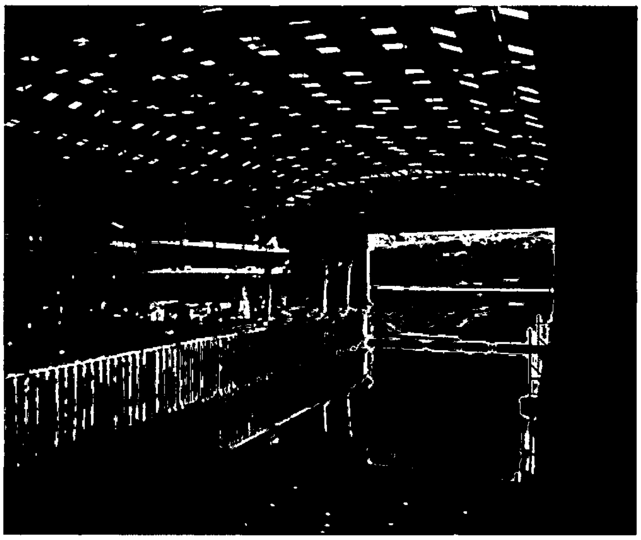
The slipway at the Newquay yard was in a state of disrepair and vegetation had been allowed to overrun the site. An extensive upgrade of the slipway cradles has now been undertaken, along with repairs to the concrete slipway and new surfacing of the repair yard. The cradles have also had new wire ropes installed along with wooden beds after full shot blasting and preservation.

Chief Executive Officer's Strategic Report (continued)

With the river having high tides the access channel to the slipway becomes silted up. Extensive works have been undertaken to return the slipway access channel back to its previous depth. The hydraulic motor for control of the slipway has been returned to a hydraulic specialist for an overhaul.

The slipway is in the final stages of completion and we expect a vessel to test slip in late January / early February 2021. Adjacent to the slipway is the outfitting quay and berths. Whilst in the process of upgrade works, a vessel that could not wait for repairs was brought alongside for a short period making it our very first client at Appledore.

Reactivating the Newquay yard was considered to be a relatively quick process and so was undertaken first whilst planning the more complex operation of reactivating the main Bidna yard. The Bidna yard drydock operates via lowering and raising three steel gates of approximately 30 tonnes each. The gates have never been removed since the yard was built and are in a relatively unknown condition. When acquiring the yard, the condition of the gates was taken into consideration during the material condition assessment and, accordingly resulted in the value that the company placed on the assets at the time of acquisition.



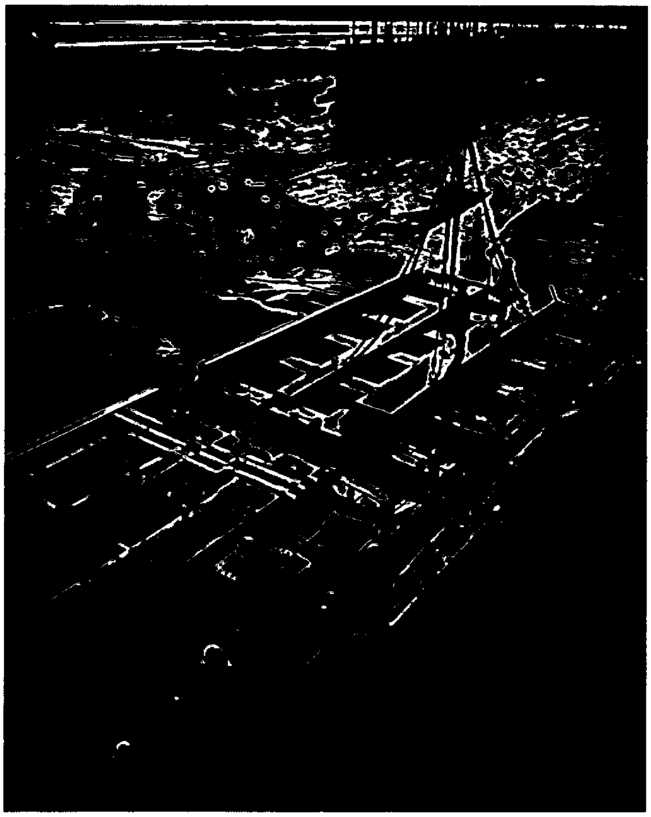
Flooded drydock in Harland & Wolff (Appledore)

Within the main Bidna yard, extensive clean-up works have been on-going to get the yard presentable for the various guests that we have welcomed. It was my privilege to show Prime Minister Boris Johnson around the facility and explain how big a part Harland & Wolff (Appledore) can play in the National Shipbuilding Strategy. This is the only drydock of its type in the UK that is fully enclosed and out of the elements and that facilitates 24/7 construction. Several vessels or structures can be in progress at any one time within the facility with final assembly in the drydock before being floated out to the outfitting berth. The next vessel can be dropped into the dock in premade blocks and consolidated. When on the outfitting quay all the interior work and system integration work can be undertaken to commence testing and trials of all systems prior to final sail away.

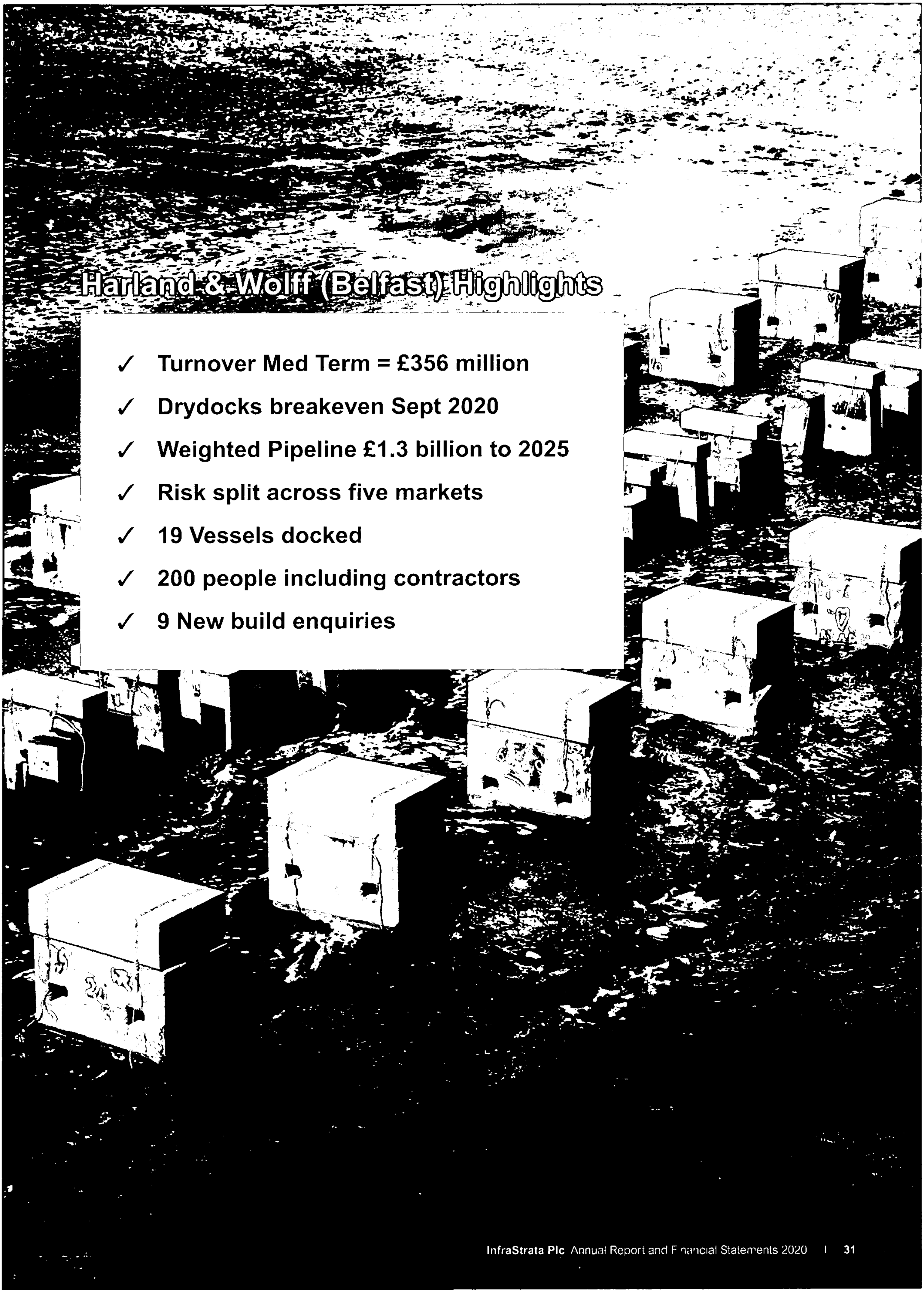
In order to reactivate the drydock, the gates are required to be completely removed in a complex tidal operation. This is a tricky operation as a mobile crane is required to be dropped down into the bottom of the dock to reach outside the shed to allow safe lifting with. The gates will then be moved to be shot blasted prior to returning inside the shed to commence steelwork repairs. It is expected that the steelwork repairs will be extensive, all of which will be done inside Appledore. The steel repair work on the gates started in November 2020. Once completed, preservation activities will be undertaken that is last into early 2021. The reverse process will then be undertaken to replace the dock gates. This is a one-off exceptional activity that was required to be undertaken as it was an essential safety requirement to ensure the integrity of the gates prior to placing employees in enclosed spaces inside the drydock. It is expected that it will be a further 10-15 years before they will be required to be removed again for survey and preservation works.

It was decided to get this work carried out early whilst marketing the facility to ensure that no contract work when such a contract is awarded. We have been very impressed by the level of enquiries for new build vessels at Appledore not only from the UK but also from international clients. Both these bodes very well for Appledore's future.

John Wood
Chief Executive Officer
26 January 2021



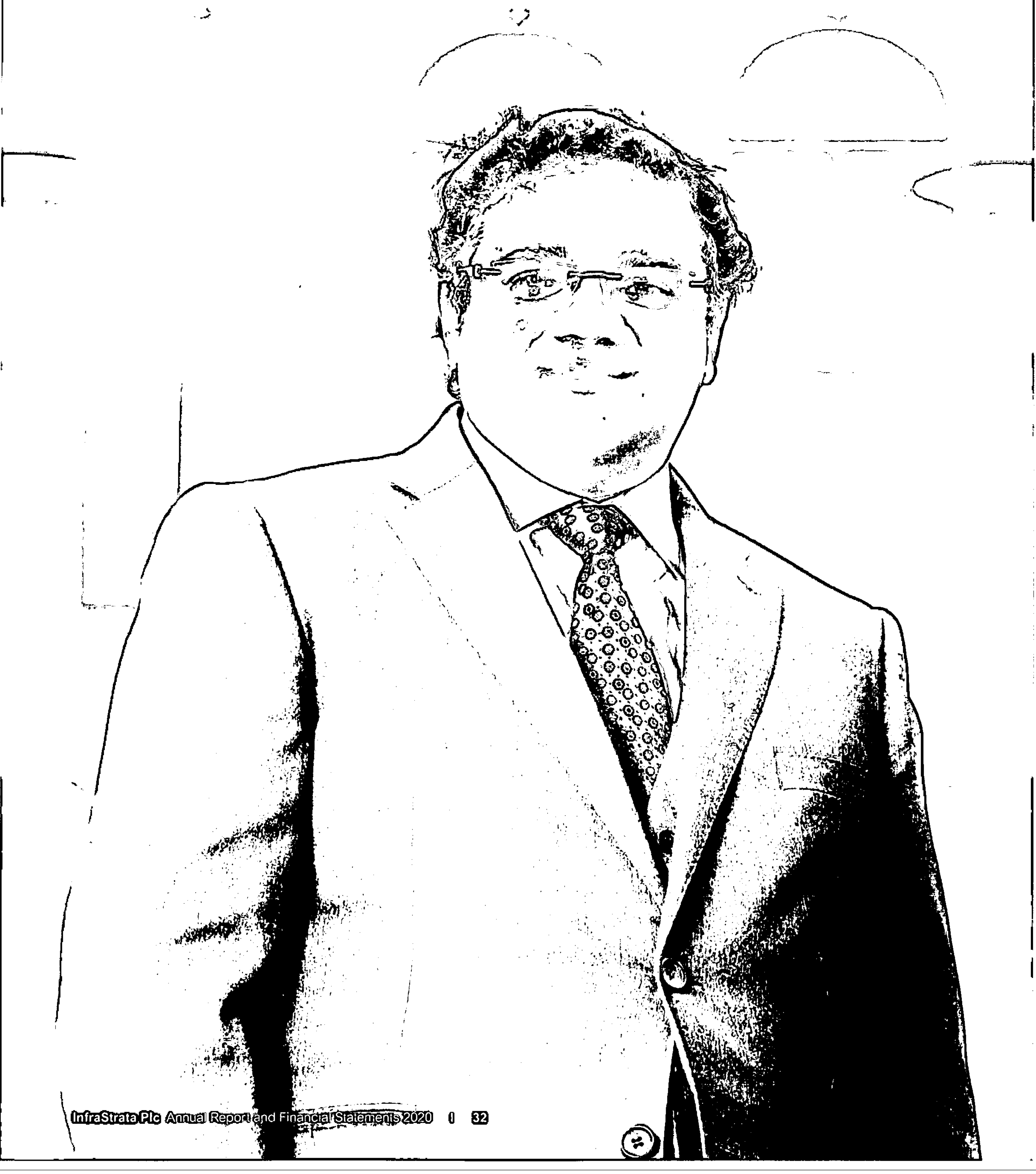
Harland & Wolff (Appledore) Dock Gate Removal



Harland & Wolff (Belfast) Highlights

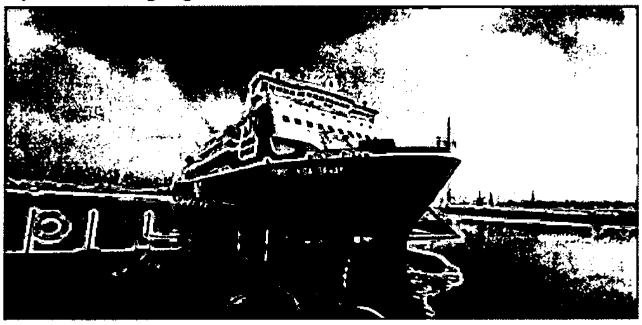
- ✓ Turnover Med Term = £356 million
- ✓ Drydocks breakeven Sept 2020
- ✓ Weighted Pipeline £1.3 billion to 2025
- ✓ Risk split across five markets
- ✓ 19 Vessels docked
- ✓ 200 people including contractors
- ✓ 9 New build enquiries

Chief Finance Officer's Report



Overview
I am delighted to write to all our shareholders and stakeholders to share a few thoughts with all of you. At the very outset, I am pleased that the Company has received such overwhelming support from its shareholders. The fact that we raised c£17 million during 2020 is, indeed, very humbling. I wish to thank all shareholders for this show of confidence in the management team of the Company. It has been a tough year of "unknown unknowns" but I firmly believe that we have come out of it stronger, wiser and more determined to succeed in the businesses in which we are engaged.

Operational Highlights



European Causeway at Harland & Wolff (Belfast)

We ended the year with a net loss before tax of £10.40 million (2019: loss of £1.18 million). During the course of the year, we announced our maiden revenues in December 2019 and closed the year with a revenue line of £1.48 million. Whilst our revenues are still insufficient to absorb all our Group costs and break-even / generate a cash profit, I am pleased that we broke through the psychological £1 million revenue mark by the end of the financial year. Our gross margins were c20.50%, slightly lower than our expectations of achieving the c25% levels. As a start-up with a zero-order book and with COVID-19 dominating the year, we know that we can do better under more normal business conditions.

Our total operating costs for the year were £9.48 million (2019: £1.38 million) largely reflecting a much larger business and consequent cost base. Given the scale of our activities through the year, we have been very careful about our cash-burn rate and have kept it to appropriate levels. Payments to employees, suppliers and counterparties have been at market and, sometimes, sub-market rates in a combination of cash and shares, primarily with a view to preserving as much cash as possible.

