

**COBALT
GROUP**
ENGINEERING | PROJECTS | OPERATIONS

ANNUAL REPORT 2023



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COBALT ENERGY LIMITED



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The Cobalt Group has market leading expertise across the renewable energy sector and the specialist knowledge to tackle the most demanding engineering challenges which come our way.

We get things done: the in-depth knowledge we offer makes us great problem solvers and we work in a highly practical and safe way, whether at the engineering design stage or on site.

Cobalt's roots are in thermal waste to energy treatment facilities. We have detailed knowledge of every stage of the waste to energy process, from initial concept to running facilities efficiently and safely, but our expertise extends to many other sectors.

Our services include anaerobic digestion (AD), clinical waste, biomass, waste to chemical, battery energy storage systems (BESS), consulting, project development, construction, project management, and operations and maintenance.

Increasingly, our work lies at the cutting edge of the UK's progress towards net zero, including developing new ways to monitor and control emissions and helping clients introduce technologies which reduce or capture carbon and deliver on environmental goals.

The Cobalt Group has continued to innovate and grow in 2023, adding to our teams' expertise and successfully delivering larger and more complex technical services and meeting operational challenges.

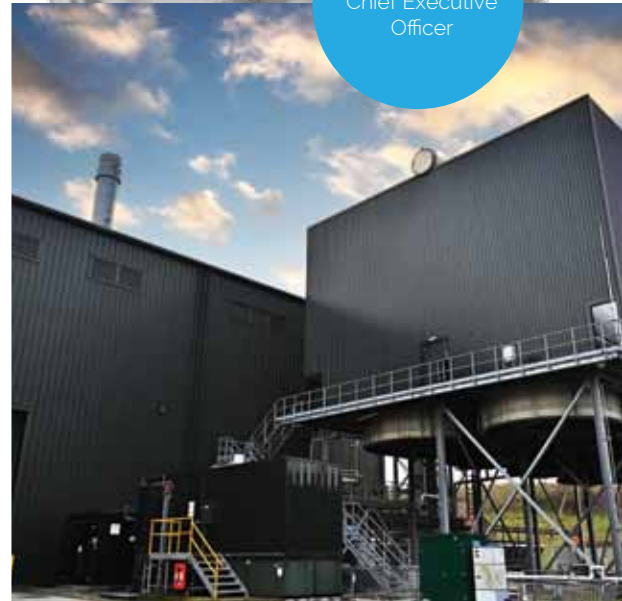
FOREWORD

This is a time of huge change in the energy sector and the Cobalt Group will continue to be at the forefront.



Ian Crummack
Chief Executive
Officer

“We have had a busy and rewarding year of consolidation after a period of rapid growth, so I am delighted we have continued to bring so many bright and talented people to Cobalt – we always need people who can pick up ideas and move with them.”



Our strength comes from our engineering expertise and the holistic approach we bring to our work in the renewable energy sector. We offer our clients a deep understanding of the sector and the processes and engineering behind it: our people have a hard won reputation for getting things done.

We are now operating in the Energy from Waste, Biomass, Waste to X, Renewable Chemicals, BESS, AD sectors and our reputation continues to grow in all of them.

The business is underpinned by three strong pillars: our Technical, Project Delivery, and Operations and Maintenance departments. Together, they are greater than the sum of their parts.

Carbon continues to dominate the energy agenda and we are well positioned to help our clients as they seek to decarbonise their systems. Of course, managing our own emissions is part of that, and launching Carbon@Cobalt has been an important step forward for the Cobalt Group.

Energy generation used to be a simple, centralised industry, based primarily on a number of very large power stations. However, the drive to reduce emissions presents complex problems which can be overwhelming. We are here to help and are increasingly leading the way on the path to net zero.

In everything we do, safety remains paramount. It is vital everyone across the Cobalt Group keeps it at the front of their minds; we work hard to embed safety into our culture.

One of the most rewarding parts of the job for me is seeing colleagues develop their careers. We must always focus on our people: it is what has enabled us to become experts across the sector and it is great to see a business take on a life of its own.

We welcome all ideas and thoughts from our colleagues. That is the kind of open organisation we have always been and we will continue with that formula on our journey to becoming one of the UK's leading engineering service providers.

