Tekmar Group plc

Global Expansion

Annual Report and Accounts 2020

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Tekmar Group plc's vision is to be the leading provider of technology and services to the global offshore energy markets

Highlights for the year

- Strong revenue growth across all divisions, increasing 46% YOY to £40.9m
- Order Book of £10.0m – up 39% YOY
- Enquiry Book increased 15% YOY
- Tekmar Energy revenues up by 14% YOY, representing 67% of Group revenue:
  - Strong market growth continues
- Overseas expansion progressing, with international markets (non-EU) now comprising 25% of Group revenue (FY19 8%)
- Acquisition of Pipeshield International in October 2019:
  - Contributed 8% of revenue in FY20 since acquisition in October 2019
  - Integrated well with other Group businesses, supplying multiple projects together
- Record revenue growth for Subsea Innovation, representing 20% of Group revenue
- AgileTek increased sales by over 200% and now represents 5% of Group revenue
- Healthy balance sheet, with positive cash balance of £2.1m
- Positive market outlook within offshore wind and early signs of recovery within oil and gas

Cautionary note and disclaimer

Strategic Report

Establishing a strategy and business model that promotes long-term value for shareholders

The Board has a clear strategy for delivering long-term shareholder value. We will do this through:

a) Increasing market share - through focusing on our differentiated value proposition.
b) Bringing in new opportunities - through adding new customers.
c) Increasing our offer to the market - by increasing our technology and service portfolio.
d) Maximise growth - by developing a strong regional presence in high demand and high growth areas.

The strategy is supported by our core building blocks of:

• **Organic Growth** – increasing sales to new and existing customers.
• **Accelerated Growth** – investing in our business, R&D and operations.
• **Acquisition Strategy** – targeting businesses which align with our brand and values; that would benefit from Group support; will add to Tekmar's customer base and product offering; smooth seasonality of contract revenues; and which leverage engineering skills whilst maintaining margins.

Strategic Report Contents

Chairman's Statement

Alasdair MacDonald

I am pleased to present Tekmar Group's results for the year ended 31 March 2020 ("FY20" or the "Period"), our second financial year since IPO in 2018. It has again been an exciting and productive 12 months for the Group, though not one without unexpected challenges, which I can confidently report the team is successfully navigating. The Group demonstrated its capability in FY20 by delivering substantial revenue growth across all businesses resulting in an increase of 46% and an order book increase of 39% to £10m. This was despite facing the impact of COVID-19 and the associated rapid shutdown in China affecting our most productive fourth quarter from January to March ("Q4"), which is detailed in the CEO's Statement. The Group has maintained its strong balance sheet, with net cash and zero leverage at the year end. The team have also continued to deliver on our strategic objective at IPO to diversify revenue streams and position the business for growth in the global subsea markets which are benefiting from high structural growth drivers.

In line with our strategy to broaden the Group's technology offering and ensure further project lifecycle opportunities are aligned with our shared customer base, we completed the acquisition of Pipeshield International in October 2019. We are delighted with its contribution to date and the very quick, successful integration into the Group.

Whilst the level of growth in profitability in FY20 was inevitably affected by COVID-19 and the shutdown in China, our strong market position and track record in offshore wind cable protection projects remain unrivalled globally. Our overall confidence in the prospects for the business should not be understated. I now see a Group which has truly been transformed and, with a much wider portfolio of complementary technologies, is able to offer an international customer base a unique customer-value proposition. Coupled with a robust balance sheet, the Group is well positioned with a solid platform for growth over the next decade, which is supported by a positive market outlook, despite some short-term uncertainty as we transition through the COVID-19 recovery, which the Group has somewhat mitigated by receipt of a CBILS loan of £3m post year end.

The results for FY20 demonstrate the strength of our management team and people within the business, delivering both organically through innovation and via complementary acquisitions and supporting the overall Group's long-term vision.

Year on year comparison

	FY20	FY19
Revenue	£40.9m	£28.1m
Profit Before Tax	£2.0m	£2.0m
Order Book	£10.0m	£7.2m
Preferred Bidder	£14.6m	£15.0m
Enquiry Book	£224m	£195m
Market Visibility	£65.5m	£50.2m

£10m

Total sales order book grew to a record of £10m, a 39% increase YOY.

£224m

Total sales enquiry book grew to a record of £224m, a 15% increase YOY.

48%

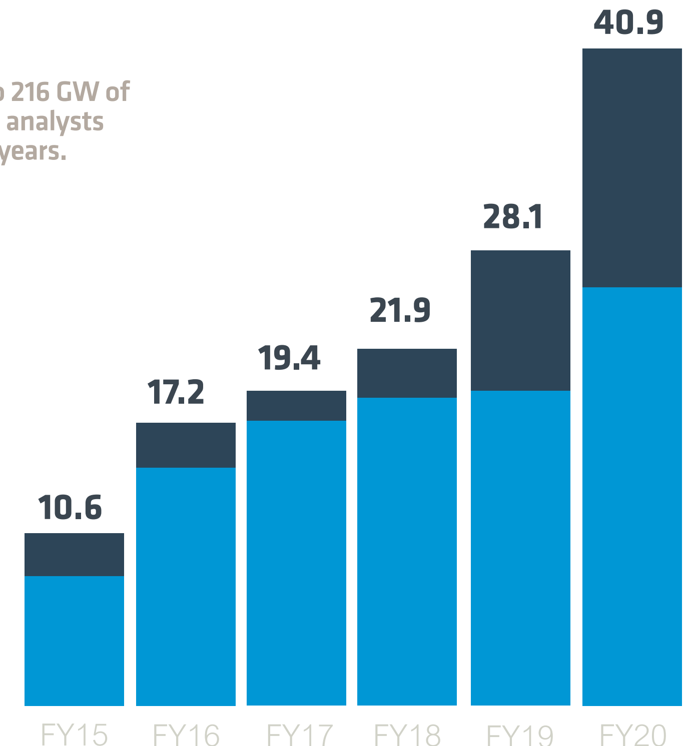
Year on Year Growth in Revenue (FY20 vs FY19).

>15% CAGR

Industry growth predicted from 28.9 GW to 216 GW of projects underway by year 2030 with some analysts expecting more than 15% CAGR in coming years.

6 year revenue growth

25.2% CAGR



	FY15	FY16	FY17	FY18	FY19	FY20
Offshore Wind (%)	8.1	14.8	17.8	18.4	19.7	25.7
Subsea (%)	2.5	2.6	1.6	3.5	8.4	15.2
Total Revenue (£m)	10.6	17.4	19.4	21.9	28.1	40.9
Gross Profit (£m)	2.6	6.6	8	8.9	9.9	12.3
Gross Profit Margin (%)	25	38	41	41	35	30

Vision for the future
We continued our expansion into international markets during the Period, with non-European revenues comprising over 25% of the Group's revenue, including 15% in APAC and 9% in the Middle East, with the USA emerging as a more prominent opportunity. We are content with this performance, despite the delay in China, which would, under the ordinary course of business, have yielded a higher revenue contribution.

With its well-established cable protection product, TekLink®, the Group's overall market share of this part of the global offshore wind market remains above 75%. I am pleased to report that we have successfully diversified into new areas of this market, increasing our product portfolio through acquisition and development. Total revenue delivered from offshore wind in FY20 was 63% of Group revenue in the Period, a record contribution of £26m compared to £20m in FY19. TekLink® now represents only 43% of Group sales.

People
During the year, we welcomed 23 new additions to the Tekmar family, taking our total headcount to over 200. I would like to take this opportunity to sincerely thank all our people. COVID-19 brought about an unforeseen business disruption which made this growth more challenging than anticipated. Our teams have shown an impressive resilience to deliver a strong H2 performance and, thanks to their efforts, our businesses have delivered the best possible outcome for shareholders in the circumstances and have maintained a sustainable strong position for our future.

Markets outlook
Offshore wind continues to show significant upside and expansion globally. Market commentators are forecasting a CAGR of >15% over the next decade for projects coming online from 28 GW today, with installations underway to 216 GW by 2030. The speed and scale of offshore development continues to accelerate, as cost competitiveness and other social and technological benefits become even more apparent.

The Oil and Gas market has stalled, with the compounding oil price pressure in recent months. Although less than a fifth of the Group's revenue is delivered from this sector, it is clear that there will be no growth in this market in FY21.

New market opportunities continue to emerge, with increased demand for power interconnectors, telecoms, marine civils and other renewable energy activity.

Group outlook
Project delays are often a consequence of disruption in global markets, supply chains and production. Whilst we are confident in achieving our targets for FY21, given the ongoing uncertainty surrounding COVID-19, it would be unwise to rule out the possibility of further unforeseen challenges. This is particularly pertinent for our business, which is heavily weighted to project delivery in H2. We therefore believe it prudent to continue to refrain from providing financial guidance for FY21.

The acquisitions that we have completed since IPO, along with new product development, have broadened our technologies in line with our diversification strategy, enabling us to capitalise on further project lifecycle opportunities. These acquisitions contributed 30% of Group revenue in FY20, which only included six months from Pipeshield.

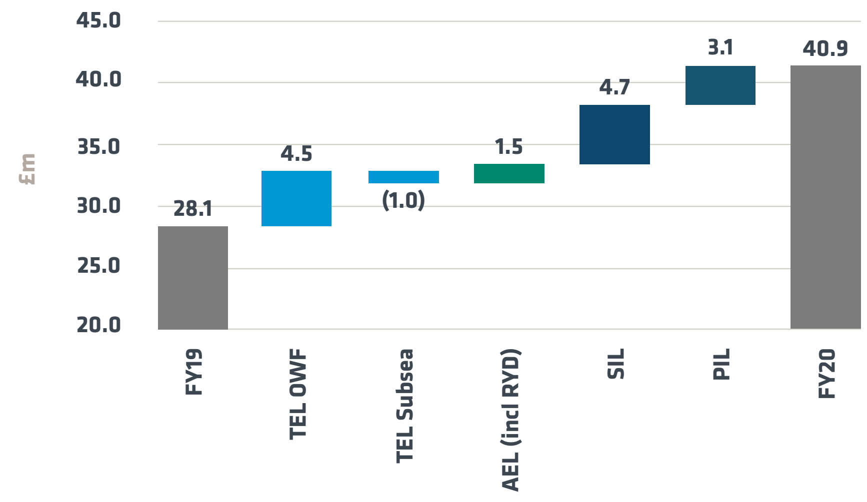
Tekmar Group continues to have a healthy balance sheet to support further growth. Record revenues, a combined order book and preferred bidder status of £24.6m increase in sales enquiries to £224m, and forecast market growth of >15% in offshore wind, gives the Board confidence in the Group's ability to continue delivering growth in the medium to long term.

The Board would like to thank all members of the Tekmar team for, once again, rising to the challenges and delivering on the strategy set out within our strategic plan which is the result of the experience, knowledge, expertise and commitment throughout the organisation.

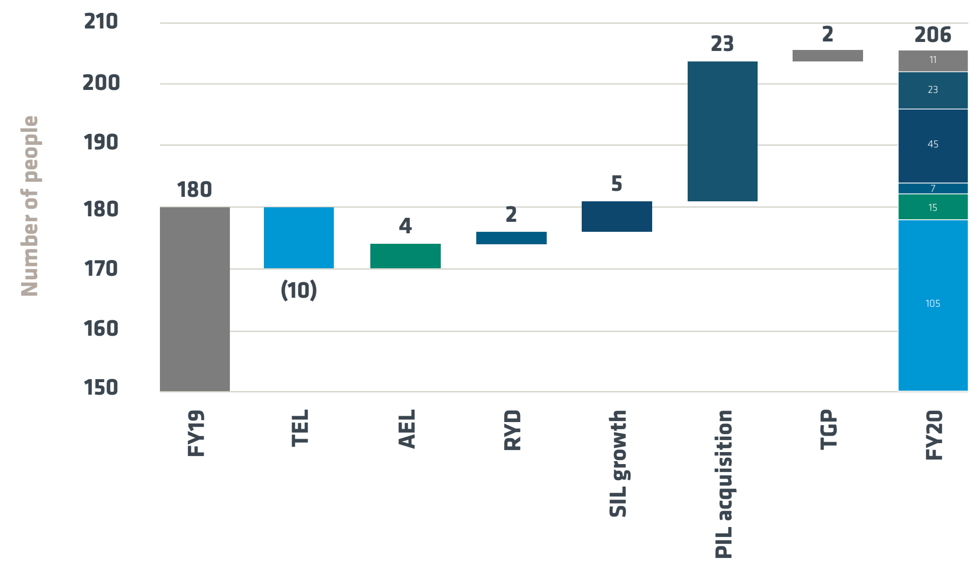
In addition the Board would also like to add gratitude to our clients, shareholders, suppliers and partners for their ongoing and continued support to the business, particularly recognising the recent global challenges we have all encountered as we continue to deliver on our strategy, vision and values.

Alasdair MacDonald
Non-Executive Chairman

Revenue Bridge (£m)



Recruitment Bridge FY20



KEY
- TEL (Tekmar Energy)
- AEL (AgileTek Engineering)
- RYD (Ryder Geotechnical)
- SIL (Subsea Innovation)
- PIL (Pipeshield International)
- TGP (Tekmar Group plc)

Vision

Our vision is to be the leading provider of technology and services to the global offshore energy markets.

Key Objectives

1) Sustainable **growth**
2) Focus on value added technology for subsea and offshore (**Niche IP**).
3) Develop ways to get into projects early and stay in for longer (**Full life cycle**).
4) Leverage group support between companies (**Synergies**).

Key Enablers

1) Our core **values**
2) **Growing** global demand >15% CAGR
3) Strong **brand** and outstanding reputation
4) Strong **balance sheet**
5) Our core **strategy**

Values

- **Safety**
- **Heritage**
- **Innovation**
- **Collaboration**
- **People**

Investment Case

Tekmar Group plc's vision is to be the leading provider of technology and services to the global offshore energy markets

We believe that our strategy, together with the following competitive strengths, distinguish us from the competitors in our chosen marketplace.

Leading market position and deep relationships with global clients Tekmar Group is the market leading provider of subsea asset protection solutions to the offshore energy sector. Our patented TekLink® CPS (Cable Protection System) is the system of choice amongst our customers in the global offshore wind markets and we retain a leading market share across all installed offshore wind farms in Europe. Our reputation in the offshore wind market has enabled us to successfully penetrate other subsea markets.

Exposure to a structural high growth market building on the significant growth already achieved in recent years, we continue with our plans to accelerate our growth in offshore wind to meet demand in an expanding market as a consequence of (i) the lower cost of offshore wind farm projects in Europe which is expected to lead to more projects coming online more quickly, and (ii) the growing emerging market opportunity for offshore renewable energy in new geographies such as Asia-Pacific and North America.

A culture of innovation our entry into the offshore wind market with TekLink® was a direct consequence of developing an innovative solution to meet a market need.

The Group has continued to build on this pedigree and its heritage of product innovation to develop a market leading range of products and solutions offered to the global offshore energy sector.

Strong track record of historical financial growth with clear visibility on organic growth revenues and pipeline. The Group has delivered a consistent record of growth with revenue increasing from £21.9 million for the year ended 31 March 2018 to £40.9 million for the year ended 31 March 2020. The Group has visibility of significant potential revenue with £224 million of sales enquiries across all businesses.

Proven, experienced high-calibre management team the Group benefits from a high-calibre senior management team with substantial industry experience, led by James Ritchie, the Group's Chief Executive Officer. Together, the management team has driven the growth and strong financial performance of the business over the past several years and has a proven track record of delivering results.

We believe that the competitive advantages as described above will enable the Group to continue delivering profitable growth.

Innovative Marine Technology

Tekmar Group works together to provide leading technology and services to the global offshore energy markets

Our primary operating companies include

£40.9m Group Turnover

SIX Group Companies

17 Locations Worldwide

206 Employees

Over 35 Years Experience

Over 80,000 hours of geotechnical & engineering analysis

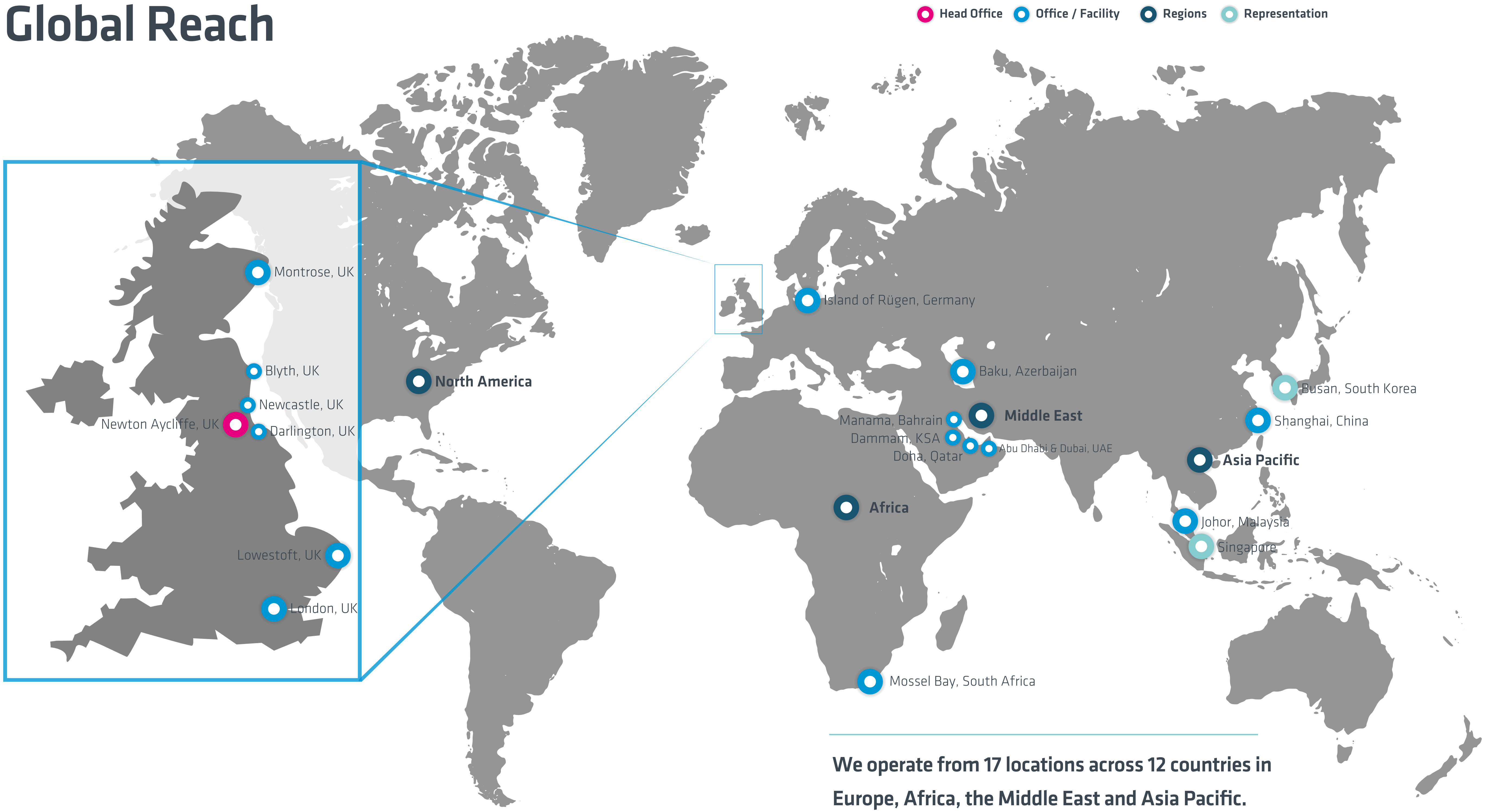
Over 30,000 bespoke concrete mattressess delivered

Over 8,000 TekLink cable protection systems delivered

Over 120 Emergency Pipeline Repair Systems (EPRS) delivered

Over 200 Launch & Recovery Systems delivered or and maintained

Global Reach



We operate from 17 locations across 12 countries in Europe, Africa, the Middle East and Asia Pacific.

Chief Executive Review

How we applied our strategy throughout the year

> We continue to deliver our strategy with continual growth in renewables and global expansion.
>
> James Ritchie, CEO

Our vision remains unchanged, to be the leading provider of subsea technology and services to the global offshore energy markets. We are achieving this vision by developing our portfolio to include complementary businesses that share market space, customer relationships and a strong drive for innovation. We are leveraging the unique, yet complementary skills and technologies that our family of companies offer and are enhancing what we deliver to the market.

I am proud of the strategic progress the Group has made over the last 12 months and the transformation we have created since our IPO over two years ago. Despite the impacts and challenges of COVID-19 I remain confident of the long-term prospects for the Group.

We set out at IPO to make selective and practical acquisitions of businesses known to the Group. I believe we have executed this meticulously adding accretive benefit. These additions coupled with organic growth, delivered largely through Tekmar Energy's dominant and respected brand in offshore wind, has created a truly unique and compelling value proposition to the global subsea sector that will create sustainable growth opportunities long into the future.

We remain committed to our three core building blocks for strategic growth: organic growth in our core markets; accelerated growth through overseas expansion and the addition of new technologies in our product mix, and acquisitions that complement our overall vision. People and technology remain at the forefront of everything we do, and we will continue to expand organically. We will also continue to explore selective accretive technology M&A opportunities whilst maintaining a robust balance sheet.

COVID-19
Our high revenue growth and strategic progress was unfortunately overshadowed by the negative impact of COVID-19. We had stated with confidence in the half-year results announced on 3 December 2019, that seasonal weighting (Circa H1 40% H2 60%) in the Group's performance was in line with our management expectations and that the Group was firmly on track to meet market expectations for FY20, however this expectation included identified sales into China in Q4. In addition, we did not foresee the major price rise felt around the globe in components as a result of the shutdown. These points combined had a negative effect on our expected profitability. Despite this we are pleased to report that the Group continued to operate across all sites throughout the lockdown.

It is worth reiterating that Tekmar Group provides critical components to major energy infrastructure projects around the globe. The demand for such equipment is ever increasing, our value proposition is unrivalled, and we already have one of the largest track records in offshore wind.

Although the effects of COVID-19 have impacted Tekmar Group, our efficiency never dropped, we met all customer deliveries and we are slowly starting the transition back to normality.

We retain a solid balance sheet and see little negative effect on our longer-term prospects. If anything, we believe that countries are more likely to bring forward their planned investment in renewables to support economic growth.

We have included the Board's assessment of the key business risks associated with this changing global environment in our Final Results presentation (https://investors.tekmar.co.uk/investors/reports-and-presentations/) and in our 2020 Annual Report.

Offshore wind market (63% Group revenue)
Tekmar Group now has an unrivalled value proposition for its core technology. Offshore renewables and offshore wind remain the focus for the business, representing over 63% of Group sales. Our technology development, acquisitions and strategic investment all support a drive towards the offshore wind market, which continues to pick up pace and is nearing 10x growth over the next decade. The Group is now well placed to capitalise on revenue opportunities through the offshore wind farm project life cycle.

The addition of and substantial growth in AgileTek Engineering has opened multiple new market opportunities in both initial front-end engineering and design ("FEED") and post construction operations and maintenance ("O&M"). This has been seamlessly supported by the addition of Ryder Geotechnical, which performs geotechnical evaluation of the seabed and provides us with first-mover advantage on projects (such as activity within the USA and France).

Tekmar Energy's core TekLink® product maintains its dominant market position in cable protection. TekLink® now represents 43% of Group revenue and saw a 57% increase in sales from FY19. Subsea Innovation increased its contribution to offshore wind in FY20, delivering bespoke back deck equipment and innovative cable repair solutions for the O&M phase of a project. O&M now represents 6% of Group revenue and, as installations continue, we expect it to play a larger role in the future, based on the circa 27 GW capacity already installed. With the addition of Pipeshield International in October 2019, we have a strong product offering across the project life cycle in offshore wind market and the Group is starting to tender combined packages for subsea protection.

Subsea market (37% Group revenue)
At IPO we set out to diversify revenues into other subsea markets including, oil and gas, interconnectors, telecoms, marine vessels, and more recently marine civils through Pipeshield International. These now contribute 37% to Group sales an increase of 56% over the prior year. This proportion is a fair example of the split we hope to see going forward and is a representation of the current enquiry book which is now circa £224m. Demand for oil and gas equipment has fallen materially in recent months due to the drop in the oil price to a ten year low, brought about by the sudden imbalance of supply and demand as a result of lockdown travel restrictions imposed by COVID-19. Although many analysts view this as a temporary impact, we have prudently revised our outlook. It is important to note that oil and gas specifically represented less than 20% of total Group revenue.

Tekmar Energy (67% Group revenue)
Tekmar Energy has grown revenue by 14% year-on-year and saw a major increase in the volume of TekLink® cable protection systems delivered with a 57% increase in sales.

This supports our continued dominant market position for the technology, which is now on its 10th generation of product development. Key customers and projects include:

- protecting 1.4 GW of electrical infrastructure on Ørsted's Hornsea 2 project, the largest offshore wind project in the world;
- protecting 640 MW on behalf of Subsea 7 for WPD's Yunlin project, the largest offshore wind project in the emerging Taiwanese market; and
- delivering products to Binhai for SPIC the largest wind development in China to-date.

Tekmar Energy also delivered an increased volume of sales in APAC representing over £5m of sales, 18.2% of Tekmar Energy's revenue. This number would have been higher but was cut short in the final quarter due to the rapid shut down in China. Hang-off solutions made an improved contribution of circa £2m or 7.3% of Tekmar Energy's revenue. In addition to this organic growth Tekmar Energy made some strategic developments including increasing sales into O&M, securing the first French offshore wind farm contract for TekLink® on the 480 MW Saint-Nazaire project which is due to be manufactured in FY21, and finally delivering its largest ever scope into floating offshore wind, which now represents circa 3% of Tekmar Energy revenue. The biggest financial impact was due to the increased supplier costs because of COVID-19 supply chain disruption, however, we feel this position will be recovered in FY21. Across the Group we are now looking at consolidation options and have already implemented efficiencies within Tekmar Energy, resulting in a reduction in headcount in the year from 115 to 105. We believe Tekmar Energy remains well positioned and has sufficient capacity to support the expected demand foreseen within offshore wind.