We are now revenue generating and meeting some of our costs through earned margins. We achieved a cash break-even position in the cruise and ferry market in September 2020 and repeated that performance in the closing months of 2020. We expect to maintain similar run rates going into 2021 at the very least and expect to further upscale these revenue numbers through some large contract wins. Given that the bulk of our revenues stemmed from the cruise and ferry repairs business, we have a limited segmental reporting analysis this year. Going forward, as we enter into contracts across our five core markets, we will be breaking down or segmental analysis in greater granularity.

The placing of new shares in January 2021 helped us raise £7.40 million before expenses and this cash reserve on the balance sheet will help us bid more competitively for larger businesses. The placings over the course of the year have strengthened our balance sheet and, accordingly, we are accounting for the Group's operations on a going concern basis.

We made a commitment to our shareholders that we would be revenue generating in 2019. Whilst we have fulfilled that commitment, it was equally important for us, as a Board, to embark on the path of being financially self-sustaining and cash positive. In calendar year 2021, I expect us to manage our cash conservatively until we reach a position of being cash break-even. I believe that we are closer than ever to achieving that objective given our exposure to five distinct markets and offering six services within each market. With the growing stability of Harland & Wolff (Belfast), the acquisition of Harland & Wolff (Appledore) and funding progress being made on the Islandmagee gas storage project, we now have the capability of achieving this goal. In the meantime, we will continue to closely monitor our overheads and preserve as much cash as we can without compromising the operations of our businesses.

Business reorganisation
As a business, we have changed dramatically over the past 12-months. When we joined the business in 2018, we were determined to change the business from a one-project company to one that has multiple assets in the Group portfolio, thereby diversifying ourselves and de-risking the balance sheet. Accordingly, we have formally transitioned into a Group that has been structured along two main specialisations: energy infrastructure and shipyards.

Recognising this, we have restructured the Group such that all energy infrastructure assets will sit under InfraStrata UK Limited and all shipyard / fabrication assets will come under Harland & Wolff Group Holdings Limited. Both of these intermediate companies are 100% owned by InfraStrata plc. Given their diverse nature, we have also restructured our human resources. We are now a matrix organisation. The two divisions will be led by two different directors, both of whom have decades of experience in energy infrastructure and shipyards, respectively. They will be supported at an operational level by their own teams and will receive strategic, legal and financial support from the parent company. This structure allows for more flexible and nimble working across the Group, better communication between the different Group companies, and most importantly, a deep sense of ownership for departments heads and leaders of the respective business units.

As we move forward, we need to have the depth of personnel and experience to successfully run the Group's businesses. We have, therefore, made sure that each business function is headed by an expert in that particular area and he / she is adequately supported by experienced staff. The biggest challenge for any business is to find, recruit and retain highly skilled talent. Brexit and COVID-19 have made this pursuit even more challenging. Over the course of the year, we have spent significant time and resources to find and hire some of the best minds for our Group's businesses. This is effectively an investment for our future and in preparation for a much larger business within 12 months' time.

Chief Finance Officer's Report (continued)

We will continue to pursue and mature our existing assets, turning them from investments of today into cash generators of tomorrow. Equally, we are going to be opportunistic in our acquisitions across both strands of the Group. We have the core advantages of deep knowledge and agility and we must retain these qualities in order to achieve our objectives. Equally, as CFO, I am acutely aware of the financial strains that any acquisition brings along with it. Therefore, every acquisition opportunity is robustly challenged. We will continue making acquisitions, but only if there is a clear strategic and economic advantage in doing so. There is a fine balance between consolidation and growth and we believe that both are possible to achieve together with an optimum strategy and a pragmatic financing structure.

Islandmagee Gas Storage Project

In regard to the Islandmagee gas storage project, the challenge was to bring the project to a point that made it bankable. The completion of the FEED study and the entering into a binding term sheet with Vitol to become a long-term capacity offtake client for 100% of the storage capacity have achieved that objective. Today, we consider that we have a project that is "shovel-ready", bankable and worthy of project finance investment.

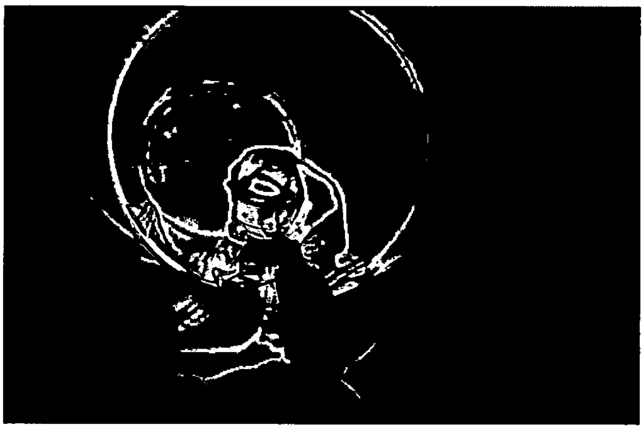
The last financial year was devoted to obtaining the Marine Licence. Resources, both capital and human, were deployed in this effort. Whilst COVID-19 has inevitably slowed this process down, we are determined not to let up and are taking all possible steps to bring this matter to fruition. I believe that we are now very close to a determination on the Marine Licence and, as soon as that decision has been taken in our favour, we shall be progressing to Final Investment Decision.

The route to FID has multiple paths. The path well-trodden is for us to farm out a substantial portion of our project equity in favour of incoming project partners who will be funding the required project CAPEX. Whilst this may seem like the easy route, the overall energy complex has fundamentally changed in light of the Government's position in relation to net zero and energy, especially hydrogen. Subject to further planning and regulatory approvals, the project's salt caverns are ideally suited for large scale hydrogen storage. For any commodity to be tradeable, it needs to have certain foundations; demand and supply, a traded market with transparent pricing and the ability to move it from areas of supply surplus to centres of demand. It is this physical movement of commodities that is the most crucial aspect and storage, as a mid-stream component within that supply to demand chain, becomes vital. It is a foregone conclusion that natural gas will provide baseload feedstock for power generation and to heat our homes and offices. We believe that this trend will continue to persist over the next 2-3 decades. Indeed, long strides have been taken to boost the installed capacity of renewable power and, equally, there have been breakthroughs in the technologies for large scale hydrogen production. Once hydrogen starts becoming more mainstream, its storage will become crucial, first for blending hydrogen with natural gas and, thereafter, the supply and consumption of pure hydrogen.

It is within this context that we need to determine what is the optimum funding solution for the project. With natural gas being a transition fuel, we have sought to future proof the facility such that it is capable of storing and moving hydrogen in and out of the caverns. With possible government funding available for shovel ready strategic infrastructure, it is possible for us to take advantage of new government financing schemes and retain a higher equity interest in the project. Equally, we are conscious that this project has been on our balance sheet for a large number of years and it is imperative to reach a conclusion sooner rather than later. Therefore, all steps are being taken and all funding opportunities are being assessed in parallel such that we should be in a position to take FID as quickly as possible once the Marine Licence has been granted.

Gas markets have continued to show resilience despite demand falling due to COVID-19. The last few weeks have seen spot gas prices rising to 2018 levels, with both the UK and EU relying on pipeline and storage gas, in the absence of sufficient LNG cargoes, given their diversion to the Far East, who are currently paying circa five times more than what the NBP and TTF are offering. This situation has clearly highlighted the underlying supply risk that the UK is facing with highly limited storage capacity along with attendant consequences of Brexit.

Within this overall macro picture, we continue to firmly believe that the Islandmagee gas storage project has a very bright future and will constitute an important asset within the Group's portfolio. The Company will be making announcements through the course of this year as and when material events occur for this project, chiefly among them being the award of the marine licence, FID, project financing and commencement of construction.



Capital Fundraising Activities

In July 2020, we raised a sum of £9 million before costs through an equity placing at 0.35 pence per share. The proceeds were utilised for paying off smaller bridging loans that the Company had taken in the previous year and providing for additional working capital for the Group.

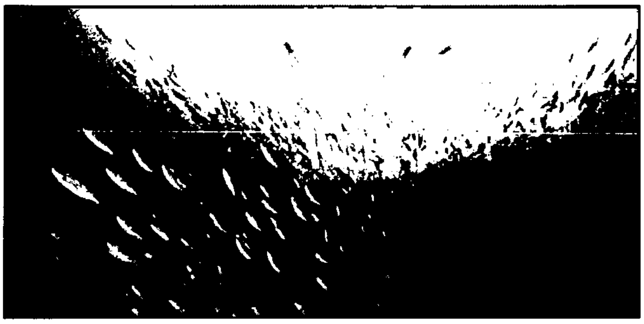
Additionally, we consolidated our shares on a 1:100 basis with a view to reducing the total volume of outstanding shares. This consolidation has inevitably reduced our stock's liquidity albeit marginally but, more importantly, it has significantly reduced the spot volatility in our share price. Our share price has remained relatively stable and is now less susceptible to sudden peaks and troughs on days of low volume trades.

Having raised £4 million in December 2020 before costs, post the balance sheet date, in January 2021, we raised a further £3.40 million before costs at 0.45 pence per share in order to further strengthen the balance sheet and prepare ourselves for tendering and winning larger contracts.

We raised £2 million before costs in February 2020 against an asset backed debt facility at Harland & Wolff (Belfast) Limited. This debt facility was taken to fund working capital for our Belfast operations.

We consider our capital structure to be lean and that the balance sheet is not overly leveraged. With the extinguishing of the smaller bridging loans through the year, we now have only the asset backed debt facility that we are servicing and that will come to maturity in February 2022. Given the growing size of our Group and that of our balance sheet, I believe that there is potential to raise more debt over time. However, a stable and long-term debt structure at sensible coupons can be put in place on the back of a series of larger contract wins. We are in discussions with institutional debt providers to understand terms offered on long term debt instruments. I believe that over the course of the year and subject to larger contract wins, our corporate debt structure will evolve and we will be able to take advantage of the historical low rates of interest that we are seeing across debt markets. In summary, alongside our organically generated cashflows, we have a variety of options to meet our cash requirements through 2021 and beyond.

Our Future



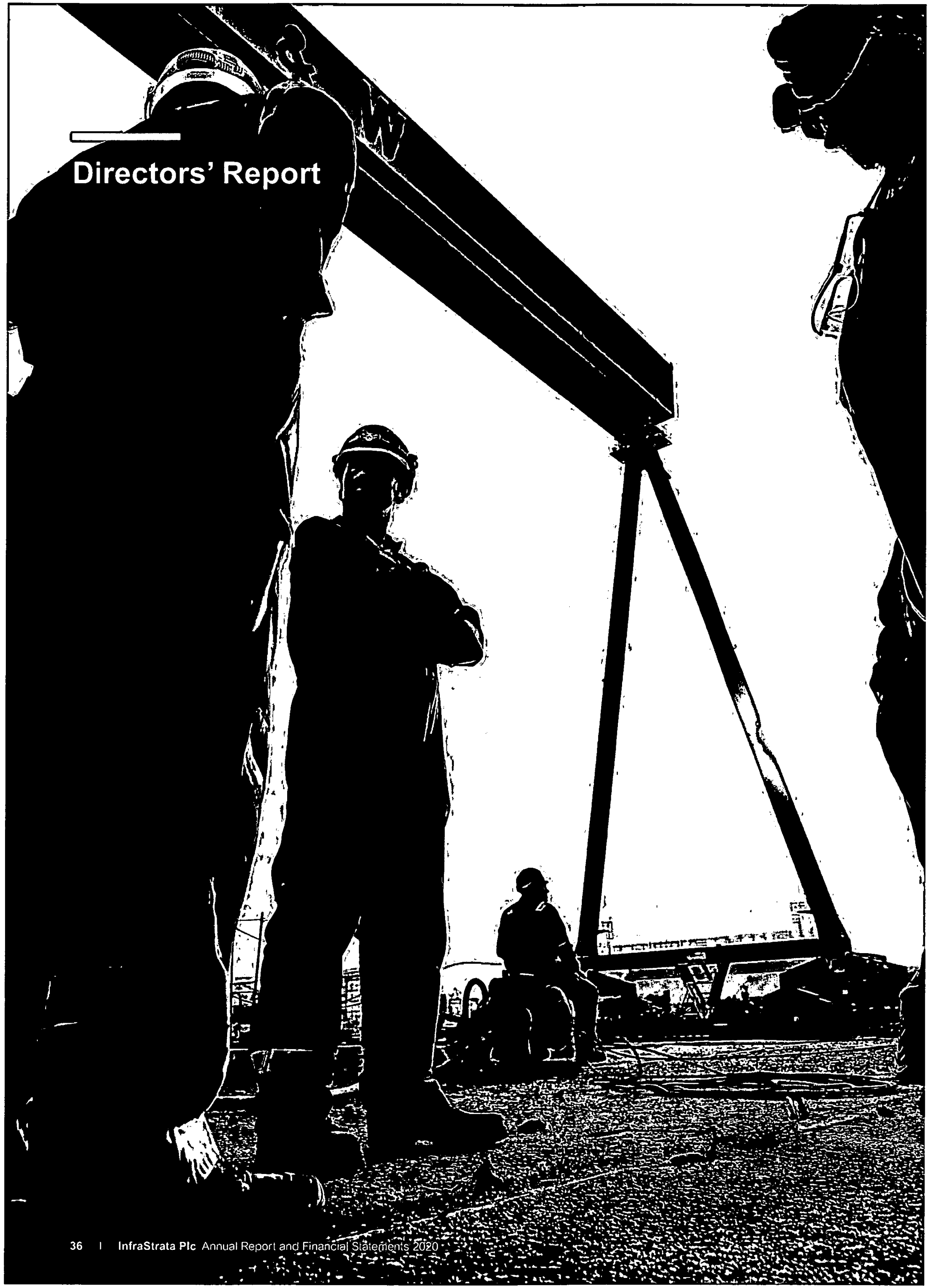
The world has fundamentally changed in the last 12 months. Climate change, pandemics and geopolitical uncertainties are some of the most pressing issues that we face today. As your CFO, it is my role to provide that safety net for the Group and to maintain the highest standards of reporting and corporate integrity whilst enabling the CEO and the business development team to fulfil the strategy that the Board has envisaged for the business.

Every shareholder who has invested in the Company expects a healthy return on investment. Equally, shareholders expect their investment to make a significant and positive difference to society at large; creating gainful employment, utilising breakthrough technologies that will reduce resource consumption and drive down costs whilst increasing efficiencies, minimising one's carbon footprint and ultimately leaving a legacy that is fit for purpose for future generations. The aspirations of generating wealth and, at the same time, leaving a positive social impact, are not incongruent to each other. As CFO and part of the Group's board, I am sensitive to both these aspirations. Therefore, whilst the immediate and most important task is to stabilise the financial position of the Group and make it cash-positive, we will always have an eye on the impact our operations have on society at large. We can contribute in a more meaningful manner when we are stronger and more stable. Keeping that in mind, our focus for the short and near term is to take our current operations into a profitable environment and grow the business even further, through the pursuit of larger contracts and acquisition of complementary assets.

Finally, I wish to, once again, thank all our shareholders for supporting us through the year and to warmly welcome our new shareholders to the InfraStrata family.

Arun Raman
Chief Finance Officer
26 January 2021

Directors' Report



The directors present their report and the audited consolidated financial statements for the year ended 31 July 2020.

DIRECTORS OF THE GROUP
The directors, who held office during the year, were as follows:

Mr C R Richardson (Non-Executive Chairman; appointed 1 February 2020)

Mr M J M Groat (Non-Executive Director)

Mrs D M Saw (Non-Executive Director; appointed 1 February 2020; resigned 27 August 2020)

Mr J M Wood (Executive Director)

Mr A S Raman (Executive Director)

GENERAL
InfraStrata Plc is incorporated and domiciled in England and Wales.

HEALTH, SAFETY AND ENVIRONMENT
There were no reportable health, safety or environmental incidents during the financial year.

SHARE CAPITAL
At the date of this report 81,406,176 ordinary shares are issued and fully paid. Details of movements in share capital during the year are given in note 21 to the financial statements; post year end movements are detailed in note 27.