COMPANY STRUCTURE AND HISTORY

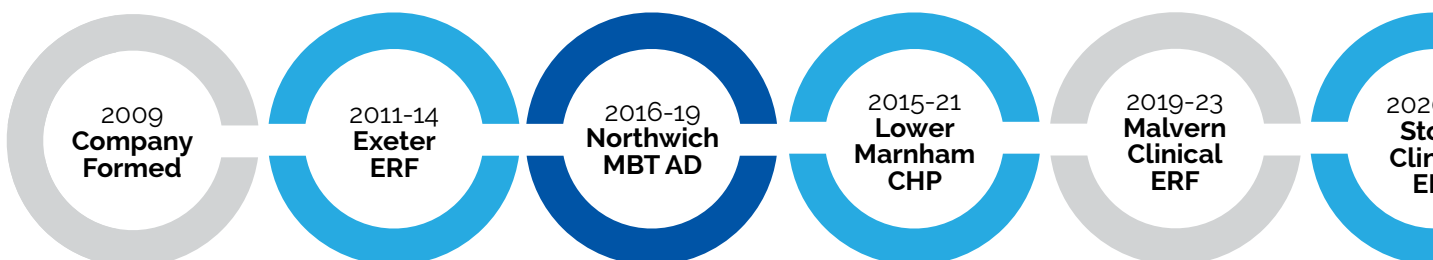


The Cobalt Group was founded in 2009 as an 'engineering consultancy with a difference'. Since we began, we've been involved with many different projects, from renewable energy to waste processing.

In 2021, the operations and maintenance side of the business expanded – as a result, our team increased significantly and the company doubled in size, growing from a small to a medium sized business. We also moved into a group structure, to better manage the growing organisation.

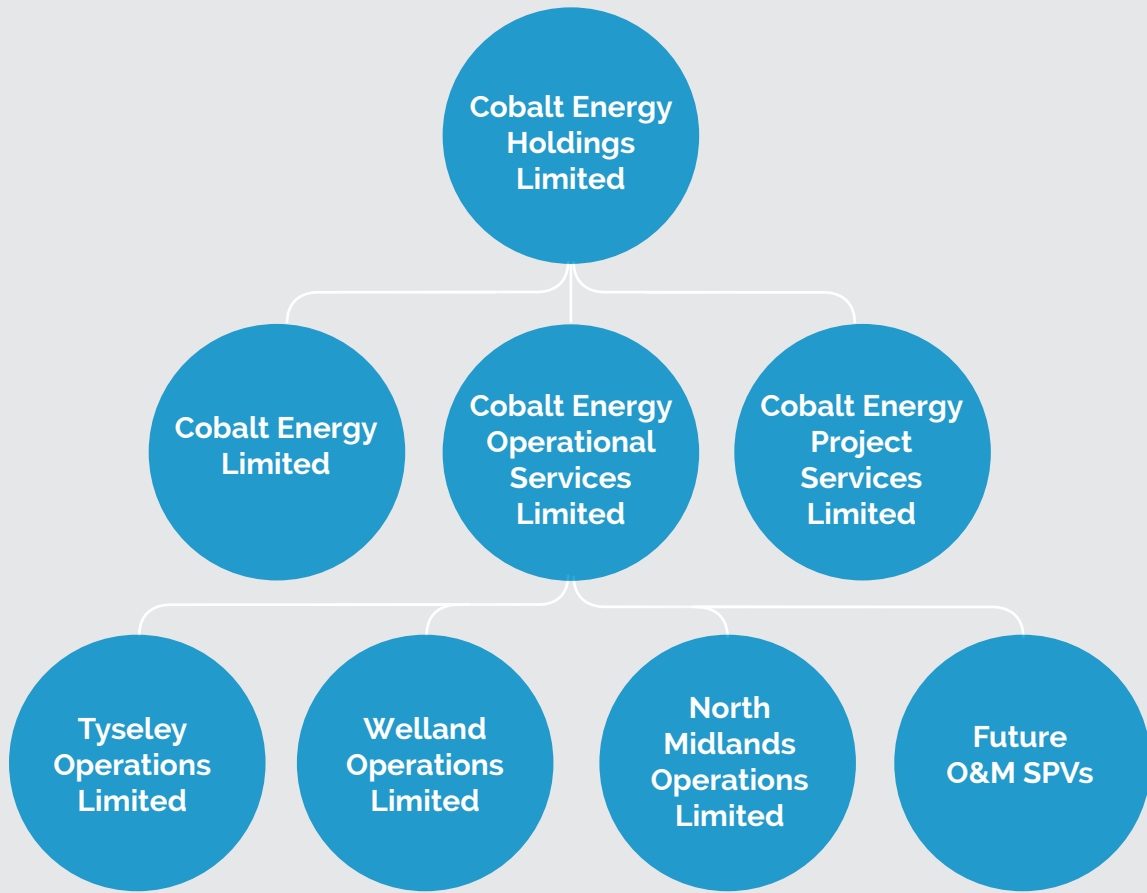
Today, with a strong supply chain of selected partners and contractors, we continue to deliver integrated assets for funders and developers, from consulting and engineering to project delivery and operations.

