

## **Bionic Services Group Limited**

### **Directors' Report for the Year Ended 31 March 2021**

#### **Carbon reporting**

The Group is conscious of its energy usage and the impact on the environment and looks to reduce usage where possible. The usage in the year of c. 268,000 kWh (2020 - 226,000 kWh) relates to the purchase of electricity for our offices and is based on invoices. The current intensity ratio for the reporting period was 1.7 (2020 - 1.6). This is calculated based on the kilograms of CO2 emissions associated with the operating activities of the Group at c. 63,000kg (2020 - 53,000kg), divided by number of contracts sold. In our calculations, we convert kWh to kg of carbon released based on Greenhouse gas reporting: conversion factors from Department for Business, Energy and Industrial Strategy. The conversion factor is 0.23314 kg CO2 for each kWh.

#### **Future developments**

The group remains in a strong position to grow in the coming year based on an increased portfolio of products and services and its strong renewals pipeline, with a majority of customers trusting us to achieve continuous savings for them.

#### **Research and development**

Research and development relating to work done on our internal platforms and systems totalled £2,498,000 for the year (2020 - £4,347,000), all of which was capitalised. Further research and development costs relating to other projects of £673,000 (2020 - £85,000) was expensed.

#### **Going concern**

The Group made a loss for the year of £0.7m (2020 - profit of £1.4m (restated)) and has net current liabilities of £2.1m (2020 - net current liabilities of £2.1m (restated)).

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position, including the impact of the Covid-19 pandemic. The review also includes the financial position of the Company and the wider Group that the Company is part of, their short term and long-term cash flows, liquidity position and borrowing facilities. The Directors have considered the period up to and including November 2022 in making their assessment, as a detailed budget has been prepared through March 2022 and the reliability of renewal estimates gives a high degree of predictability beyond this period to March 2022.

The key factors considered by the directors in making the assessment of going concern were as follows:

- The implications of changes to the economic environment on the Group's revenues and profits, in particular, the resilience of SMEs to the economic environment, future pricing and forecast energy consumption. Consumption levels are expected to recover as the economy reopens, although no significant increase has been included in the forecasts. Live rates are being closely monitored and are expected to be consistent with historical levels with businesses starting to recover from the impact of Covid-19, and this has been factored into the forecasts.
- The underlying seasonality of the business and forecasts in respect of renewals revenue in Bionic which is highly predictable.
- The expected performance of the Business Comparison acquisition completed in May 2021.
- Intercompany balances with other Group companies and the prospects for continued support from these companies throughout the going concern assessment period.
- Downside scenario models including the impact of further economic deterioration on liquidity. This included consideration of mitigating actions available to management, and within management's control, which demonstrated that cashflow would be maintained without additional funding.