RESULTS AND DIVIDENDS
The Group recognised cash revenue from continuing operations of £1,482,081 (2019: £Nil). Management and administrative expenses totalled £9,482,379 (2019: £1,383,294). The Group incurred a loss of £10,409,873 (2019: loss of £1,182,712). The loss for 2020 when added to the cumulative losses of £29,455,253 brought forward and movements between reserves leaves a retained loss of £39,865,126 to be carried forward.

The directors do not recommend the payment of a dividend (2019: £Nil).

RISK MANAGEMENT
The financial risk management objectives and policies of the Company in relation to the use of financial instruments, and the exposure of the Company and its subsidiary undertakings to its main risks, credit risk and liquidity risk, are set out in note 24 to the financial statements. The principal risks and uncertainties relating to the Group's business and how we mitigate them are detailed in the Strategic Report as set out in subsequent paragraphs.

PRINCIPAL RISKS AND UNCERTAINTIES
The board is responsible for the effectiveness of the Group's risk management activities and internal control processes. As a participant in the gas storage development, shipbuilding and heavy fabrication industries, the Group is exposed to a wide range of business risks in the conduct of its operations. The Group is exposed to financial, operational, strategic and external risks which are further described below. These risks are not exhaustive and additional risks or uncertainties may arise or become material in the future. A robust process of risk management and mitigation has been introduced into the business and all risks associated with the group's business have been fully assessed.

FINANCING RISK - THE RISK OF NOT OBTAINING SUFFICIENT FINANCING
Access to adequate working capital is critical to our ability to pursue our existing and future projects and to continue as a going concern. A deterioration of the capital markets may reduce our ability to raise new equity funding. We work closely with our professional advisers and brokers to identify the optimum approach and timing to secure new equity financing to provide working capital.

The Group seeks to manage risk for our shareholders by attracting investment through quality partners where possible thereby minimising our own commitments to pay project development costs. We do not make financial commitments unless such funding has been secured through joint venture partners or otherwise new investment in our projects or we have a high degree of confidence that it will be secured.

STRATEGIC AND EXTERNAL RISKS - FAILURE TO MANAGE AND GROW THE BUSINESS WHILE CREATING SHAREHOLDER VALUE
There is no assurance that the Group's gas storage development will be successful, however this risk has been substantially reduced by successfully completing the Front End Engineering and Design ("FEED") works for the Project. We place a premium on recruitment and retention of suitably skilled personnel, compliance with applicable legislation and careful management of cash resources and requirements.

The successful progression of the Group's activities depends not only on technical success, but also on the ability of the Group to obtain appropriate financing through equity or debt financing or disposing of interests in projects or via other means.

We place great emphasis on regular communication with shareholders, including the release of announcements for the interim and annual results, and after significant developments. We seek to ensure that through such communications our shareholders are aware of our strategy and operations and that management has their continuing support. The Company's system of Corporate Governance is set out in the Report of the Directors.

OPERATIONAL RISKS - DAMAGE TO SHAREHOLDER VALUE, ENVIRONMENT, PERSONNEL OR COMMUNITIES CAUSED BY OPERATIONAL FAILURES
InfraStrata has restructured its Board of Directors and senior management team to include individuals with relevant skills to manage the operational risks of our projects and ensure they are progressed in the shortest possible timescales in a cost-effective manner. We have built up our core competencies in project development and have developed excellent relationships with government and public stakeholders in the geographical areas in which we operate.

Our management team works alongside strong and experienced joint venture partners in all projects and is supported by a highly effective network of carefully selected service delivery specialists such as environmental consultants, drilling engineering services and world class design engineers. In this way we seek to mitigate the potential risk that we fail to be seen to be acting in a socially responsible manner and/or fail to maintain good local community relations.

DIRECTORS
The directors, who served during the year and subsequently, are detailed in the following table, which also highlights whether they are/were executive positions or independent:

	Executive	Independent
C R Richardson (appointed 01 February 2020)		✔
M J M Groat (appointed 22 March 2019)		✔
D M Saw (resigned 27 August 2020)		✔
J Wood (appointed 27 June 2018)	✔	
A S Raman (appointed 26 July 2018)	✔	

All directors benefit from the provisions of individual directors' Personal Indemnity insurance policies. Premiums payable to third parties are as described in note 7 to the financial statements. Some of the current directors have been granted share options in the Company and details can be found in note 8 to the financial statements.

The directors of the Company at the date of this Annual Report and their abridged CVs are as follows:

Clive Richardson – Non-Executive Chairman

Clive Richardson has been appointed as Chairman of the Company, with effect from 1 February 2020.

Most recently, Clive was Group CEO of V. Group, one of the world's largest providers of commercial ship management services with over 1,000 vessels under management. Clive held P&L responsibility, reporting to the main board, and achieved significant organic growth for shareholders throughout his tenure, also making several acquisitions. Clive also introduced a core operating framework and enhanced controls and governance which led to a significant reduction in overheads, as well as leading the recapitalisation of the business as required.

CHAIRMAN'S REPORT
STRATEGIC REPORT
DIRECTORS' REPORT
AUDITOR'S REPORT
FINANCIAL STATEMENTS
COMPANY INFORMATION

Directors' Report (continued)

Between 2007 and 2009, Clive was Chief Operating Officer, EMEA, and Chairman, QinetiQ Ventures for QinetiQ plc, formerly known as the Defence Evaluation and Research Agency which was subsequently privatised in February 2006. This signalled the start of rapid growth and the business now reports annual revenues of £1.4 billion. Clive held P&L responsibility for all operations outside of North America and during his tenure, undertook three acquisitions in Australia and two acquisitions in the information security sector. Clive was also Chairman of QinetiQ Ventures' partnership with Coller Capital in the £80m Cody Gate Ventures fund.

Between 1989 and 2007 Clive was an executive at BAE Systems Plc. He held several senior roles during his time there, including Chief Executive of Insyte, Managing Director at Royal Ordnance plc and Commercial Director at BAe Airbus. During his career Clive also held senior positions at Marconi Electronic Devices Ltd and Westland Helicopters Limited.

Between 2004 and 2009 Clive was a member of the National Defence Industries Council, (the Government and Industry defence consultation authority) and he was President of Tech UK, (the UK trade association for the IT, telecoms and electronics sector), between 2009 and 2011.

John Wood – Chief Executive Officer

John has enjoyed a distinguished career within the Oil and Gas sector, holding senior posts with BAE Systems, and was more recently the Global Head of Oil and Gas with Aurecon, a global engineering and advisory firm. He has successfully undertaken projects in Australia, the USA, Africa, Europe and the UK, building up extensive experience delivering pre-FEED and FEED (Front End Engineering Design), FID (Final Investment Decision) and EPC (Engineering, Procurement and Construction) contracts involving storage and infrastructure developments. Prior to his appointment as Chief Executive Officer at InfraStrata plc, John worked as a consultant for the company, and was closely involved in negotiating and agreeing FEED contracts for the Islandmagee gas storage facility with Costain, DEEP KBB and WSP, as well as the appointment of Evan Passaris (Atkins) as a specialist in salt cavern gas storage. During that time, John managed all FEED related activities on behalf of the company.

John is ideally suited to overseeing the operational areas of InfraStrata's Islandmagee gas storage project, given his wealth of technical experience across a wide range of similar developments. He is a well-known and highly respected industry professional and has extensive experience of working with InfraStrata's FEED partners.

Arun Raman – Chief Finance Officer

Arun has spent the past 20 years within the commodities and infrastructure sector. While at Star Energy Group plc (now known as Petronas Energy Trading Ltd.), he was responsible for commercialising its 10 BCF Humbly Grove Underground Gas Storage Project, including the negotiation and commercial delivery of the Gas Storage Agreement with Vitol SA as the capacity offtake client. He also negotiated and executed agreements with the National Grid in relation to physical gas flows between the Humbly Grove gas storage facility and the National Transmission System. On the trading side, Arun set up trading desks for natural gas, power and carbon emissions for the group. Following on from there, Arun was hired by Vitol Services Ltd. in London where he was actively trading carbon emissions and other commodities. He specialises in commercial negotiations and monetising assets underpinned by commodity flows as well as trading of commodities around such assets. Arun's gas storage commercialisation experience will provide valuable insight as InfraStrata progresses with the Islandmagee Project.

Arun is a qualified Chartered Accountant having completed his training with PricewaterhouseCoopers and Citibank N.A. in India. He has been a member of the Institute of Chartered Accountants of India for the last 17 years post qualification, and also holds the designation of Certified Internal Auditor awarded to him by the Institute of Internal Auditors, Florida, USA.

Malcolm Groat – Non-Executive Director

Malcolm has worked for many years as a consultant to companies in technology, natural resources and general commerce. Following an early career with PWC in London, he held CFO, COO, and CEO roles in established corporations including the construction firm now called Arcadis. Since 2004 Malcolm has served in non-executive director or chairman positions, today including Baronsmead Second Venture Trust PLC and Tomco Energy PLC.

Malcolm is a Fellow of the Institute of Directors, Fellow of the Royal Society for the Encouragement the Royal Society for the Encouragement of Arts, Manufactures and Commerce, and Fellow of the Institute of Chartered Accountants in England and Wales. He holds university degrees from St Andrews (MA) and Warwick (MBA).

DIRECTORS' EMOLUMENTS

The directors' emoluments are disclosed in note 7 to the Financial Statements.

DIRECTORS AND SUBSTANTIAL SHAREHOLDINGS

The directors of the Company held the following beneficial shareholdings as at 26 January 2021.

Ordinary shares of 1p each	Number	%
John Wood	563,560	0.88
Arun Raman	86,211	0.13

The directors of the Company held the following beneficial shareholdings as at 31 July 2020.

Ordinary shares of 1p each	Number	%
John Wood	563,560	0.88
Arun Raman	86,211	0.13

On 14 January 2019, a total of 350,000 options were granted to John Wood. The Options become exercisable in three tranches as follows:

- as to one third after one year;
- as to one third after two years; and
- as to one third after three years.

Upon each vesting date, half of the Options vested are exercisable at a price of 150p per share and half are exercisable at nominal value of 1p per share.

On 15 January 2020, a total of 300,000 options were granted to Arun Raman. The Options become exercisable in three tranches as follows:

- as to one third in 2020;
- as to one third in 2021; and
- as to one third in 2022.

Upon each vesting date, half of the Options vested are exercisable at a price of 150p per share and half are exercisable at nominal value of 1p per share.

The Company has also received notification of the following interests in 3% or more of the Company's issued share capital as at 22 September 2020. The holdings and percentages presented are at the date of notification.

Ordinary shares of 1p each	%
Lombard Odier Asset Management (Europe) Limited	9.85
Allianz Global Investors GmbH	9.56
Killik and Co LLP	7.38
Gresham House Asset Management Limited	5.79
Spreadex Limited	4.48
CRUX Asset Management Limited	4.39

CORPORATE GOVERNANCE

Corporate Governance Statement

Section 172 Statement

In accordance with section 172 (1) (a to f) of the Companies Act, the directors have behaved in a way that would be most likely to promote the success of the company for the benefit of its members as a whole. Our directors have regard, amongst other matters to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company

The directors also consider the views and interests of a wider set of stakeholders when making decisions on its key stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all our stakeholders and the Board must frequently make difficult decisions based on competing priorities.

As is normal for Public Limited Companies the shareholders delegate authority for day-to-day management of the company to the board of executive directors and engage management tin setting, approving and overseeing the execution of the strategy and related policies. During the year we reviewed the company's financial and operational performance; key transactions, including acquisitions, regulatory, funding, stakeholder engagement and diversity and inclusion. The Board received papers and reports on these matters which were then reviewed, discussed and approved, as necessary.

The impact of the company's activities on our stakeholders, including colleagues, customers and suppliers is an important consideration when making decisions. The Board sometimes engages directly with stakeholders on certain issues via news updates through RNS, Vox Markets and LSE podcasts / interviews, and also the CEO has met a large number of shareholders throughout the year.

The directors have regard for matters set out in section 172 (1) (a-f) of the Companies Act 2006 when discharging their section 172 duties. One example of a decision taken by the Board during the year, and the considerations given to stakeholders' interest and impact was the purchase of Harland & Wolff (Appledore) Limited (which took place on 25 August 2020) in order to reduce the time to profitability and shorten the time toward positive cash flows.

Corporate Governance Statement

The Board recognises the importance of good corporate governance and have chosen to apply the QCA Code. The QCA Code was developed by the Quoted Companies Alliance (the "QCA"), the independent membership organisation that champions the interests of small to mid-size quoted companies, in consultation with a number of significant institutional small company investors, as a suitable corporate governance code applicable to AIM companies.

As stated by the QCA, good corporate governance is about "*having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders as a whole over the medium to long-term*". This is achieved through a series of decisions made by the Board, which needs to be kept dynamic, diverse and engender a consistent corporate culture throughout the InfraStrata plc group of companies (the "Group").

Our values are based on "Doing the right thing" for our people, suppliers, shareholders and other stakeholders. The Board believes this is vital to creating a sustainable, growing business and is a key responsibility of the Group. This culture supports the Group's objectives to grow the business through acquiring and retaining customers. It is the Board's job to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

The Board has adopted the QCA Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-quoted issuers to adopt and comply with a recognised corporate governance code. To see how we address the key governance principles defined in the QCA Code please refer to the below table.

Deliver Growth

QCA Code Principle	Application	What we do and why
1. Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Group's strategy is explained fully within our Chief Executive's Strategic Report section. Our strategy is principally focused around four key areas: (i) identification of opportunities, primarily in the energy infrastructure sector; (ii) development of projects using the skills and experience of the Company's management team; (iii) monetisation of projects to deliver shareholder value; and (iv) identifying future energy-related projects, to ensure we have a balanced portfolio of projects at various stages of completion. The key challenges to the business and how these are mitigated are detailed further in this Annual Report.
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us and, in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows, attending conferences and our regular reporting. The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM. The AGM is the main forum for dialogue with retail shareholders and the Board. The notice of AGM is sent to shareholders at least 21 days before the meeting. The chairman and the Executive Directors attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on this website. The person at the Company with principal responsibility for liaising with shareholders is Arun Raman.

Directors' Report (continued)

QCA Code Principle	Application	What we do and why
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board stays abreast of stakeholder insights into the issues that matter most to them and our business, which enables the Board to understand and consider these issues in decision-making. Aside from our shareholders and suppliers, our core management team is one of our most important stakeholder groups and the Board closely monitors any feedback it receives from members of the team to ensure alignment of interests. For more information please see our Directors' Report under the principal risks and uncertainties section in this Annual Report. The Group encourages feedback from all those organisations which it works or otherwise engages with.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The principal risks and uncertainties faced by the Group are detailed in this Annual Report. We detail the risks to the business, how these are mitigated and the change in the identified risk over the last reporting period. The Board considers risk to the business at Board meetings (which are scheduled to take place at least quarterly). Due to the recent changes at Board and management team level, Board meetings have taken place with increased frequency. Management are usually invited to attend the Board meetings, but are asked to leave any meetings when the Board wishes to discuss and/or otherwise resolve any Board-specific, confidential or sensitive matters. The Company formally reviews and documents the principal risks to the business at least bi-annually. The Board and management team are responsible for reviewing and evaluating risk and the Executive Directors meet at monthly intervals to review ongoing trading performance, discuss budgets and forecasts, and new risks associated with ongoing trading and projects.