AgileTek Engineering including Ryder Geotechnical (5% of Group revenue)
AgileTek Engineering made a significant increase in revenue of over 200% supported in part by the first full year of Ryder Geotechnical which added £0.5m contribution in revenue, but also due to the large increase in external sales of circa £1.5m. AgileTek continues to provide a key differentiating offering combining traditional engineering with cutting edge software that saves our customers money, reduces project risk and provides the Group with early access to projects. AgileTek Engineering grew the team from 11 to 14 and opened a new office in Newcastle to support their growth, whilst Ryder Geotechnical started bilaterally recruiting team members based in AgileTek Engineering's London office.

Subsea Innovations (20% of Group revenue)
Subsea Innovation had a record year with sales increasing over 147% and headcount increasing from 40 to 45. The high growth rate was underpinned mainly by the supply of bespoke back deck equipment to Subsea7 via IHC. Although the financial performance of this project was not as initially expected when reported during our announcement in February 2020, we remain pleased with the skills and technical ability the engineering team offer. Harnessing the engineering capability of Subsea Innovation is critical to our ongoing development as a technology specialist for subsea equipment across the Group and provides unique opportunities. Subsea Innovation is currently engaged in the development of bespoke equipment for the maintenance of subsea cables support, an area in which the Group is increasing the rate of sales. Although most of Subsea Innovations revenue is currently classified within oil and gas, the engineering skills and enquiry opportunities are fully transferable into renewables and other subsea markets.

Pipeshield International (8% of Group revenue)
Pipeshield was acquired in October 2019 for consideration of £6.5m. This was the Group's third acquisition since IPO and continues our strategy to acquire synergistic offshore energy engineering businesses with a clear focus on subsea technology and complementary customer bases, which will benefit from being part of a wider group. Pipeshield broadens our portfolio of complementary technologies, allowing the seamless supply of subsea protection products across the lifecycle of a project, and takes us closer to our vision. Pipeshield itself is a world leading technology provider of subsea concrete mattresses. These mattresses are used in the protection of subsea equipment such as pipelines and power cables within all marine environments, including offshore wind, marine renewables, oil and gas and marine civil engineering.

We are very pleased with the rapid and successful integration of the business into the Group, with Pipeshield contributing 8% of total Group revenue in just six months of trading since acquisition.

Outlook
Despite the short-term impacts of COVID-19, the Group's strategy, primary focus and vision remain unchanged. We have a solid balance sheet and we remain confident that the long-term growth prospects of the global offshore wind market are accelerating, and most importantly that we are well positioned to capitalise on this structural change in the energy market.

The Group is beginning to benefit from the collaboration and combined approach of its portfolio businesses, which have cross-sector capability and are already supplying multiple projects together and have many ongoing tendering opportunities.

Whilst we continue to explore accretive acquisitions that match our core values, our focus will shift internally in the near term, as we look to consolidate and maximise the benefits from our recently enlarged business and expanded technology offering.

Tekmar Group has progressed markedly since IPO, delivering on its diversification strategy at the same time as generating substantial revenue growth. We believe we have a created a strong foundation on which to continue growing the business, with our primary focus in FY21 being the offshore wind opportunity.

James Ritchie
Chief Executive Officer

A year of positive PR

A collection of good news stories from FY20

March 2020

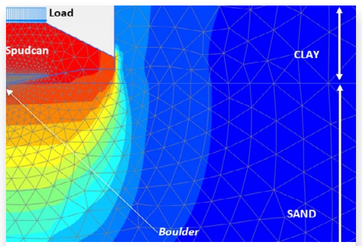
Pipeshield wins big securing 20 new projects in Q1 2020.

March 2020

Tekmar Energy delivers CPS to SeaMade Offshore Wind Farm in Belgium.

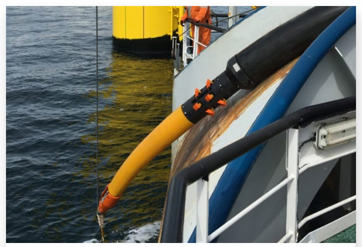
March 2020

Tekmar Energy secures milestone contract in France to protect the country's first offshore wind farm.



February 2020

Ryder delivers boulder interaction study for Danish Kriegers Flak Offshore Wind Farm.



January 2020

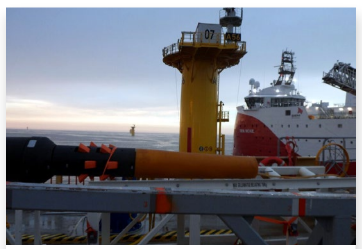
Tekmar Energy secures double award for Danish Krieger's Flak Offshore Wind Farm.

January 2020

Tekmar Energy to supply CPS for Windpark Fryslân in the Netherlands.

January 2020

Tekmar Energy complete rapid CPS delivery for the WindFloat project in Portugal.



January 2020

Tekmar Energy secures major award from Seaway 7 for Yunlin offshore wind farm.

October 2019

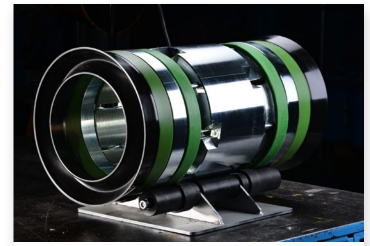
Tekmar Group makes third acquisition with Pipeshield International Limited.

September 2019

Ryder announce opening of new London based office.

September 2019

Tekmar Energy selected for Changhua offshore wind farm in Taiwan by Jan De Nul.



August 2019

Subsea Innovation to supply it's next Gen waterstops to TechnipFMC in Norway

August 2019

Tekmar Energy selected to provide CPS for Formosa 1 Phase 2 in Taiwan.

August 2019

Ryder expands with new headquarters in Newcastle

August 2019

Subsea Innovation delivers new launch and recovery Systems to global clients.

August 2019

Tekmar to supply CPS to the world's largest offshore wind farm, Hornsea Two

July 2019

Tekmar Energy launch new Mental Health and Wellbeing initiative.

April 2019

Subsea Innovation deliver rapid turnaround of repair clamps in under 10 weeks.

Market Review - Offshore Wind

Industry growth predicted from 28.9 GW to 216 GW of projects underway by year 2030 with many analysts expecting more than 15% CAGR in coming years

Tekmar Group is well positioned to take full advantage of this substantial growth. Offshore wind is growing rapidly and continues to expand globally as the technology plays a vital role in the drive towards low carbon electricity. The scale, speed, proximity to dense populations and the low-cost competitiveness of this energy source makes it the clear winner. Despite some short term delays the consensus across the market is that COVID-19 does not affect the medium to longer term outlook, or the growth opportunities presented within offshore wind and renewables more generally.

According to the IEA's Offshore Wind Outlook[1], today's offshore wind market is nowhere near to its full potential. When considering the wind resource available around the globe, offshore wind has the potential to generate more than 420,000 TWh's/year worldwide, which is more than 18 times today's global electricity demand.

The UK remains the world leader in offshore wind with more installed capacity than any other country and is nearing 10 GW of cumulative capacity following the installation of 1,760 MW's in 2019. Following the UK Government's target to be net-zero by 2050 and one year having passed since the publication of the Sector Deal, the Committee on Climate Change suggests an additional 75 GW of renewable capacity could be required, with analysts predicting circa 36.5 GW required by 2030. Since the publication of the Sector Deal, the cost of offshore wind has continued to fall. The 2019 Contract for Difference auction saw 5.5 GW of new offshore wind capacity come forward with record low prices of £39.65/MWh or around 65% lower than projects in the 2015 auction. These projects are expected to be operational around 2023 to 2025.

2019 saw a major expansion in the Asia Pacific region ("APAC") and a high upside view towards 2030 including the first projects in Taiwan (12.5 GW), large scale developments in China (*50 GW) and ambitious targets set in Japan, India and South Korea (around *6 GW each). The APAC could overtake the EU within the next decade with high growth scenarios above 30% CAGR.

Of the 22 GW now operational in Europe, 99% is still dominated by the top five countries, that is the UK (45% or 10 GW), Germany (34% or 7.5 GW), Denmark (8% or 1.7 GW), Belgium (1.5% or 7 GW) and Netherlands (1.1% or 5 GW) with the others making up just 1% or 0.3 GW. While all these countries have set ambitious growth targets by 2030, we see new emerging potential in the likes of France with 8.3 GW targeted by 2030, Ireland setting its own 3.5 GW target and Poland expecting over 5 GW to be installed.

Within the Americas, the USA is really starting to move, although at the time of writing they only have two live projects totalling 42 MW or less than 0.1% of the total market, they could become the third biggest player by 2030 with over 26 GW under consideration.

Further, and not considered yet in any global market forecast, is the development within Australia and Brazil that have around 40 GW of potential capacity, although no official targets have been set.

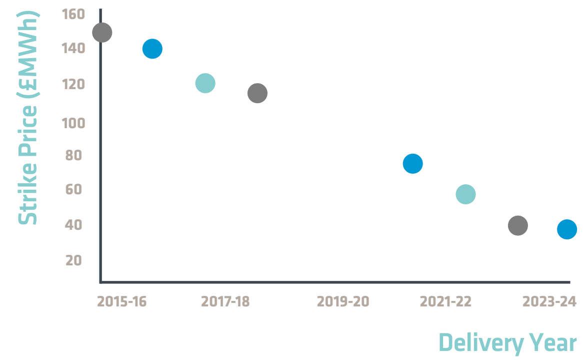
Market Highlights:

- More than 15% CAGR for offshore wind expected globally up to 2030
- Global Wind Energy Council predicts 40 GW of new offshore wind capacity to be installed globally over the next five years (around 15% of total installations each year).
- UK latest CFD cost reduced further to £39/MWh or 30% lower than two-year prior at £57.50/MWh making offshore wind even more compelling
- The IEA finds that global offshore wind capacity may increase 15-fold and attract around US$1 trillion of cumulative investment globally by 2040.

Tekmar Highlights:

1. Tekmar Energy continues to secure a dominant market share for TekLink® cable protection system
2. Group companies, AgileTek, Ryder, Tekmar Energy and Pipeshield started working together on emerging markets with the first Ørsted project in the USA now completed
3. Tekmar Energy delivered first projects to Taiwan with Formosa 1 and secured the first French offshore wind project Saint-Nazaire
4. Group companies Tekmar Energy, Subsea Innovation and AgileTek work together on multiple operations and maintenance scopes 5. All Group companies have started supplying into floating wind projects including Portugal's first offshore wind turbine Principle Power's Wind Float.

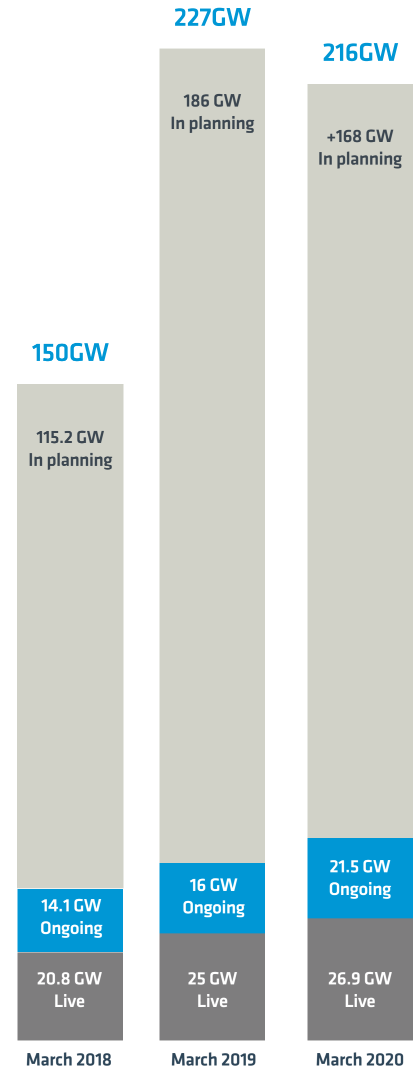
[1] https://www.iea.org/reports/offshore-wind-outlook-2019



The cost of offshore wind continues to fall

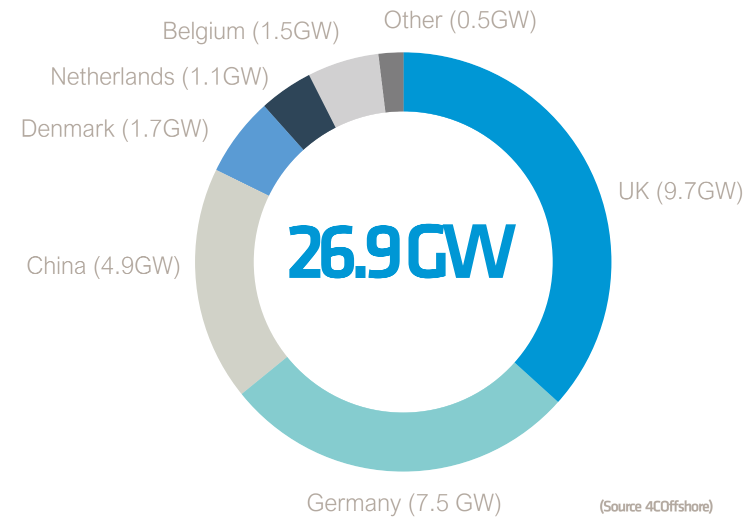
Left: Strike prices awarded under CFD

(Source BEIS)



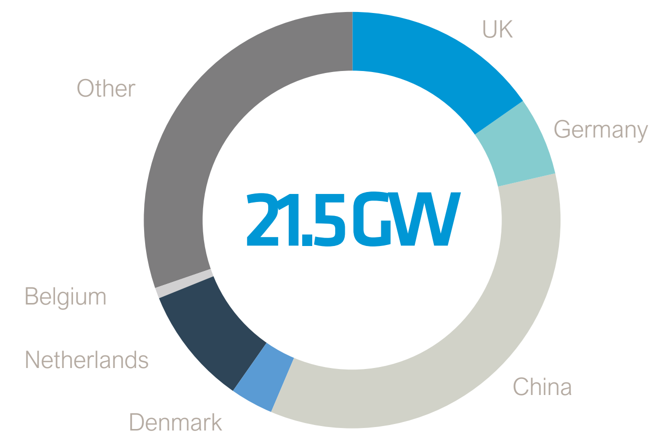
Offshore Wind Market
9 year outlook
2020 vs 2030

(Source 4COffshore)



(Source 4COffshore)

Under construction / pre-construction capacity



Our business model

A world-leading subsea technology business built on innovation

Group revenues are tracked by product, market and region. Across the Group there are no customers that are unique to any one business. There is potential for all Group companies to work with all customers that the Group touches, allowing the Group to cross-sell all products and services; working together to provide value to the same clients, providing more revenue per client and a complementary range of technology and services that support multiple stages of the project life cycle.

As the business grows, our goal is to increase the revenue per project from all stages of offshore energy and subsea projects. We also have an aim to gain visibility on upcoming projects as early as possible, with our design and analysis businesses helping us achieve this.

Management reporting and decision making is made by company and the Board of Directors measure performance and profitability across the Group by company.

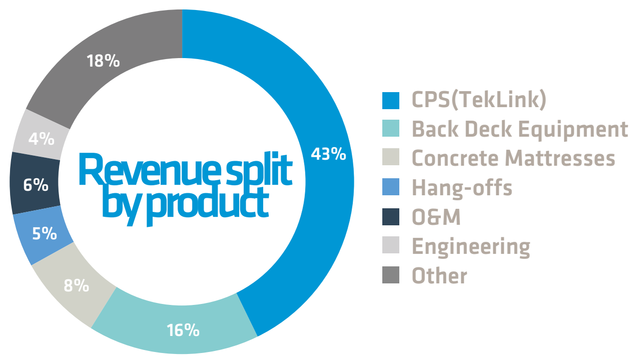
Group revenue split:

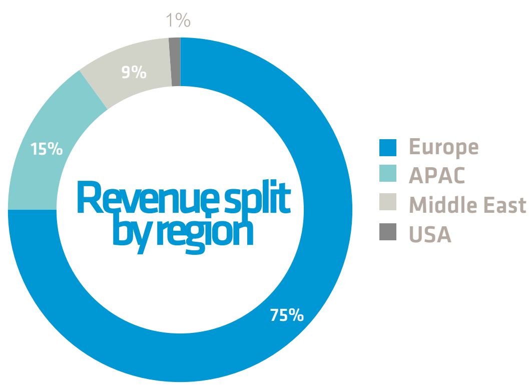
67% Tekmar Energy

20% subsea innovation

8% Pipeshield

5% AgileTek Engineering (incl RYD)





Revenue split by market

63% Offshore Wind
£25.7m

37% Subsea*
£15.2m

Sectors
Offshore Wind,
*Oil & Gas , Interconnectors, Wave & Tidal, Marine Civils, Telecoms

Applications
Subsea Cables, Rigid & Flexible Pipelines, Umbilicals, Seabed, Vessel Back Deck, Structures

Customers
Energy Majors, Developers, Operators, Marine Contractors, Subsea Asset Manufacturers, Seabed

Project Phases:

DEVEX Development Expenditure
CAPEX Project Build Phase
OPEX Project Operation and Maintenance

Locations include:

UK, EU, Middle East, North America, South America, Asia Pacific, China

See page 12 for location overview.

Product Categories:

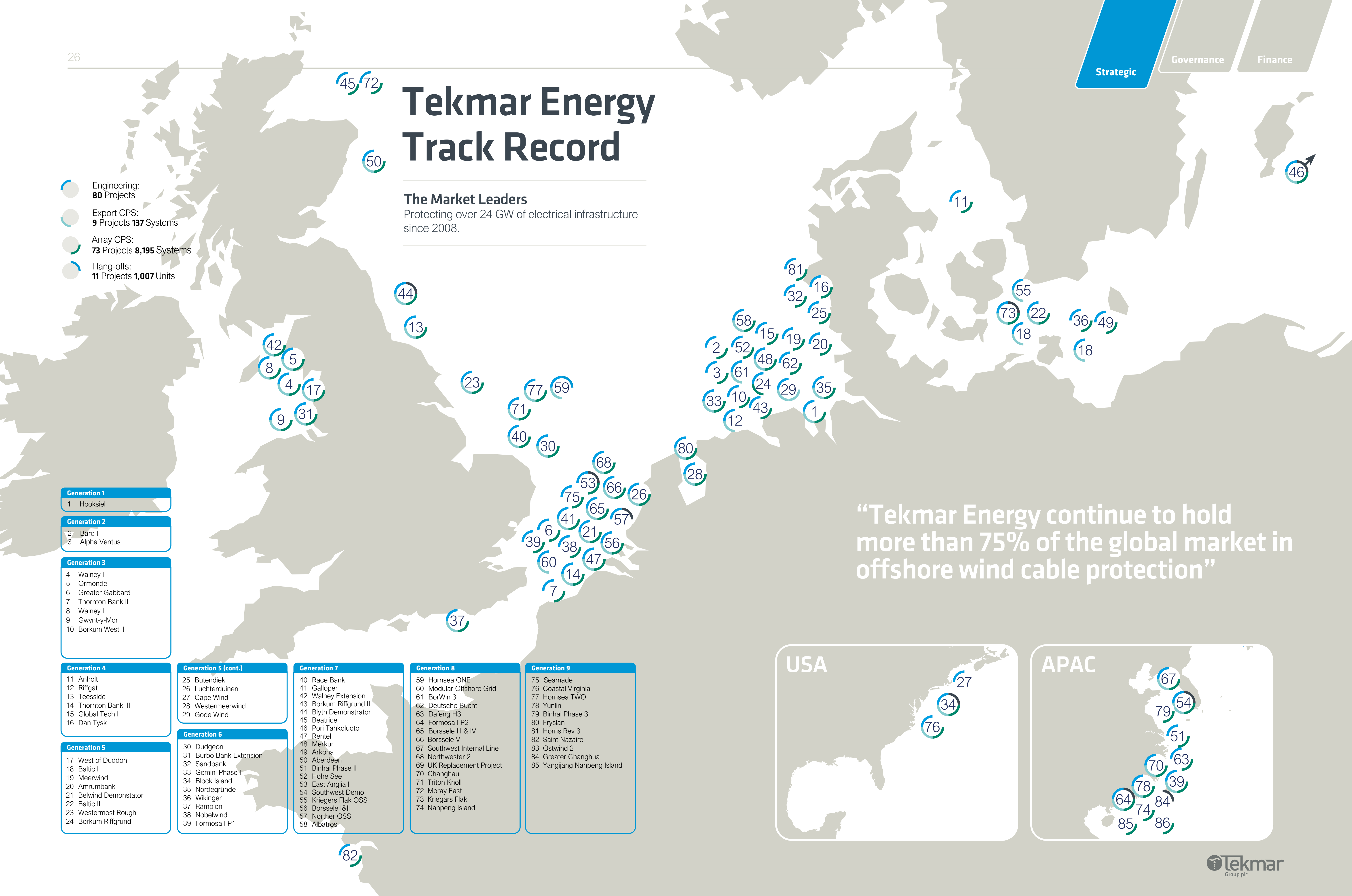
- Geotechnical Design & Analysis
- Engineering Analysis & Software Innovation
- Bespoke Equipment Design & Build
- Subsea Protection Technology
- Subsea Stability & Protection Solutions.

See page 28 for technology overview.

Tekmar Energy Track Record

The Market Leaders

Protecting over 24 GW of electrical infrastructure since 2008.



Engineering:
80 Projects

Export CPS:
9 Projects **137** Systems

Array CPS:
73 Projects **8,195** Systems

Hang-offs:
11 Projects **1,007** Units

“Tekmar Energy continue to hold more than 75% of the global market in offshore wind cable protection”

Generation 1

1 Hooksiel

Generation 2

2 Bard I
3 Alpha Ventus

Generation 3

4 Walney I
5 Ormonde
6 Greater Gabbard
7 Thornton Bank II
8 Walney II
9 Gwynt-y-Mor
10 Borkum West II

Generation 4

11 Anholt
12 Riffgat
13 Teesside
14 Thornton Bank III
15 Global Tech I
16 Dan Tysk

Generation 5

17 West of Duddon
18 Baltic I
19 Meerwind
20 Amrumbank
21 Belwind Demonstator
22 Baltic II
23 Westermost Rough
24 Borkum Riffgrund

Generation 5 (cont.)

25 Butendiek
26 Luchterduinen
27 Cape Wind
28 Westermeerwind
29 Gode Wind

Generation 6

30 Dudgeon
31 Burbo Bank Extension
32 Sandbank
33 Gemini Phase I
34 Block Island
35 Nordegründe
36 Wikinger
37 Rampion
38 Nobelwind
39 Formosa I P1

Generation 7

40 Race Bank
41 Galloper
42 Walney Extension
43 Borkum Riffgrund II
44 Blyth Demonstrator
45 Beatrice
46 Pori Tahkoluoto
47 Rentel
48 Merkur
49 Arkona
50 Aberdeen
51 Binhai Phase II
52 Hohe See
53 East Anglia I
54 Southwest Demo
55 Kriegers Flak OSS
56 Borssele I&II
57 Norther OSS
58 Albatros

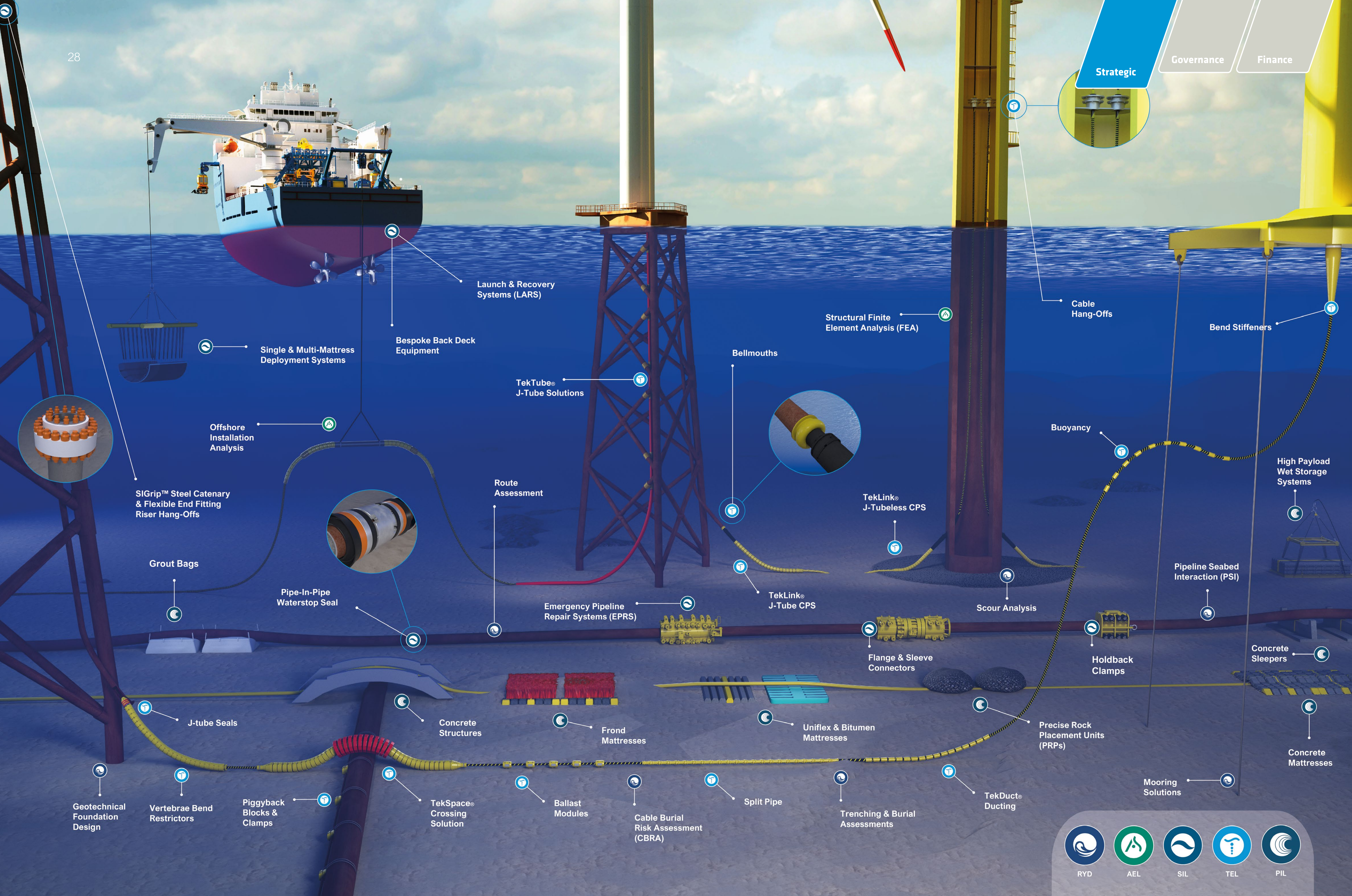
Generation 8

59 Hornsea ONE
60 Modular Offshore Grid
61 BorWin 3
62 Deutsche Bucht
63 Dafeng H3
64 Formosa I P2
65 Borssele III & IV
66 Borssele V
67 Southwest Internal Line
68 Northwester 2
69 UK Replacement Project
70 Changhau
71 Triton Knoll
72 Moray East
73 Kriegars Flak
74 Nanpeng Island