The Cobalt Group has provided specialist engineering services, project management and construction to a variety of high profile projects throughout the UK.





Company Structure



SERVICES ENGINEERING

Technical Department

Cobalt's Technical Department is a rapidly growing part of the Cobalt Group, working with clients right at the front end of projects. It is a strong and diverse team, working on a wide variety of tasks.

The department is building on Cobalt's reputation as a fast moving company at the forefront of the carbon agenda, having the ability to take on the tougher, more challenging jobs with a practical approach.

Cobalt brought its Consulting and Innovation (C and I) and Engineering Services departments together to create a Technical Department this year.

The new approach has been highly successful and the team has grown by around 50% to 12 people. Recruitment is an ongoing exercise, as

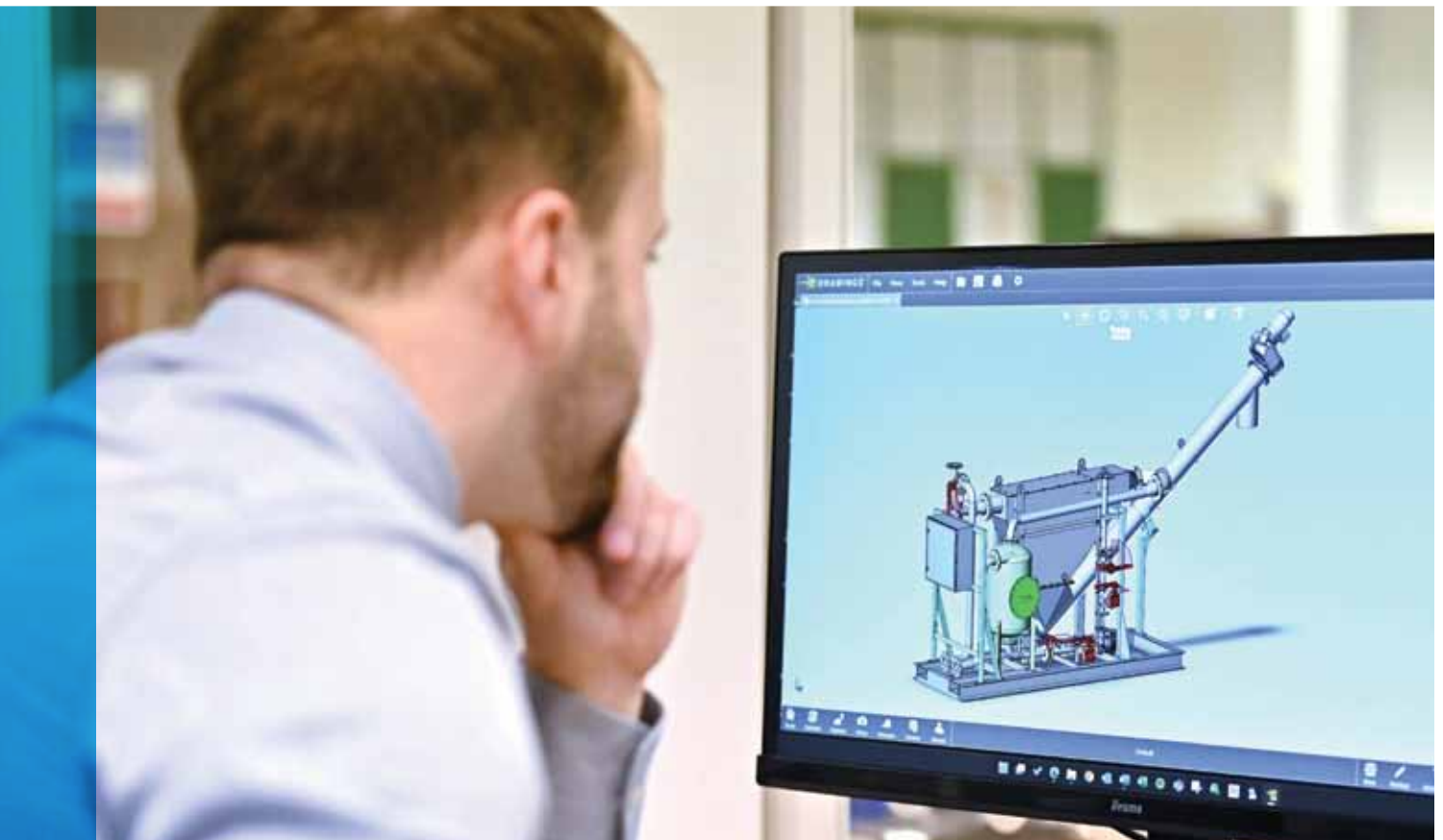
the workload grows month-on-month and the team is likely to increase by another 50% over the next year.