Maintain a Dynamic Management Framework

QCA Code Principle	Application	What we do and why
5. Maintain the board as a well-functioning, balanced team led by the chair	The board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement. The board should be supported by committees (e.g., audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.	The Board currently two Executive Directors and two Non-Executive Directors. The Board considers the Non-Executive Director to be independent. The Company has announced the appointment of a new Non-Executive Chairman, with effect from 1 February 2020. The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Board intend to continue to assess and monitor the Company's requirements in this regard and expect to review the situation on an ongoing basis. All Directors receive regular and timely information relating to the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors are circulated to the Board for approval. The Board has a formal schedule of matters reserved to it and is supported by the Audit and Remuneration Committee. The Committees' Terms of Reference are available below this table. The primary tasks of the CEO are as follows: (i) leads the development and execution of long-term corporate strategy; (ii) responsible for all day-to-day management decisions and implementing corporate long and short-term plans; (iii) acts as direct liaison between the Board and management team; and (iv) communicates on behalf of the Company to internal and external stakeholders. The primary tasks of the CFO are as follows: (i) overseeing the administrative, financial, and risk management operations of the Company (ii) developing financial and operational strategy, including the metrics linked to strategy; (iii) ongoing development and monitoring of control systems designed to preserve Company assets; and (iv) reporting accurate financial results. The primary tasks of the Chairman are as follows: (i) leads the Board and ensures its effective operation; (ii) providing support and supervision to the management team; and (iii) monitoring and upholding corporate governance standards. The Board's role is to oversee and manage the Group, in as a responsible and efficient manner as possible. Broadly, the Board focuses on four key areas: (1) establishing vision, mission and values; (2) setting strategy and structure; (3) delegating to management; and (4) exercising accountability to shareholders and being responsible to relevant stakeholders. The Company has the following committees: (i) Audit Committee and (ii) Remuneration, Nomination and Corporate Governance Committee

Directors' Report (continued)

QCA Code Principle	Application	What we do and why
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.	The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of energy, engineering, finance, capital markets, innovation and international trade. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The Directors keep their skillsets up to date by attending relevant industry and professional events, as well as receiving periodic updates from the Company's professional advisers regarding regulatory developments. The Directors' service contracts are available for inspection at the Company's registered office and at each AGM. All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association. Appointment, removal and re-election of Directors The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. **Independent advice** All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Chief Financial Officer and Company Secretary.
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.	The individual contributions of each of the members of the Board are regularly assessed to ensure that: (i) their contribution is relevant and effective; (ii) that they are committed; and (iii) where relevant, they have maintained their independence. The Board intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. One-third of the Directors must stand for re-election by shareholders annually in rotation and all Directors must stand for re-election at least once every three years. For more information please see our Director' Report in the principal risks and uncertainties section of this Annual Report. The Group encourages feedback from all those organisations which it works or otherwise engages with.

QCA Code Principle	Application	What we do and why
8. Promote a corporate culture that is based on ethical values and behaviours	The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.	The Chief Executive Officer's Strategic Report details the environmental values of the Group, where we outline our commitments to act in a socially responsible manner and maintain good local community relations. We have appointed Judith Tweed, who is the person principally responsible for managing and maintaining local community relations in Islandmagee, Northern Ireland, to the board of directors of the Group subsidiary Islandmagee Storage Limited. The Board sees this as important for ensuring that the local community we work realise how important we view our relations with the local community. The Group supports the growing awareness of social, environmental and ethical matters when considering business practices.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: • size and complexity; and • capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	As well as the information contained in this matrix, which identifies the Group's commitment to and application of the QCA Code, the Corporate Governance Statement in this Annual Report details the Company's governance structures and why they are appropriate and suitable for it.
Build Trust		
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist: • the communication of shareholders' views to the board; and • the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).	The Company encourages two-way communication with its shareholders and responds quickly to all queries received. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. The Board recognises the AGM/GM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM/GM.

Directors' Report (continued)

The Board
At the financial year end the board comprised two executive directors and three non-executive directors whose background and experience are relevant to the Company's activities. The directors are of the opinion that the expanded board with a new Chairman with effect from 01 February 2020 and another non-executive director will have a suitable balance and it is expected that non-executive directors undertake a minimum of 18 days a year including attending board meetings and sitting on committees. The Directors' report in this annual report sets out biographical details of each director and which directors the Board considers to be independent. The board, through the directors, maintains regular contact with its professional advisers to ensure that the board develops an understanding of the views of major shareholders about the Company. The board also intends to review the performance of the team as a unit to ensure that the members of the board collectively function in an efficient and productive manner. All directors have access to the advice and services of the Company Secretary who is responsible to the board for ensuring that the board procedures are followed and that the applicable rules and regulations are complied with. In addition, the Company Secretary will ensure that the directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the board as a whole.

The table below contains details on the number of meetings held during the period and individual director attendance.

	Board	Audit Committee	Remuneration Committee
Number of meetings held during the 2019/20 financial year	17	1	3

	No. of meetings attended	No. of meetings attended	No. of meetings attended
Executive Directors			
John Wood (appointed 27 June 2018)	17	–	1
Arun Raman (appointed 26 July 2018)	17	–	1
Non-Executive Directors			
Clive Richardson (appointed 01 February 2020)	3	–	2
Deborah Saw (appointed 01 February 2020; resigned 27 August 2020)	3	–	2
Malcolm Groat (appointed 22 March 2019)	17	1	3

Audit Committee
Malcolm Groat is currently the Chair of the Audit Committee with Clive Richardson as the non-executive director member. There was one meeting of the Audit Committee during the financial year which was attended by all members of the Committee. Senior representatives of the external auditor attend these meetings if considered appropriate. The external auditor has unrestricted access to the Chairman of the committee.

The role of the Audit Committee includes:

- consideration of the appointment of the external auditor and the audit fee;
- reviewing the nature, scope and results of the external audit;
- monitoring the integrity of the financial statements and interim report;
- discussing with the auditors any problems and reservations arising from the interim and final results;
- reviewing the auditor's management letter and management's response; and
- reviewing on behalf of the board the Group's system of internal control and making recommendations to the board.

The Committee also keeps under review the necessity for establishing an internal audit function but considers that, given the size of the Group and the close involvement of senior management in day-to-day operations, there is currently no requirement for such a function. Notwithstanding the absence of an internal audit function, the Committee keeps under review the effectiveness of the Group's internal controls and risk management systems.

Remuneration, Nomination and Corporate Governance Committee
Clive Richardson is currently the Chair of this committee with Malcolm Groat and Deborah Saw (until her resignation) as its members. The committee met three times in the year to 31 July 2020. Prior to the appointments of Clive Richardson and Deborah Saw, this committee was chaired by Malcolm Groat with John Wood and Arun Raman as members. Upon the appointment of two new non-executive directors, John Wood and Arun Raman retired from this committee.

The Group's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee recommends to the board a framework for the remuneration of the Executive Directors and the senior management of the Group.

The principal objectives of the Committee include:

- Determining and recommending to the board the remuneration policy for the Chief Executive and Executive Directors; and
- reviewing the design of share incentive plans for approval by the board and determining the annual award policy to Executive Directors under existing plans.

The Committee remains acutely aware of the need to balance the financial performance of the Company with the need to maintain incentivisation and motivation for the executive team.

Relations with Shareholders
Communication with shareholders is given high priority and the Company therefore communicates regularly with shareholders including the release of announcements for the interim and annual results and after significant developments. The General Meeting, which this year is being held on 19 February 2021, is normally attended by all directors. However, attendance by additional shareholders is not considered as 'essential for work purposes' and so would not be permitted under the current restrictions. The Board recognises the ongoing importance of communication with shareholders at this time. Accordingly, shareholders are encouraged to ask questions and these should be emailed to investor@infrastrataplc.com before 5.00 p.m. on 15 February 2021; please include a shareholder reference number in any correspondence.

Responses will be posted on the Company's website on the morning of the GM. The Company will answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

The Company maintains a website (www.infrastrataplc.com) for the purpose of improving information flow to shareholders as well as potential investors. The website contains all regulatory and press announcements and financial reports as well as extensive corporate governance and operational information about the Group's activities. Enquiries from shareholders on matters relating to their holdings and the business of the Group are welcomed.

Internal controls

The directors are responsible for the Group's system of internal controls, the setting of appropriate policies on those controls, and regular assurance that the system is functioning effectively and that it is effective in managing business risk. Internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to meet business objectives. The internal controls cover financial, operational and compliance matters and are reviewed on an on-going basis.

The directors consider that the frequency of board meetings and the information provided to the board in relation to Group operations assists the identification, evaluation and management of significant risks relevant to its operations on a continuous basis.

The Group's internal controls can only provide reasonable and not absolute assurance against material misstatement or loss or the risk of failure to meet business objectives. Having thus monitored risk management and internal control processes in place, the board considers that the Company's internal control systems operated appropriately during the year and up to the date of signing of the Annual Report and Financial Statements.

The Company's business model and strategy is set out in the reports of the Chairman and the CEO in this annual report. A summary of the principal risks and uncertainties relating to the Group's business and how the Board attempts to mitigate them are detailed in the Directors' report of this annual report.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Group's assets are now generating revenue following the acquisition of Harland & Wolff. Operating cash outflows have been incurred in the year and an operating loss has been recorded in the profit and loss account for the year. The Group has raised £16.40 million through 2020, of which £7.40 million has been raised in January 2021. There is a baseload level of work flowing through the shipyard and a current pipeline of opportunities for which the Group is bidding. However, given the uncertainty surrounding bid success and the lack of bid to success history, management have prepared a worst-case scenario for a period of 12 months from the date of the signing of these financial statements in respect of their going concern assumptions which assumes no new contract wins and that the sole revenue generated by the Group will arise from ship repairs. The scenario includes expected all expected costs associated with such works as well as the repayment of all liabilities that fall due within this twelve-month period and takes into account of all cost savings and process efficiencies.

Based on this worst-case cash flow budget the Directors have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 July 2020.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The company is compliant with AIM Rule 26 regarding the company's website.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each person who was a director at the time this report was approved: so far as the director was aware there was no relevant audit information of which the Company's auditor was unaware; and the director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor was aware of that information. This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

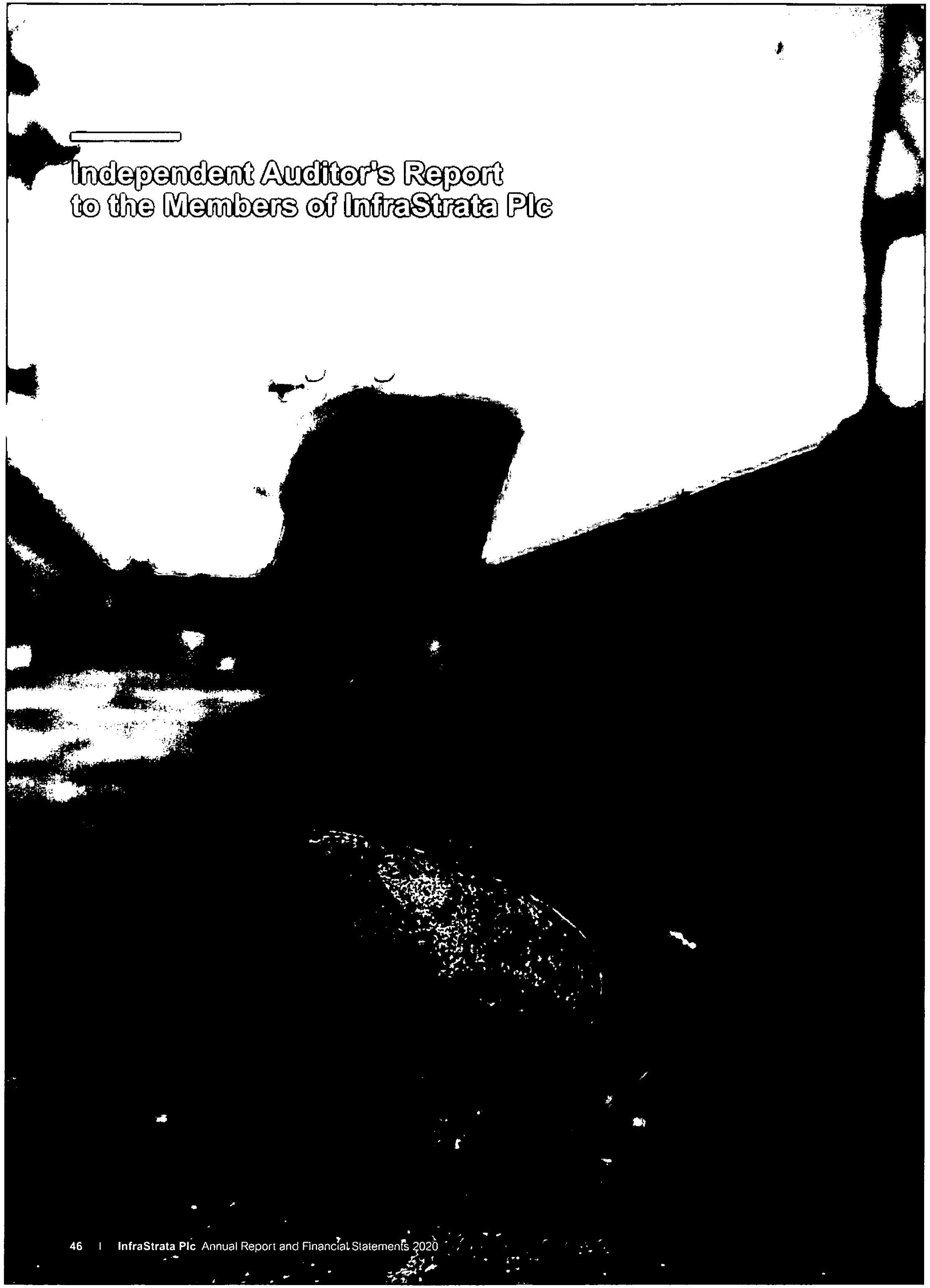
AUDITOR

A resolution to re-appoint the Company's auditor, PKF Littlejohn LLP, will be proposed at the General Meeting to be held on 19 February 2021.

On behalf of the board

Clive Richardson
(Non-Executive Chairman)

Independent Auditor's Report to the Members of InfraStrata Plc



Opinion
We have audited the financial statements of InfraStrata Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

In our opinion:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2020 and of the group's loss and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality
The scope of our audit was influenced by our application of materiality, which determines the scope of our audit and the nature, timing and extent of our procedures. The materiality applied to the group was £300,000, based on 2% of net assets of the group, a change from the previous year in which a benchmark of 2% of Gross assets was used. The change is due to the significant increase in the liabilities of the Group and the change in shift of the key driver of the group from the value of the development costs in the prior year, its financial performance following the acquisitions in the year and the generation of revenue. The same basis has been used for the calculation of materiality for the parent company, of £150,000.

Performance Materiality has been set as 60% of headline materiality for both the group and parent company, being £180,000 and £90,000 respectively. We agreed with the audit committee that we would report to the committee all errors identified within the group and parent company during our audit in excess of £15,000 and £7,500 respectively. This represents 5% of headline materiality.

Materiality has been reassessed at the closing stages of the audit taking into consideration new information which arose. No alterations were made to materiality at the conclusion of the audit.

An overview of the scope of our audit
In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at the areas including significant accounting estimates and judgements by the directors' and considered future events that are inherently uncertain in respect of the carrying value of intangible assets and well as the valuation of the Harland & Wolff Assets acquired during the year. We addressed the risk of material misstatement through management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

At the year end, the group consisted of three entities. We have been appointed as auditor for each of these entities and carried out full audits. The Islandmagee project, held through a subsidiary undertaking, represented the principal business unit of the group. We therefore tailored the scope of the audit to focus our testing on this project.