Generation 9

75 Seamade
76 Coastal Virginia
77 Hornsea TWO
78 Yunlin
79 Binhai Phase 3
80 Fryslan
81 Horns Rev 3
82 Saint Nazaire
83 Ostwind 2
84 Greater Changhua
85 Yangjiang Nanpeng Island

Tekmar Group plc


Launch & Recovery Systems (LARS)
Bespoke Back Deck Equipment
Single & Multi-Mattress Deployment Systems
TekTube® J-Tube Solutions
Structural Finite Element Analysis (FEA)
Cable Hang-Offs
Bend Stiffeners
Bellmouths
Offshore Installation Analysis
Buoyancy
High Payload Wet Storage Systems
SIGrip™ Steel Catenary & Flexible End Fitting Riser Hang-Offs
Route Assessment
TekLink® J-Tubeless CPS
Grout Bags
Pipe-In-Pipe Waterstop Seal
Emergency Pipeline Repair Systems (EPRS)
TekLink® J-Tube CPS
Scour Analysis
Pipeline Seabed Interaction (PSI)
Flange & Sleeve Connectors
Holdback Clamps
Concrete Sleepers
J-tube Seals
Concrete Structures
Frond Mattresses
Uniflex & Bitumen Mattresses
Precise Rock Placement Units (PRPs)
Concrete Mattresses
Geotechnical Foundation Design
Vertebrae Bend Restrictors
Piggyback Blocks & Clamps
TekSpace® Crossing Solution
Ballast Modules
Cable Burial Risk Assessment (CBRA)
Split Pipe
Trenching & Burial Assessments
TekDuct® Ducting
Mooring Solutions
RYD
AEL
SIL
TEL
PIL

Our Strategy in Action

Increased revenue per project by combined product offering

The Group's objective is to be the leading provider of technology and services to the global offshore energy markets. The Group has a strong track record of organic growth and intends to continue to grow the business in the following ways:

Organic Growth

Markets growing; OWF growing at >15% CAGR

Successes in the year:

1. Grew revenues by 46%
2. Market visibility at record £66m or 30% growth
3. Enquiry book grew by 15% to record £224m
4. Tekmar Energy, Subsea Innovation and AgileTek all grew revenue organically
5. Zero lost time incidents

Related Risk Factors:
General Economic Environment, Project timings, Technology, Key Staff Members

Accelerated Growth

Investment in new technology, operational efficiency, expansion overseas

Successes in the year:

1. 25% (£10m) of revenue delivered outside of EU
2. Increased technology from 47 to 60 products
3. First floating offshore wind project support by three Group companies
4. All Group companies support USA offshore wind delivery
5. All Group companies actively involved in O&M opportunities now delivering 6% of Group turnover

Related Risk Factors:
Technology and competition, Risk of claims

Acquisition Strategy

M&A targets; Shared vision Technology and sector focus Leverage group support, Share customers, Project Life cycle

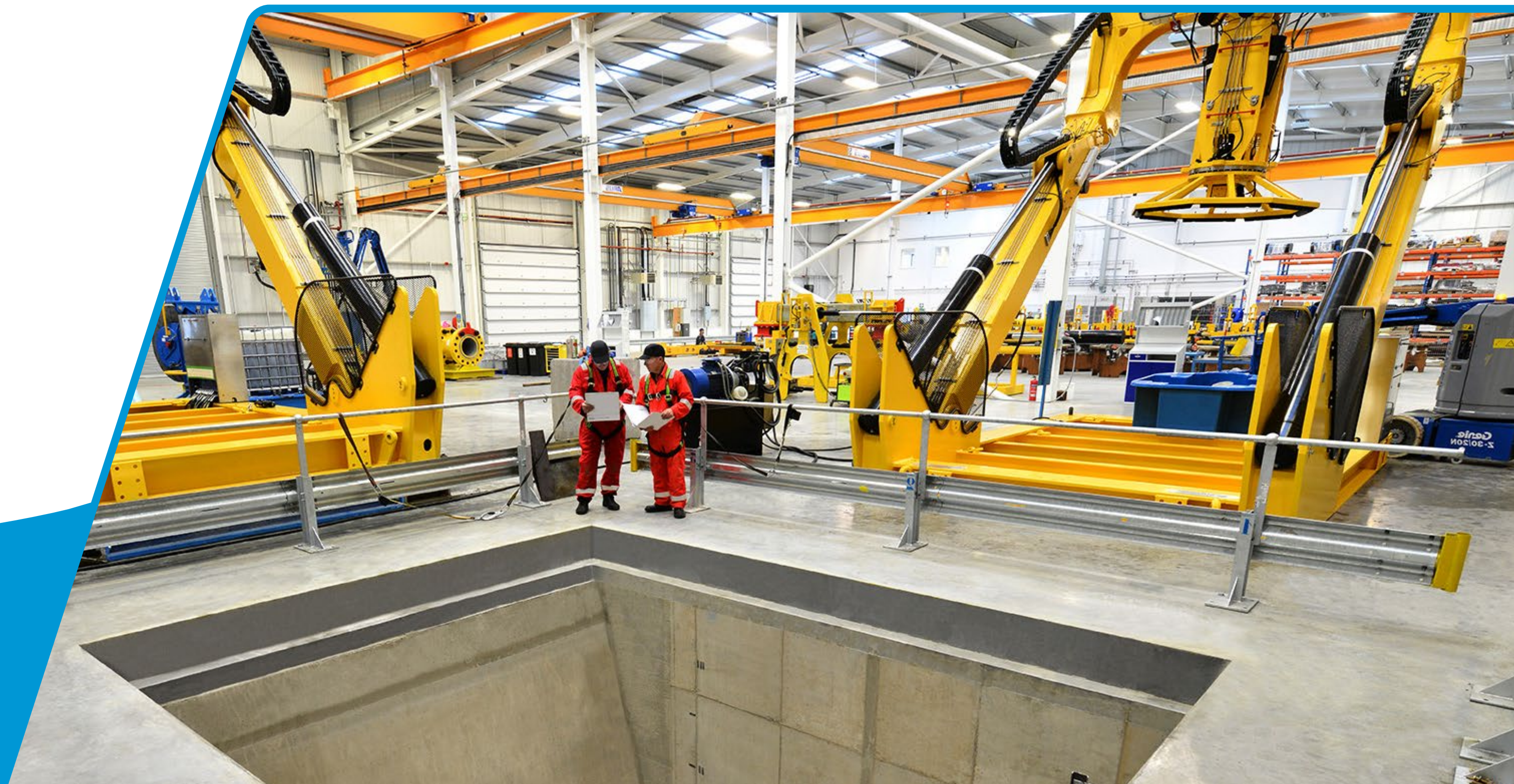
Successes in the year:

1. Three acquisitions successfully completed since IPO, Ryder Geotechnical Limited, Subsea Innovation Limited and this year Pipeshield International
2. The acquisitions are adding value, generating more full life cycle revenues and a stronger customer proposition within Group

Related Risk Factors:
Systems and Processes, Availability of capital

> “Combining Group capability to generate more full life cycle revenues and a stronger customer proposition.”
>
> James Ritchie, CEO

As a requirement of the Companies Act a section 172 statement has been prepared and is included in the Directors Report on page 64.



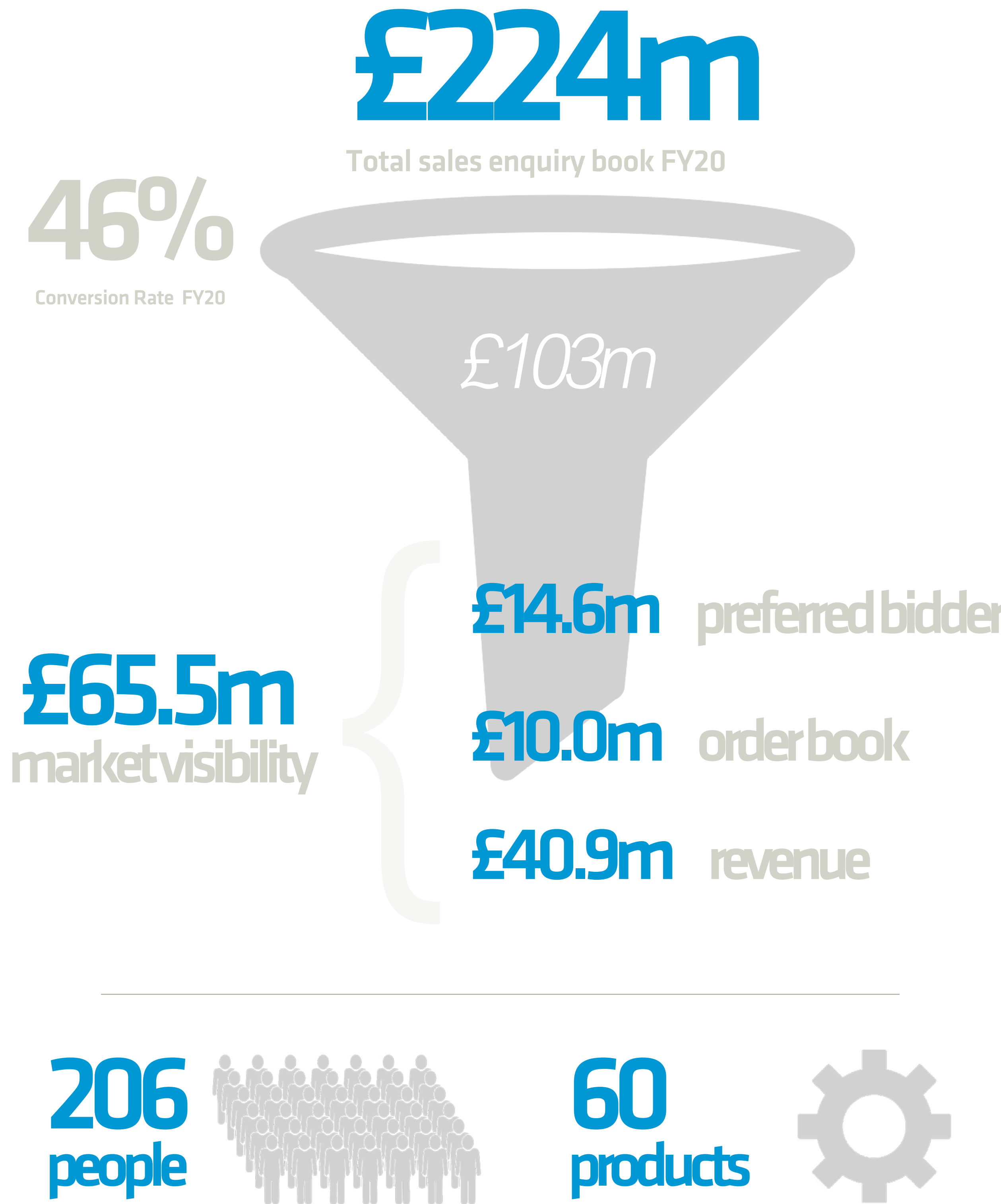
Key Performance Indicators

Identifying and monitoring the key indicators of success in our business

KPI	HY18	FY18	HY19	FY19	HY20	FY20	% Change[1]
Lost Time Incident	1.22	1.22	0	0	0	0	0
Enquiry book	£127m	£145m	£170m	£195m	£186m	£224m	+15%
Sales conversion	25%	56%	50%	62%	56%	46%	-26%
Preferred bidder	£2.9m	£7.6m	£18.1	£15.0m	£7.5m	£14.6m	-3%
Order book	£8.9m	£5.4m	£12.9m	£7.2m	£15.9m	£10.0m	+39%
Revenue	£11.4m	£21.9m	£7.1m	£28.1m	£17.1m	£40.9m	+46%
Market visibility	£23.2m	£34.9m	£38.1m	£50.2m	£40.5m	£65.5m	+30%
People [2]	97	109	154	180	175	206	+14%
Market measures							
OWF outlook GW [3]	95	150	170	227	244	216	-5%
Oil price $ppbl	$57.0	$67.6	$72.0	$69.0	$60.9	$22.7	-67%

HY – Half Year is the 6 months ending 30 September
FY – Full Year is the 12 months ending 31 March

[1] % change is from FY19 to FY20
[2] People - number of employees at the end of each period
[3] Improvement in Offshore Wind Market Outlook. Source: 4C Offshore Wind Farm Global Market Overview



Risk Management

Identifying, evaluating and monitoring the key indicators to the success of our business is pivotal to informing our strategic decision making

The Board has overall responsibility for setting the course for the Group's risk management objectives and policies. Working within the offshore energy industry, managing risk is integral to our behaviours and has been demonstrated by over 30 years of proven policies, procedures and behaviours.

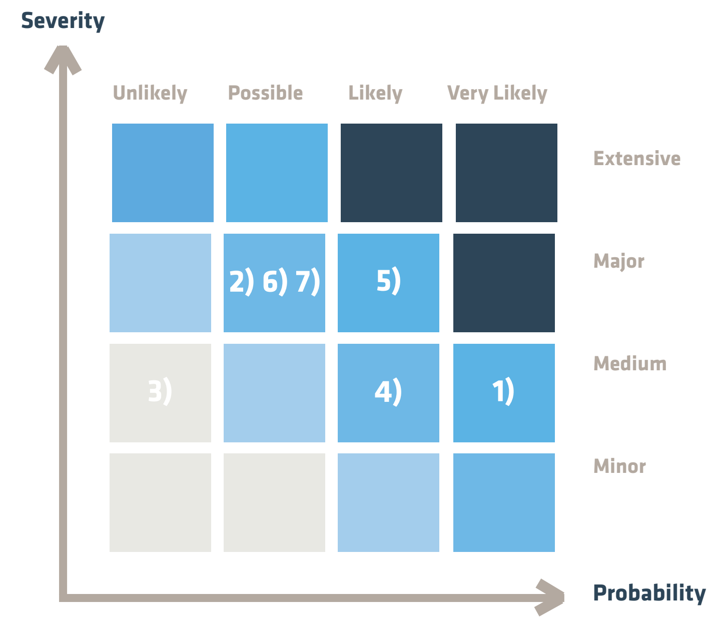
The objective of the Board is to set policies that seek to mitigate ongoing risk as far as possible whilst maintaining the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value, from key suppliers to end-customers, while also protecting the Group's established corporate culture and creating shareholder value.

Risk management, including both financial and non-financial controls; what the board does to identify, evaluate and manage risk and how it obtains assurance that the risk management and control systems are working effectively, is covered by the company's business risk assessment procedures. The Group operates a structured process in relation to risk management, which identifies and evaluates risks and uncertainties and reviews activity to mitigate those risks. This includes a bi-monthly review of all risks and opportunities.

The most salient and significant risks that the Board considers could potentially impact the business (based on the risk assessment process described above) are described below. We consider the nature of the Group's principal risks have not materially changed since last year:

Risk Type:

- Strategic
- Financial
- Operational
- Compliance



Risk		Risk Type	Description	Impact	Mitigation	Evaluation
1)	**Macroeconomic environment**		Brexit: In 2016 the UK held a referendum on the UK's continued membership of the EU which resulted in a vote for the UK to exit the EU. There continues to be significant uncertainties in relation to the terms within which such an exit will be affected once the transition period comes to an end, and to what the impact will be on the fiscal, monetary and regulatory landscape in the UK. COVID-19: there is considerable uncertainty over the impact of the COVID-19 pandemic. Should this lead to a significant, longer term downturn in the wider economy this could impact on the opportunities available to the Group. However, there could also be opportunity here, should world governments seek to stimulate economies through increasing public spending on energy infrastructure, and particularly renewables.	The overall trading conditions for the Company and environment in which we operate could be impacted by the policy decisions made by government on both Brexit and COVID-19, including continued investment in energy infrastructure, and the movement of goods and people.	Brexit is closely monitored by the business, and any potential changes are planned and prepared for. The business has reacted positively to the challenges presented by COVID-19, with regular meetings of the senior management team determining our response and regular communication made to our valued employees. Monitoring. Reacting	Increase: due to rapid impacts of COVID-19.

	Risk	Risk Type	Description	Impact	Mitigation	Evaluation
2)	**Systems and processes**		IT systems are vital to the operations of the Group. Failure to adequately invest in and maintain the Group's systems could lead to the loss or theft of sensitive data or compromise the Group's ability to effectively carry out operations.	Systems failures could lead to an inability to meet customers' needs and lead to reputational damage. The loss of sensitive information could lead to significant damage with an associated risk of fines.	The Group predominantly outsources provision of IT services to a suitably qualified third-party, whose competence and service are regularly reviewed. This is supplemented by in-house resource. Regular staff training is offered or mandated, depending upon the nature of the training, to ensure that all staff maintain awareness of their responsibilities with respects to IT security. Significant changes were rapidly and successfully implemented to allow the majority of the Group's workforce to switch to a home working model in light of COVID-19. After the year end the Group appointed a Chief Technology Officer to further enhance the focus on IT systems and processes across the Group.	Increase: due to volume of remote working.
3)	**Access to capital**		Linked to macroeconomic environment, access to capital is a significant factor in our plans to grow the business. There is uncertainty in relation to how, when and to what extent developments will impact on the markets we operate in, the wider economy, levels of investor activity and confidence and exchange rates; Impact, Without access to sufficient finance the company may struggle to undertake all aspects of its growth plan, such as the acquisition strategy and accelerated growth.	The business has ongoing relationships with banks and other financial institutions that offer the required level of support. Furthermore, the Group has strengthened its cash position with the receipt of a Coronavirus Business Interruption Loan in April 2020. Cash flow forecasts are updated and discussed regularly, with analysis prepared at both a subsidiary and Group level.	The business has ongoing relationships with banks and other financial institutions that offer the required level of support. Furthermore, the Group has strengthened its cash position with the receipt of a Coronavirus Business Interruption Loan in April 2020. Cash flow forecasts are updated and discussed regularly, with analysis prepared at both a subsidiary and Group level.	Reduced: remained unleveraged at the end of the period and access to government support has since become more accessible at favourable terms.
4)	**Project timings and delay to contract awards**		The project-based, contractual nature of the Group's business, coupled with its concentrated customer base, leads to a revenue profile that is inherently uneven over the year. Most contract awards and associated revenues are dependent on large capital projects within the energy sector, the timing of which is out of the business' control.	There is an associated risk that the fulfilment of any contract, together with its revenue, may fall outside the financial period that was originally forecast. This, in turn, may have a material adverse impact on the Group's reported financial performance for the specific period.	The business produces a detailed three year strategic plan that includes an assessment on project timing and the revenue streams macro climate. The acquisitions of Ryder Geotechnical and Pipeshield International have increased the diversity of the Group's portfolio, both from an offering perspective and typical timing of the revenue in relation to the project. Pipeshield has also opened up a new market for the Group to provide services to the marine civils space.	No change – the diversification of our portfolio mitigates the impact of wider macroeconomic environment issues.
5)	**Technology and competition**		The risk of new competitors leading to a reduction in pricing. Design changes could lead to technology obsolescence and subsequently reduced volume of sales.	Reduced volume of sales. Increase in capital expenditure to develop new products. Resulting in a reduction in the Group's financial performance.	The business undergoes a detailed technology readiness level (TRL) programme when developing new products, which includes an assessment of competition and what our ultimate value proposition would be. Where possible the business invests in intellectual property protection including the use of trademarks and patents. Significant investment is made in the continuous development of existing products to ensure they keep pace with current market trends. Our more diversified product portfolio allows us to offer a unique proposition to customers.	Increased: there is a wider range of competition in our markets.

Risk		Risk Type	Description	Impact	Mitigation	Evaluation
6)	**Recruitment and Retention of Key People**		The business may fail to attract, retain and develop key staff members with the skillsets required to make the business a success, particularly within commercials and engineering, and further to plan for succession in leadership positions.	A major impact on the business' ability to fulfil its contractual obligations. Adverse impact on the future growth aspirations for the business.	The businesses monitor staff turnover as a KPI and people are a core value within each business. Further, independent assessments are undertaken and a skills matrix, with risk mitigation plans, is developed annually by HR. We regularly review our remuneration offering to ensure we are competitive against other local firms. For the first time this year we conducted a Group wide employee survey to garner our people's feelings about their role and the business and action plans are being developed as a result of the feedback received. The HR function has been strengthened in the year with the addition of senior resource.	No Change.
7)	**Risk of claims and failure to meet contractual**		The Group enters contracts that contain terms that, in some cases, contain wide reaching indemnities and warranties. These terms are commonplace in the subsea industry and do not unfairly prejudice the Group, nor do they put the Group in a materially worse position than its competitors. These warranties and indemnities lead to an inherent risk that the Group's liability for any breach could be extensive, especially if these are given on an uncapped basis.	A major impact on the business' ability to fulfil its contractual obligations. Adverse impact on the future growth strategy for the business.	Contracts are reviewed extensively prior to signing, and the likelihood of risks assessed by legal and technical teams. Uncapped liabilities are kept to a minimum and only agreed to for areas of the contract that Directors believe are very low risk. Where possible the Group insures against risks to minimise the potential financial impact. There is a strong focus across the Group on high quality project execution which is regularly reviewed under independent ISO certification where appropriate.	Increased: due to volume of differing contracting types and parties.

Sustainability and Corporate Social Responsibility

Developing a sustainable business model to remain efficient and competitive

We recognise that creating and maintaining a sustainable business will enable the Group to deliver its strategy whilst remaining both effective and competitive. We are mindful of our responsibilities towards the people, communities, businesses and environments impacted by our activities in the many markets we operate in. We are committed to ensuring our impact is positive.

Environment
Tekmar Group is a proud recipient of the London Stock Exchange's Green Economy Mark which recognises listed companies who derive 50% or more of their revenues from the green economy. We are determined to conduct our business in an environmentally responsible manner. We are developing processes to understand and address our responsibilities in respect of our operational impact on the environment, including climate change.

Employees
People are the future of Tekmar Group. We recognise the importance of implementing systems, ways of working and initiatives that create conditions in which our people are supported, encouraged, and empowered to contribute. The Group appointed an HR Manager in 2019 with responsibility for optimising the effectiveness of our employees and the strategic management of human resource in line with our intended future direction. We have since conducted our first Group-wide employee engagement survey using the Hive Platform. The Hive initiative will be performed regularly to enhance employee engagement and gather feedback that can be actioned for positive organisational change. At an individual company level, Pipeshield International holds an Investor in People Gold Award until 2022, which further demonstrates the commitment across the Group to building a stronger, healthier, and happier place to work.

Shareholders
The Company maintains and values regular communication with shareholders.

Local Communities
Whilst the Group's businesses are centred in the UK, we operate from 17 locations across 11 countries in Europe, Africa, the Middle East, Asia Pacific, and North America. We encourage all Group businesses and employees to support local communities within their operational geographies. Product and service procurement is location specific, which means we can procure products and services locally with a view to supporting supply chains and sustaining employment in the region. Our employees are encouraged and supported to engage with local community projects and initiatives that have a positive impact on the areas we work in. Supporting our communities has never been as crucial as during the COVID-19 pandemic. Responding to the unprecedented demand for PPE throughout the UK, Group companies Subsea Innovation and Tekmar Energy worked together to manufacture and supply protective face shields at no cost to frontline medical workers and carers in the North East of England. We were fortunate in that we had the capability to expand our operations and manufacture PPE alongside ongoing production activities for our customers. In total around 5,000 protective face shields were donated to 49 hospitals, care homes and to community care workers across the region.

Customers and Suppliers
Our customers and suppliers are extremely important to us. We have followed a customer-led strategy with regards to expansion into international markets and we are proud to be a trusted partner of energy majors, developers, operators, marine contractors, and subsea asset manufacturers around the world. Our export achievements have been recognised within industry on several occasions, most recently attributed to Group company Pipeshield International who was awarded a Queens Award for International Trade in 2020. Every customer has different needs and expectations therefore we have developed positive, longstanding relationships through active engagement with customers and suppliers over many years to help customers find the solution they require. We are committed to ensuring that legal compliance, respect for human rights and transparent business ethics are cemented both up and down our supply chain

Images left to right: Protective Face Shields manufactured and donated by Tekmar Group / Tekmar Group is a proud recipient of the London Stock Exchange's Green Economy Mark / Creating a cleaner environment for future generations.

Innovation and Technology
We are a technology driven business harnessing an entrepreneurial culture that encourages forward-thinking innovation whilst allowing us to react quickly in response to changes in the market and the competitive environment. We listen to and learn from our customers and engage with them in a way that allows us to identify and help solve their problems.

Safety
We maintain a positive and proactive attitude towards health and safety at all levels of our organisation and among all our stakeholders. We promote a safety-first policy, ensuring that everyone takes equal responsibility and ownership for their own and others safety. At time of writing the Group has reached three years without incurring a lost time incident (LTI). This is a significant milestone and a tremendous achievement by the Tekmar family. We pride ourselves on our transparent and honest reporting culture through which we aim to maintain a 'zero' Lost Time Incident goal.

Respect for Human Rights
We are committed to upholding and respecting human rights in the workplace and in the wider communities in which we operate across our international business. We maintain work practices and policies throughout the Group which are engineered to ensure that respect for human rights is engrained in the fabric of our businesses. We do not tolerate the use of child or forced labour within our business and take all reasonable steps to ensure that our suppliers and customers also adhere to internationally recognised human rights. Our Modern Slavery statement outlines the steps we take to ensure that there is transparency across the Group and throughout our supply chain. We encourage any concerns relating to modern slavery to be raised using the procedure set out in our whistleblowing policy.

Business Ethics, Anti-Bribery and Corruption Matters
We seek to act responsibly and ethically in all our business interactions. We promote the highest standards of business behaviour across the Group and we focus on producing a culture of ethical compliance so that all our people are aware of and dedicated to the standards of ethical business practice that are expected of them. We have an established business integrity policy and have introduced a compliance programme which has the support of the Board and Senior Management within the Group. The programme incorporates communication of the statement and policy, training, risk assessments, monitoring and review processes. Employees assessed to be at heightened risk because of the roles they fulfil are required to complete the training and to self-certify that they understand and agree to be bound by its provisions. We do not permit bribery, nor illegal or corrupt business practices in any form.