In the Technical Department, we've been moving in some new directions, in particular BESS and AD - we see these as potential growth areas for the Cobalt Group.

The department is split into two teams working closely together - Consulting and Innovation and Technical Services.



Gavin Lawrenson
Group Technical
Director



SERVICES ENGINEERING



Consulting and Innovation Team

Consulting and Innovation helps clients at the front end of projects, including conceptual feasibility studies, technology reviews, site selection, planning, permitting and engineering reviews.

We have taken on the role of Owner's Engineer on two BESS projects, adding to the range of services we can offer our clients.

The Cobalt Group is well suited to the expanding AD sector where the complexity of projects is increasing. AD presents the sort of challenges we have a reputation for tackling successfully, so we've also grown our capability and involvement by recruiting people into our team with specialist knowledge of the technology.

Carbon capture for thermal renewables and AD is a growing market. As a company, we are developing the capability to provide both the engineering and the delivery of carbon capture technology.

The potential demand for skills in this area is vast and we are actively looking to offer our services in more sectors. In addition, any processing technology facility which uses heat and power derived from fossil fuels will need to change in the coming years, as the need to decarbonise intensifies – and the Consulting and Innovation team are well placed to assist in this transition.

The business has always been agile and is in a strong position to take on these emerging opportunities. We are not confined to one sector or one part of any project – our abilities go far wider.

The Consulting and Innovation Team embodies that agile approach – leading the way in investigating new sectors, new technologies and new potential service offerings for the Cobalt Group.

Technical Services Team

The Technical Services Team undertakes more of the detailed engineering including basic engineering and Front-End Engineering and Design (FEED) studies. The team manages the design risk assessment studies (for example, HAZID, HAZOP or LOPA studies), which offer cost effectiveness for clients by reducing or removing risks early on and is an efficient way of reducing accidents.

Bringing these disciplines together and working closely with colleagues in other departments means we have access to the latest information about all aspects of the sector. It has proved to be a highly successful approach, giving us an advantage over our competitors.

This approach is extending into our other services. Traditionally, we outsourced and managed much of our design work, but we are now developing our own design house to include mechanical, electrical and process design.



SERVICES PROJECTS

Cobalt Energy's Projects Department, working under the Cobalt Energy Project Services Limited vehicle (CEPSL), has had a very successful period where we won and delivered the two largest capital projects in the Cobalt Group's history.



Nick Charnock
Director
of Projects



The Malvern Clinical Waste project (2019-2023) was the biggest capital project Cobalt Energy has ever undertaken. We then secured the contract for the Stoke-on-Trent clinical waste facility, which used similar technology, but was larger.

Both projects threw up major challenges, giving the team an opportunity to demonstrate its expertise and its problem solving abilities.

The Cobalt Group has extensive experience of developing and delivering projects in the renewable energy sector. This includes helping clients to secure planning permission, choose the right technology and ensure their asset is protected financially. We have well established partnerships and connections with specialist consultants, which enables us to guide clients through the planning, design and legal processes.

We offer a full range of services across the life cycle of a project – taking clients from the initial idea through engineering, project management and construction then operating and maintaining a plant or facility.

Getting the right construction and asset insurance is essential and we are able to provide independent guidance which minimises risk on projects and gives added confidence to investors.

Project contractual strategy and design is vital, and we offer clients a bespoke service to help manage changes and keep projects on schedule.

Our CEPSL project delivery services include project, contract and engineering package management, as well as commissioning and handover.