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

Independent Auditor's Report (continued)

Key Audit Matter	How the scope of our audit responded to the key audit matter
Carrying value of intangible assets (Note 12) As at 31 July 2020 the group held intangible assets totalling £11,206,831 in respect of the Islandmagee project. The project is not yet revenue generating and therefore the carrying value of the asset incorporates significant estimates and judgements from management. There is a risk that the intangible assets are impaired. There is also a risk that capitalised costs do not meet the requirement of the IFRS recognition criteria.	Our work included but was not limited to: • discussing and challenging management as to the status of the project and its intended date of completion; • considering and challenging managements assumptions into the discounted cash flow model which supports the carrying value of the intangible asset; • performing sensitivity analysis on the key inputs into the discounted cash flow model to confirm the current headroom; and • ensuring all costs capitalised in the period met the capitalisation criteria.
Valuation of Harland & Wolff Assets acquired (Note 13) During the year ended 31 July 2020, the Group acquired the assets of Harland & Wolff, through its newly incorporated subsidiary. There is a risk that the valuation was not correct and the accounting treatment was not appropriate, which would cause both an impairment in the value of the assets held within Harland & Wolff and in InfraStrata UK's investment in subsidiary to be misstated.	Our work included but was not limited to: • reviewing the valuation report prepared by Hilco and reconciling to the financial statements and assessing the competency of Hilco; • reviewing and challenging the forecasts prepared by management to identify any indicators of impairment; and • reviewing the accounting treatment of the acquisition and revaluation and ensuring appropriate disclosure thereto.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Joseph Archer

Joseph Archer
(Senior Statutory Auditor)
For and on behalf of
PKF Littlejohn LLP, Statutory Auditor

15 Westferry Circus
London
E14 4HD
Date: 26 January 2021

Financial statements

Consolidated statement of comprehensive income for the year ended 31 July 2020

	Note	31 July 2020 £	31 July 2019 £
Continuing operations		**–**	–
Revenue	3	**1,482,081**	–
Cost of sales		**(1,178,534)**	–
Gross profit		**303,547**	–
Management and administrative expenses		**(9,482,379)**	(1,383,294)
Other income	4	**–**	300,000
Operating loss	5	**(9,178,832)**	(1,083,294)
Finance income		**5**	18
Finance costs		**(1,231,046)**	(99,436)
Loss before tax		**(10,409,873)**	(1,182,712)
Taxation	10	**–**	–
Loss for the year		**(10,409,873)**	(1,182,712)
Items that may be subsequently reclassified to profit or loss			
Revaluation of fixed assets		**6,074,895**	–
Total comprehensive income for the year		**(4,334,978)**	(1,182,712)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(4,334,978)**	(1,182,712)
Earnings Per Share			
Basic and diluted	11	**(0.34)p**	(0.09)p

The notes on pages 61 to 82 form an integral part of these financial statements.

CHAIRMAN'S REPORT

STRATEGIC REPORT

DIRECTORS' REPORT

AUDITOR'S REPORT

FINANCIAL STATEMENTS

COMPANY INFORMATION

Consolidated statement of financial position as at 31 July 2020

	Note	31 July 2020 £	31 July 2019 £
Assets			
Non-current assets			
Intangible assets	12	**11,206,831**	10,168,605
Property, plant and equipment	13	**25,407,771**	738,825
Total non-current assets		**36,614,602**	10,907,430
Current assets			
Inventories	15	**331,465**	–
Trade and other receivables	16	**1,933,254**	202,066
Cash and cash equivalents	17	**6,723,236**	11,240
Total current assets		**8,987,955**	213,306
Current liabilities			
Trade and other payables	18	**(6,102,983)**	(1,111,342)
Grant received in advance		**(24,272)**	–
Short-term borrowings	19	**(863,655)**	(785,095)
Short-term financial liability	19	**(1,917,885)**	(988)
Total current liabilities		**(8,908,795)**	(1,897,425)
Net current assets/(liabilities)		**79,160**	**(1,684,119)**
Non-current liabilities			
Loans and borrowings	19	**(15,789,579)**	–
Financial liability	19	**(200,000)**	(200,000)
Net assets		**20,704,183**	**9,023,311**
Shareholders' funds			
Share capital	21	**(11,457,457)**	(10,949,504)
Share premium		**(33,923,172)**	(18,427,728)
Merger reserve		**(8,988,112)**	(8,988,112)
Share based payment reserve	9	**(125,673)**	(113,220)
Revaluation reserve		**(6,074,895)**	–
Retained earnings		**39,865,126**	29,455,253
Total equity		**(20,704,183)**	(9,023,311)

Under the Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved by the Board on 26 January 2021 and signed on its behalf by:

Mr C R Richardson
Director

The notes on pages 61 to 82 form an integral part of these financial statements.

Company statement of financial position as at 31 July 2020

	Note	31 July 2020 £	31 July 2019 £
Assets			
Non-current assets			
Property, plant and equipment	13	**2,668,186**	8,026
Intangible assets	12	**21,732**	–
Total non-current assets		**2,689,918**	8,026
Current assets			
Trade and other receivables	16	**17,378,511**	10,448,974
Cash and cash equivalents	17	**6,686,057**	8,783
Total current assets		**24,064,568**	10,457,757
Current liabilities			
Trade and other payables	18	**(1,314,708)**	(139,342)
Short-term financial liability	19	**(813,000)**	(988)
Total current liabilities		**(2,127,708)**	(140,330)
Total current assets		**21,936,860**	10,317,427
Non-current liabilities			
Loans and borrowings	19	**(2,287,378)**	–
Financial liability	19	**(200,000)**	(200,000)
Net assets		**22,139,400**	10,125,453
Shareholders' funds			
Share capital	21	**11,457,457**	10,949,504
Share premium		**33,423,172**	18,427,728
Merger reserve		**8,466,827**	8,466,827
Share based payment reserve		**125,673**	113,220
Retained earnings		**(31,333,730)**	(27,831,826)
Total equity		**22,139,399**	10,125,453

The loss for the period dealt with in the financial statements of InfraStrata Plc was £3,501,903 (2019: loss £1,070,357). As provided by s408 of the Companies Act 2006, no statement of comprehensive income is presented in respect of InfraStrata Plc, the company.

Approved by the Board on 26 January 2021 and signed on its behalf by:

Mr C R Richardson
Director

The notes on pages 61 to 82 form an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 July 2020

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
At 1 August 2018	10,919,117	16,005,216	8,988,112	6,847	(28,272,541)	7,646,751
Loss for the year	–	–	–	–	(1,182,712)	(1,182,712)
Total comprehensive expense	–	–	–	–	(1,182,712)	(1,182,712)
Transactions with owners recorded directly in equity:						
Shares issued	30,387	2,422,512	–	–	–	2,452,899
Share option expense	–	–	–	106,373	–	106,373
At 31 July 2019	**10,949,504**	**18,427,728**	**8,988,112**	**113,220**	**(29,455,253)**	**9,023,311**

Consolidated statement of changes in equity for the year ended 31 July 2020 (continued)

	Share capital £	Share premium £	Revaluation reserve £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
At 1 August 2019	10,949,504	18,427,728	–	8,988,112	113,220	(29,455,253)	9,023,311
Loss for the year	–	–	–	–	–	(10,409,873)	(10,409,873)
Other comprehensive income	–	–	6,074,895	–	–	–	6,074,895
Total comprehensive income	–	–	6,074,895	–	–	(10,409,873)	(4,334,978)
Transactions with owners recorded directly in equity:							
Shares issued	507,953	14,995,444	–	–	–	–	15,503,397
Share option expense	–	–	–	–	12,453	–	12,453
Warrant issue	–	500,000	–	–	–	–	500,000
At 31 July 2020	**11,457,457**	**33,923,172**	**6,074,895**	**8,988,112**	**125,673**	**(39,865,126)**	**20,704,183**

Share capital: This represents the nominal value of equity shares in issue.

Share premium: This represents the premium paid above the nominal value of shares in issue.

Revaluation reserve: This represents the difference between the carrying value and fair value of certain assets.

Merger Reserve: The merger reserve represents the difference between the nominal value of the shares issued on the demerger and the combined share capital and share premium of InfraStrata UK Limited at the date of the demerger.

Share-based payments reserve: This represents the value of share-based payments provided to employees and Directors as part of their remuneration as part of the consideration paid. The reserve represents the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital and share premium.

Retained earnings: This represents the accumulated profits and losses since inception of the business and adjustments relating to options and warrants.

Capital contribution: This represents investment made by InfraStrata Plc in Harland & Wolff (Belfast) Limited for which shares have not been issued as at balance sheet date.

Company statement of changes in equity for the year ended 31 July 2020

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Company						
At 1 August 2018	10,919,117	16,005,216	8,466,827	6,847	(26,761,468)	8,636,539
Loss for the year	–	–	–	–	(1,070,358)	(1,070,358)
Total comprehensive income for the year	–	–	–	–	(1,070,358)	(1,070,358)
Transactions with owners recorded directly in equity:						
Shares issued	30,387	2,422,512	–	–	–	2,452,899
Share option expense	–	–	–	106,373	–	106,373
At 31 July 2019	**10,949,504**	**18,427,728**	**8,466,827**	**113,220**	**(27,831,826)**	**10,125,453**

Company statement of changes in equity for the year ended 31 July 2020 (continued)

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Company						
At 1 August 2019	10,949,504	18,427,728	8,466,827	113,220	(27,831,826)	10,125,453
Loss for the year	–	–	–	–	(3,501,904)	(3,501,904)
Total comprehensive income	–	–	–	–	(3,501,904)	(3,501,904)
Transactions with owners recorded directly in equity:						
Shares issued	507,953	14,995,444	–	–	–	15,503,397
Share option expense	–	–	–	12,453	–	12,453
At 31 July 2020	**11,457,457**	**33,423,172**	**8,466,827**	**125,673**	**(31,333,730)**	**22,139,399**

Consolidated statement of cash flows for the year ended 31 July 2020

	Note	31 July 2020 £	31 July 2019 £
Cash flows from operating activities			
Loss for the year		**(10,409,873)**	(1,182,712)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	**1,224,655**	892
Profit on disposal of intangible assets	4	**–**	(100,000)
Profit from disposals of investments	4	**–**	(200,600)
Foreign exchange loss	5	**717**	11,055
Finance income		**(5)**	(18)
Finance costs		**1,231,046**	102,460
Share option expense		**12,453**	172,638
		(7,941,007)	(1,196,285)
Working capital adjustments			
Increase in inventories	15	**(331,465)**	–
(Increase)/decrease in trade and other receivables	16	**(706,815)**	38,121
Increase in trade and other payables	18	**4,491,542**	239,646
Net cash flow from operating activities		**(4,487,745)**	(918,518)
Cash flows from investing activities			
Interest received		**5**	18
Proceeds from issue of shares		**15,503,396**	2,386,634
Short term borrowing		**908,560**	621,751
Long term borrowing		**2,090,000**	–
Repayment of borrowings and lease liabilities		**(1,245,041)**	–
Acquisitions of property plant and equipment		**(5,776,709)**	(299,617)
Acquisition of intangible assets	12	**(1,030,043)**	(3,613,559)
Grants received in advance		**1,130,149**	–
Proceeds from sale of intangible assets		**–**	100,000
Net cash flows from investing activities		**11,580,317**	(804,773)
Net increase/(decrease) in cash & cash equivalents		**7,092,572**	(1,723,291)
Cash flows from financing activities			
Interest paid		**(379,588)**	(57,436)
Net decrease in cash and cash equivalents		**6,712,984**	(1,780,727)
Cash and cash equivalents at 1 August		**10,252**	1,790,979
Cash and cash equivalents at 31 July		**6,723,236**	10,252

Company statement of cash flows for the year ended 31 July 2020

	Note	31 July 2020 £	31 July 2019 £
Cash flows from operating activities			
Loss for the year		**(3,501,903)**	(1,070,358)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	**133,001**	892
Profit on disposal of intangible assets	4	**–**	(100,000)
Profit from disposals of investments	4	**–**	(200,600)
Foreign exchange loss	5	**586**	9,527
Finance income		**(5)**	(18)
Finance costs		**192,215**	42,000
Share option expense		**12,453**	172,638
		(3,163,653)	(1,145,919)
Working capital adjustments			
Increase in trade and other receivables	16	**(6,929,539)**	(1,383,071)
Increase/(decrease) in trade and other payables	18	**1,175,366**	(665,879)
Decrease in deferred income, including government grants		**–**	(946,070)
Net cash flow from operating activities		**(8,917,826)**	(4,140,939)
Cash flows from investing activities			
Interest received		**5**	18
Proceeds from issue of shares		**15,503,396**	2,386,634
Short term borrowing		**300,000**	–
Repayment of borrowings and lease liabilities		**(39,554)**	–
Acquisitions of property plant and equipment		**(22,858)**	(8,918)
Acquisition of intangible assets	12	**(21,732)**	–
Proceeds from sale of intangible assets		**–**	100,000
Net cash flows from investing activities		**15,719,257**	2,477,734
Net increase/(decrease) in cash & cash equivalents		**6,801,431**	(1,663,205)
Cash flows from financing activities			
Interest paid		**(123,171)**	–
Net decrease in cash and cash equivalents		**6,678,260**	(1,663,205)
Cash and cash equivalents at 1 August		**7,797**	1,671,002
Cash and cash equivalents at 31 July		**6,686,057**	7,797

Consolidated net debt reconciliation for the year ended 31 July 2020

	Other assets		Liabilities from financing activities	
	Cash/bank overdraft	Liquid investments	Borrowing due within 1 year	Borrowings due after 1 year
Net debt as at 1 August 2018	1,790,979	(1,542,674)	(363,344)	(200,000)
Cash flows	(1,779,739)	633,398	(422,739)	–
Foreign exchange adjustments	–	–	–	–
Other changes (ii)	–	–	–	–
Net debt as at 31 July 2019	11,240	(909,276)	(786,083)	(200,000)
Cash flows	6,711,996	(3,260,453)	(1,995,457)	(15,895,579)
Foreign exchange adjustments	–	–	–	–
Other changes (ii)	–	–	–	–
Net debt as at 31 July 2020	**6,723,236**	**(4,169,729)**	**(2,781,540)**	**(15,989,579)**

Company net debt reconciliation for the year ended 31 July 2020

	Other assets		Liabilities from financing activities	
	Cash/bank overdraft	Liquid investments	Borrowings due within 1 year	Borrowings due after 1 year
Net debt as at 1 August 2018	1,671,002	7,323,537	(200,000)	(200,000)
Cash flows	(1,662,219)	2,986,095	199,012	–
Foreign exchange adjustments	–	–	–	–
Other changes	–	–	–	–
Net debt as at 31 July 2019	8,783	10,309,632	(988)	(200,000)
Cash flows	6,677,274	5,754,171	(812,012)	(2,287,378)
Foreign exchange adjustments	–	–	–	–
Other changes	–	–	–	–
Net debt as at 31 July 2020	**6,686,057**	**16,063,803**	**(813,000)**	**(2,487,378)**

Notes to the financial statements for the year ended 31 July 2020

1 General information

The company is a public company limited by share capital, incorporated and domiciled in the UK.

The address of its registered office is:

Fieldfisher LLP
Riverbank House
2 Swan Lane
London
EC4R 3TT
United Kingdom

The company's ordinary shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange under the ticker symbol INFA.

The principal activities of the Group throughout the year was the development of sub-surface gas storage facility together with that of shipbuilding, heavy engineering, ship repair and maintenance of production and drilling vessels for the offshore oil and gas industry.

2 Accounting policies

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's") and the Companies Act 2006 applicable to companies reporting under IFRS.

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with adopted International Financial Reporting Standards (IFRS) as adopted by the European Union and under historical cost accounting, modified, where applicable, by the measurement at fair value.

The financial statements are presented in Sterling which is the functional currency of the Group and all values are rounded to the nearest Pound Sterling (£) unless otherwise stated.

Changes to accounting policies, disclosures, standards and interpretations

(a) New and amended standards adopted by the Group

IFRS 16 Leases became applicable to the current reporting period, replacing IAS 17 Leases. The key change under IFRS 16 is that most leases designated as "operating leases" under IAS 17 now qualify for balance sheet recognition, subject to certain exceptions. Following the acquisition of Harland & Wolff, the directors reviewed contracts to identify any additional lease arrangements that would need to be recognised under IFRS 16 in the current financial year and identified a couple of contracts and an associated right-of-use asset was recognised for each lease.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate, which averaged 10% across the Group.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- The accounting for operating leases with a remaining lease term of less than 12 months as at 4 October 2019 as short term leases.

On 4 October 2019, the Group recognised the following lease liabilities which arose following the H & W asset acquisition:

	£
Current	–
Non-current	14,021,132
	14,021,132

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Right-of-use assets recognised on 4 October 2019 were:

	£
Leasehold land & buildings	14,021,132

(b) New standards not yet adopted

There are no new International Financial Reporting Standards and Interpretations issued but not effective for the reporting period ending 31 July 2020 that will materially impact the Group.

Notes to the financial statements for the year ended 31 July 2020 (continued)

2 Accounting policies continued

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the group's accounting policies.