Supply Chain
We are committed to supporting the supply chains in which we operate. We are members of several trade bodies who promote industry awareness, opportunities, and share best practise and lessons learnt. Our memberships include, but are not limited to: RenewableUK, NOF, EnergiCoast, SubseaUK, Wind Europe and Asia Wind Energy Association. James Ritchie is also Chairman of EnergiCoast, a representative group for the North East of England's offshore renewables sector.

ISO Standards
Within Tekmar Group, our businesses are accredited to all the required international standards. These include, but are not limited to:

- ISO 45001:2018
- ISO 14001:2015
- ISO 9001:2015
- ISO/TS 29001:2010

Chief Executive Q&A

James Ritchie

What do you perceive to be the short, medium, and long-term impacts of COVID-19 on the Group?
The world over has clearly been affected by the unprecedented events of COVID-19. As we reported in February, the short-term yet hard felt impact to the Group was the disruption to our supply chain and delayed opportunities in the APAC region as a direct result of the rapid shut down in China. The effects since then have been twofold. Firstly, the challenge of operating under social distancing rules resulted in minor delays to certain activities across the Group and the industry as a whole, however, I am happy to report that our team and all our sites responded well to the new conditions and productivity was broadly unaffected. Secondly, there was the major reduction in demand for oil and gas during the same period, and although we believe this was driven by a supply and demand issue, we quickly revised our expectations for the sector and refocussed on offshore wind and other subsea activities.

In the longer to medium-term I remain highly optimistic that COVID-19 has brought about some tangible benefits to the Group. Our IT infrastructure for example has proven robust and capable of supporting home working for many of our employees, which has led to continued, if not increased, productivity. Going forward I see societal focus and demand switching quickly to renewables, which is exciting for Tekmar Group as we are well positioned to help deliver this clean-energy powered future.

What steps have you taken to ensure the resilience of the Group in both the short and longer term?
Cash is king in any crisis so to reassure investors we secured a Coronavirus Business Interruption Loan Scheme ("CBILS") loan of £3m (shortly after our year-end) to give the business sufficient headroom in dealing with the challenging times. We remain very risk averse regarding credit risk and still insist on securing credit risk insurance against our main projects. People remain the foundation and future of the Group, therefore we will continue to prioritise their wellbeing and ensure we maintain the resources necessary to deliver the foreseen future demand. We are also focusing on the consolidation of the Group to ensure we benefit from the sum of the parts that we have created whilst developing an extended technology offering for our customers.

What has been the highlight of the year for you?
I took great pride on behalf of the team when reporting our half-year results. This demonstrated the rapid progress the business had made since our IPO two years prior. At this point we were set to deliver a record year and continued to implement our strategic plan with the recent acquisition of Pipeshield. It is hugely regrettable that the impact of COVID-19 should then materially affect this view, but I am still proud of the major top-line growth we have achieved and that we have now nearly doubled in size since our IPO in June 2018.

Is Teklink® and cable protection still the focus product of Tekmar Group?
It is still very important; however, the Group continues to evolve and now offers an extensive product range for subsea applications.

TekLink® is our core cable protection system and remains our largest revenue generator. It is what most of our customers still identify us for and we continue to invest in its development, and we held a dominant market share for this technology throughout the year.

However, I see an opportunity in expanding the Group's other product lines. For example, Subsea Innovation has delivered a record contract of over £7 million for bespoke back deck equipment, Pipeshield has delivered innovative scour protection providing seabed stability to ports around the world, and AgileTek continues to develop game changing engineering packages. Combining the resources of these businesses could lead to exceptional growth potential.

Is the focus still towards offshore wind?
In short yes. Longer-term we want the business to focus on renewables and we see this as the greatest and most sustainable opportunity for growth. It is important to have a mix and a transition and although the events of COVID-19 mean oil and gas now plays less of a role in our business, it remains the largest market by capital expenditure and is therefore still important.

How will you look to continue to grow the business?
Our core market is offshore wind, a market that is growing and opening up across new regions, so that is a big factor, but as I have already said we want to focus on consolidation to make sure we maximise the benefit from the sum of the parts we have acquired and to ensure a unique value proposition to our customers. So long as we continue to maintain a strong balance sheet position, I think we could continue to explore select acquisitions that can bring accretive technology offering to the mix.

How has the culture evolved within Tekmar Group?
Ensuring our employees are engaged is vital to developing an inclusive culture, so I am really pleased that over 33% of eligible employees took part in our SAYE scheme launched in March 2020. I would like to thank the team for their hard work and dedication during these trying times. I realise this has been tremendously hard for our people and it is down to their determination we have continued to operate safely and effectively in unprecedented circumstances. The loyalty from the team has shone through. Having acquired more businesses and welcomed new members into the family it is important we remain agile, proactive and dynamic, the attributes our customers have come to recognise us for and make us who we are.

> **"Going forward I see societal focus and demand switching quickly to renewables, which is exciting for Tekmar Group as we are well positioned to help deliver this clean-energy powered future."**
>
> James Ritchie, CEO

Financial Review
Sue Hurst

"We have maintained strong revenue growth across all businesses, increasing by 46% year on year."

Sue Hurst, CFO

Revenue increased across all businesses and markets and has nearly doubled since our IPO in June 2018. In October 2019 we acquired Pipeshield International Limited, which contributed £3.1m revenue and gross profit of £1.1m.

Financial performance for the year ended 31st March:

£m	FY20	Adj. items	Adj. FY20	FY19	Adj. items	Adj. FY19
Revenue	40.9		40.9	28.1		28.1
EBITDA	4.1	0.6	4.7	4.2	0.6	4.8
PBT	2.0	1.0	3.0	2.0	0.7	2.7
PAT	2.0	1.0	3.0	2.4	0.7	3.1
Adjusted EPS[1]			5.8p			6.2

Overview

We achieved strong results at the half year with revenue up £10m and Adjusted EBITDA up £2.8m on HY19. An improving order book and larger enquiry book at this point supported further growth in the second six months and we announced in our interims that we were firmly on track to meet market expectations for the year. However, like many businesses, we have been impacted by COVID-19 and were one of the first businesses to announce to the market, on 18 February 2020, a foreseeable impact on trading. This was largely due to delays to identified sales opportunities in China in the final quarter of the financial year, along with some of our estimated cost of sales being based on components sourced from China. Our trading update stated we expected our results to be broadly in line with those achieved in FY19, and I am pleased to report this was achieved.

COVID-19

The outbreak of the virus in China, including the restriction of travel in the country, affected our performance materially in a number of ways:

- projects scheduled for shipment to China were delayed due to the closure of ports;
- the supply of components from China ceased for the same reason. We were able to source replacement components from Italy which was also subsequently caught up in the early impact of the virus. These supply chain delays pushed revenue and margin out of the financial year, however, this has not affected contractual delivery schedules for clients; and
- the Group's office in Shanghai, which services the whole of APAC, was placed on mandatory shutdown for several months, as were our clients' and suppliers' offices in the region.

China accounted for circa 10% of our revenue forecast in FY20 and represented 20% of our outstanding supply-chain commitments.

Revenue

Revenue by business £m	FY20	FY19
Tekmar Energy	27.5	24.1
Subsea Innovation	8.8	3.5
AgileTek	3.0	1.0
Pipeshield	3.1	-
Intercompany elimination	(1.6)	(0.5)
Total	**40.9**	**28.1**

Revenue by market £m	FY20	FY19
Offshore wind	25.7	19.7
Subsea	15.2	8.4
Total	**40.9**	**28.1**

Offshore wind accounted for 63% of Group revenue and this sector increased by 30% on FY19. Subsea revenue increased by 81% reflecting a full year of Subsea Innovation and six months of Pipeshield. Intercompany revenue also increased significantly as a result of wider businesses collaborations on projects.

Tekmar Energy achieved revenue growth of 14% despite the impact of COVID-19 in the final quarter. Offshore wind accounted for 86% of turnover in this business, predominantly across five large European projects and three APAC projects.

Subsea Innovation continues to grow with revenue increasing by 26% (based on a FY equivalent for FY19). A significant proportion of this came from one customer, to whom we provided a number of design engineering packages followed by the associated build scopes across the year.

AgileTek doubled its external revenues this year, including £0.6m from its subsidiary Ryder Geotechnical who were acquired in March 2019 and are included within AgileTek for reporting. AgileTek also plays a crucial role delivering engineering services to the other businesses in the Group with internal sales of £0.9m to Tekmar Energy.

Pipeshield revenue related to the period from October 2019 to 31 March 2020.

Gross Profit

Gross profit by business £m	FY20	FY19
Tekmar Energy	7.7	8.2
Subsea Innovation	2.0	1.1
AgileTek	1.5	0.6
Pipeshield	1.1	-
Total	**12.3**	**9.9**

Gross profit by market £m	FY20	FY19
Offshore wind	9.8	9.6
Subsea	4.3	2.8
Unallocated costs	(1.8)	(2.5)
Total	**12.3**	**9.9**

Gross profit reduced in the year due to a change in project mix along with the impact of COVID-19. Within Tekmar Energy we experienced increased costs from the supply chain as a direct result of COVID-19, with the cost of procurement increasing significantly on our Hornsea Two project being executed at the end of the year.

Gross profit for Subsea Innovation was lower as a percentage against last year due to a higher weighting of build projects, which attract lower margins than the design and engineering contracts.

AgileTek, which usually derives its revenue from pure consultancy, secured a large project which included build elements, and which were executed by collaborating with the other Group businesses.

Unallocated costs in the table above (gross profit by market) relate to the manufacturing costs within this business. The reduction in costs reflect targeted savings and production efficiencies.

Operating expenses
Operating expenses increased from £7.0m to £10.2m due to the business expansion with an additional £2.4m relating to the full year impact of Subsea Innovation and Ryder Geotechnical, and the part year for Pipeshield.

Adjusted EBITDA
Adjusted EBITDA is a primary reporting measure across the businesses to provide a consistent measure of trading performance. We adjust EBITDA to remove certain non-cash and exceptional items to provide a more accurate reflection of underlying earnings. The Board reviews all exceptional items to ensure resulting Adjusted EBITDA achieves this. For the period ended 31 March 2020, the adjustment includes costs relating to the acquisition activities and share based payment charges relating to the initial IPO options and SIP scheme as both were one-off awards relating to the IPO and not reflective of underlying trading. There were no charges relating to the SAYE scheme as this was only launched on 31 March 2020.

Adjusted EBITDA by business £m	FY20	FY19
Tekmar Energy	3.9	4.6
Subsea Innovation	0.5	0.5
AgileTek	0.4	0.1
Pipeshield	0.4	-
Group	(0.5)	(0.4)
Total	**4.7**	**4.8**

Adjusted items £000	FY20	FY19
IPO costs	-	204
Professional fees - acquisition	109	117
Gain on bargain purchase	-	(95)
Share based payment charge	454	418
Adjustment to EBITDA	**563**	**644**
Amortisation on acquired intangible assets	443	109
Adjustment to PBT & PAT	**1,006**	**753**

Profit
Profit after tax is in line with last year after a small tax credit (£3k) reflecting the assumption we will benefit from R&D tax credits across the businesses, mitigating the tax charge on profits. Adjusted PBT and PAT are adjusted for the amortisation on the acquired intangible assets for Subsea Innovation and Pipeshield.

Foreign currency
We delivered four offshore wind contracts in Euros this year and purchased forward currency transactions to mitigate the risk of currency movements on payment milestones. The closing rate for revaluation of Euro balances at the year end was 1.1306 (FY19: 1.1605).

Acquisitions
We completed one acquisition this year:

Pipeshield - 100% of the share capital of Pipeshield International Limited was acquired in October 2019. Consideration of £7.2m was made up of £3m in cash, other consideration of £0.7m, £0.75m of Group shares and £2.75m of deferred consideration, with the first payment of £1.5m made in April 2020 and the balance due in October 2020. All consideration was recognised as either tangible or intangible assets and the deferred tax liability recognised on the acquired intangibles has in turn increased the goodwill recognised.

Balance Sheet £m	FY20	FY19
Property, plant & equipment	5.9	5.5
Other non-current assets	26.3	21.8
Stock	2.5	1.9
Trade & other receivables	26.8	20.0
Cash	2.1	4.2
Trade & other payables	16.2	9.8
Other non-current liabilities	1.4	0.8

Property, plant & equipment
Fixed asset investments were largely in line with depreciation levels and the overall increase relates to £0.5m of production assets acquired within Pipeshield.

Other non-current assets
Goodwill of £19.6m relates to the goodwill arising on the original management buy-out in 2011. Intangible assets and goodwill arising on the acquisition of Pipeshield increase our acquisition investments by £4.6m. We also invested £0.4m within Subsea Innovation on new product development.

Trade and other receivables
We closed the year with trade debtors of £9.9m and contract assets of £15m. The majority of the latter sits within Tekmar Energy and relates to offshore wind projects that have large project milestones towards the end of the project that are not yet due for invoicing.

Cash
Cash is always a major focus of the Group as we monitor and manage the working capital lifecycle across projects. We remain self-funding in this degree, however, we have reviewed our position carefully in light of COVID-19 and were successful in securing a CBILS loan from Barclays for £3m in early April which was drawn down immediately. This will support us in navigating any potential delays in receipts from customers should they arise.

Trade and other payables
Trade and other payables include the deferred consideration (£2.75m) due under the Pipeshield acquisition which is due across two tranches within 12 months. The first payment (£1.5m) was made in April 2020 with the balance due in October 2020.

Other non-current liabilities
Other non-current liabilities relate to the lease liabilities in relation to IFRS16 and deferred grant income. There is also an increase of £0.3m in deferred tax liability relating to the Pipeshield acquisition.

Sue Hurst
Chief Financial Officer

Chairman's Introduction to Governance

In all of our activities as a Board we desire to achieve good governance for the Group. As Chairman it is my responsibility to establish and maintain the culture prevailing at a Board level. By setting the tone from the top the Board seeks to ensure that we drive values and behaviours which are consistent across the Group. This covers the way that we behave with each other and in the way we interact with our wider stakeholders – including customers, suppliers, shareholders, employees and the communities around us. Within the Annual Report we have set out how we have engaged with our key stakeholders – please see page 40. Our strategy as a Group is founded on consistently meeting those high standards. Creating an appropriate ethical culture at Tekmar is pivotal to the Group's success. This dedication to good governance and driving the right behaviour has been particularly salient since January, as the Group has adapted working practices in line with the requirements driven by the COVID-19 pandemic.

The Directors acknowledge the value of high standards of corporate governance and therefore the Company has adopted the QCA Code, which sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies. Adoption and compliance with the QCA Code ensures the Company complies with the requirement for AIM quoted companies to adopt and comply with a recognised corporate governance code.

The Board comprises five Directors – two Executive Directors and three Non-Executive Directors. We believe that the different experiences and backgrounds of the Board, as described on page 54, brings a suitable range of skills in light of the Company's challenges and opportunities. At the same time, the composition of the Board ensures that no individual (or a small group of individuals) can dominate the Board's decision-making. The Board meets regularly to formulate, approve and review progress against the Group's strategy, budgets, corporate actions and goals.

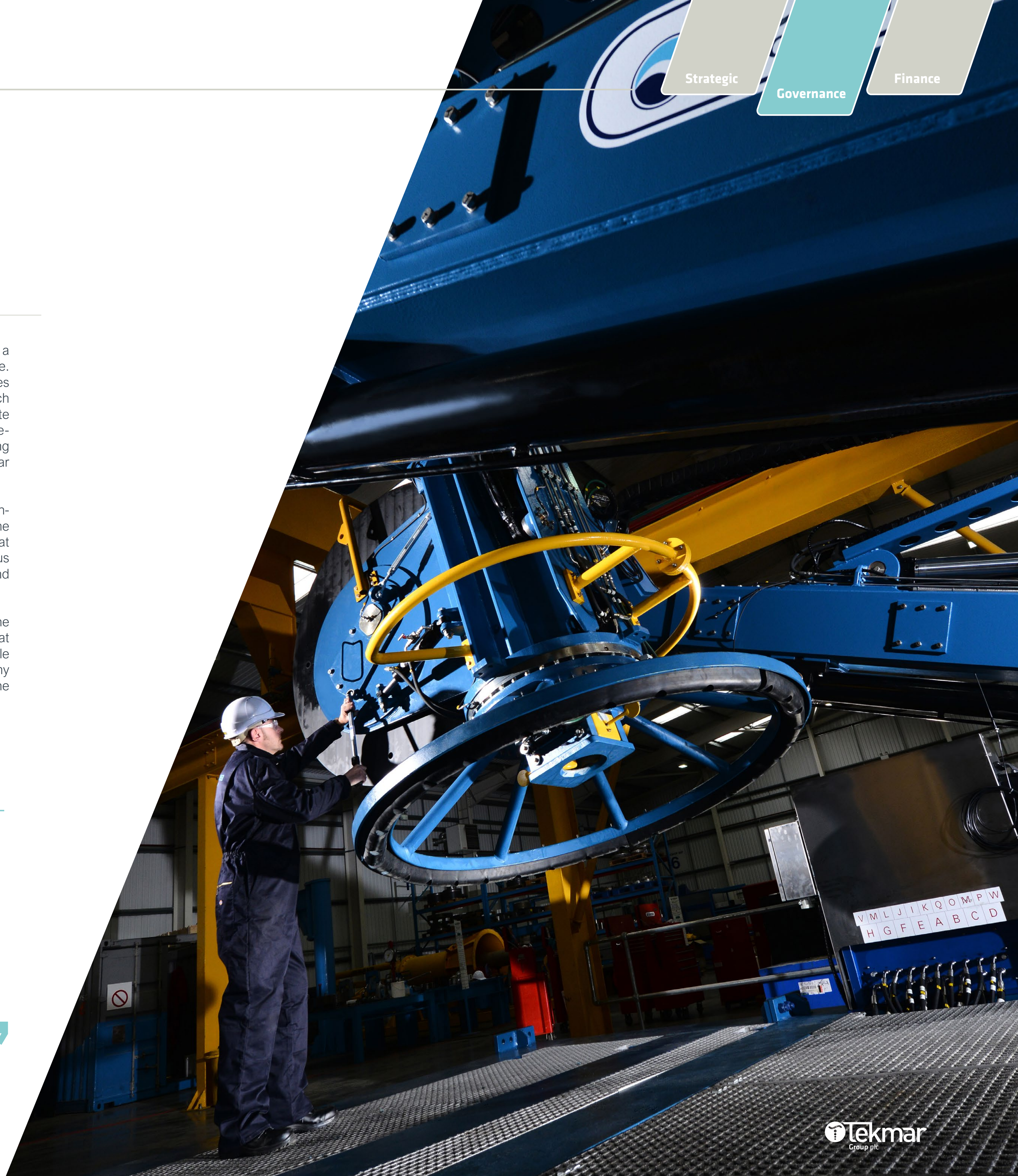
The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee. Each of these Committees has formally delegated duties and responsibilities and written terms of reference, which are available on the Group's investor relations website (https://investors.tekmar.co.uk/investors/corporate-governance). When the need arises, separate working groups of the Board may be set up to deal with particular issues faced by the business.

As well as ensuring effective and efficient decision-making, the Board aims to minimise risk at the same time as maximising value within our business. We believe that adherence to the QCA Code is an excellent way for us to demonstrate our commitment to all stakeholders and shareholders.

I trust that as you ingest the Governance section of the Annual Report that the commitment to governance that I have outlined above will be apparent. I will be available at the Company's Annual General Meeting to answer any questions you may have in relation to governance of the Group.

Alasdair MacDonald
Non-Executive Chairman

> **Good governance and the right behaviour is pivotal to the Group's success.**
>
> Ally MacDonald, Chairman



Corporate Governance Statement

We understand that good corporate governance is about building strong relationships with all stakeholders for the long-term benefit of all parties. As well as ensuring effective and efficient decision-making, the Board aims to minimise risk at the same time as maximising value within our business. In support of this goal we have elected to apply the QCA Code. We believe that adherence to the QCA Code is an excellent way for us to demonstrate our commitment to all stakeholders, including shareholders, and a description of how we apply the ten governance principles is provided below.

Principle 1. Establish a strategy and a business model that promote long-term value for shareholders

The Board maintains its clear strategy for delivering long-term shareholder value. We will do this through:

- Increasing market share - through focusing on our differentiated value proposition.
- Bringing in new opportunities - through adding new customers.
- Increasing our offer to the market - through increasing our technology and service portfolio.
- Maximise growth - through developing a strong regional presence in high demand and high growth areas.

The strategy is supported by our core building blocks of:

- Organic Growth – increasing sales to new and existing customers.
- Accelerated Growth – investing in our business, R&D and operations.
- Acquisition Strategy – targeting businesses which align with our brand and values; that would benefit from Group support; will add to Tekmar's customer base and product offering; smooth seasonality of contract revenues; and which leverage our engineering skillset whilst maintaining margins.

To achieve this and to protect shareholders, we manage risk closely to limit any potential adverse effects in the implementation of our strategy. We do this by ensuring that we have a framework in place to identify and monitor risk and uncertainty in line with our business risk assessment policy and reporting (see page 34).

Principle 2. Seek to understand and meet shareholder needs and expectations

We are dedicated to communicating openly with shareholders to ensure that our strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us, including the factors which drive their investment decisions towards us, and helping our stakeholders understand our business, is a key component in driving our business forward.

Maintaining regular and positive engagement with shareholders is a priority. Our primary methods of communication are through the Annual Report; interim and full-year results announcements; the Annual General Meeting and other information shared on the Group's investor website. Where possible, we will continue to carry out investor roadshows at significant times throughout the year, attend investor conferences and host investors for site visits. Over the final quarter of the financial year a significant amount of this activity has moved online and we expect that to continue for the foreseeable future.

If and when voting decisions at AGMs or General Meetings deviate from the Company's expectations, the Board will communicate with shareholders to understand and address any issues informing those decisions.

Requests for information on any of these matters, including details of investor days, can be made to investors@tekmar.co.uk. Note: no unpublished price sensitive information will be provided by this email address. All Tekmar Group plc communications will align and accord with official AIM guidelines.

Principle 3. Take into account wider stakeholder and social responsibilities, and implications for longer term success

In line with our corporate social responsibility policy, the Board strives to create a socially and ethically responsible Company.

The executive team maintain oversight over our social and ethical framework and are responsible for reviewing operational processes for managing social, environmental and ethical risk.

These processes and strength in this area are externally audited and reflected by our ISO accreditation and Tekmar Energy and Pipeshield's Investors in People certification. Tekmar Energy, Pipeshield and Subsea Innovation all enjoy ISO 9001:2015 (quality management system) and ISO 14001:2015 (environmental management systems) accreditation, with Tekmar Energy and Pipeshield also achieving ISO 45001:2018 (occupational health and safety management systems).

Our commitment to these areas is shown through their inclusion in our annual strategic planning process, including a SWOT analysis, and thus they are embedded into the company's strategy and business model.

The Board appreciates the need to maintain effective working relationships across a wide range of stakeholders, including investors, employees, partners and local communities. This is managed by our executive team, with continued feedback from our wider stakeholders and actions taken as a result, is seen as an essential part of ensuring long term success.

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, as well as the Group's risk appetite. This risk management is included in and reviewed as part of our business plan. Operating in the offshore energy sector, managing risk is fundamental to our everyday responsibilities and has been demonstrated by over 30 years of proven policies, procedures and behaviours.

The aim of the Board is to set policies that provide a balance between reducing risk as far as possible, without unduly impacting the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value; including the company's supply chain, from key suppliers to end-customer; while also protecting the Group's established corporate culture. A breakdown of the Company's key risk factors can be found in the Risk Management report.

Risk management, including financial and non-financial controls; what the Board does to identify, assess and manage risk and how it obtains assurance that our risk management and control systems are operating effectively, is all covered by the company's business risk assessment procedures.

Principle 5. Maintain the Board as a well functioning, balanced team led by the Chair

The Directors recognise the importance of high standards of corporate governance and believe the QCA Code provides the most appropriate fit for the Group by setting out a standard best practice for small and mid-size quoted companies, particularly those admitted to trading on AIM. The Chairman maintains overall responsibility for ensuring the Group's compliance with the QCA Code. The Non-Executive Directors share responsibility for the effective running of the Board's committees which comprise an important element of the governance process.

In line with QCA guidance, three of the Non-Executive Directors, one of whom is the Chairman, are independent. The Non-Executive Directors of the Board have been selected with the desire to increase the breadth of skills and experience of the Board and bring constructive challenge to the Executive Directors.

The Company Directors are:

- Alasdair MacDonald, Independent Non-Executive Chairman
- Christopher Gill, Senior Independent Non-Executive Director
- Julian Brown, Independent Non-Executive Director
- James Ritchie, Chief Executive Officer
- Sue Hurst, Chief Financial Officer

The Group has determined that the composition of the Board and its committees brings a desirable portfolio of skills, personal qualities, and experience for delivering our strategy, based upon the size and nature of the business.

All Directors are subject to re-election by shareholders at the Annual General Meeting within a three-year period of their appointment. Any Directors appointed during the financial year must be formally elected at the Annual General Meeting following their appointment.

The Group believes that the successful functioning and effectiveness of the Board is predicated upon a number of key factors, in addition to its composition. These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance;
- Access to appropriate advice and administrative services – via both the Company Secretary and external resources, as required;
- Detailed induction of new Directors to the Board and its committees; and
- Regular assessment of Board performance – both as a unit and of its members individually.

Both the Chairman and the other members of the Board hold these factors in the highest regard and are dedicated to performing ongoing evaluation to evaluate how they are applied in practice.

The time commitments of the Non-Executive Directors are as follows:

- Alasdair MacDonald minimum time commitment of four or five days per month.
- Christopher Gill minimum time commitment of two or three days per month.
- Julian Brown minimum time commitment of two or three days per month.

Principle 6. Ensure that between them, the Directors have the necessary up-to-date skills, experience and capability

The Board is confident that its members have an appropriate balance of backgrounds, skills and knowledge in order to deliver on its core objectives. The members of the Board have particular experience in offshore energy; engineering; manufacturing; operations and finance, covering both private and public companies.

The Nomination Committee is responsible for overseeing the selection of Board members that possess an appropriate range of experience, knowledge, integrity and ethics. Throughout the year, the Directors can access advice and services of independent professional advisors, at the expense of the Company.

Each of the Directors are active in the energy sector and continually refine and improve their knowledge of the latest techniques and strategies in order to ensure they are adding maximum value to the Board.