Our projects team also provides tailored resourcing and service provision solutions for Engineer, Procure and Construct contractors (EPCs) and thermal renewable project developers.

We plan to deliver more - bigger - projects. While the company's roots are in energy from waste, we are widening what we do and looking forward – we have the right people in place, and we are well on the way.

SERVICES

OPERATIONS AND MAINTENANCE

Cobalt Group's O&M team grew rapidly in 2022: in the space of little more than six months, the Cobalt Group went from running one plant, to taking responsibility for four facilities.



Denzil Taylor
Group Operations
and Maintenance
Director



After a short caretaker period, transferring one of the plants to a new operator and then shortly afterward, began the transfer of another plant into the O&M business.

Through Cobalt Energy Operational Services Limited (CEOSL), we are now operating municipal waste to energy plants at Stoke on Trent and Wolverhampton, and biomass gasification facilities at Tyseley and Welland.

Over this time, our specialists have brought about significant improvements in performance in both output and availability.

Our CEO SL team members are highly skilled and very experienced in the waste and power generation industries, demonstrating our ability to improve results for clients across all the facilities. Health and Safety is the number one priority within the O&M business, with a continuous focus by all team members on improving our performance.

We have very open communications with our clients, so they know what we're trying to achieve and understand how that will improve their financial returns.

This is true across the company, but the recent performance at Tyseley is a good example. After we took over at the end of July 2023, we began to push the generation capacity of the plant. Following the October 2023 outage, the output is now approximately 95% of design maximum and we intend to maintain that level through to its next planned outage in April 2024.

Output is up at Welland too, also thanks to investments in fault prevention maintenance and a high standard of operator training.

We will continue to make further improvements in the plants we manage. The company is working with clients on capital investment plans to improve efficiency, reduce costs and extend the life of their facilities.

We have an ambition to be operating ten plants within five years, so we are actively looking at opportunities to take on additional Operations and Maintenance contracts, and further build on the Cobalt Groups reputation across the sector for safety, maximising output and efficiency.

GOVERNANCE

The Cobalt Group is made up a number of smaller companies, owned by Cobalt Energy Holdings Limited – please see our structure chart on page 04. All these companies are led by a board of directors.



Claire Bailey
Director of
Legal Affairs,
Compliance and
Business Service



The registered address of all the companies forming the group is:
50-54 Oswald Road Scunthorpe Lincolnshire DN15 7PQ.

Cobalt Energy Holdings Limited

Company number 13471340
Incorporation date 22/06/2021

Name	Role	Appointment
Mrs Claire Marie Bailey	Director Secretary	20/06/2023 22/11/2021
Mr Nicholas Roy Charnock	Director	20/08/2021
Mr Ian James Crummack	Director	22/06/2021
Mr Gavin Peter Lawrenson	Director	22/12/2023
Mr Deon Venter	Director	20/08/2021

Cobalt Energy Limited

Company number 06901676
Incorporation date 11/05/2009

Name	Role	Appointment
Mrs Claire Marie Bailey	Director Secretary	20/08/2021 12/10/2021
Mr Nicholas Roy Charnock	Director	24/07/2017
Mr Ian James Crummack	Director	11/05/2009
Mr Gavin Peter Lawrenson	Director	28/03/2022
Mr Denzil Tolman Taylor	Director	28/11/2022
Mrs Alice Nelly Thouvenot	Director	23/01/2024
Mr Deon Venter	Director	16/04/2020

MISSION AND VALUES

MISSION

Working holistically, we implement practical engineered solutions to complex issues that provide customer value and promote sustainability.

VISION

To be the leading independent partner delivering multi-disciplinary services in the resources and renewable energy sectors.

VALUES

We care about health, safety and compliance, meeting the needs of our customers and the welfare of people.

We are professional and employ qualified, experienced staff to deliver technical solutions.

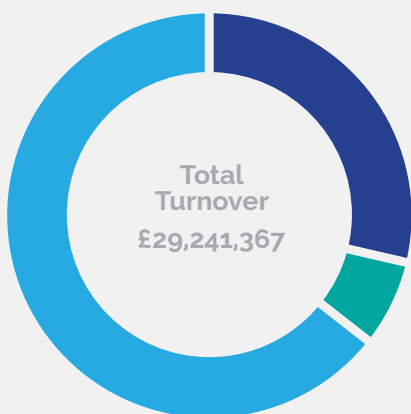
We are proactive and we provide innovative solutions and tailor to our customers' needs.