Going concern

The financial statements have been prepared on a going concern basis. The Group's assets are now generating revenue following the acquisition of Harland & Wolff. Operating cash outflows have been incurred in the year and an operating loss has been recorded in the profit and loss account for the year. The Group has raised £16.40 million through 2020, of which £7.40 million has been raised in January 2021. There is a baseload level of work flowing through the shipyard and a current pipeline of opportunities for which the Group is bidding. However, given the uncertainty surrounding bid success and the lack of bid to success history, management have prepared a worst-case scenario for a period of 12 months from the date of the signing of these financial statements in respect of their going concern assumptions. This assumes no bid contract wins and that the sole revenue generated by the Group will arise from ship repairs. The scenario includes all expected costs associated with such works as well as the repayment of all liabilities that fall due within this twelve-month period and takes into account all cost savings and process efficiencies considered achievable as well as any COVID-19 related impacts.

Based on this worst case forecast scenario the Directors have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 July 2020.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Group to customers in exchange for consideration in the ordinary course of the Group's activities.

Performance Obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

The Group provides warranties to its customers to give them assurance that its products and services will function in line with agreed-upon specifications. Warranties are not provided separately and, therefore, do not represent performance obligations.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of the cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices. Given the nature of many of the Group's products and services, which are designed and/or manufactured under contract to customers' individual specifications, there are typically no observable stand-alone selling prices. Instead, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.

Whilst payment terms vary from contract to contract, an element of the transaction price may be received in advance of delivery. The Group may therefore have contract liabilities depending on the contracts in existence at a period end. The Group's contracts are not considered to include significant financing components on the basis that there is no difference between the consideration and the cash selling price.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

For each performance obligations within a contract the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

The Group has determined that most of its contacts satisfy the overtime criteria, either because the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs or the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

2 **Accounting policies** continued

For each performance obligation recognised over time, the Group recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances or technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Group has determined that this method appropriately depicts the Group's performance in transferring control of the goods and services to the customer.

If the overtime criteria for revenue recognition is not met, revenue is recognised at the point in time that control is transferred to the customer which is usually when legal title passes to the customer and the business has the right to payment.

When it is expected that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM") as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive board of Directors.

Government grants
Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to the grant and that the grants will be received. Capital grants are recognised to match the related development expenditure and are deducted in arriving at the carrying value of the related assets. Any grants that are received in advance of recognition are deferred.

Foreign currency transactions and balances
In preparing the Financial Statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising, if any, are recognised in profit or loss.

Translation from functional currency to presentational currency
When the functional currency of a Group entity is different from the Group's presentational currency (US dollars), its results and financial position are translated into the presentational currency as follows:

(i) Assets and liabilities are translated using exchange rates prevailing at the balance sheet date.

(ii) Income and expense items are translated at average exchange rates for the year, except where the use of such average rates does not approximate the exchange rate at the date of a specific transaction, in which case the transaction rate is used.

(iii) All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity and are reclassified to profit or loss in the period in which the foreign operation is disposed of.

Tax
Tax expense represents the sum of the tax currently payable and any deferred tax. The taxable result differs from the net result as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Capitalisation and impairment of intangible gas storage assets
Costs of development of gas storage facilities are capitalised as intangible assets once it is probable that future economic benefits that are attributable to the assets will flow to the Group and until consent to construct has been awarded, at which time the capitalised costs are transferred to plant and equipment provided there being reasonable certainty of construction proceeding. The nature of these costs includes all direct costs incurred in project development, including any directly attributable finance costs. No amortisation or depreciation is provided until the storage facility is available for use.

Notes to the financial statements for the year ended 31 July 2020 (continued)

2 Accounting policies continued

An impairment test is performed annually and whenever events or circumstances arising during the development phase indicate that the carrying value of a development asset may exceed its recoverable amount. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, generally by reference to the present value of the future net cash flows expected to be derived from storage revenue. The present value of future cash flows is calculated on the basis of future storage prices and cost levels as forecast at the statement of financial position date.

The cash generating unit applied for impairment test purposes is generally an individual gas storage facility. Where the carrying value of the facility is greater than the present value of its future cash flows a provision is made. Any such provisions are charged to cost of sales.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful economic lives as follows:

Asset class	Amortisation method and rate
Storage facility	None until facility available for use

Harland Heritage Project
Project costs related to Harland Heritage are capitalised as incurred.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Artefacts	Over 20 years – Straight line basis
Trade marks	Over 20 years – Straight line basis
Gas storage facility	None until facility available for use
Development costs	Over 20 years – Straight line basis
Harland Heritage Project	None until facility available for use
Floating Storage Regasification Project	None until facility available for use

Tangible assets
Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land	Not depreciated
Leasehold land and buildings	Over 50 years Straight line basis
Modular buildings	Over 20 years Straight line basis
Right of use	Over 50 years Straight line basis
Plant and machinery	Over 10 years Straight line basis
Motor vehicles	Over 5 years Straight line basis
Office equipment	Over 5 years Straight line basis

Investments
Investments in subsidiaries are stated at cost less provision for impairments.

Financial Instruments
Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

Financial Assets
The financial assets currently held by the Group and Company are classified as financial assets held at amortised cost. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment under the expected credit loss model.

The expected credit loss is calculated as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD).

The amount of the expected credit loss is measured as the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received (i.e. all cash shortfalls), discounted at the original effective interest rate (EIR).

2 Accounting policies continued

The carrying amount of the asset is reduced through use of allowance account and recognition of the loss in the Statement of Comprehensive Income. Allowances for credit losses on financial assets are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of financial assets with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified.

In assessing collective impairment, the Group uses information including historical trends in the probability of default (although this is limited given the relatively short trading history of the Group), timing of recoveries and the amount of expected loss, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical evidence. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

IFRS 9 suggests the use of reasonable forward-looking information to enhance ECL models. The Group incorporates relevant forward-looking information into the loss provisioning model.

Financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position

Cash and cash equivalents include cash in hand and amounts held on short term deposit. Any interest earned is accrued monthly and classified as finance income. Short term deposits comprise deposits made for varying periods of between one day and three months.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Derecognition of Financial Assets
The Group and Company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity.

Financial Liabilities
The Group and Company classify their financial liabilities into one category, being other financial liabilities measured at amortised cost.

The Group's accounting policy for the other financial liabilities category is as follows:

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in profit or loss. The Group and Company derecognise financial liabilities when, and only when, the obligations are discharged, cancelled or they expire.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the financial statements for the year ended 31 July 2020 (continued)

2 Accounting policies continued

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the group has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the group has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the group measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;

(b) Reducing the carrying amount to reflect the lease payments made; and

(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented separately as non-operating /included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The group then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

2 Accounting policies continued

Lease payments on short term and low value leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

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;
- 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.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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.

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

- the amount of the initial measurement of the 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.

Share based payment transactions

Employees (including senior executives) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Defined contribution pension obligation

The Company has a defined contribution plan which requires contributions to be made into an independently administered fund. The amount charged to the statement of comprehensive income in respect of pension costs reflects the contributions payable in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accrued liabilities or prepaid assets in the statement of financial position.

Critical accounting judgements and key sources of estimation uncertainty

Judgements in applying accounting policies and key sources of estimation uncertainty

Amounts included in the financial statements involve the use of judgement and/or estimation. These estimates and judgements are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas are summarised below.

Notes to the financial statements for the year ended 31 July 2020 (continued)

2 Accounting policies continued

Judgements

Capitalisation of gas storage costs – note 12.

The assessment of whether costs incurred on gas storage development should be capitalised or expensed involves judgement. Any expenditure where it is not probable that future economic benefits will flow to the Group are expensed. Management considers the nature of the costs incurred and the stage of project development and concludes whether it is appropriate to capitalise the costs. The key assumptions depend on whether it is probable that the expenditure will result future economic benefits that are attributable to the assets.

Estimates

Carrying value of gas storage project asset — note 12.

The assessment of capitalised project costs for any indications of impairment involves judgement. When facts or circumstances suggest that impairment exists, a formal estimate of recoverable amount is performed, and an impairment loss recognised to the extent that the carrying amount exceeds recoverable amount. Recoverable amount is determined to be the higher of fair value less costs to sell and value in use. The key assumptions are the net income expected to be generated from the facilities, the cost of construction and the date from which the facilities become operational. Management assigns values and dates to these inputs after taking into account market information, engineering design costing and the project programme. A discount rate of 8% (2019: 8%) is applied in determining gas storage project net present values. Salt cavern gas storage projects are long term investments and cash flows are therefore projected over periods greater than 5 years. Engineering design provides for a project life of 40 years (2019: 40 years). It is assumed that 100% (2019: 100%) of a project's capacity will be sold from the date that the capacity becomes operational.

Valuation of assets

Management makes judgements in respect of the valuation and carrying value of assets used in operations. A revaluation exercise was undertaken at the time of acquiring certain assets of Harland & Wolff Heavy Industries Limited from the administrators. This revaluation was undertaken based on valuations provided by third party independent valuation experts. At the year-end management made a judgement that the basis for revaluations remained and that on the basis on future expected work there were no indications of impairment. Key estimates and assumptions considered were in respect of expected contract wins and gross margins (25%).

3 Segmental analysis

As at 31 July 2020, the Group was organised into 3 segments: H & W, Gas storage and other being head office related. As the Group expands and seeks to meet the goals laid out in the front end of these financial statements these segments are likely to change. The operating segments are organised, managed and reported to the Chief Operating Decision Maker (the Board of Directors) on their current business type being H & W relating to ship repair related activities, Gas storage and Other which relates to Head office activities.

All operations are continuing and all inter-segment transactions are priced and carried out at arm's length.

The segmental results for the year ended 31 July 2020 are as follows:

	Ship Repair	Gas Storage	Head Office	Group
Total Revenue	**1,482,081**	**–**	**–**	**1,482,081**
Cost of sales	(1,168,334)	(10,200)	–	(1,178,534)
Gross profit	**313,747**	**(10,200)**	**–**	**303,547**
Selling, marketing and administration expenses	(4,322,185)	(79,159)	(3,856,239)	(8,257,583)
Trading EBITDA*	**(4,008,438)**	**(89,359)**	**(3,856,239)**	**(7,954,036)**
Depreciation, amortisation and impairment	(1,090,938)	(724)	(133,003)	(1,224,665)
Share based compensation	–	–	–	–
Finance income	–	–	5	5
Finance expense	(941,301)	(97,663)	(192,213)	(1,231,177)
Loss before tax	**(6,040,677)**	**(187,746)**	**(4,181,450)**	**(10,409,873)**
Taxation				
Loss after tax	**(6,040,677)**	**(187,746)**	**(4,181,450)**	**(10,409,873)**

No single customer accounted for more than 10% of revenue.

The CODM considered, that for the financial period ending 31 July 2019, there was only one operating segment being the development of gas storage facilities within the United Kingdom. As such no operating segment note is shown for the comparatives as it would be same as that shown in the primary statements.

4 Other income

The analysis of the group's other gains and losses for the year is as follows:

	31 July 2020 £	31 July 2019 £
Gain on disposal of intangible assets	–	100,000
Gain from reversal of deferred consideration	–	200,000
	–	300,000

The Company announced in October 2018 the disposal of its net profit interests in three offshore UK oil and gas licences to Westmount Energy Limited for £100,000.

Following repayment and cancellation of a loan with Baron Oil dated 5 January 2017 loan, Baron was entitled to receive an additional £200,000 in the event of a sale or disposal by InfraStrata or its subsidiaries, IMEL and InfraStrata UK, of substantially all of their assets, which comprise interests in the Islandmagee gas storage project, and/or a change in control of InfraStrata, IMEL or InfraStrata UK, within two years from the date of the loan agreement. This potential liability expired on 05 January 2019 as none of the conditions that could trigger payment to Baron Oil were met. Therefore, the liability of £200,000 to Baron Oil has been written off in full.

5 Expenses by nature

Arrived at after charging/(crediting)

	31 July 2020 £	31 July 2019 £
Wages and salaries	**4,307,672**	477,098
Social security costs	**581,624**	47,906
Other short-term employee benefits	**19,634**	–
Pension contributions	**102,841**	9,403
Share-based payment expenses	**12,453**	106,373
Other employee expense	**260,026**	8,030
Depreciation expense	**1,222,400**	892
Amortisation expense	**2,256**	–
Light, heat and power	**234,518**	–
Insurance	**334,150**	9,214
Computer software and maintenance costs	**237,641**	29,073
Advertising	**252,706**	77,742
Legal and professional fees	**606,337**	131,523
Other expenses	**1,365,097**	486,040

6 Staff costs

Group

The aggregate payroll costs (including directors' remuneration) were as follows:

	31 July 2020 £	31 July 2019 £
Wages and salaries	**4,307,672**	477,098
Social security costs	**581,624**	47,906
Other short-term employee benefits	**19,634**	–
Pension costs, defined contribution scheme	**102,841**	9,403
Share-based payment expenses	**12,453**	106,373
Other employee expense	**260,026**	8,030
	5,284,250	648,810

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

	31 July 2020 No.	31 July 2019 No.
Management	**5**	5
Operations	**35**	–
Administration and support	**41**	–
	81	5

Notes to the financial statements for the year ended 31 July 2020 (continued)

6 Staff costs continued

Company

The aggregate payroll costs (including directors' remuneration) were as follows:

	31 July 2020 £	31 July 2019 £
Wages and salaries	**2,258,299**	477,098
Social security costs	**321,768**	47,907
Pension costs, defined contribution scheme	**26,518**	9,403
Share-based payment expenses	**12,453**	106,373
Other employee expense	**377**	3,779
	2,619,415	644,560

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

	31 July 2020 No.	31 July 2019 No.
Management	**5**	4

7 Directors' remuneration

The directors' remuneration for the year was as follows:

2020

	Salary £	Bonus £	Benefits £	Share based payments £	Pension £	Total 2020 £
Executive Directors						
John Wood	448,656	554,718	–	–	8,333	**1,011,707**
Arun Raman	398,530	519,906	–	–	7,733	**926,169**
Non-Executive Directors						
Clive Richardson (appointed 01 February 2020)	22,500	–	–	–	–	**22,500**
Deborah Saw (appointed 01 February 2020; resigned 27 August 2020)	8,000	–	–	–	–	**18,000**
Malcolm Groat (appointed 22 March 2019)	6,000	–	–	–	240	**6,240**
Judith Tweed	46,500	–	–	–	1,453	**47,953**
	1,090,455	**924,355**	**–**	**–**	**17,759**	**2,032,569**

Executive directors have been awarded a lock-in bonus in 2020 that covered the extensive work done with the acquisition of H&W, change in strategy along with historic deliverables and updating regulatory studies for Islandmagee Energy. In addition, it locks the executives in for a period of two and a half years, expiring on 31 December 2021 to deliver the turnaround strategy.

Included in salaries is accrued holiday pay that executive directors have taken in cash owing to current work commitments. Salaries paid to executive directors also include salary in arrears for financial years 2018 (£104,471) and 2019 (£137,478) that were deferred pending the award of the final tranche of the EU grant that was received in March 2020.

2019

	Salary & fees £	Benefits £	Share based payments £	Pension £	Total 2019 £
Executive Directors					
John Wood	212,500	–	32,739	4,750	249,989
Adrian Pocock (resigned 12 September 2018)	33,576	–	–	50	33,626
Arun Raman	97,267	–	15,000	2,494	114,761
Non-Executive Directors					
Graham V Lyon (resigned 7 March 2019)	20,000	–	–	–	20,000
Matthew Beardmore (resigned 18 December 2018)	13,952	–	–	–	13,952
Malcolm Groat (appointed 22 March 2019)	10,511	–	–	60	10,571
Judith Tweed	26,000	–	–	640	26,640
Key Management					
Andy Duncan (resigned)	70,417	–	–	1,517	71,933
	484,222	**–**	**47,739**	**9,510**	**541,472**

All amounts are short term in nature except for pension benefits which are considered to be long term.