For acquisition activity we use a range of professional advisors to protect and enhance the Group's position as it delivers on its strategy.

Principle 7. Evaluate Board performance based upon clear objectives and reassess continuously

The Board has an annual process for the performance appraisal of its members, the scope of which includes skills, experience and capabilities, and incorporates consideration of additional responsibilities such as chairing or membership of the Board committees. The annual appraisal is carried out by the Chairman with regards to the competencies and responsibilities set out by the Nomination Committee pursuant to each Board role. As part of this process, any training and personal development needs will be identified and a plan formulated to ensure these are met over an appropriate timeframe.

The Chairman's performance is also appraised through a process managed by a Chairman Appraisal Group, comprising the Chief Executive Officer and the Chief Financial Officer.

The responsibilities of the Board are to review, formulate and approve the Group's strategy, budgets and corporate activities, and to oversee the Group's progress towards its goals. The Group has a defined process for evaluating the performance of the Board, its committees and the individual Directors, including the Chairman, in respect of these objectives.

The Board carries out an evaluation of its performance review regularly, covering Board composition and skills, strategy and performance, governance and organisation, Board dynamics, and communication with shareholders and other key stakeholders. This evaluation is based upon the self-assessment of the Chairman and Directors. If deemed necessary an external adviser may be brought in to support with the evaluation.

The Nomination Committee may use the output of the evaluation process when evaluating the composition of the Board for selecting new Board members, and in succession planning for the Directors of the Board as well as key executive team members.

Principle 8. Promote a culture which is based on ethical values and behaviours

We have a clear vision, mission and values. Our values are:

Safety: Paramount to everything we do for our people, our customers and the environment in which we operate. We always aim higher than industry standards.

People: Are the foundation on which the business operates through their integrity, intelligence, empowerment and ongoing investment in their development.

Excellence: Is engrained in our culture to ensure we deliver dynamic, reliable and responsive solutions that meet the exact needs of our customers every time.

Heritage: Capitalising on years of experience and lessons learned to deliver intelligent solutions that we're proud of.

Innovation: Apply our technical excellence, experience and vision to engineer products and services that evolve with the marketplace.

Collaboration: Committed to establishing strategic partnerships to create robust and effective solutions that exceed expectations.

Customers: Driving our people to excel and exceed client expectations, reduce cost, improve quality, apply innovation and ensure excellence.

The Board advocates ethical responsibility and good conduct within the Group, encouraging a culture of inclusion, responsibility and openness which is consistent with the Group's objectives. We constantly strive to actively promote a proactive attitude towards HSQE by all stakeholders and we have a safety-first approach in everything we do.

The Group is an equal opportunities employer and actively encourages diversity at all levels. These values are embedded in the Group's leadership and throughout the organisation.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Quality underpins everything we do. Within the offshore energy industry, standards and the protection of those standards are paramount and something which the Tekmar Group Board has a wealth of experience in. Our independently audited quality management systems and ISO accreditations demonstrate our commitment in this area.

The Group operates an effective governance framework. Within this framework the Board encourages and challenges the executive team in developing and delivering the Group's strategy. An open and constructive dialogue is entered into before decisions within these governance structures are concluded.

The Chairman leads the Board and takes responsibility for its governance structures, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive, and that deliberations and discussions are not dominated by any individual member. The Chairman is also responsible for ensuring that links between the Board and the executive team and the Board and shareholders, are strong and effective. Meanwhile, the Chief Executive Officer takes responsibility for the day-to-day management of the Group's operations and for delivering the strategic goals agreed by the Board.

The Board maintains an agenda of regular financial and operational matters for discussion, as well as reviewing each committee's area of work. The Board takes ultimate responsibility for making any key strategic or business decisions. Members of the executive team are invited to attend appropriate portions of meetings of the Board in order to facilitate these processes. In other instances, the Chief Executive Officer communicates their relevant views and information to the rest of the Board.

The effectiveness of the corporate governance structures and processes is formally assessed as part of the annual Board evaluation.

It is considered that the composition of the Board is appropriate for the company's current size and structure. This is reviewed on an annual basis. Effectiveness of the Board is predicated upon a number of key factors in addition to Board composition. These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance;
- Access to appropriate advice and administrative services – via both the Company Secretary and external resources, as required;
- Detailed induction of new Directors to the Board and its committees; and
- Regular assessment of Board performance – both as a unit and of its members individually.

Principle 10. Communicate how the company is governed and performing by maintaining a dialogue with shareholders and other relevant stakeholders

We are committed to communicating openly with our shareholders to ensure our strategy, business model and performance are all clearly understood. Understanding what key stakeholders think about us, including the drivers behind their investment decisions, is a key part of developing our business. We also maintain a strong focus on ensuring our stakeholders understand our business. We achieve this through a regular dialogue with the investor community via our broker.

The principal methods of communication with shareholders are the Annual Report, the interim and full-year results announcements, the Annual General Meeting and other announcements as and when applicable on the Group's investor website.

The website is updated regularly with information regarding developments across the Group, and users can register to receive email alerts regarding new announcements, reports and events, including Annual General Meetings. Where possible, we proactively support investor roadshows at key dates throughout the year, attend investor conferences and host site visits to Tekmar Group premises; including ad-hoc meetings by exception.

The Board

Independent
Remuneration committee
Nomination committee
Audit committee

Alasdair MacDonald
Non-executive Chairman

Ally has over 30 years' experience in the offshore energy sector. He has held senior executive positions at Wellstream International Limited and Wellstream Holdings plc, a FTSE 250 designer, manufacturer, and supplier of flexible pipeline product to customers in the offshore oil industry. He was then CEO of Seanamic Group, an engineering and equipment manufacturer in the energy, defence, oceanographic science and seismic industries. He spent 19 years with Technip UK, acting as Managing Director of Technip Umbilicals Limited between 2005 and 2008, a leader in its global markets. Ally is currently Group CEO of Benbecula Group, a privately funded engineering-based buy and build business. An engineer by trade, he graduated with an honour's degree in mechanical engineering.

James Ritchie
Chief Executive Officer

James has over 12 years' experience as an executive manager and is one of the first and founding employees of Tekmar Energy. In 2009, James became Operations Director and led the business through substantial growth. He then subsequently led the management buy-out of Tekmar Energy in September 2011 with Elysian and Opera Finance and, consequently, became Chief Executive Officer. He is also a committee member of Subsea North East and Chairman of Energi Coast. Energi Coast is the representative group for the North East of England's offshore renewables sector.

Sue Hurst
Chief Financial Officer

With over 30 years in senior finance and commercial roles Sue has extensive experience in both private equity backed businesses and large listed companies, such as Serco, ICI, Electrolux and Brambles. Working across sectors including renewables, oil & gas, transportation, information technology and outsourcing, as a Chartered Management Accountant, she prides herself in people management and has led extensive change programmes, along with overseas business developments. With a robust approach to corporate governance, she has worked on numerous business expansions, new product launches and acquisitions. Sue joined Tekmar in 2012 shortly after the management buy-out as Finance Director.

Christopher Gill
Non-executive Director

Chris, a Chartered Accountant, has extensive private and plc experience in the engineering, fast moving consumer goods, manufacturing and energy sectors. He was Finance Director at Domnick Hunter Group plc, an international filtration business, for 7 years before moving to become Finance Director at Wellstream Holdings plc, the FTSE250 designers, manufacturers and supplier of flexible pipeline product to the offshore oil industry. Subsequently, Chris was director and CFO of SMD Limited, a designer, engineer and assembler of remotely controlled subsea equipment to the oil and gas, offshore renewables, telecommunications and mining industries. Chris' experience also includes being CFO of Seanamic Group, a private equity backed buy and build sub-sea engineering business, and Senior Independent Director and Audit Committee Chairman of then AIM quoted Stadium Group plc.

Julian Brown
Non-executive Director

Julian is a prominent figure within the UK Renewables market, with a wealth of experience in the sector. He is currently Vice President and UK Country Manager for MHI Vestas Offshore, the leading wind turbine manufacturer. He is former Chair of RenewableUK, the UK's leading renewable energy trade association. Other former roles include co-founder and Chair of 8.2Aarufield, UK Director of AREVA Wind, a founding partner of the globally respected renewables consultancy BVG Associates Limited, and Managing Director of Vestas Blades UK (formerly NEG Micon Rotors Limited), which was the largest renewables manufacturing supply chain employer in the UK during his employment.

Management Team

Russell Edmondson
Managing Director
Tekmar Energy

With over 20 years management experience, Russell began his career in the construction industry prior to moving into the offshore wind and oil & gas sectors. Having worked with all the key industry stakeholders, Russell joined Tekmar Energy in 2012 and is responsible for the company P&L. Russell has a passion for both business and innovation and strives to develop teams who share his commitment in operating within the vanguard.

Dave Thompson
Managing Director
Subsea Innovation

A Chartered Engineer with over 32 years' experience. Dave is a fellow of the IMechE with a master's degree in engineering and a degree in management studies. Dave has worked in senior engineering roles for over 20 years designing, building and servicing capital equipment for several engineering companies, including IHC Engineering Business. Dave joined Subsea Innovation in 2014.

Steve Rossiter
Managing Director
AgileTek Engineering

Steven is the founder of AgileTek and is responsible for managing the day to day business of the division. He leads the coordination of the services delivered by AgileTek to the rest of the Group and is responsible for external direct sales. He is also a certified solutions architect for Amazon Web Services and leads the development of AgileTek's cloud platforms.

Jack Simpson
Director Tekmar Energy
Chairman Tekmar China

Joining in 2011, Jack was part of the early Tekmar Energy team who grew the company from its early roots to where it stands today as a global market leader. Jack has over 11 years' experience in business and is responsible for sales and business development globally. Leading the expansion of the business into Asia, Jack is also the Chairman of Tekmar's Shanghai based subsidiary, Tekmar China.

Angela Lock
General Manager
Tekmar Energy

Joining in 2018, Angela played a key role in establishing Tekmar Energy in China. Previously, Angela was the GM of the British Chambers of Commerce Shanghai and assisted numerous UK companies enter China. Endorsed by the UK Department for International Trade, Scotland Development International, and RenewableUK, she was the founder of UK-China Hub for Offshore Wind in January 2017. Angela is a member of Sino-British Offshore Wind Collaboration Advisory Committee Meeting since 2016.

Pam Lamming
Group HR Manager
Tekmar Group

Pam is CIPD and PG certified and has over 20 years of experience in HR and L&D. Pam has worked in a range of sectors during her HR career including Wind Power, Utilities, Social Housing, and the Nuclear Industry. Prior to joining Tekmar Group Pam held a senior HRD role in an Industrial and Engineering company leading a cultural change programme. Pam joined Tekmar Group in 2019.

Fraser Gibson
Managing Director
Ryder Geotechnical

Fraser is a Chartered Engineer with the Institution of Civil Engineers and has been working as a geotechnical engineering consultant in the offshore sector for over 15 years. Fraser spent time at UTEC Geomarine, progressing from Senior Engineer to Regional Manager for APAC where he spent 2 years in Singapore establishing an office for UTEC Geomarine, before later setting up Ryder Geotechnical in 2016.

Steve Howlett
Managing Director
Pipeshield International

Steve established Pipeshield in 1999. Over the past 20 years Steve has overseen the growth of the company to become one of the world's leading providers of specialised subsea asset protection systems to the offshore energy markets, picking up numerous awards for growth, innovation and global exports along the way.

Terry Sheldrake
Non Executive Technical Director
Tekmar Energy

Terry has over 25 years' experience in both academia and within the offshore energy sector, including 14 years of executive management experience as the Head of Technology at Wellstream International and subsequently GE Wellstream. Terry has also been an active member on several international standards committees, has a PhD in Mechanical Engineering and is a Fellow of the Institution of Mechanical Engineers.

Tom Howard
Group Marketing Manager
Tekmar Group

Tom has over 13 years experience in the offshore energy sector. Having previously worked for subsea installation specialist DeepOcean, Tom has extensive knowledge of the subsea industry and has a strong understanding of the group's markets, products and stakeholders. Tom joined Tekmar Group in 2019 and is responsible for marketing and communications across the business.

Sarah Lenegan
Group Legal Counsel
Tekmar Group

Sarah joined Tekmar Group plc in 2018 to establish the Group's in-house legal function. She is a solicitor with over 20 years' experience in a combination of private practice and in-house roles. Sarah began her career in the ports and logistics industry in a similar role with the PD Ports Group, before joining the law firm McGarry & Co. She specialises in the drafting and negotiation of commercial contracts and advising on general business matters.

Audit Committee Report
Chris Gill, Chair of the Audit Committee

Dear shareholder,

I am pleased to share the Audit Committee Report for the year ended 31 March 2020 and trust that you will find the content informative.

Key Responsibilities
The Audit Committee has primary responsibility for:
- reviewing the effectiveness of the Group's internal controls,
- monitoring the integrity of the Group's financial statements,
- reviewing the external announcements of the Group's results, and
- approving the appointment and remuneration of the Group's external auditors, reviewing their reports and ensuring their independence is maintained,

in all cases having due regard to the interests of shareholders. The Committee communicates to the Board on these matters and during this financial year met three times. The Committee has terms of reference in place which have been formally approved by the Board and are available at the AGM and on the Group's website.

Experience
The Audit Committee comprises two Non-Executive Directors and was chaired during the year by Chris Gill, who is a chartered accountant with relevant financial experience in this role. Alasdair MacDonald is the other independent non-executive director who served during the year and is deemed to have the necessary ability and experience to understand financial statements.

External audit
The Audit Committee approves the appointment and reappointment and compensation of the Group's external auditors and satisfies itself that they preserve their independence, regardless of any non-audit work performed by them. The auditor is permitted to provide non-audit services which are not, and are not perceived to be, in conflict with auditor independence - providing it has the skills, ability and integrity to carry out the work and is considered to be the most appropriate firm to undertake such work in the best interests of the Group. All assignments are monitored by the Committee.

The responsibilities of the Directors and external auditors in connection with the Group financial statements are explained in the Statement of Directors' Responsibilities on page 67 and the Auditors' Report on page 70. Information about services provided by the auditors and fees payable to them are shown in note 8 of the Group financial statements.

Whilst the Committee has not formally adopted a policy in respect of the rotation of the external auditor, one of its primary duties is to make recommendations to the Board in relation to the appointment of the external auditor. Various aspects are taken into account by the Committee in this respect, including the quality of the reports provided to the Committee and the level of understanding of the Group's business that the auditor displays.

Internal control and risk management
The Audit Committee assists the Board in reviewing the risk management framework and evaluating the effectiveness of internal control.

The current size and complexity of the business does not require the Group to have an internal audit function. As the Group grows, we will regularly monitor this requirement which in the

Activities of the Audit Committee during the year
During the year the key areas the Committee focussed on were:
- Discussing the detailed audit report produced by the auditors for the previous year's annual report;
- Determining the scope of the auditors' half year review and analysed the report once received; and
- Reviewing the auditors' proposed audit strategy and plan for the year end audit.

Significant issues considered in relation to the financial statements
The key issues relating to the financial statements considered, discussed with the auditors and concluded upon were:
- Revenue – the specific financial reporting risks in respect of the judgement required for revenue recognised over time based upon the input method, in particular estimates of costs to complete on contracts;
- Pipeshield acquisition accounting – considering the purchase price allocation exercise and subsequent determination of goodwill attributed to the transaction; and
- Going concern – addressing the sensitivity of budgets, forecasts and liquidity to potential future COVID-19 impacts.

Chris Gill
Chair of the Audit Committee

Remuneration Committee Report

Chris Gill, Chair of the Remuneration Committee

Dear shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2020. I chair the Remuneration Committee as an independent Non-Executive Director, and the Committee also includes Alasdair MacDonald. The purpose of this report is to provide shareholders with information to understand our remuneration strategy and how it links to the Group's financial performance.

Responsibilities
The remuneration committee reviews the performance of the executive directors and establishes their terms and conditions of service, including short and long-term rewards, having due regard to the interests of shareholders. It also ensures that good practices apply to all employees across the Group through the appropriate management structures. Prior to the award being made the Remuneration Committee also reviews pay and other benefits proposed for the executive management of all Group companies. The Remuneration Committee meets at least twice a year.

Our performance in FY120
Despite the headwind of COVID-19 emerging towards the end of the financial year the Group delivered record revenues, closing the year with a record order book and a net cash position of £2.1m. Adjusted PAT of £3.0m and EPS of 5.8p are slightly ahead of the then guidance in the market. The share price was 97.5p as of 31 March 2020 vs 110.0p on 31 March 2019, a decrease of 11%, though this still outperformed the wider FTSE AIM All Share index, the comparator group for the business, which fell by 28% over the same period.

Response to COVID-19
As a result of the uncertainty created by the COVID-19 pandemic it was communicated to staff that the discretionary annual inflationary pay rise would not take place in April. However, this decision is being periodically reviewed and is still on hold at time of publishing.

Share Awards

Sharesave plan (SAYE)

We were pleased to launch our first SAYE scheme on 31 March 2020. The scheme was open to all employees subject to a qualifying service period. A total of 52 employees subscribed to options totalling 428,983 shares over a period of three years. We look forward to seeing employees share in the ongoing success of the Group.

IPO Share Incentive Plan

The IPO scheme has now matured and the Board reviewed the performance conditions against those targeted within the scheme. Details on the level of award approved by the Board are provided below.

Group Remuneration Policy

Despite the pause in basic annual salary increases as a result of COVID-19 the key components of the remuneration policy are unchanged:

	Why	How
Basic annual salary	To attract and retain the right talent reflecting level of responsibilities of the role, along with experience and skills required	Inflationary pay rises implemented annually to track national indicators
Pension	To provide a contributory pension scheme in line with statutory requirements, to provide employees with support after retirement	The group increased its contribution to 5% in advance of the statutory requirement to do so
Other benefits	Additional benefits to support the health and wellbeing of our employees	Life assurance, healthcare scheme, cycle to work and tech purchase schemes
Annual bonus	To reward high-performing individuals	Annual bonus with performance criteria based upon a mixture of profit-based and personal objectives, supporting the Group's growth strategy
Share schemes	Share ownership is an important part of employee incentivisation and retention	Four share schemes developed on IPO; implemented IPO options and Share Incentive Plan; intending to launch LTIP and SAYE plans in the coming year

Remuneration arrangements

When appointing a new Executive Director, the Committee will set the Executive Director's ongoing remuneration in line with the policy described above. The Committee takes into account the pay and employment conditions of all employees across the Group. The Group-wide pay review budget is one of the key factors when determining the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

Remuneration of the Executive Board

Remuneration to our CEO and CFO remained in line with our remuneration policy. Only inflationary increases to basic salary were made. No bonuses were awarded, given the impact of COVID-19 on the financial results for the year. The only share options available are detailed in the 'IPO options plan' paragraph below. No shares or share options were awarded in the year.

Name of Director	Fees / basic salary £000	Benefits £000	Bonus £000	Pension £000	**2020 Total £000**	2019 Total £000
J Ritchie	204	-	-	10	**214**	1,332[(1)]
S Hurst	143	-	-	7	**150**	307[(1)]
A MacDonald	70	-	-	-	**70**	65
C Gill	45	-	-	-	**45**	35[(2)]
J Brown	35	-	-	2	**37**	28[(2)]

[(1)] payments in FY19 included one-off payments relating to the sale of shares allocated to executive directors during the IPO (J Ritchie £124k; S Hurst £161k). Additional bonus of £1m was paid to J Ritchie and was reimbursed to the company by the exiting private equity shareholders.

[(2)] part year only – appointed 20 June 2018

IPO options plan

Awards granted under the IPO Plan were made to the employees below on 20 June 2018 giving options to acquire shares for a consideration per share equal to its nominal value.

Following a detailed review of the conditions and targets, the Remuneration Committee assessed performance as follows:

- EPS condition (50%) – the Group expected to meet the FY20 EPS target prior to the COVID-19 pandemic. The business was directly impacted by this due to its operations and customers in China closing down swiftly. Management assessed the impact and highlighted this to the market on 20 February with a trading update.

  Since then the world has been impacted more widely and the management of the business have operated under difficult circumstances to maintain business continuity. After assessing the initial and direct impact on the Group performance of COVID-19 the Remuneration committee recommended to the Board that shares are awarded at the EPS entry threshold, being half of that available under this measure.

- TSR condition (50%) – Despite a relatively strong share price performance versus our benchmark during the past 12 months, the TSR measure does not allow for any shares to vest.

The table below details the IPO option awards for the Group Executive Directors and Senior Management:

Name of Director	Maximum No of shares awarded	No of shares vesting under EPS measure
J Ritchie	900,000	225,000
S Hurst	350,000	87,500
R Edmondson	125,000	31,250
S Rossiter	125,000	31,250
J Simpson	125,000	31,250

Looking forward

We have developed a framework of incentives for management and staff to continue to drive the desired behaviour across the Group. The framework comprises a mix of the existing share option incentives (LTIP) and cash incentives (bonuses) alongside two short period share based awards (SIP). These short period awards will cover the two year gap between IPO options vesting in 2020 and LTIP awards vesting in 2023. The anticipated award under each of these schemes represents between 10% and 100% of salary for participants, totalling a maximum of 1.3m shares over the three years.

The performance criteria for awards under the LTIP will be as envisaged in the Groups listing criteria, EPS and TSR growth; specifically a minimum of 100% and 33% respectively over the three year period. The performance criteria for the two short period awards mirror these objectives.

I do trust that this clearly explains our approach to remuneration and enables you to appreciate how it underpins the Group's strategy. If you have any questions on this report I will be available at the Group's Annual General Meeting to discuss them.

Chris Gill
Chair of the Remuneration Committee

Directors Report

for the year ended 31 March 2020

The Directors present their report together with the audited Group financial statements of the Parent Company ('the Company') and the Group for the year ended 31 March 2020.

Business review and future developments
A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is presented in the Strategic Report.

Section 172 Statement
The Directors consider that they have acted in good faith in the way they consider would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to decisions taken during the year ended 31 March 2020, in particular by reference to our three point strategy (see Our Strategy in Action on page 30).

- Continuing organic growth within Tekmar Energy, AgileTek and Subsea Innovations
- Accelerated growth from product development and expanding our regional reach
- Acquisition growth with Pipeshield International joining the Group, adding value and supporting the expansion of full cycle revenue.

This strategy is designed to have a long-term beneficial impact on the Group for both its shareholders and employees. The detail supporting the Group's strategy is driven by the business plans within each of the subsidiary companies.

Approximately 80% of the Company's shares are held by 15 institutional shareholders. To ensure the Board maintain a good understanding of their interests, and keep these shareholders informed regarding the strategy and objectives of the Group, the CEO and other directors communicate regularly and meet at least bi-annually. The Board recognises its responsibility to act fairly between all shareholders of the Company and ensures up-to-date information is available on the Group Investor website and has recently launched a new Group website (www.tekmargroup.com) which brings together the Group's portfolio of companies on to one site, promoting a greater understanding of the breadth of our product and service offering, which supports the global offshore wind, oil and gas, interconnectors, telecommunications, marine civils, and wave and tidal sectors.

Employees are fundamental to the delivery of the business plan. We regularly provides our people with information on matters of concern to them, consulting them regularly, so that their views can be factored in when making decisions that are likely to impact them. Employee involvement in the Group is encouraged, as achieving a shared awareness of the part that all employees play in the financial and economic factors affecting the Group plays a major role in its performance. We have a Business Integrity Policy that communicates the expected business behaviours of all employees and this policy incorporates guidance on employee's responsibilities should they become aware of inappropriate business behaviours or any similar concern.

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any current employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees receive treatment equal to all other employees in respect of their eligibility for training, career development and promotion.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance (see pages 50 to 53)and in doing so, will contribute to the delivery of the plan.

Climate-related issues
The Directors take seriously the issue of climate change and the fundamental strategy for the Group is to support the development of the renewables industry. Accelerated growth in investment in renewables infrastructure is a growth opportunity for the Group, which is monitored and tracked in detail.

In addition, the Directors consider the Group impact on the environment, which is monitored and managed within each company in the Group. In particular, management monitor energy consumption across the various sites and have put in place measures to minimise this where possible through process change, and in one instance by changing the lighting in our largest manufacturing facility to LED lighting.

Major shareholders
As at 31 July 2020 the following interests of shareholders in excess of 3% have been notified to the Company:

	Number of ordinary shares	Ordinary shares as a % of issued share capital
Schroders plc	6,871,419	13.40%
BlackRock, Inc.	5,684,834	11.09%
Berenberg Bank	4,950,000	9.66%
J O Hambro Capital Management Limited	4,000,000	7.80%
BGF Investment Management Limited	3,955,000	7.72%
Hargreave Hale	3,400,000	6.63%
Henderson Global Investors Limited	2,800,000	5.46%
River and Mercantile Asset Management LLP	2,775,000	5.41%
Legal & General Investment Management	2,550,225	4.97%
Impax Asset Management Ltd	2,516,574	4.91%
Premier Miton Group plc	2,024,001	3.95%
Threadneedle Asset Management	2,000,000	3.90%

Going Concern
The Directors confirm that, having made appropriate enquiries, they have a reasonable expectation the Group and the Company have adequate resources to continue operations for the foreseeable future. This includes a detailed review of the impact of the COVID-19 pandemic on the business and the sectors in which we operate. Accordingly, the Directors continue to adopt the going concern basis in the preparation of the financial statements.

Dividends
The Directors do not anticipate that the Company will declare a dividend in the near term, as available cash will be channelled into conserving the Group's resources as a result of the current economic uncertainty with a view to longer term growth. No dividends have been paid in the period.

Directors and their interests
The Directors of the Company during the year and their interests in the ordinary share capital at the end of the year are shown in the following table:

Ordinary shares of 1p each	31 March 2020	31 March 2019
A MacDonald	**434,526**	434,526
J Ritchie	**1,013,375**	1,013,375
S Hurst	**276,569**	276,569
C Gill	**19,230**	19,230
J Brown	**19,230**	19,230

There have been no changes in shareholdings during the period or since year end. Further details of the Directors' interests can be found in the Remuneration Committee Report.

Takeover Directive requirements
The Company has one class of equity share, namely 1p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons. The rights and obligations attaching to these shares are governed by the Companies Act 2006 and the Company's Articles.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website (investors.tekmar.co.uk).

Notice of Annual General Meeting
The Annual General Meeting will be held at 10am on 30 September 2020 at Tekmar, Park 2000, Millennium Way, Newton Aycliffe DL5 6AR. Attendance will be subject to government guidance at this time. The Notice of Meeting which sets out the resolutions to be proposed at the forthcoming AGM accompanies these Group financial statements.