8 Auditors' remuneration

	31 July 2020 £	31 July 2019 £
For the audit of these financial statements	**15,750**	15,000
Other fees to auditors		
For the audit of the subsidiaries	**34,350**	13,750
Total remuneration	**50,100**	**28,750**

9 Share-based payments

Scheme details and movements

A share-based payment plan was created in the year ended 31 July 2008. All directors and employees are entitled to a grant of options subject to the Board of Directors' approval. The options do not have a cash settlement alternative. The options granted were Enterprise Management Incentive share options for qualifying employees. These options have now lapsed following the departure of these employees.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2020 Number	2020 WAEP £	2019 Number	2019 WAEP £
Outstanding at the beginning of the year	**36,137,892**	**0.0076**	30,000,000	0.01
Granted during the year	**43,320,705**	**0.0098**	45,000,000	0.0076
Forfeited during the year	–	–	(38,862,108)	(0.01)
Outstanding at the end of the year	**79,458,597**	**0.0088**	36,137,892	0.0076
Exercisable at the end of the year	**26,486,199**	**0.0088**	–	–

A total of 30,000,000 options over 50% of the quantity of the Option Shares as to £0.0001p for each Option Share and 50% of the quantity of the Option Shares as to £0.0150p for each Option Share in the Company ("Options") were granted to Arun Raman director of the Company on 15 January 2020.

A total of 13,320,705 options at £0.0150p for each Option Share in the Company ("Options") were granted to Judith Tweed director of the Company on 15 January 2020.

After the reporting period no options lapsed.

Options are exercisable in one tranche noted above with estimated dates ranging from January 2020 through to end 2027 at an average price of 0.0076p per share. The options will expire after five years. The weighted average remaining option life for the share options outstanding at 31 July 2020 is 5 years (2019: 5 years).

The fair value of equity settled options granted is estimated as at the date of the grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted and the following inputs: share price volatility of 85%, risk free interest rate of 0.93%, no dividends to be paid over the options lives, and early exercise is not applicable. The total share based payment charge for the year is £12,453 (2019:£106,373).

10 Taxation

	31 July 2020 £	31 July 2019 £
Deferred tax	–	–
Current tax	–	–
Total tax charge/(credit)	–	–

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019: the same as the standard rate of corporation tax in the UK) of 19% (2019: 19%).

Notes to the financial statements for the year ended 31 July 2020 (continued)

10 Taxation continued

The differences are reconciled below:

	31 July 2020 £	31 July 2019 £
Loss before tax	(10,409,873)	(1,182,712)
Corporation tax at standard rate	(1,977,876)	(224,715)
Increase from effect of capital allowances depreciation	364,974	–
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	32,111	–
Increase from effect of unrelieved tax losses carried forward	1,580,791	224,715
Total current tax charge/(credit)	–	–

No tax charge/credit arises in 2020 or in 2019 due to expenses not permitted for tax purposes and losses carried forward.

Factors that may affect the future tax charge
The Group has trading losses of £7,778,041 (2019: £7,704,980) which may reduce future tax charges. Future tax charges may also be reduced by capital allowances on cumulative capital expenditure.

No deferred tax asset has been recognised due to uncertainty as to when profits will be generated against which to relieve said asset.

11 Earnings per Share

	2020 £	2019 £
The loss for the purposes of basic and diluted earnings per share being the net loss attributable to equity shareholders		
Continuing operations	(10,409,875)	(1,182,712)
Number of shares		
Weighted average number of ordinary shares for the purpose of:		
Basic earnings per share	3,066,492,177	1,336,479,710
Basic and diluted earnings per share		
Continuing Operations	(0.34)p	(0.09)p

Given the Group made a loss during the current financial year no diluted EPS is shown. Details of those potential shares that would be diluted can be found in note 9 (Share based payments).

12 Intangible assets

Group

	Artefacts £	Trademarks £	Development costs £	Gas storage development £	Project costs £	Total £
Cost						
At 1 August 2018	–	–	–	7,479,690	26,361	7,506,051
Grant accrual during year	–	–	–	(950,622)	–	(950,622)
Additions	–	–	–	3,639,537	–	3,639,537
Disposals	–	–	–	–	(26,361)	(26,361)
At 31 July 2019	–	–	–	10,168,605	–	10,168,605
At 1 August 2019	–	–	–	10,168,605	–	10,168,605
Grant accrual during year	–	–	–	(1,130,149)	–	(1,130,149)
Additions	200,000	170,000	55,000	583,311	21,732	1,030,043
Revaluation	447,395	693,192	–	–	–	1,140,587
At 31 July 2020	647,395	863,192	55,000	9,621,767	21,732	11,209,086
Amortisation						
At 1 August 2018	–	–	–	–	–	–
At 31 July 2019	–	–	–	–	–	–
Amortisation charge	–	–	2,255	–	–	2,255
At 31 July 2020	–	–	2,255	–	–	2,255
Net book value						
At 31 July 2020	647,395	863,192	52,745	9,621,767	21,732	11,206,831
At 31 July 2019	–	–	–	10,168,605	–	10,168,605

12 Intangible assets continued

Intangible assets carried at revalued amounts

The fair value of the company's Artefacts was revalued on 30 June 2019 by Hilco Valuation services.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £200,000.

The revaluation surplus (gross of tax) recognised in profit and loss amounted to £447,395.

The revaluation surplus (gross of tax) recognised in other comprehensive income amounted to £447,395.

The fair value of the company's Trademarks was revalued on 30 June 2019 by Hilco Valuation Services.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £170,000.

The revaluation surplus (gross of tax) recognised in profit and loss amounted to £693,192.

The revaluation surplus (gross of tax) recognised in other comprehensive income amounted to £693,192.

13 Property, plant and equipment

Group

	Land and buildings £	Office equipment £	Motor vehicles £	Right of use asset £	Plant & machinery £	**Total £**
Cost or valuation						
At 1 August 2018	440,100	–	–	–	–	440,100
Additions	290,699	8,918	–	–	–	299,617
At 31 July 2019	730,799	8,918	–	–	–	739,717
At 1 August 2019	730,799	8,918	–	–	–	739,717
Revaluation recognised in other comprehensive income	3,066,738	25,972	373,464	–	2,346,331	5,812,505
Additions	2,806,171	203,574	297,056	14,302,133	2,469,908	20,078,842
At 31 July 2020	6,603,708	238,464	670,520	14,302,133	4,816,239	26,631,064
Depreciation						
At 1 August 2018	–	–	–	–	–	–
Charge for year	–	892	–	–	–	892
At 31 July 2019	–	892	–	–	–	892
At 1 August 2019	–	892	–	–	–	892
Charge for the year	276,050	62,974	55,478	283,616	544,283	1,222,401
At 31 July 2020	276,050	63,866	55,478	283,616	544,283	1,223,293
Carrying amount						
At 31 July 2020	6,327,658	174,598	615,042	14,018,517	4,271,956	25,407,771
At 31 July 2019	730,799	8,026	–	–	–	738,825

Included within the net book value of land and buildings above is £1,096,982 (2019: £730,799) in respect of freehold land and buildings and £5,230,676 (2019: £Nil) in respect of short leasehold land and buildings.

Revaluation

The fair value of the company's Land and buildings was revalued on 30 June 2019 by Hilco. Had this class of asset been measured on a historical cost basis, their carrying amount would have been £5,506,046. The revaluation surplus (gross of tax) amounted to £3,066,738.

The fair value of the company's Furniture, fittings and equipment was revalued on 30 June 2019 by Hilco Valuation Services. Had this class of asset been measured on a historical cost basis, their carrying amount would have been £61,726. The revaluation surplus (gross of tax) amounted to £25,972.

The fair value of the company's Motor vehicles was revalued on 30 June 2019 by Hilco Valuation Services. Had this class of asset been measured on a historical cost basis, their carrying amount would have been £670,520. The revaluation surplus (gross of tax) amounted to £373,464.

The fair value of the company's Plant and machinery was revalued on 30 June 2019 by Hilco Valuation Services. Had this class of asset been measured on a historical cost basis, their carrying amount would have been £4,212,621. The revaluation surplus (gross of tax) amounted to 2,346,331.

Notes to the financial statements for the year ended 31 July 2020 (continued)

13 Property, plant and equipment continued

Company Property, plant and equipment

	Furniture, fittings and equipment £	Right of use asset £	Total £
Cost			
At 1 August 2019	8,918	–	8,918
Additions	22,857	2,770,305	2,793,162
At 31 July 2020	31,775	2,770,305	2,802,080
Depreciation			
At 1 August 2019	892	–	892
Charge for the period year	3,145	129,858	133,003
At 31 July 2020	4,037	129,858	133,895
Carrying amount			
At 31 July 2020	27,738	2,640,447	2,668,185
At 31 July 2019	8,026	–	8,026

14 Investments

Group subsidiaries

Details of the group subsidiaries as at 31 July 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2020	2019
InfraStrata UK Limited*	Intermediate holding and gas storage project research company	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT England and Wales	**100%**	100%
Islandmagee Energy Limited	Gas storage and energy infrastructure development and operation	8 Portmuck Road Islandmagee County Antrim BT40 3TW Northern Ireland	**100%**	100%
Islandmagee Energy Hub Limited	Dormant	8 Portmuck Road Islandmagee County Antrim BT40 3TW Northern Ireland	**100%**	100%
InfraStrata Energy UK Limited	Dormant	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT England and Wales	**100%**	100%
InfraStrata Project 2 Limited	Dormant	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT England and Wales	**100%**	100%

14 Investments continued

Name of subsidiary	Principal activity	Registered office	Proportion of ownership Interest and voting rights held 2020	2019
Harland and Wolff (Belfast) Limited	Shipbuilding, heavy engineering, ship repair and maintenance	C/o Donaldson Legal Consulting Llp Shore Studios 18c Shore Road Holywood, BT18 9HX Northern Ireland	**100%**	0%
Harland and Wolff Technical Services Limited	Dormant	C/o Donaldson Legal Consulting Llp Shore Studios 18c Shore Road Holywood, BT18 9HX Northern Ireland	**100%**	0%

* indicates direct investment of the company

Summary of the company investments

	31 July 2020 £
Subsidiaries	£
Cost	
At 1 August 2018	15,247,011
Impairment	(15,247,011)
At 31 July 2019	–
At 1 August 2019	15,247,011
Revaluation	(15,247,011)
At 31 July 2020	–
Net book value	
At 31 July 2020	–
At 31 July 2019	–

15 Inventories

	Group 31 July 2020 £	Group 31 July 2019 £	**Company 31 July 2020 £**	Company 31 July 2019 £
Work in progress	**20,872**	–	–	–
Other inventories	**310,593**	–	–	–
	331,465	–	–	–

Notes to the financial statements for the year ended 31 July 2020 (continued)

16 Trade and other receivables

	Group 31 July 2020 £	Group 31 July 2019 £	Company 31 July 2020 £	Company 31 July 2019 £
Trade receivables	**225,276**	–	–	3
Receivables from related parties	–	–	**17,158,325**	10,351,634
Other receivables	**1,397,183**	177,985	**158,539**	73,257
Prepayments	**310,795**	24,081	**61,647**	24,081
	1,933,254	202,066	**17,378,511**	10,448,975

The trade and other receivables classified as financial instruments are disclosed below. The group's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in note 23 "Financial risk review".

17 Cash and cash equivalents

	Group 31 July 2020 £	Group 31 July 2019 £	Company 31 July 2020 £	Company 31 July 2019 £
Cash on hand	**109**	646	–	647
Cash at bank	**6,723,127**	10,594	**6,686,057**	8,137
	6,723,236	11,240	**6,686,057**	8,784
Bank overdrafts	–	(988)	–	(988)
Cash and cash equivalents in statement of cash flows	**6,723,236**	10,252	**6,686,057**	7,796

18 Trade and other payables

	Group 31 July 2020 £	Group 31 July 2019 £	Company 31 July 2020 £	Company 31 July 2019 £
Trade payables	**2,127,487**	999,392	**202,039**	59,051
Social security and other taxes	**1,786,782**	43,758	**1,028,267**	43,758
Outstanding defined contribution pension costs	**50,352**	4,708	**2,626**	4,708
Other payables	**278,347**	24,855	**12,321**	12,321
Accrued expenses	**1,860,015**	38,629	**69,455**	19,504
	6,102,983	1,111,342	**1,314,708**	139,342

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 23 "Financial risk review".

19 Loans and borrowings

	Group 31 July 2020 £	Group 31 July 2019 £	Company 31 July 2020 £	Company 31 July 2019 £
Current loans and borrowings				
Bank overdrafts	–	988	–	988
Short-term borrowings	**863,655**	785,095	–	–
Lease liabilities – right of use	**1,087,885**	–	**513,000**	–
Other borrowings	**830,000**	–	**300,000**	–
	2,781,540	786,083	**813,000**	988

	Group 31 July 2020 £	Group 31 July 2019 £	Company 31 July 2020 £	Company 31 July 2019 £
Non-current loans and borrowings				
Lease liabilities – right of use	**13,699,579**	–	**2,287,378**	–
Other borrowings	**2,090,000**	–	–	–
Financial liability	**200,000**	200,000	**200,000**	200,000
	15,989,579	200,000	**2,487,378**	200,000

19 Loans and borrowings continued

Group

Other borrowings

Riverfort Global Opportunities PCC Limited Loan

Harland & Wolff (Belfast) Ltd ("H & W") obtained an unsecured short term loan amounting to £530,000 as at 31 July 2020 and this amount is repayable by February 2021. The loan has been provided by Riverfort Global Opportunities PCC Limited and a guarantee has been provided by InfraStrata Plc.

The Riverfort Global Opportunities PCC Limited loan is repayable in full by February 2021. The loan has an interest rate of 1.5% per month.

YA & Riverfort loan

On 10 February 2020, InfraStrata Plc (the "Company") announced the restructuring of the sum of £555,555.58 that was outstanding, and was drawn down as the second tranche, of the £2.2 million loan facility with Riverfort Global Opportunities PCC Limited and YA II PN Limited (the "Investors") (the "Loan"). Details of this second drawdown under the Loan were announced on 14 November 2019. Under the restructuring, the Company was no longer required to make a bullet repayment of £555,555.58 on 14 February 2020. Instead, a sum of £55,555.58 of the principal plus fees and accrued interest in aggregate, £110,624.98 was paid to the Investors immediately and the remaining £500,000 of principal ("Remaining Loan") has been amortised over a period of 10 months commencing 31 March 2020 and ending on 31 December 2020. The amortised payment schedule carries an interest rate of 12% per annum from 14 February 2020, payable monthly in arrears. The Remaining Loan is not convertible into shares, save in the event of default. At 31 July 2020 the outstanding loan amounts to £300,000. This sum has been paid in full as at 31 December 2020.

Portnum Capitis Ltd Loan

H & W obtained a term loan amounting to £2,090,000 and has been secured by Portnum Capitis Ltd by way of a debenture over the assets of H & W and a guarantee has been provided by InfraStrata Plc.

The Portnum Capitis Ltd loan is an interest only loan and is repayable in full by February 2022. The loan has a fixed interest rate of 13.2% per annum.

Moyle Investments

In December 2017, The Company's wholly-owned subsidiary, InfraStrata UK Limited increased its ownership in IMEL from 90% to 100% by acquiring the remaining interest from Moyle Energy Investments Limited ("Moyle") at par value. In recognition of the support by Moyle of the gas storage project at Islandmagee, InfraStrata plc will pay Moyle £200,000 on first gas being injected into storage.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

Notes to the financial statements for the year ended 31 July 2020 (continued)

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £102,842 (2019: £9,403).

Contributions totalling £50,352 (2019: £4,708) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	31 July 2020 No.	31 July 2020 £	31 July 2019 No.	31 July 2019 £
Ordinary shares 1p of £0.01 (2019 – £0.01) each	**64,160,082**	**641,601**	1,336,479,710	133,647.97
Deferred shares 1p of £0.01 each	**895,424,391**	**8,954,244**	895,424,391	8,954,243.91
Second deferred shares 1p of £0.01 each	**18,616,118,301**	**1,861,612**	18,616,118,301	1,861,611.83
Preference shares of £0.25 each	**50,000**	**12,500**	50,000	12,500.00
	19,575,752,774	**11,469,957**	20,848,072,402	10,962,004

New shares allotted

During the year 5,079,528,490 Ordinary shares 0.01p having an aggregate nominal value of £507,953 were allotted for an aggregate consideration of £Nil.