Events after the reporting date
There have been no significant events in the period from 31 March 2020 and the publication of these financial statements.

Independent auditor
The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM. So far as each of the Directors is aware at the time this report is approved:

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

This Directors' Report was approved by order of the Board.

S Hurst
Chief Financial Officer & Company Secretary

Tekmar Group plc
Unit 1, Park 2000
Millennium Way
Aycliffe Business Park
Newton Aycliffe
County Durham DL5 6AR

Registered number: 11383143
31 July 2020

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent; for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

S Hurst
Company Secretary

Financial Statements

Strong revenue growth across the Group

Further growth in the Group with revenue up 46% to £40.9m, which is a 87% increase in the two years since IPO. We continued our acquisition strategy, adding a third new business to the portfolio in October 2019. Unfortunately, we were immediately impacted by the Covid-19 pandemic, having customers and operations in China, with associated delays to projects spanning our year end. Whilst the long term impact of this global catastrophe is still unknown we closed the year with PBT in line with the previous year.

Sue Hurst, CFO

Page Numbers

> **The acquisitions have built a firm foundation for the Group’s growth and we are pleased with the revenue growth. The focus is now to build in the benefits we gain from being a bigger group, to improve the bottom line.**
>
> Sue Hurst, CFO

Independent Auditors Report on the members of Tekmar Group plc

1. Our opinion is unmodified

We have audited the financial statements of Tekmar Group plc ("the Company") for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, parent company balance sheet, parent company statement of changes in equity and the related notes, including the accounting policies in note 2.

In our opinion:

the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;

the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);

the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

KPMG

Overview

Materiality: group financial statements as a whole	**300,000 (2019: £270,000)** **0.73% (2019: 96%) of Revenue**	
Coverage	**100% (2019: 100%) of Group revenue and profit before tax**	
Key audit matters	**vs 2019**	
Recurring risks	The impact of uncertainties due to the UK exiting the European Union	◀▶
	Revenue recognition on contracts ongoing at year end	▲
	Going concern	▲
	Recoverability of parent company's investments in subsidiaries	◀▶
Event driven	**New:** Valuation of intangibles on acquisition of Pipeshield International Limited	▲

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters in arriving at our audit opinion above. 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.

The impact of uncertainties due to the UK exiting the European Union

Refer to page 34 (principal risks), page 58 (Audit Committee Report), page 83 (accounting policy) and page 83 (financial disclosures).

The risk

Unprecedented levels of uncertainty
All audits assess and challenge the reasonableness of estimates, in particular as described in the forecast based valuation of intangible assets and the recoverability of parent company's investment in subsidiaries below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.

Our response

We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

Our Brexit knowledge
We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.

Sensitivity analysis
When addressing the forecast-based valuation of intangible assets and the recoverability of the parent company's investment in subsidiaries and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.

Assessing transparency
As well as assessing individual isclosures as part of our procedures on he forecastbased valuation of intangible assets and the recoverability of the parent company's investment in subsidiaries, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.

However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Revenue recognition on contracts ongoing at year end

Refer page 58 (Audit Committee Report), page 83 (accounting policy) and page 83 (financial disclosures).

The risk

Subjective estimate
The Group enters into contracts for the manufacture and assembly of cable protection systems. These contracts generally have one performance obligation and the Group has to make an assessment of the stage of completion of the performance obligation in each contract in order to determine how much revenue to recognise.

For contracts ongoing at year end: inaccurate identification of the performance obligations; assessment of whether to use the input or output method of stage of completion; and/or incorrectly assessing the stage of completion could lead to material variances in the amounts recognised in revenue.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that revenue recognised on contracts ongoing at year end of had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.

Our response

Accounting analysis: we assessed the Group's determination of performance obligations by inspecting selected ongoing contracts at the year end and looking for evidence of deliverables in these contracts that could be considered distinct.

Test of detail: we assessed whether a sample of performance obligations had been satisfied or the correct stage of ompletion method had been properly applied by inspecting the contracts, customer correspondence, other documentation and interviewing the Group's project personnel.

Test of detail: we assessed whether the stage of completion calculated was accurate by inspecting documentation of forecast costs to complete and vouching a sample to costs actually incurred post year end, and then reperforming the calculation to test for accuracy. We also looked at the accuracy of previous contract forecasts.#

Assessing transparency: we assessed the adequacy of the disclosures about the judgements involved in the identification of performance obligations and the sensitivity disclosures reflecting the risks inherent in estimating revenue.

Going Concern

Refer page 58 (Audit Committee Report), page 83 (accounting policy) and page 83 (financial disclosures).

The risk

Disclosure quality
The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the group and parent company.

That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

The risks most likely to adversely affect the Group's and Company's available financial resources over this period were in relation to the timing and delivery of larger contracts which can cause material fluctuations in actual cash flows compared to those forecast. Covid-19 increases the risk of this.

There are also less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of demand and available financial resources.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.

Our response

Funding assessment: We assessed the level of committed financing secured by the Group post year end.

Historical comparisons: We assessed the reasonableness of the cash flow projections by considering the historical accuracy of the previous forecasts.

Sensitivity analysis:
We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of plausible (but not unrealistic) adverse effects that could arise from these risks individually and collectively.

We considered the key reactive measures management could take in the event of a downside scenario and whether those measures were fully in management's control.

Benchmarking assumptions: We tested the integrity of the cash flow projections and challenged the appropriateness of the key assumptions used therein by reference to our knowledge of the business. We also assessed the projections and assumptions by reference to general market conditions and post year end trading and cash flows.

Assessing transparency: We assessed the completeness and accuracy of the matters covered in the going concern disclosure with reference to our audit findings from the above procedures and our understanding of the Group's business and strategies.

Valuation of intangibles on acquisition of Pipeshield International Limited (£2.0million; 2019: £nil)

Refer page 58 (Audit Committee Report), page 83 (accounting policy) and page 83 (financial disclosures).

The risk

Forecast-based valuation
The Group has identified and valued intangible assets acquired as part of a business combination.

Incorrect identification of the intangible assets acquired and/or using incorrect ssumptions in the valuation could lead to material variances in the amounts recognised in intangibles assets.

The effect of these matters is that, as part of our risk assessment, we determined that intangible assets recognised of £2.0 million has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 3) disclose the sensitivity estimated by the Group.

Our response

Accounting application: With reference to the requirements in the accounting standards we assessed the intangible assets identified on acquisition.

Benchmarking assumptions: We tested the integrity of the cash flow projections used in the valuation and challenged the appropriateness of the key assumptions used therein by reference to external inputs such as government bond rates.

Historical comparisons: We assessed the reasonableness of the cash flow projections by considering the historical accuracy of both previous forecasts and assumptions used in previously valued intangibles assets recognised on acquisition of a business.

Sensitivity analysis: We considered sensitivities over the assumptions used in the valuation of the intangible assets recognised.

Assessing transparency: We assessed the adequacy of the disclosures about the assumptions involved in arriving at the valuation including an assessment of the adequacy of sensitivity related disclosures.

Recoverability of parent company's investment in subsidiaries

(£49.8m; 2019: £42.5m)

Refer page 58 (Audit Committee Report), page 83 (accounting policy) and page 83 (financial disclosures).

The risk

Forecast based valuation
The carrying amount of the parent company's investments in subsidiaries are significant. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets, in particular in relation to the investment in Tekmar Limited.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose the sensitivity estimated by the Company.

Our response

Comparing valuations: Comparing the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries' profit.

Assessing subsidiary audits: Assessing the work performed by the group audit team on all of those subsidiaries and considering the results of that work, on those subsidiaries' profits.

In addition, for the investment in Tekmar Limited:

Benchmarking assumptions: Challenging the assumptions used in the cash flowsincluded in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate.

Our sector experience: Evaluating the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market.

Assessing transparency: Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £300,000 (2019: £270,000), determined with reference to a benchmark of revenue of £40,943,000 (2019: £28,082,000), of which it represents 0.73% (2019: 0.96%). The reduction in the percentage applied to the benchmark since the prior year reflects the impact of changes to the group structure (enacted during the current year) on our audit. We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax.

Materiality for the parent company financial statements as a whole was set at £238,000 (2019: £256,500), determined with reference to a benchmark of company total assets, of which it represents 0.3% (2019: 0.4% of total expenses). Our benchmark has changed because total assets represents a more stable measure year on year than company total expenses.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £15,000 (2019: £13,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 8 (2019: 6) reporting components, we subjected 8 (2019: 6) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team carried out all of the work on all the reporting components (including the parent company audit). We used component materialities, which ranged from £18,000 to £265,000, (2019: £12,000 to £256,500) having regard to the mix of size and risk profile of the Group across the components..

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in this respect.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report: Based solely on our work on the other information: we have not identified material misstatements in the strategic report and the directors' report; in our opinion the information given in those reports for the financial year is consistent with the financial statements; and in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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. We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities:
As explained more fully in their statement set out on page 67 , the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

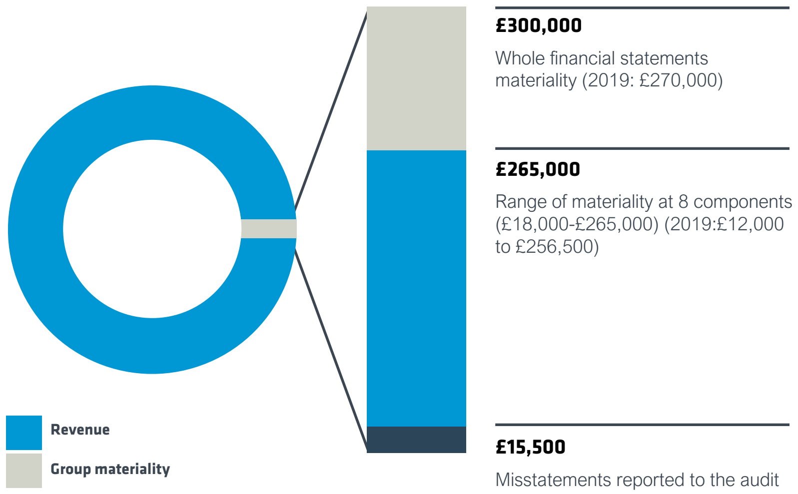
Auditor's responsibilities:
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities
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.

David Mitchell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House, 110 Quayside, Newcastle upon Tyne.
NE1 3DX
2 August 2020

Revenue
£40.9m (2019: £28.1m)

Group Materiality
£300,000 (2019: £270,000)

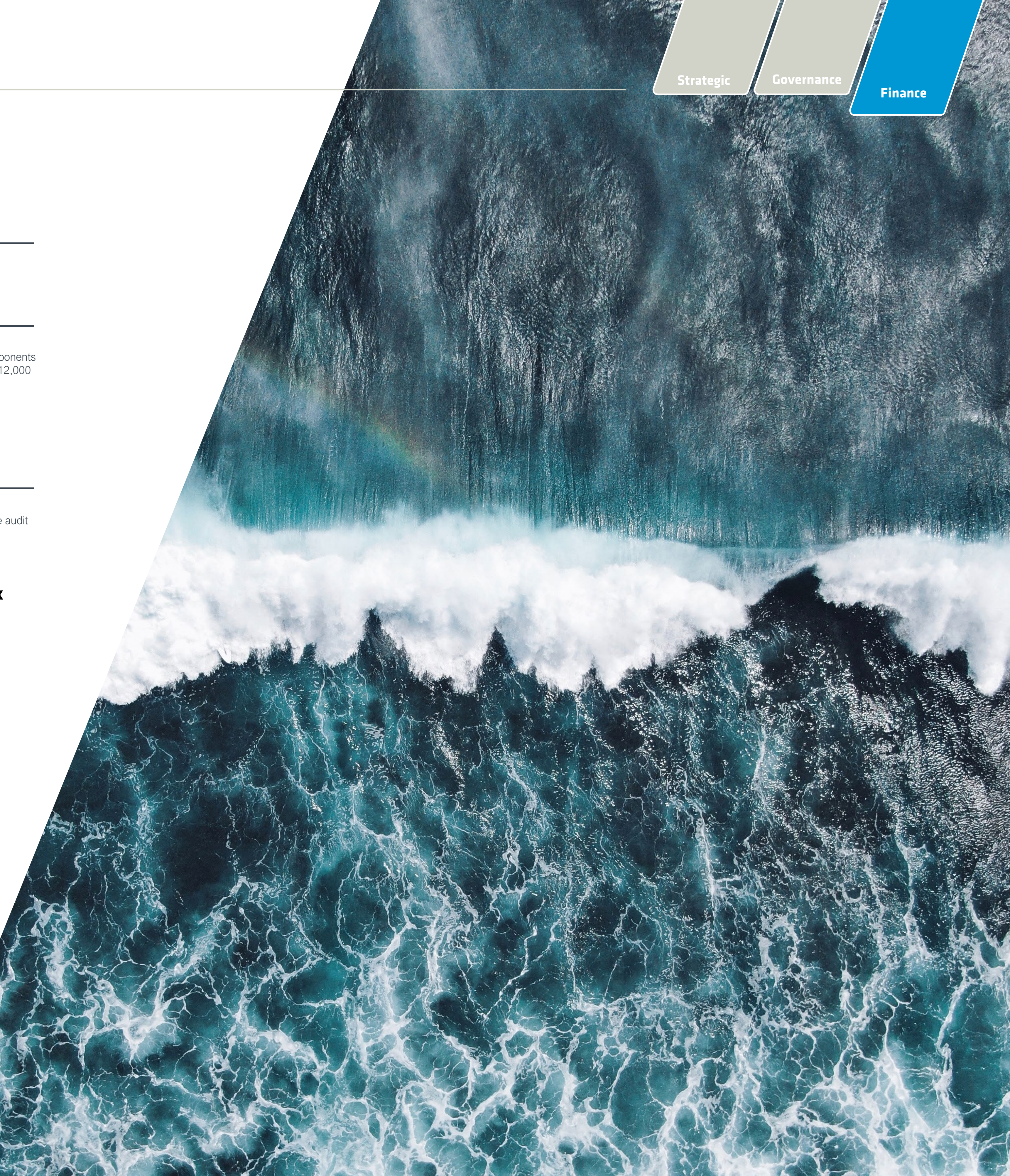


Group revenue

Group profit before tax

Group total assets

Full scope for group audit purposes 2020
Full scope for group audit purposes 2019



Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £000	2019 £000
Revenue	4	40,943	28,082
Cost of sales	6	(28,671)	(18,190)
Gross profit		12,272	9,892
Operating expenses	6	(10,227)	(6,987)
Other operating income		-	-
Group operating profit		2,045	2,905
Analysed as:			
Adjusted EBITDA [1]		4,695	4,833
Depreciation	12	(1,253)	(808)
Amortisation	11	(834)	(476)
Share based payments charge	23	(454)	(418)
Exceptional items	6	(109)	(226)
Group operating profit		2,045	2,905
Finance costs		(170)	(1,066)
Finance income		84	147
Net finance costs	7	(86)	(919)
Profit before taxation		1,959	1,986
Taxation	9	3	407
Profit for the year and total comprehensive income		1,962	2,393
Attributable to owners of the parent		1,962	2,393
Attributable to the non-controlling interest		-	-
		1,962	2,393
Profit per share (pence)			
Basic	10	3.85	4.75
Diluted	10	3.73	4.63

There are no items of Other Comprehensive Income. All results derive from continuing operations.

[1] Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation, share based payments charge, and exceptional items is a non-GAAP metric used by management and is not an IFRS disclosure.

Consolidated Balance Sheet

as at 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	12	5,892	5,501
Goodwill and other intangibles	11	26,294	21,837
Total non-current assets		32,186	27,338
Current assets			
Inventory	14	2,536	1,914
Trade and other receivables	15	26,819	19,537
Corporation tax recoverable		-	459
Cash and cash equivalents	16	2,130	4,190
Total current assets		31,485	26,100
Total assets		63,671	53,438
Equity and liabilities			
Share capital	21	513	507
Share premium		64,100	64,100
Merger relief reserve		1,738	993
Merger reserve		(12,685)	(12,685)
Retained losses		(7,690)	(10,098)
Total equity		45,976	42,817
Non-current liabilities			
Other interest-bearing loans and borrowings	18	310	487
Trade and other payables	17	355	358
Deferred tax liability	19	469	3
Total non-current liabilities		1,134	848
Current liabilities			
Other interest-bearing loans and borrowings	18	504	378
Trade and other payables	17	16,010	9,395
Corporation tax payable		47	-
Total current liabilities		16,561	9,773
Total liabilities		17,695	10,621
Total equity and liabilities		63,671	53,438

The Group financial statements were approved by the Board and authorised for issue on 31 July 2020 and were signed on its behalf by:

S Hurst
Chief Financial Officer & Company Secretary
Company registered number: 11383143

Consolidated Statement of Changes in Equity as at 31 March 2020

	Share capital £000	Share premium £000	Merger relief reserve £000	Merger reserve £000	Retained earnings £000	Total equity attributable to the owners of the parent £000	Non controlling interest £000	Total equity £000
Balance at 1 April 2018	-	-	-	2,886	(12,867)	(9,981)	-	**(9,981)**
Profit for the year	-	-	-	-	2,393	2,393	-	**2,393**
Total comprehensive income for the year	-	-	-	-	2,393	2,393	-	**2,393**
Issue of shares on IPO	500	64,500	-	(15,571)	-	49,429	-	**49,429**
Expenses of the IPO	-	(400)	-	-	-	(400)	-	**(400)**
Issue of shares post IPO	7	-	993	-	-	1,000	-	**1,000**
Share based payments	-	-	-	-	376	376	-	**376**
Total transactions with owners, recognised directly in equity	507	64,100	993	(15,571)	376	50,405	-	**50,405**
Balance at 31 March 2019	507	64,100	993	(12,685)	(10,098)	42,817	-	**42,817**
Profit for the year	-	-	-	-	1,962	1,962	-	**1,962**
Total comprehensive income for the year	-	-	-	-	1,962	1,962	-	**1,962**
Issue of shares	6	-	745	-	-	751	-	**751**
Share based payments	-	-	-	-	446	446	-	**446**
Total transactions with owners, recognised directly in equity	6	-	745		446	1,197	-	**1,197**
Balance at 31 March 2020	513	64,100	1,738	(12,685)	(7,690)	45,976	-	**45,976**

Consolidated Cash Flow Statement as at 31 March 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit before taxation	**1,959**	1,986
Adjustments for:		
Depreciation	**1,253**	808
Amortisation of intangible assets	**834**	476
Share based payments charge	**488**	345
Gain on bargain purchase	**-**	(95)
Finance costs	**170**	1,066
Finance income	**(84)**	(147)
	4,620	4,439
Changes in working capital:		
(Increase)/decrease in inventories	**(512)**	176
(Increase) in trade and other receivables	**(4,393)**	(10,493)
Increase in trade and other payables	**2,357**	2,876
(Decrease) in provisions	**-**	(131)
Cash generated / (used in) from operations	**2,072**	(3,133)
Tax recovered	**209**	180
Net cash inflow/(outflow) from operating activities	**2,281**	(2,953)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,704)**	(996)
Purchase of intangible assets	**(729)**	(865)
Proceeds on sale of property, plant and equipment	**-**	3
Acquisition of subsidiary net of cash acquired	**(1,637)**	(168)
Interest received	**84**	147
Net cash outflow from investing activities	**(3,986)**	(1,879)
Cash flows from financing activities		
Repayment of borrowings	**(355)**	(33,282)
Repayment of other borrowings	**-**	(1,771)
Proceeds from issues of shares	**-**	49,429
Expenses of the IPO	**-**	(400)
Interest paid	**-**	(7,571)
Net cash (outflow)/inflow from financing activities	**(355)**	6,405
Net (decrease) / increase in cash and cash equivalents	**(2,060)**	1,573
Cash and cash equivalents at beginning of year	**4,190**	2,617
Cash and cash equivalents at end of year	**2,130**	4,190

Notes to the Group Financial Statements
for the year ended 31 March 2020

1. General Information

Tekmar Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Unit 1, Park 2000, Millennium Way, Aycliffe Business Park, Newton Aycliffe, County Durham, DL5 6AR. The registered company number is 11383143.

The principal activity of the Company and its subsidiaries (together the "Group") is that of design, manufacture and supply of subsea stability and protection technology, including associated subsea engineering services, operating across the global offshore energy markets, predominantly Offshore Wind.

Forward looking statements
Certain statements in this Annual report are forward looking. The terms "expect", "anticipate", "should be", "will be" and similar expressions identify forward-looking statements. Although the Board of Directors believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to a number of risks and uncertainties and events could differ materially from those expressed or implied by these forward-looking statements.

2. Basis of preparation and accounting policies

The Group's principal accounting policies have been applied consistently to all of the years presented, with the exception of the new standards applied for the first time as set out in paragraph (c) below where applicable.

(a) Basis of preparation
The results for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and their interpretations adopted by the European Union. The financial statements have been prepared on the going concern basis and on the historical cost convention modified for the revaluation of certain financial instruments.

Tekmar Group plc ("the Company") has adopted all IFRS in issue and effective for the year.

(b) Going concern
The Group meets its day-to-day working capital requirements through its available banking facilities which includes an overdraft facility of £1.5m currently available to 4 January 2021. This facility is an annual facility but has a history of annual renewal and is expected to be renewed again in January 2021. However, for the purpose of this assessment, the directors have assumed it will not be renewed. The Group held £2.1m of cash at the end of the year and also secured a CBILS loan of £3m in April 2020 (available through to April 2021) to ensure any short-term impact of Covid-19 is manageable. There are no financial covenants that the Group must adhere to. The level of cash at 31 July 2020 was £1.9m. The Directors have prepared cash flow forecasts to 31 March 2022. The base case forecasts include assumptions for annual revenue growth (c.15%) supported by current order book, known tender pipeline, and supported by publicly available market predictions for the sector. They also assume higher than usual costs of materials in case of sourcing issues. These forecasts show that the Group is expected to have a sufficient level of financial resources available through current facilities available.

The Directors do not believe that the Covid-19 pandemic will significantly impact the revenues included in the cash flow forecasts and since the year end the group has cash balances ahead of budget. Whilst the lockdown period in the UK and China initially caused short term delays to completion of projects and a short term impact in terms of raw materials sourcing from China, the Group continued to trade throughout the lockdown period and project completion has returned to being on-schedule. Nevertheless, given the unprecedented uncertainty Covid-19 has brought and the as yet unknown wider economic impact in the short to medium term, the Directors have sensitised their base case forecasts for a severe but plausible downside impact. This sensitivity includes reducing revenue growth to close-to nil for the year to 31 March 2021 (taking into account a full year of Pipeshield revenues), including the loss or delay of a certain level of contracts in the pipeline that form the base case forecast, and a 10% drop in revenue and 5% increase in costs across the group as a whole for the same period. The base case forecast also includes discretionary spend on capital outlay which has been withheld in the sensitised case. In addition, the directors note there is further discretionary spend within their control which could be cut if necessary, although this has not been modelled in the sensitised case given the headroom already available. Whilst these sensitivities have been modelled to give the Directors comfort in adopting the going concern basis of preparation, post year end performance and market visibility give confidence over our base case forecast.

Based on this assessment, the Directors are satisfied that, taking account of reasonably foreseeable changes in trading performance, these forecasts and projections show that the Group is expected to have a sufficient level of financial resources available through current facilities to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements and for this reason they continue to adopt the going concern basis in preparing the financial statements.

(c) New standards, amendments and interpretations
There have been no material new standards, amendments or interpretations that the Group has to comply with during the year. There are no standards endorsed but not yet effective that will have a significant impact going forward.

(d) Basis of consolidation
Subsidiaries are all 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 and are deconsolidated from the date control ceases. Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

(e) Revenue
Revenue (in both the subsea and offshore wind markets) arises from the supply of subsea protection solutions and associated equipment, principally through fixed fee contracts. There are also technical consultancy services delivered through Agiletek Engineering and Ryder Geotechnical.

To determine how to recognise revenue in line with IFRS 5, the Group follows a 5-step process as follows:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT and other sales related taxes.

Revenue is recognised either at a point in time, or over-time as the Group satisfies performance obligations by transferring the promised services to its customers as described below.

i. Fixed-fee contracted supply of subsea protection solutions

For the majority of revenue transactions, the Group enters into individual contracts for the supply of subsea protection solutions, generally for a specific project in a particular geographic location. Each contract generally has one performance obligation, to supply subsea protection solutions. All contracts meet one or more of the criteria within step 5 for recognition over time, including the right to payment for the work completed, including profit, should the customer terminate. An assessment is made as to the most accurate method to estimate stage of completion which in the majority of performance obligations is on an inputs basis (costs incurred as a % of total forecast costs).

There are also contracts which include the manufacture of a number of separately identifiable products. In such circumstances, as the deliverables are distinct, each deliverable is deemed to meet the definition of a performance obligation in its own right and do not meet the definition under IFRS of a series of distinct goods or services given how substantially different each item is. Revenue for each item is stipulated in the contract and revenue is recognised over time as one or more of the criteria for over time recognition within IFRS 15 are met. Generally for these items, an input method of estimating stage of completion is used as this gives the most accurate estimate of stage of completion.

In all cases, any advance billings are deferred and recognised as the service is delivered.

ii. Manufacture and distribution of ancillary products, equipment and provision of consultancy services

The Group has a number of revenue transactions which are generally contracted with customers using purchase orders. There is generally one performance obligation for each order and the transaction price is specified in the order. Revenue is recognised at a point in time as the customer gains control of the products, which tends to be on delivery. There is no variable consideration.

Accounting for revenue is considered to be a key accounting judgement which is further explained in note 3.

(f) EBITDA and Adjusted EBITDA
Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Group. EBITDA is defined as profit before net finance costs, tax, depreciation and amortisation. Exceptional items and share based payment charges are excluded from EBITDA to calculate Adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

(g) Exceptional costs
The Group presents as exceptional costs on the face of the income statement, those significant items of expense, which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the underlying financial performance in the year, so as to facilitate comparison with prior years and assess trends in financial performance more readily.

(h) Foreign currency
Transactions in foreign currencies are translated into the Group's presentational currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

(i) Classification of instruments issued by the Group
Instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:
- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the items are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

(j) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased property is accounted for as a "right-of-use" asset under IFRS 16 Leases. The initial value of a right-of-use asset is determined by the value of the lease liability.