Redeemable preference shares

The Redeemable preference shares of £1 each are redeemable at the option of the Company. They are redeemable at £1 per share and carry no voting rights. The preference shares carry the right to an annual dividend out of distributable profits of 0.00001% per annum on the amount for the time being paid up on each such share and do not carry any voting rights. The Company may redeem the shares at any time by giving preference shareholders one week's notice. Preference shareholders may require the Company to redeem their shares at any time by giving six months' notice. In each case, any redemption is at par and is subject to the provisions of the Companies Act. The preference shares are treated as short-term liabilities and included within trade payables.

Authorised share capital

The Company's articles do not specify an authorised share capital.

Objectives, policies and processes for managing capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to achieve its operational objectives.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's forecast cash flows and long-term commitments and when necessary issues new shares. Dilution of existing shareholder value is considered during all processes which may result in an alteration of share capital in issue.

Ordinary share capital in issue is managed as capital and the redeemable preference shares in issue are managed as current liabilities.

The Group is not subject to any externally imposed capital requirements and there are no restrictions in place over the different types of shares.

22 Warrants

As at the date of this report, the Company has the following warrants outstanding that remain to be exercised and converted into the Company's ordinary shares:

Expiry date	Number of warrants	Strike Price £ per share	Value £
18/01/2021	50,000	0.0048	24,000
22/02/2021	1,555,556	0.01	1,555,556
10/04/2021	921,134	0.0048	442,144
30/04/2021	437,961	0.0048	210,222
20/07/2021	48,177	0.0048	23,125
04/12/2021	456,522	0.0069	315,000
04/12/2021	520,833	0.0048	250,000
Total	**3,990,183**		**2,820,047**

23 Financial instruments

Financial assets at amortised cost

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade and other receivables	**1,933,254**	202,066	**84,838**	84,838
Due from subsidiary undertakings	**–**	–	**17,583,325**	10,351,634
Cash and Cash Equivalents	**6,723,236**	11,240	**6,686,057**	7,799

Financial liabilities at amortised cost

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Current liabilities				
Trade and other payables	**6,102,983**	1,111,342	**1,314,708**	139,342
Other borrowings	**830,000**	–	**300,000**	–
Costain loan	**785,095**	785,095	**–**	–
	8,805,963	1,896,437	**2,127,708**	139,342
Non-current liabilities				
Lease liabilities – right of use	**13,699,579**	–	**2,287,378**	–
Moyle investments	**200,000**	200,000	**200,000**	200,000
	13,899,579	200,000	**200,000**	200,000

24 Financial risk review

Group

This note presents information about the group's exposure to financial risks and the group's management of capital.

Credit risk

The credit risk on liquid funds is limited because the Group and Company policy is to only deal with counter parties with high credit ratings. The Group has held all funds in Bank of Scotland during the last three years. In the directors' view there is a low risk of the bank holding the Group's funds at year end failing in the foreseeable future. The carrying amount of financial assets represents the maximum credit exposure.

The reconciling items between the trade and other receivables presented above and that presented in note 16 are VAT receivable and prepayments. No receivables are past due but not impaired.

Liquidity risk

The total carrying value of Group and Company financial liabilities is disclosed in note 23 (financial liability) and in note 18 (trade and other payables). The Company seeks to issue share capital, gain loan funding and/or dispose of assets when external funds are required. The reconciling items between the contractual maturities presented below and that presented in notes 23 and 17 are taxes and accruals.

The following table shows the contractual maturities of the Group's and Company's financial liabilities, all of which are measured at amortised cost.

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade and other payables				
Within one month	**2,185,362**	999,392	**247,380**	59,051
More than one month less than one year	**–**	–	**–**	–
Financial liability (Note 22)				
Within one month	**–**	–	**–**	–
More than one month less than one year	**1,693,655**	785,095	**300,000**	–
More than one year	**2,290,000**	200,000	**200,000**	200,000

The Group's trade receivables are all denominated in UK Sterling and the ageing of gross trade receivables is as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
0-2 months	**225,276**			
2-3 months	**–**	–	**–**	–
Over 3 months	**–**	–	**–**	–
	225,276	–	**–**	–

Notes to the financial statements for the year ended 31 July 2020 (continued)

24 Financial risk review continued

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to achieve its operational objectives.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's forecast cash flows and long-term commitments and when necessary issues new shares. Dilution of existing shareholder value is considered during all processes which may result in an alteration of share capital in issue.

Ordinary share capital in issue is managed as capital and the redeemable preference shares in issue are managed as current liabilities. The Group is not subject to any externally imposed capital requirements and there are no restrictions in place over the different types of shares.

25 Related party transactions

During the course of the year, the Company utilised the services of Arrow Marine Management Limited ("AMM"), in which John Wood is sole director, for the various survey works and studies required to the undertaken in order to update the necessary environmental information required for the marine licence in relation to the Islandmagee gas storage project. The total fees paid for utilisation of the survey boat and personnel by the Company was £258,930 (2019: £Nil) and the balance outstanding at 31 July 2020 was £Nil.

The executive services of Graham Lyon are provided through Soncer Limited, a private oil and gas leadership consulting firm, in which Graham is sole director. The executive fees paid during the period were £Nil (2019: £20,000) and the balance outstanding at 31 July 2020 was £Nil.

Prior to his employment in April 2019, the non-executive services of Arun Raman were provided through Mira Energy Group Limited, a private consulting company in which Arun is a sole director. The executive fees paid during the period were £Nil (2019: £35,600) and the balance outstanding at 31 July 2020 was £Nil.

Details of directors' remuneration is disclosed in Note 7.

26 Control of the Group

There is no ultimate controlling party of InfraStrata Plc.

27 Post Balance Sheet Events

Acquisition of Harland & Wolff (Appledore)

On 25 August 2020, the Company announced the acquisition of substantially all the assets of Appledore Shipyard located in Bideford, North Devon, to be renamed H&W (Appledore), (the "Acquisition").

Key highlights:

- Highly strategic asset with a rich shipbuilding heritage
- Significant opportunity to build a prominent presence in mainland UK
- Ship and block building, ship repair and fabrication activities for the renewable industry and commercial market, with particular focus on vessels <119m and, therefore, complementary to H&W (Belfast)
- Significant synergies between Appledore and Harland & Wolff Belfast (H&W)
- 29 acres of freehold land
- 322,975 square feet of undercover fabrication halls
- 119 metre length of undercover dry-dock
- 500 metre quayside at the Newquay yard for ship repairs
- Total consideration payable of £7 million, of which £5.60 million in cash and £1.40 million in Ordinary Shares
- Consideration payable in 5 tranches over 30 months

Rationale for the Acquisition

Since the Company acquired H&W (Belfast) in December 2019 and announced its maiden revenues, H&W (Belfast) has welcomed a number of vessels, including but not limited to, ferries, cruise vessels and offshore support vessels. H&W (Belfast's) core competence lies in vessels that require a dock length in excess of 300 metres. With two dry docks at 356 metres and 556 metres in length respectively, H&W (Belfast) has the largest drydock capability in the UK, the second largest in Europe and, therefore, puts it in a unique position in relation to larger vessels.

The Company considers the mid-sector space of shipyards having dock lengths between 120 metres and 300 metres to be busy, crowded and highly competitive. The Company believes that entering the market of mid-sized shipyards would not lead to any significant competitive advantage, vis-à-vis other established players and this will not be an area of focus for the Company at this time. H&W (Appledore), on the other hand, will focus on the smaller end of the market, with a dock length of 119 metres. There are very few shipyards in the UK that can offer this type of undercover building dock and repair facility and, given the number of sovereign vessels required in this category over the next ten years, the Company believes that this is a market segment that cannot be ignored. Having studied several smaller facilities, the Directors believe that H&W (Appledore) is, by far, the most suitable, from a locational, strategic and operational point of view and is well positioned to win contracts in this sector.

27 Post Balance Sheet Events continued

With this Acquisition, the Company believes that it can achieve a dominant position at two distinct ends of the shipyard market; the lower end of the market at less than 119 metres of dock length (with H&W (Appledore)) and the upper end of the market, requiring dock lengths of 300+ metres (with H&W (Belfast)). With less competition at both ends of the market, the Company believes that it is now in a unique situation to attract, win and retain business specifically targeting both ends of the size spectrum.

H&W (Appledore) is strategically situated in North Devon and the Company believes that it is ideally placed to win and service contracts across the five key markets that the Company has laid out as its strategy for the future: ferry, defence, commercial fabrication, oil & gas and renewables. As with H&W (Belfast), H&W (Appledore) will offer the Company's six core services to each of these markets that include technical services, fabrication & construction, repairs & maintenance, in-service support, conversions and decommissioning. Given H&W (Appledore's) size and capabilities, the Company believes that it will be the "go-to" yard in the region for small vessel requirements across these five markets and six sectors.

Just like H&W (Belfast), H&W (Appledore) enjoys the advantage of an existing and robust supply chain and a skilled workforce in the area. Whilst the yard has been dormant in recent months and the Acquisition therefore only comes with one employee (who is the current site manager), the Company believes that the workforce can be very quickly ramped up upon execution of contracts, discussions for which are already being undertaken with both Government and private vessel owners. There was no turnover attributable to the assets over the last 12 months.

H&W (Belfast) has been involved in the bidding process for a number of large contracts and, should they come to fruition, the facilities would have limited room for incremental business. H&W (Appledore) would be ideally placed to handle any spill-over of work from H&W (Belfast) in addition to tendering and bidding for its own set of contracts. Whilst the two yards are completely distinct in terms of their respective sizes, both have a number of common capabilities that are expected to create operating synergies and economies of scale.

The Company envisages each yard to be a standalone business unit in its own right, i.e., each yard will have its own profit and loss account, balance sheet, business contracts and lines of financing. H&W (Belfast's) contracts will tend to be large and spread over a number of months and years, given the scale of the business that it is currently negotiating. H&W (Appledore's) contractual profile, on the other hand, is expected to consist of smaller contracts and will tend to be fast-moving in addition to larger new build contracts that will be spread over several years.

The Government's policy in relation to levelling up, "build, build, build" and, most importantly, the rolling out of its national shipbuilding policy, are further drivers to the success of Appledore in due course. The Company has always taken a position that it will not be reliant on Ministry of Defence (MoD) contracts for the long-term sustainability of its business. However, with Appledore's strategic presence in mainland UK, it offers the MoD and other government departments such as the Home Office and Department for Transport an exciting and cost-effective domestic option for a number of smaller vessel builds that are in the pipeline in the months to come. In addition, a number of wind farm projects in the surrounding areas are planned in the near future and they will require UK fabrication with load-out capacity. Whilst Government policy stipulates the requirement for a substantial proportion of locally fabricated content, the availability of such fabrication capability across the UK is highly limited. As such, the Company believes that H&W (Appledore) is ideally positioned to fill that gap and bid for these fabrication contracts. Discussions have already commenced with wind farm developers and the Company hopes to make tangible progress in due course.

Consideration

The Company has agreed to pay a total Consideration of £7 million for the Acquisition of substantially all the assets of Appledore. The Consideration will be payable in the following tranches:

Tranche 1 on Completion:
A total of £1.50 million consisting of cash of £1.20 million and 784,404 ordinary shares of 1 penny each in the capital of the Company ("Ordinary Shares") equivalent to £300,000.

Tranche 2 on the first anniversary of Completion of £1.50 million:
A total of £1.50 million consisting of cash of £1.20 million and Ordinary Shares in the Company equivalent to £300,000.

Tranche 3 on the second anniversary of Completion:
A total of £2 million consisting of cash of £1.60 million and Ordinary Shares in the Company equivalent to £400,000.

Tranche 4 on the 30th month anniversary of Completion:
A total of £2 million consisting of cash of £1.60 million and Ordinary Shares in the Company equivalent to £400,000.

The number of Ordinary Shares that are issued on each respective tranche date will be calculated using the Volume Weighted Average Price ("VWAP") of InfraStrata's Ordinary Shares for the 14 trading days prior to the third business day before the respective tranche date (or before completion in respect of the first tranche).

Accordingly, an application has been made for 784,404 new Ordinary Shares to be admitted to trading on AIM, which is expected to occur on 28 August 2020. Upon admission, the Company's issued share capital will consist of 64,944,486 Ordinary Shares with one voting right each. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of Ordinary Shares and voting rights in the Company will be 64,944,486. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

Notes to the financial statements for the year ended 31 July 2020 (continued)

27 Post Balance Sheet Events continued

Acquisition Assets:

The Acquisition will include, amongst other things, the following key assets:

- 29 acres of freehold land situated on waterfront;
- 322,975 square feet of undercover fabrication halls;
- 118 metre length of undercover dry-dock;
- 500 metre quayside at the Newquay yard for ship repairs;
- panel hall and bar preparation area;
- burning hall and design offices;
- minor assembly and cold frame bending shop;
- steel stockyard and shot blast plant;
- pipeline fabrication equipment;
- fitting and machining equipment; and
- other assets including but not limited to stock, main stores, electrical substation and back-up generators, office and training centre buildings.

Placing of new shares

On 23 December 2020, the Company announced that it had conditionally raised, in aggregate, up to £7.4 million (before expenses) by way of a placing of new 14,222,225 Ordinary Shares at a price of 45 pence per share to existing and new investors (the "Placing"), as well as an Open Offer of up to 2,239,465 new Ordinary Shares to be issued to Qualifying Shareholders at a price of 45 pence per share. The Placing is being conducted in two tranches.

The First Placing will utilise the Company's existing authorities to allot shares and disapply pre-emption rights granted at its most recent general meeting, whilst the Second Placing and Open Offer will be subject to the approval of Shareholders to allot the Second Placing Shares and the Open Offer Shares at a General Meeting. A circular (the "Circular") containing further details of the General Meeting to be held on 13 January 2021 was posted to Shareholders and was available to view on the Company's website.

Transaction Highlights:

- placing to raise £6.4 million (before expenses) in two tranches, the First Placing of approximately £4.0 million and the Second Placing of approximately £2.4 million;
- the net proceeds from the Placing will strengthen the Company's balance sheet and continue to enable it to tender for and win larger contracts, as well as to:
- provide capital expenditure for inter alia, the acquisition of a robotic welding panel line and other yard refurbishment programmes in preparation for the potential award and subsequent execution of fabrication contracts; and
- provide sufficient working capital to improve negotiating position on new contract opportunities by removing the potential for an emphasis of matter statement within upcoming full year results.

On 13 January 2021, the Company announced that all resolutions put to Shareholders at the General Meeting held on that day in connection with the Placing and Open Offer to raise up to £7.4 million (before expenses), were duly passed.

The Company further announced that it has raised the maximum amount possible under the Open Offer of £1.0 million (before expenses), having received valid applications for 5,173,144 Open Offer Shares in aggregate, including 4,025,457 Open Offer Shares applied for under the Excess Application Facility. Accordingly, the Company has issued the maximum of 2,239,465 Open Offer Shares to be admitted to trading on AIM.

As the Open Offer was oversubscribed, the Directors of the Company undertook a scaling back process, on a pro-rata basis, with the same scaling methodology to be applied to each shareholder who applied for excess applications.

Application has been made for the Second Placing Shares and Open Offer Shares, totalling 7,622,082 new Ordinary Shares, to be admitted to trading on AIM ("Admission"). It is anticipated that Admission will become effective and that dealings in the Second Placing Shares and Open Offer will commence at 8.00 a.m. on 14 January 2021. Following Admission, the Company will have 81,406,176 Ordinary Shares in issue, admitted to trading on AIM. This figure (81,406,176) may be used as the denominator for the calculation by which Shareholders will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Company Information

Directors	Mr C R Richardson (Non-Executive Chairman) Mr M J M Groat (Non-Executive Director) Mr J M Wood (Executive Director) Mr A S Raman (Executive Director)
Company secretary	Fieldfisher Secretaries Limited
Registered office	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Independent Auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Accountants	Aventus Partners Limited Hygeia Building Ground Floor 66-68 College Road Harrow Middlesex HA1 1BE

Perivan 259409

InfraStrata

Riverbank House
2 Swan Lane
London, EC4R 3TT