Depreciation

Depreciation is charged to profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Freehold property - 50 years straight line
Leasehold improvements - Over the life of the lease
Containers and racking - 4 years straight line
Plant and equipment - 6 years reducing balance or 15–25% straight line
Production tooling - 3 years straight line
Fixtures & fittings - 4 years straight line
Motor vehicles - 4 years reducing balance or straight line
Computer equipment - 4 years straight line

It has been assumed that all assets will be used until the end of their economic life.

(k) Intangible assets

Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable and are initially recognised at fair value. Other identified intangible assets include customer relationships and brands. These are amortised on a straight-line basis over the useful economic lives, which are estimated to be 3 and 10 years respectively.

Goodwill is stated at cost less any accumulated impairment losses. In cases where the fair value of the net identifiable assets exceeds the cost of acquisition, negative goodwill arises which is recorded immediately in the income statement. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and Product Development costs
Research costs are charged to the income statement in the year in which they are incurred and are presented within operating expenses. Internal development costs that are incurred during the development of significant and separately identifiable new technology are capitalised when the following criteria are met:

- It is technically feasible to complete the technological development so that it will be available for use;
- Management intends to complete the technological development and use or sell it;
- It can be demonstrated how the technological development will develop probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- Expenditure attributable to the technological product during its development can be reliably measured.

Capitalised development costs include costs of materials and direct labour costs. Internal costs that are capitalised are limited to incremental costs specific to the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred and presented within operating expenses, together with any amortisation which is charged to the income statement on a straight-line basis over the estimated useful lives of product development intangible assets of 2-5 years.

Computer software
Computer software purchased separately, that does not form an integral part of related hardware, is capitalised at cost.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives and is presented within operating expenses. The useful life of computer software is 3 years.

(l) Impairment
For goodwill that has an indefinite useful life, the recoverable amount is estimated annually. For other assets, the recoverable amount is only estimated when there is an indication that an impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(m) Inventories
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated on a first in first out basis and includes the cost of acquiring raw materials. Provision is made for any foreseeable losses where appropriate.

(n) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

(o) Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Leases
The Group has applied IFRS 16 for this set of financial statements. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

(q) Net financing costs
Net financing costs comprise interest payable and interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue using the effective interest method.

(r) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(s) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

(t) Financial instruments
Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on the Group's business model and the contractual cash flow characteristics of the financial asset. All financial assets of the Group are held at amortised cost.

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for 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 and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate. A loss allowance for expected credit losses on trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses . Lifetime expected credit losses are the expected credit losses that will result from all possible default events over the expected life of a financial instrument. This assessment is performed on a collective basis considering forward-looking information. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 120 days old.

Financial liabilities
Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Group's borrowings, finance leases, trade and most other payables fall into this category of financial instruments.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the year of the borrowings on an effective interest basis. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Financial derivatives
The Group uses derivative financial instruments to hedge its exposure to risks arising from operational activities, principally foreign exchange risk. In accordance with treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. The Group does not hedge account for these items. Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. At certain times the Group has foreign currency forward contracts that fall into this category.

(u) Contract assets
Contract assets represent the gross unbilled amount for contract work performed to date, calculated by way of units assembled using either the input or output method – refer policy (e). They are presented as part of "trade and other receivables" in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as "accruals and contract liabilities" in the balance sheet.

(v) Segmental reporting
The Group reports its business activities across each of the business entities and this is reported in a manner consistent with the internal reporting to the Board of Directors, which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-Executive Directors. Project performance is monitored by Offshore Wind and Subsea markets, but the Board does not measure profit or cash by market.

(w) Share capital
Share capital represents the nominal value of shares that have been issued.

(x) Share premium
Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(y) Merger reserve
The merger reserve was created as a result of the share for share exchange under which Tekmar Group plc became the parent undertaking prior to the IPO. Under merger accounting principles, the assets and liabilities of the subsidiaries were consolidated at book value in the Group financial statements and the consolidated reserves of the Group were adjusted to reflect the statutory share capital, share premium and other reserves of the Company as if it had always existed, with the difference presented as the consolidation reserve.

(z) Own shares held by ESOP trust
Transactions of the Group-sponsored ESOP trust are treated as being those of the Group and are therefore reflected in the financial statements. In particular, the trust's purchases and sales of shares in the Group are debited and credited to equity.

(aa) Retained earnings
Retained earnings includes all current and prior year retained profits and losses.

(ab) Government grants
Government grants are included within accruals and contract liabilities in the balance sheet and credit to the income statement over the expected useful lives of the assets to which they relate or in years to which the related costs are incurred.

(ac) Share based payments
The Group operates equity-settled share-based remuneration plans for certain employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

3. Critical accounting judgements and estimates

The preparation of the Group financial statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the Group financial statements.

(a) Critical judgements in applying the entity's accounting policies

Revenue recognition
Judgement is applied in determining the most appropriate method to apply in respect of recognising revenue over-time as the service is performed using either the input or output method. Further details on how the policy is applied can be found in note 2(e).

(b) Critical accounting estimates

Revenue recognition – stage of completion when using input method
Revenue on contracts is recognised based on the stage of completion of a project, which, when using the input method, is measured as a proportion of costs incurred out of total forecast costs. Forecast costs to complete each project are therefore a key estimate in the financial statements and can be inherently uncertain due to changes in market conditions.

For the partially complete projects in Tekmar Energy at year end if the percentage completion was 1% different to management's estimate the revenue impact would be £90,442. Within Subsea Innovation and Pipeshield International there were a number of projects in progress over the year end and a 1% movement in the estimate of completion would impact revenue in each by £28,854 and £38,287 respectively. However, the likelihood of errors in estimation is small, as the businesses have a history of reliable estimation of costs to complete and given the nature of production, costs to complete estimate are relatively simple.

Pipeshield International - valuation of intangibles
Accounting for the purchase price allocation on the Pipeshield International acquisition was a critical accounting estimate made during the year. In particular, deriving the value of the intangible assets acquired (£1,975,000) and goodwill attributed (£2,590,000) were critical estimates. The intangible assets relate to the value in the trade name and customer relationships, which were valued using the royalty relief method and the Multi-period excess earning method, respectively, based on forecast future cash flows assuming growth rates of 10%, discounted using a weighted average cost of capital of 9.6%. For each asset recognised, the discount rate would have to change to over 20% (with all other assumptions remaining the same) before there was a material difference in the valuation. However, if multiple assumptions changed reasonably at the same time then the impact on the valuation could be material. Furthermore, if these intangibles had not been identified as such, and instead the balance recognised as goodwill, profit for the year would have been higher by £221,000, which is the amortisation on the related Intangible Assets in the year.

4. Segmental Reporting

Management has determined the operating segments based upon the information provided to the Board of Directors which is considered the chief operation decision maker. The Group is managed and reports internally by business entity and has changed the composition of its reportable segments for the year ended 31 March 2020 to reflect this. All previous periods were reported as one reportable segment. Project performance is monitored by Offshore Wind and Subsea markets, but the Board does not measure profit or cash by market. All assets of the Group reside in the UK.

Major customers
In the year ended 31 March 2020 there were two major customers that individually accounted for at least 10% of total revenues (2019: three customers). The revenues relating to these in the year to 31 March 2020 were £11,079,395 (2019: £11,217,000). Included within this is revenue from multiple projects with different entities within each customer.

Analysis of revenue by region	**2020 £000**	2019 £000
UK & Ireland	**24,152**	10,483
Rest of the World	**16,791**	17,599
	40,943	28,082

Analysis of revenue by market	**2020 £000**	2019 £000
Offshore Wind	**25,706**	19,707
Subsea	**15,238**	8,375
	40,943	28,082

Revenue for the Offshore Wind market is reported separately from all other revenue, which reflects the focus of management on this key market. All other revenue is included in Subsea. Profit and cash are measured by business entity and the Board reviews this on the following basis.

	TEL 2020 £000	SIL 2020 £000	AEL 2020 £000	PIL 2020 £000	Group / Eliminations £000	**Total 2020 £000**
Revenue	27,515	8,833	3,026	3,143	(1,574)	**(40,943)**
Gross profit	7,702	2,004	1,506	1,060	-	**12,272**
% Gross profit	28%	23%	50%	34%	-	**30%**
Operating profit/(loss)	2,476	346	275	295	(1,347)	**2,045**
Analysed as:						
Adjusted EBITDA	3,888	503	390	382	(468)	**(4,695)**
Depreciation	(959)	(132)	(75)	(87)	-	**(1,253)**
Amortisation	(366)	(25)	-	-	(443)	**(834)**
Share based payments	(87)	-	(35)	-	(332)	**(454)**
Exceptional	-	-	(5)	-	(104)	**(109)**
Operating profit/(loss)	2,476	346	275	295	(1,347)	**2,045**
Profit after tax	2,394	340	217	388	(1,377)	**1,962**
Other information						
Reportable segment assets	32,086	8,100	1,810	4,586	17,089	**63,671**
Reportable segment liabilities	12,192	6,420	2,104	1,255	(4,276)	**17,695**

	TEL 2019 £000	SIL 2019 £000	AEL 2019 £000	PIL 2019 £000	Group / Eliminations £000	**Total 2019 £000**
Revenue	24,062	3,476	1,028	-	(485)	**28,082**
Gross profit	8,140	1,112	640	-	-	**9,892**
% Gross profit	34%	32%	62%	-	-	**35%**
Operating profit/(loss)	3,522	49	(8)	-	(657)	**2,905**
Analysed as:						
Adjusted EBITDA	4,626	163	8	-	36	**4,833**
Depreciation	(633)	(71)	(74)	-	-	**(808)**
Amortisation	(348)	(19)	-	-	(109)	**(476)**
Share based payments	(72)	-	(32)	-	(314)	**(418)**
Exceptional	(21)	(24)	90	-	(271)	**(226)**
Operating profit/(loss)	3,522	49	(8)	-	(657)	**2,905**
Profit after tax	3,682	152	(86)	-	(1,355)	**2,393**
Other information						
Reportable segment assets	28,392	5,012	817	-	19,217	**53,438**
Reportable segment liabilities	10,982	3,677	1,369	-	(5,407)	**10,621**

5. Employees and Directors

(a) Staff numbers and costs

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

	2020 (No)	2019 (No)
Directors	5	5
Sales	10	9
Administration	53	22
Technical	40	40
Direct labour	86	60
	194	136

Staff costs for the Group during the year were:

	2020 £000	2019 £000
Wages and salaries	7,100	4,399
Social security costs	754	520
Defined contribution pension cost (note 5 (d))	300	155
Share based payments	454	418
	8,608	5,492

(b) **Key management compensation**

Key management of the Group is considered to be the Board of Directors. Remuneration paid to the Directors is as follows:

	2020 £000	2019 £000
Short term benefits:		
Salaries including bonuses	497	1,754
Social security costs	62	235
Total short-term benefits	559	1,989
Post-employment benefits:		
Defined contribution pension plan	19	12
Total remuneration	578	2,002

No shares or share options were awarded in the year. No existing share options were exercised in the year.

Director remuneration	Basic salary / fees £000	Benefits £000	Bonus £000	Pension £000	2020 Total £000	2019 Total £000
Name of Director						
J Ritchie	204	-	-	10	214	1,332 (1)
S Hurst	143	-	-	7	150	307 (1)
A MacDonald	75	-	-	-	70	65
C Gill	45	-	-	-	45	35 (2)
J Brown	35	-	-	2	37	28 (2)

(1) payments in FY19 included one-off payments relating to the sale of shares allocated to executive directors during the IPO (J Ritchie £124k; S Hurst £161k). Additional bonus of £1m was paid to J Ritchie and was reimbursed to the company by the exiting private equity shareholders.
(2) part year only – appointed 20 June 2018.

Highest paid director
The aggregate remuneration of the highest paid director was £214,200 (2019: £1,332,000), which includes pension contributions of £10,000 (2019: £7,000). The number of directors accruing pension benefits under a defined contribution plan was three (2019: three).

6. Expenses by nature

	2020 £000	2019 £000
Research and development	298	298
Employee benefit expense	8,606	5,492
Amortisation (note 11)	834	476
Depreciation – leased (note 12)	380	292
Depreciation – owned (note 12)	872	516
Inventory recognised as an expense	21,029	15,112
Exceptional items	109	226
Other expenses	6,770	2,765
Total cost of sales and operating expenses	38,898	25,177

Exceptional items

Exceptional items in 2020 include:
- Deal related costs, principally professional fees.

Exceptional items in 2019 include:
- Deal related costs, principally professional fees; and
- Credit in respect of negative goodwill arising on the acquisition of Ryder Geotechnical Limited – see note 24.

7. Net finance costs

	2020 £000	2019 £000
Interest payable and similar charges		
On loan notes	-	144
On other loans	170	664
On preference shares classed as liabilities	-	258
Fair value movement on forward foreign exchange contracts	-	-
Total interest payable and similar charges	170	1,066
Interest receivable and similar income		
Fair value movement on forward foreign exchange contracts	(80)	(142)
Interest receivable	(4)	(5)
Total interest receivable and similar income	(84)	(147)
Net finance costs	86	919

Interest expense on lease liabilities was £25,534 (2019: £29,054).

8. Auditors Remuneration

During the year the Group obtained the following services from the Company's auditors at costs as detailed below:

	2020 £000	2019 £000
Fees payable to Company's auditor for the audit of the parent company financial statements	59	28
Fees payable to Company's auditor for other services:		
– The audit of Company's subsidiaries	26	26
– Tax compliance	41	21
– Other non-audit services	10	10
	136	85

9. Taxation

Analysis of credit in year	2020 £000	2019 £000
Current tax		
Current taxation charge for the year	55	-
Adjustments in respect of prior periods	(48)	(384)
Total current tax	7	(384)
Deferred tax		
Origination and reversal of timing differences	(10)	(23)
Adjustments in respect of prior periods	-	-
Total deferred tax	(10)	(23)
Tax on profit on ordinary activities	(3)	(407)
Profit on ordinary activities before tax	1,959	1,986
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2018: 19%)	372	377
Effects of:		
Non-deductible expenses	147	178
Non-taxable income	(208)	(55)
Enhanced R&D tax relief	(419)	(373)
Impact of unrecognised deferred tax assets	162	(145)
Effect of change in rates	(10)	(5)
Adjustments in respect of previous periods	(48)	(384)
Total taxation credit	(3)	(407)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). The decision for the UK corporation tax rate to remain at 19% (effective from 1 April 2020) instead of a reduction to 17% was substantively enacted on 17 March 2020. As a result, deferred tax balances have been measured at the effective rate of 19%.

Our expectation is that the Group will continue to benefit from incentives, such as Patent box, and this will lead to an effective tax rate that is lower than the main rate of corporation tax for future years.

10. Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue. Diluted earnings per share are calculated by including the impact of all conditional share awards.

The calculation of basic and diluted loss per share is based on the following data:

Earnings £000	**2020**	2019
Earnings for the purposes of basic and diluted earnings per share being profit/(loss) for the year attributable to equity shareholders	**1,962**	2,393
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	**50,961,405**	50,351,745
Weighted average dilutive effect of conditional share awards	**1,625,000**	1,336,986
Weighted average number of shares for the purposes of diluted earnings per share	**52,586,405**	51,688,732
Profit per ordinary share (pence)		
Basic profit per ordinary share	**3.85**	4.75
Diluted profit per ordinary share	**3.73**	4.63

Adjusted earnings per ordinary share (pence)*	**5.79**	6.21
The calculation of adjusted earnings per share is based on the following data:	**2020 £000**	2019 £000
Profit for the period attributable to equity shareholders	**1,962**	2,393
Add back:		
Amortisation on acquired intangible assets	**443**	109
Exceptional costs	**109**	226
Share based payment on IPO and SIP at Admission	**454**	418
Tax effect on above	**2**	-
Adjusted earnings	**2,970**	3,146
Number of shares in issue at year end	**51,261,685**	50,687,852

*Adjusted earnings per share is calculated as profit for the period adjusted for amortisation as a result of business combinations, exceptional items, share based payments and the tax effect of these at the effective rate of corporation tax, divided by the closing number of shares in issue at the Balance Sheet date. This is the measure most commonly used by analysts in evaluating the business' performance and therefore the Directors have concluded this is a meaningful adjusted EPS measure to present.

11. Goodwill and other intangibles

	Goodwill £000	Software £000	Product development £000	Trade name £000	Customer relationships £000	Total £000
COST						
As at 1 April 2018	23,471	151	1,229	-	-	**24,851**
On acquisition	234	25	-	738	446	**1,443**
Additions	-	93	772	-	-	**865**
Disposals	-	(88)	-	-	-	**(88)**
As at 31 March 2019	23,705	181	2,001	738	446	**27,071**
On acquisition	2,587	-	-	551	1,424	**4,562**
Additions	-	89	640	-	-	**729**
Disposals	-	-	-	-	-	**-**
As at 31 March 2020	26,292	270	2,641	1,870	1,289	**32,362**
AMORTISATION AND IMPAIRMENT						
As at 1 April 2018	4,109	130	607	-	-	**4,846**
Charge for the year	-	36	331	36	73	**476**
Eliminated on disposal	-	(88)	-	-	-	**(88)**
As at 31 March 2019	4,109	78	938	36	73	**5,234**
Charge for the year	-	10	381	97	346	**834**
Eliminated on disposals	-	-	-	-	-	**-**
As at 31 March 2020	4,109	88	1,319	133	419	**6,068**
NET BOOK VALUE						
As at 31 March 2018	19,362	21	622	-	-	**20,005**
As at 31 March 2019	19,596	103	1,063	702	373	**21,837**
As at 31 March 2020	22,183	182	1,322	1,156	1,451	**26,294**

The remaining amortisation periods for software and product development are 6 months to 48 months (2019: 6 months to 36 months).

The goodwill, brand and customer relationships additions in the year relates to the acquisition of Pipeshield International Limited as set out in note 24.

Goodwill has been tested for impairment. The method, key assumptions and results of the impairment review are detailed below:

Goodwill is attributed to the CGU being the business entity in which the goodwill has arisen. The Group has four CGUs and the goodwill related to each CGU as disclosed below.

Goodwill	2020 £000	2019 £000
Tekmar Energy	**19,362**	19,362
Subsea Innovation	**234**	234
Pipeshield International	**2,590**	-
AgileTek Engineering	**-**	-

Goodwill was all allocated to one CGU last year and this has now changed following various acquisitions. Goodwill has been tested for impairment by assessing the value in use of the cash generating unit. The value in use calculations were based on projected cash flows in perpetuity. Budgeted cash flows for 2020 to 2023 were used. These were based on a three-year forecast with growth in year one of between 20% and 40% built up from the detailed budget setting process, and target growth rates of 15% applied for the following two years. Subsequent years were based on a reduced rate of growth of 2.0% into perpetuity.

These growth rates are based on past experience and market conditions and discount rates are consistent with external information. The growth rates shown are the average applied to the cash flows of the individual cash generating units and do not form a basis for estimating the consolidated profits of the Group in the future.

The discount rate used to test the cash generating units was the Group's pre-tax WACC of 9.3%. The goodwill impairment review has been tested against a reduction in EBITDA by 80% versus the original budget.

The value in use calculations described above, together with sensitivity analysis, indicate ample headroom and therefore do not give rise to impairment concerns. Having completed the impairment reviews no impairments have been identified. Management does not consider that there is any reasonable downside scenario which would result in an impairment.
All amortisation charges have been treated as an expense and charged to cost of sales and operating costs in the income statement.

12. Property, Plant and Equipment

	Freehold property £000	Leasehold improvements £000	Containers & racking £000	Plant & equip £000	Fixtures & fittings £000	Production tooling £000	Motor Vehicles £000	Computer Equipment £000	Right of use asset £000	Total equity £000
COST										
As at 1 April 2018	-	878	1,135	1,899	-	1,082	11	367	-	**5,372**
Arising on acquisition	2,760	-	-	234	-	-	-	-	-	**2,994**
Right of use asset adjustment	-	-	-	-	-	-	-	-	2,360	**2,360**
Additions	-	41	13	176	-	600	-	60	106	**996**
Disposals	-	-	(30)	(3)	-	-	-	-	(97)	**(130)**
As at 31 March 2019	2,760	919	1,118	2,306	-	1,682	11	427	2,369	**11,592**
Arising on acquisition	576	1	-	151	-	-	-	5	-	**733**
Additions	-	1	86	244	21	632	-	61	316	**1,361**
Disposals	(450)	-	(63)	-	-	-	-	-	-	**(513)**
As at 31 March 2020	2,886	921	1,141	2,701	21	2,314	11	493	2,685	**13,173**
DEPRECIATION										
As at 1 April 2018	-	818	1,113	913	-	836	11	280	-	**3,971**
Right of use asset adjustment	-	-	-	-	-	-	-	-	1,439	**1,439**
Charge for the year	20	50	16	194	-	188	-	48	292	**808**
Disposals	-	-	(30)	-	-	-	-	-	(97)	**(127)**
As at 31 March 2019	20	868	1,099	1,107	-	1,024	11	328	1,634	**6,091**
Charge for the year	50	36	17	277	1	450	-	41	380	**1,253**
Eliminated on disposal	-	-	(63)	-	-	-	-	-	-	**(63)**
As at 31 March 2020	70	904	1,053	1,384	1	1,474	11	369	2,014	**7,281**
NET BOOK VALUE										
As at 31 March 2018	-	60	22	986	-	246	-	87	-	**1,401**
As at 31 March 2019	2,740	51	19	1,199	-	658	-	99	735	**5,501**
As at 31 March 2020	2,816	17	88	1,317	20	840	-	123	671	**5,892**

Depreciation charges are allocated to cost of sales and operating expenses in the income statement. The carrying value of the right of use asset relates to property leases.

13. Investments

Principal subsidiary undertakings of the Group
Details of the investments in which the Group holds 20 per cent. or more of the nominal value of any class of share capital are as follows:

	Class of share capital held	Proportion held by parent company	Proportion held by Group
Tekmar Limited	Ordinary	100%	100%
Tekmar Holdings Limited	Ordinary	-	100%
Tekmar EBT Limited	Ordinary	-	100%
Subsea Innovation Limited	Ordinary	100%	100%
Tekmar Energy Limited	Ordinary	-	100%
Pipeshield International Limited	Ordinary	100%	100%
Tekmar Polyurethanes Limited	Ordinary	-	100%
Tekmar GmbH	Ordinary	-	100%
AgileTek Engineering Limited	Ordinary	-	100%
Ryder Geotechnical Limited	Ordinary	-	80%
Tekmar Marine Technology Company Limited	Ordinary	-	100%

All the companies listed above are incorporated in England and Wales, and have a registered address of Unit 1, Park 2000, Millennium Way, Aycliffe Business Park, Newton Aycliffe, County Durham DL5 6AR with the following exceptions::

Company / Country of Incorporation / Address
Subsea Innovation Limited / England / Innovation House, Centurion Way Darlington DL3 0UP.
Pipeshield International Limited / England / 4 Quay View Business Park, Barnards Way, Lowestoft, Suffolk NR32 2HD.
Tekmar GmbH / Germany / Möllneyer Ufer 17, 45257 Essen, Germany.
Tekmar Marine Technology Company Limited / China / Room 301,3F,No.1271 West Beijing Road, Jingan District, Shanghai, China.

There are no restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group's subsidiaries. The principal activities of these undertakings for the last relevant financial period were as follows:

Company	Principal activity
Tekmar Limited	Holding of shares in subsidiary companies and the management thereof.
Tekmar Holdings Limited	Holding of shares in subsidiary companies and the management thereof.
Tekmar EBT Limited	Corporate trustee for an employee benefit trust established to facilitate employee share ownership.
Subsea Innovation Limited	Design and manufacture of equipment for the offshore subsea industry.
Tekmar Energy Limited	Design and manufacture of subsea protection solutions for use in offshore subsea industry.
Pipeshield International Limited	Design and manufacture of subsea asset protection.
Tekmar Polyurethanes Limited	Dormant.
Tekmar GmbH	Investment.
AgileTek Engineering Limited	Engineering consulting for subsea environments.
Ryder Geotechnical Limited	Geotechnical consulting for subsea environments.
Tekmar Marine Technology Company Limited	Sales and project management for Asia Pacific region.

14. Inventories

	2020 £000	2019 £000
Raw materials	**2,182**	1,761
Finished goods	**354**	153
	2,536	1,914

There is no difference between the carrying value and net realisable value of the above inventory items.

15. Trade and other receivables

	2020 £000	2019 £000
Amounts falling due within one year:		
Trade receivables not past due	**9,049**	3,279
Trade receivables past due (1-30 days)	**509**	1,204
Trade receivables past due (over 30 days)	**296**	258
Trade receivables net	**9,854**	4,741
Contract assets	**14,969**	13,515
Other debtors	**1,261**	693
Prepayments and accrued income	**593**	441
Derivative financial assets	**142**	147
	26,819	19,537

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are assessed by management for credit risk and are considered past due when a counterparty has failed to make a payment when that payment was contractually due. Management assesses trade receivables that are past the contracted due date by up to 30 days and by over 30 days.

The carrying amounts of the Group's trade and other receivables are all denominated in GBP. The derivative financial asset relates to forward foreign currency contracts.

There have been no provisions for impairment against the trade and other receivables noted above. The Group has calculated the expected credit losses to be immaterial.

16. Cash and Cash Equivalents

	2020 £000	2019 £000
Cash and cash equivalents		
Cash at bank and in hand	2,130	4,190

Cash and cash equivalents were held in the following currencies:

	2020 £000	2019 £000
UK Pound	2,077	3,778
Euro	18	411
Other	35	1
	2,130	4,190

17. Trade and other payables

	2020 £000	2019 £000
Current		
Trade payables	7,597	6,187
Tax and social security	545	212
Accruals and contract liabilities	7,868	2,996
	16,010	9,395

The fair value of financial liabilities approximates to their carrying value due to short maturities. All trade and other payables were held in GBP. Accruals and contract liabilities includes £2.75m in relation to deferred consideration on the Pipeshield acquisition (see note 24).

	2020 £000	2019 £000
Non-current		
Accruals and contract liabilities	355	358
	355	358

18. Borrowing

	2020 £000	2019 £000
Current		
Lease liability	504	378
	504	378
Non-current		
Lease liability	310	487
	310	487
Amount repayable		
Within one year	505	378
In more than two years but less than three years	202	367
In more than three years but less than four years	45	120
In more than four years but less than five years	41	-
In more than five years	21	-
	814	865

The above carrying values of the borrowings equate to the fair values.

	2020 (%)	2019 (%)
Average interest rates at the balance sheet date		
Lease liability	3.25	3.25

Lease liability
This represents the lease liability recognised under IFRS 16. The assets leased are shown as a right of use asset within Property, plant and equipment (note 12) and relate to the buildings from which the Group operates.
The asset and liability have been calculated using a 3.25% discount rate.
These leases are due to expire between December 2020 and September 2024.

Cash flows from financing activities
An analysis of cash flows from financing activities is provided as follows:

	Lease liabilities £000
Balance at 1 April 2019	865
Changes from financing cash flows	
Payment of lease liabilities	(355)
Total changes from financing cash flows	(355)
Changes arising from obtaining control of subsidiaries	48
Other changes	
New leases	256
Total other changes	256
Balance at 31 March 2020	814

19. Deferred Tax

	2020 £000	2019 £000
Asset at start of year	(3)	177
Credit to income statement	10	23
Credit on share based payments	6	31
Arising on acquisition	(482)	(234)
Liability at end of year	(469)	(3)

The deferred tax liability relates to the following:

	2020 £000	2019 £000
Accelerated capital allowances on property, plant & equipment	(34)	141
On intangible assets	(420)	(183)
On share based payments	31	90
Other timing differences	(46)	(51)
	(469)	(3)

Other timing difference relate to the deferred tax liability arising on the property revaluation.

In addition to the deferred tax liability above, the Group has additional unrecognised gross tax losses of £3,941,000 (2019: £2,929,000), hence an unrecognised deferred tax asset of £749,000 (2019: £498,000). These assets remain unrecognised as there is expected to be sufficient relief available in the businesses that hold the losses to mean it is unlikely that the losses will be used over the medium term and therefore the benefit derived from them is too uncertain to warrant recognition of an asset.

20. Financial Instruments and Financial Risk Management

Financial risk management
The Group uses various financial instruments. These have historically included cash, forward foreign exchange contracts, issued equity instruments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments are to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk
Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. The Group's policies for managing interest rate risk are set out in the subsection entitled "interest rate risk" below.

Currency risk
The Group contracts with certain customers in Euros and manages this foreign currency risk using forward foreign exchange contracts which match the expected receipt of foreign currency income. As at 31 March 2020 this covers the period up to May 2021 (As at 31 March 2019 the period to September 2019).

The table below shows the EBITDA impact (excluding any changes in the fair value of derivatives) if there had been a 5% difference in the year end £:€ exchange rate:

	2020 £000	2019 £000
+5%	(488)	(224)
-5%	539	247

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

The Group policy throughout the period has been to ensure continuity of funding. Short-term flexibility is achieved by bank overdraft facilities.

The table below analyses the group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2020	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Borrowings	468	199	106	-
Forward foreign exchange contracts	-	-	-	-
Trade and other payables	7,597	-	-	-

At 31 March 2019	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Borrowings	399	380	125	-
Forward foreign exchange contracts	-	-	-	-
Trade and other payables	6,187		-	

Interest rate risk
The Group finances its operations through a mixture of retained profits and bank borrowings. The Directors' policy to manage interest rate fluctuations is to regularly review the costs of capital and the risks associated with each class of capital, and to maintain an appropriate mix between fixed and floating rate borrowings.

Credit risk
The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The Directors consider that the Group's trade receivables were not impaired for the year ended 31 March 2020 or 2019 and no provision for credit losses was made. See note 15 for further information on financial assets that are past due.

Summary of financial assets and liabilities by category
The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2020 £000	2019 £000
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	26,084	18,949
Cash and cash equivalents	2,130	4,190
Financial assets measured at fair value through profit or loss		
Forward foreign exchange contracts	142	147
	28,356	23,286
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Forward foreign exchange contracts		-
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings	(310)	(487)
Current:		
Borrowings	(504)	(378)
Trade and other payables	(7,597)	(6,187)
	(8,411)	(7,052)
Net financial assets and liabilities	19,945	16,234
Non-financial assets and liabilities		
Plant, property and equipment	5,892	5,501
Goodwill	22,183	19,596
Other intangible assets	4,111	2,241
Inventory	2,536	1,914
Prepayments and accrued income	593	441
Deferred tax	(469)	(3)
Accruals and contract liabilities - current	(7,868)	(2,996)
Accruals and contract liabilities - non-current	(355)	(358)
Tax and social security	(545)	(212)
Corporation tax	(47)	459
	26,031	26,583
Total equity / (deficit)	45,976	42,817

Financial instruments carried at fair value include forward foreign exchange contracts which are valued using Level 2 inputs in accordance with IFRS 13.

Capital risk management
The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the Board based on the requirements of the business. Capital for the reporting period under review is shown as total equity in the table on page 112.

21. Share Capital

Nominal value	Ordinary shares £0.01 (Number)	Ordinary Share Total (£)
On incorporation on 25 May 2018	1	-
At 31 March 2019	50,687,852	506,878
Issued during the year	573,833	5,738
At 31 March 2020	51,261,685	512,617

The Company issued 573,833 shares of £0.01 were issued on 9 October 2020 at a value of £750,000 in respect of the acquisition of Pipeshield International Limited.

22. Related Party Transactions

The directors consider there to be no ultimate controlling party following Admission in June 2018. During the prior year, related parties included representatives of major shareholder, Elysian Capital LLP and parent and intermediate parent entities ultimately owned by the same shareholders. Related party balances with the Company are as follows:

Interest arising from transactions with previous shareholders totalled £nil (2019: £1,066,000).

Tekmar Energy Limited rents a property from a business owned by Gary Ritchie-Bland, father of James Ritchie. Costs relating to this rental during the year were £120,000 (2019: £90,000).

Key management compensation is given in note 5 (b).

23. Share based payments

During the year the Group operated four equity-settled share-based payment plans as described below.

The Tekmar Group plc IPO Plan ("IPO Plan")
As part of the admission to trading on AIM in June 2018, the Group granted a total of 1,750,000 share options to key executives. All of the options granted are subject to service conditions, being continued employment with the Group until the end of the vesting period. The options include certain performance conditions which must be met, based upon earnings per share and total shareholder return targets for the financial year ending March 2020. The awards became exercisable on 20 June 2020 to the extent that the performance conditions have been satisfied. The options were granted with an exercise price equal to the nominal value of the share (£0.01).

The Tekmar Group plc Long Term Incentive Plan ("LTIP")
The LTIP is a discretionary executive share plan under which the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees nil or nominal cost options, options with a market value exercise price, conditional or restricted awards. All employees are eligible for selection to participate in the plan. No awards have been granted under the LTIP.

The Tekmar Group Share Incentive Plan ("SIP")
The SIP is an all-employee ownership plan under which eligible employees may be awarded free and/or matching shares. The SIP operates through a UK-resident trust (the "SIP Trust"). On 13 September 2018 the Company issued 42,691 shares of £0.01 each in the Company. The shares will be held in trust for a minimum holding period of 3 years and there is a forfeiture period of 3 years during which employees who participated in the SIP will lose their Award if they resign or are dismissed from their employment.

The Tekmar Group plc Save as you earn Plan ("SAYE")
The SAYE is an all-employee ownership plan under which eligible employees are invited to subscribe for options over the Company's shares which may be granted at a discount of up to 20%. On 31 March 2020 the Company launched the SAYE plan and options over 428,983 shares were granted to 52 staff. There is a forfeiture period of 3 years during which employees who participated in the SAYE will lose their award if they resign or are dismissed from their employment.

A summary of the options granted is shown in the table below:

Plan	1 April 2019	Granted in the period	30 March 2020 share options outstanding	Vesting period	Exercise period
IPO Plan	**1,625,000**	**-**	**1,625,000**	**2 years**	**10 years**
SIP	**42,691**	**-**	**42,691**	**3 years**	**10 years**
SAYE	**-**	**428,983**	**428,983**	**3 years**	**10 years**

The Group has recognised a total expense of £454,000 (2019: £418,000) in respect of equity-settled share-based payment transactions in the year ended 31 March 2020. No options were exercised during the period.

Valuation model inputs
The key inputs to the Black-Scholes-Merton and Monte Carlo simulation models for the purposes of estimating the fair values of the share options granted in the year are as follows:

	Grant Date	Share price on date of grant	Expiry Date	Expectation of meeting performance criteria
IPO Plan	**20 June 2018**	**130.00**	**20 June 2028**	**75%**
SIP	**13 September 2018**	**161.50**	**13 September 2028**	**80%**
SAYE	**31 March 2020**	**83.00**	**31 March 2030**	**61%**

24 . Business Combinations

On 9 October 2019, the Company acquired the entire share capital of Pipeshield International Ltd for an initial cash payment of £3,000,000, other consideration of £674k, shares in the Group of £750,000 and deferred consideration of £2,750,000. Other consideration is for assets, including a property, in Pipeshield that were immediately sold to the vendor for an equivalent sum post acquisition. There was no cashflow impact of this transaction and the net effect leaves an receivables balance in Pipeshield which eliminates on consolidation.

Pipeshield International Limited are experts in subsea asset protection providing specialised equipment to support, protect and stabilise all kinds of subsea installations world-wide.

Consideration as at 09 October 2019	£000
Cash	3,000
Other consideration	674
Shares	750
Deferred consideration to be settled	2,750
Total consideration	7,174

For cash flow disclosure purposes, the amounts are disclosed as follows:

Cash consideration	3,000
	3,000

Recognised amounts of identifiable assets acquired and liabilities assumed	Fair value £000
Assets	
Property, plant and equipment	733
Investments	24
Other intangibles - customer relationships	1,424
Other intangibles - brand	551
Trade and other receivables	2,444
Inventories	109
Cash and cash equivalents	1,361
	6,646
Liabilities	
Corporation tax payable	(242)
Trade and other payables	(1,338)
Deferred tax liabilities	(482)
	(2,062)
Total identifiable assets	4,584
Goodwill	2,590
Total	7,174

Pipeshield International Limited contributed £3,142,677 to revenue and £290,216 to profit before tax for the period from 9 October 2019 to 31 March 2020.

The fair value adjustments reflect finalisation of the purchase price allocation and presentation of the identified other intangible assets of customer relationships and brand, with the associated deferred tax liability provided.

On 20 September 2018, the Company acquired the entire share capital of Subsea Innovation Limited for an initial cash payment of £65,923, shares in the Group of £1,000,000 and contingent consideration of £1,000,000. The contingent consideration was payable on achieving target profitability within the business, which was achieved and the consideration paid to the vendor in January 2020.

Consideration	£000
Cash	66
Shares	1,000
Consideration paid in January 2020	1,000
Total consideration	2,066

Recognised amounts of identifiable assets acquired and liabilities assumed	Fair value £000
Assets	
Property, plant and equipment	2,994
Other intangibles - software	25
Other intangibles - customer relationships	446
Other intangibles - brand	738
Trade and other receivables	303
Inventories	248
	4,754
Liabilities	
Borrowings - overdraft	(115)
Trade and other payables	(671)
Directors Loan Account	(1,423)
Borrowings	(348)
Deferred tax liabilities	(234)
Provisions	(131)
	(2,922)
Total identifiable assets	1,832
Goodwill	234
Total	2,066

The fair value adjustments reflect:

- Uplift in the valuation of freehold property to fair value;
- Finalisation of the purchase price allocation and presentation of the identified other intangible assets of customer relationships and brand, with the associated deferred tax liability provided; and
- Settlement of certain liabilities on acquisition.

On 28 March 2019, the Group acquired 80% of the share capital of Ryder Geotechnical Limited for a cash payment of £2. Ryder Geotechnical Limited is involved in geotechnical consulting for subsea environments.

Consideration	**£000**
Cash	**-**
Total consideration	**-**

Recognised amounts of identifiable assets acquired and liabilities assumed	**Fair value £000**
Assets	
Property, plant and equipment	**11**
Trade and other receivables	**90**
Cash and cash equivalents	**13**
	114
Liabilities	
Trade and other payables	**(14)**
Borrowings	**(5)**
	(19)
Total identifiable assets	**95**
Gain on bargain purchase	**(95)**
Total	**-**

25. Post Balance Sheet Events

Other than the impact of COVID-19 there has been no significant change in the financial or trading position of the Group or Company since 31 March 2020, to the date of the approval of these financial statements.

Parent Company Balance Sheet

as at 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Investments	3	49,776	42,484
Deferred tax assets		60	67
Trade and other receivables	4	15,869	15,869
Total non-current assets		65,705	58,420
Current assets			
Trade and other receivables	4	5,320	4,062
Cash at bank and in hand		-	3,848
Total current assets		5,320	7,910
Total assets		71,025	66,330
Equity and liabilities			
Share capital		513	507
Share premium		64,100	64,100
Merger relief reserve		1,738	993
Retained earnings		(871)	(468)
Total equity		65,480	65,132
Current liabilities			
Other loans and borrowings	5	535	-
Trade and other payables	6	5,010	1,198
Total current liabilities		5,545	1,198
Total liabilities		5,545	1,198
Total equity and liabilities		71,025	66,330

The Parent Company financial statements were approved by the Board of Directors on 31 July 2020 and were signed on its behalf by:

S Hurst
Chief Financial Officer & Company Secretary
Company registered number: 11383143

Parent Company Statement of Changes in Equity

as at 31 March 2020

	Share capital £000	Share premium £000	Merger relief reserve £000	Retained earnings £000	Total equity £000
On incorporation on 25 May 2018	-	-	-	-	-
Loss for the year	-	-	-	(836)	(836)
Total comprehensive expense for the year	-	-	-	(836)	(836)
Issue of shares on IPO	500	64,500	-	-	65,000
Expenses of the IPO	-	(400)	-	-	(400)
Issue of shares post IPO	7	-	993	-	1,000
Share based payments	-	-	-	368	368
Total transactions with owners, recognised directly in equity	507	64,100	993	368	65,968
Balance at 31 March 2019	507	64,100	993	(468)	65,132
Loss for the year	-	-	-	(850)	(850)
Total comprehensive expense for the year	-	-	-	(850)	(850)
Issue of shares	6	-	745	-	751
Share based payments	-	-	-	447	447
Total transactions with owners, recognised directly in equity	6	-	745	447	1,198
Balance at 31 March 2020	513	64,100	1,738	(871)	65,480

Notes to the parent company financial statements for the year ended 31 March 2020

1. Significant Accounting Policies

Basis of preparation
Tekmar Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Unit 1, Park 2000, Millennium Way, Aycliffe Business Park, Newton Aycliffe, County Durham, DL5 6AR. The registered company number is 11383143.

The principal activity of the Company and its subsidiaries (together the "Group") is that of design, manufacture and supply of subsea cable, umbilical and flexible protection systems operating across the Offshore Wind, Oil & Gas and other energy sectors, including associated subsea engineering services.

Reporting framework
The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"), on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK. The principal accounting policies are set out below. The following exemptions from the requirements in IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1 "Presentation of Financial Statements"
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 11 (cash flow statement information); and
  - 134-136 (capital management disclosures)
- IFRS 7 "Financial Instruments : Disclosures";
- IAS 7 "Statement of Cash Flows";
- IAS 24 (paragraphs 17 and 18a) "Related Party Disclosures" (key management compensation); and
- IAS 24 "Related Party Disclosures" – the requirement to disclose related party transactions between two or more members of a group.

As the Group financial statements include the equivalent disclosures, the Company has taken the exemptions available under FRS 101 in respect of the following disclosures;

- IFRS 2 "Share-based Payments" in respect of Group settled equity share-based payments; and
- Certain disclosures required by IFRS 13 "Fair Value Measurement" and disclosures required by IFRS 7 "Financial Instruments : Disclosures"

Parent Company profit and loss account
The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the period was £0.850m (2019: £0.836m)

Dividend distribution
The distribution of a dividend to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which it is approved by the Company's shareholders.

Investment in subsidiary undertakings
Investments in Group undertakings are stated at cost, unless their value has been impaired in which case they are valued at the lower of their realisable value or value in use.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the Group financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. No timing differences are recognised in respect of revalued tangible fixed assets or fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset. The deferred tax assets and liabilities are not discounted.

Share-based payments
The Group operates equity-settled share-based remuneration plans for certain employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

The fair value determined at the grant date of equity-settled share-based payments issued to employees of subsidiary undertakings is recognised as an addition to the cost of investment in subsidiary undertakings on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Employer social security contributions payable in connection with the grant of share awards are considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Financial assets

Classification
The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables, including amounts owed by related entities.

Impairment of financial assets
Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial liabilities
The Company initially recognises its financial liabilities at fair value net of transaction costs where applicable and subsequently they are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables, amounts owed to Group undertakings, other liabilities and accruals and deferred income and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other liabilities include payments in advance from customers and rebates.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Critical accounting estimates
The preparation of the Parent Company financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the Group financial statements..

(a) Critical judgements in applying the entity's accounting policies

Share based payments
The weighted average fair value of equity options granted is determined using various fair value models, including Black-Scholes-Merton and Monte Carlo models. The Group makes assumptions in identifying the appropriate inputs significant as disclosed within note 24 to the Group financial statements. The assumptions are subject to estimation and are considered for reasonableness at each balance sheet date.

(b) Critical accounting estimates

Impairment of non-current assets
The carrying amount of the Company's investments in subsidiaries £49,776,000 as at 31 March 2020 (2019: £42,484,000). The Directors have carried out an impairment review in accordance with the accounting policies. The forecast cash generation for each Cash Generating Unit ("CGU") and the Weighted Average Cost of Capital ("WACC") represent significant assumptions.

The cash flows are based on a three year forecast with growth at 15%. Subsequent years are based on a reduced growth rate of 2.0% into perpetuity.

The discount rate used was the Group's pre-tax WACC of 9.3%.

The value in use calculations performed for the impairment review, together with sensitivity analysis using reasonable assumptions, indicate ample headroom for the investments in Subsea Innovations Limited and Pipeshield International Limited and therefore do not give rise to impairment concerns. There is lower headroom on the investment in Tekmar Limited (see disclosures in note 3 for further details). Having completed the impairment reviews no impairments have been identified. Management does not consider that there is any reasonable downside scenario which would result in an impairment.

2. Remuneration of Directors and Auditors

Details of Directors' remuneration are shown in the Directors' Remuneration Report on page 60 of the Group financial statements. Details o f auditor remuneration are shown in note 8 of the Group financial statements.

3. Investments in subsidiary undertakings

	£000
Cost and carrying amount	
On incorporation	**-**
Additions	**42,484**
At 31 March 2019	**42,484**
Additions	**7,292**
At 31 March 2020	**49,776**

At the year-end management reviewed the carrying value of the Investments for Impairment. The investment relates to 3 companies being Tekmar Limited (which owns Tekmar Energy Limited and Agiletek Engineering Limited), Subsea Innovation Limited and Pipeshield International Limited. The recoverable amount has been determined based on value in use calculations. The value in use calculations were based on projected cash flows in perpetuity. Budgeted cash flows for 2020 to 2023 were used. These were based on a three-year forecast with growth in year one built up from the detailed budget setting process, and target growth rates of 15% applied for the following two years. Subsequent years were based on a reduced rate of growth of 2.0% into perpetuity.

These growth rates are based on past experience and market conditions and discount rates are consistent with external information. The growth rates shown are the average applied to the cash flows of the individual cash generating units and do not form a basis for estimating the consolidated profits of the Group in the future.

The discount rate used to test the cash generating units was the Group's pre-tax WACC of 9.3%.

The value in use calculations described above, together with sensitivity analysis, indicate ample headroom for the investments in Subsea Innovation Limited and Pipeshield International Limited and therefore do not give rise to impairment concerns.

The value in use calculations described above for Tekmar Limited indicated that the recoverable amount was £2.2M in excess of the carrying value of the investment. Using the same discount rate, the expected growth rate in PAT would need to reduce to 7% before an impairment of the carrying value of the investment would be required. Equally the discount rate would need to increase by 4% before the carrying value would be impaired. However, if multiple assumptions changed reasonably at the same time then a material impairment could be required.
Having completed the impairment reviews no impairments have been identified.

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings:
Details of the investments in which the Company holds 20 per cent or more of the nominal value of any class of share capital are as follows:

	Class of share capital held	Proportion held by parent company	Carrying Value
Tekmar Limited	Ordinary	100%	40,536
Subsea Innovation Limited	Ordinary	100%	2,066
Pipeshield International Limited	Ordinary	100%	7,174

All the companies listed above are incorporated in England and Wales and have a registered address of:

Company / Address

Tekmar Limited / Unit 1, Park 2000, Millennium Way, Aycliffe Business Park, Newton Aycliffe, County Durham DL5 6AR
Subsea Innovation Limited / Innovation House, Centurion Way Darlington DL3 0UP
Pipeshield International Limited / 4 Quay View Business Park, Barnards Way, Lowestoft, Suffolk NR32 2HD

Company	**Principle Activity**
Tekmar Limited	Holding of shares in subsidiary companies and the management thereof
Subsea Innovation Limited	Design and manufacture of equipment for the offshore oil and gas industry
Pipeshield International Limited	Design and manufacture of subsea asset protection

4. Trade and other receivables

	2020 £000	2019 £000
Amounts owed by Group undertakings - non-current	15,589	15,869
Amounts owed by Group undertakings - current	5,248	4,054
Prepayments and accrued income	72	8
	21,189	19,931

All of the amounts owed by Group undertakings shown above are repayable on demand and attract interest at rates between 0% and 3%. No expected credit losses are recognised on intercompany receivables as they are assessed to be immaterial.

5. Borrowings

	2020 £000	2019 £000
Current		
Bank overdraft	535	-
	535	-
Amount repayable		
Within one year	535	-
	535	-

The above carrying values of the borrowings equate to the fair values. Overdraft facility is provided at interest rate of 3.75% over base rate pa and is available the Company until 4 January 2021.

6. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	93	8
Amounts due to group undertakings	2,007	23
Other taxation and social security	84	83
Accruals and deferred income	76	84
Deferred consideration	2,750	1,000
	5,010	1,198

All of the amounts owed to Group undertakings shown above are repayable on demand. Deferred consideration relates to the Pipeshield acquisition. A payment of £1.5m was paid on 9 April 2020 and a payment of £1.25m is due to be paid on 9 October 2020.

7. Share Capital

Details of movements in shares are set out in note 22 to the Group financial statements.

8. Related party transactions

The Company has taken advantage of the exemption included in IAS 24 'Related Party Disclosures' not to disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a Group whose accounts are publicly available.

Directors' transactions

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Report.

9. Share-based payments

The Company operates a number of share option arrangements for key executives and employees, further details of which can be found in note 24 to the Group financial statements. Further details of the arrangements for senior executives can be found in the Directors' Remuneration Report in the Group financial statements.

The Company recognised total expenses of £332,000 in respect of the equity-settled share-based payment transactions in the year ended 31 March 2020 (2019 £313,000).

10. Post balance sheet events

Other than the impact of COVID-19 there has been no significant change in the financial or trading position of the Group or Company since 31 March 2020, to the date of the approval of these financial statements.

Annual General Meeting

The AGM will be held at 10am on 30 September 2020 at Tekmar, Park 2000, Millennium Way, Newton Aycliffe DL5 6AR. The Notice of Meeting will be separately distributed to shareholders.

Advisors

Nominated Advisor
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Auditor & Tax advisors
KPMG LLP
Quayside House
110 Quayside
Newcastle Upon Tyne NE1 3DX

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing Business Park
West Sussex BN99 6DA

Investor Relations
Belvedere Communications Limited
Enterprise House
1-2 Hatfields
London
SE1 9PG

Broker
Berenberg
60 Threadneedle St
London EC2R 8HP

Bank
Barclays
Barclays House
5 St Ann's Street
Quayside
Newcastle NE1 3DX

Financial calendar

30 September 2020 - Annual General Meeting
30 September 2020 - Half Year End
December 2020 - Interim Results
31 March 2021 - Full Year End
July 2021 - Full Year Results

Glossary

Adjusted EBITDA earnings before interest, tax, depreciation and amortisation, and non-recurring and exceptional items

Admission the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies

AEL AgileTek Engineering Limited

AgileTek AgileTek Engineering Limited

AIM the AIM market of the London Stock Exchange

API American Petroleum Institute

Berenberg Joh. Berenberg, Gossler & Co. KG, London Branch, broker to the Company and sole global coordinator

Board the board of Directors of the Company

Brent Crude a trading classification of sweet light crude oil that serves as a benchmark price for purchases of oil worldwide

CAGR compounded annual growth rate

CPS cable protection system

EEA the European Economic Area

Enquiry Book comprises all active lines of enquiry within the Tekmar Group. Expected revenue recognition within three years.

EU the European Union

Executive Directors the executive Directors of the Company as at the date of this document, namely James Ritchie-Bland and Susan Hurst

FCA or **Financial Conduct Authority** the Financial Conduct Authority of the United Kingdom

Flowline a flexible pipe laid on the seabed linking subsea structures for the transportation of crude oil or natural gas

Group as from Admission means the Company and its subsidiaries

GW gigawatt, a unit of power

HSQE health, safety, quality and environmental

IAC Inter Array Cables

J-Tube a hollow steel tube that has the shape of a letter "J" attached to the outside of a monopile or wind turbine platform to act as a conduit for the power cable that runs from the wind turbine to the seabed

Market Visibility is defined as: Revenue + Order Book + Preferred Bidder. This measure is calculated from the sum of the previous 12 months' turnover plus pending contracts under negotiation on which we have Preferred Bidder Status and the Group's Secured Order Book

Monopile a large-diameter, fixed single column foundation structure to support the above-surface wind turbine typically used in shallow water

MWh megawatt hour, a unit for measuring power

Non-Executive Directors the non-executive Directors of the Company (including the Chairman) as at the date of this document, namely Alasdair MacDonald, Christopher Gill and Julian Brown

Preferred bidder is defined as out of competitive tender process, selected as sole bidder in active contract negotiations. Expected revenue recognition within 12 months

QCA the Quoted Companies Alliance

QCA Code the QCA Corporate Governance Code published in 2018

Order Book is defined as signed contracts with clients. Expected revenue recognition within 6 months.

OWF Offshore Wind

RYD Ryder Geotechnical Limited

Sales Conversion measures value won versus value bid as a percentage

SIL Subsea Innovation Limited

Subsea division the division of the Group's business focused on the oil and gas industry

SURF Subsea Umbilicals, Risers and Flowlines

TEL Tekmar Energy Limited

TRL Number of technology and products within the Group

Umbilical subsea umbilical system providing vital supply (such as electric power, hydraulic power) and control link from platforms or topside vessels to oil and gas equipment

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