We act with integrity and we are open and transparent in all our transactions.

We deliver quality. We apply the right quality standards to everything we do.



22/23 FINANCIAL YEAR



Engineering/Consulting and Innovation

£8,194,629

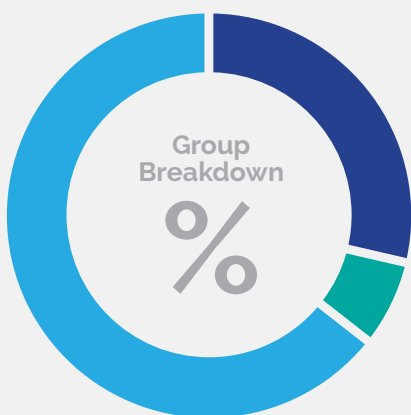
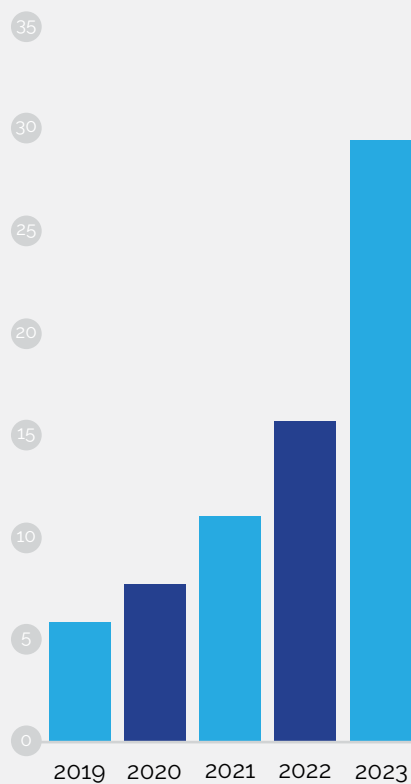
Project Services

£1,483,845

Operations Services

£19,562,893

Revenue Growth
£m



Engineering/Consulting and Innovation

28%

Project Services

5%

Operations Services

67%

Group Financial Performance

Turnover	29,241,367
Gross Profit	11,538,543
Gross Profit as % of turnover	39.5%
EBITDA	1,618,523
EBITDA as % of turnover	5.5%
Profit after Tax	1,225,523
PAT as % of turnover	4.2%

Headcount - Total 117

Business Services	4
Consulting	15
Finance	6
HR	5
Operations	72
Projects	7
QHSE	8

Revenue by Sector

Operations	19,562,893	67%
Consulting	8,194,629	28%
Projects	1,483,845	5%
Total	29,241,367	

FORWARD PLANS & AMBITIONS

The Cobalt Group is in a very strong position and our future is exciting. We will continue with our programme of carefully managed growth in the future, seeking to maximise the many strengths we have developed in our first decades.



The Cobalt Group is well structured and well supported: we will be able to grow further without overreaching ourselves.

We have very strong core technical strengths, and our skills are highly transferable. This is crucial, because we are in a rapidly changing market. In the energy sector, where the future will be dominated by carbon reduction, we have the in-depth knowledge to provide practical solutions for a wide range of processing and manufacturing businesses throughout the UK.

We have invested in developing our professional HR and finance functions which will allow us to bring more people into the business quickly. This has already been proven over the past year, as we successfully secured three additional O&M contracts for the Cobalt Group.

At the Cobalt Group, we pride ourselves on being agile, with the ability to respond to change quickly. Our strategy will therefore remain flexible.

Our future plans include:

- Setting the highest standards on health and safety to ensure we have an unrivalled reputation for investing in safe working and operating practices.
- Securing more Operations and Maintenance contracts and working on behalf of our clients to improve the performance and financial returns at facilities.
- Undertaking more, and larger projects, and using our project management expertise to tackle technical challenges and deliver successfully.
- Continuing to expand our expertise and specialist knowledge of technologies right across the sector, including BESS, AD, biomass while remaining market leading specialists in energy from waste (EfW).
- Monitoring and controlling our own carbon emissions, and helping our clients do the same.

- Using our transferable skills to help clients in energy, processing and manufacturing reduce their carbon footprint.
- Investing in our people, making the Cobalt Group a stimulating place to work where everyone can learn new skills and are supported to successfully develop their careers.

We are well on the way to becoming one of the UK's leading independent engineering services providers.

We bring together many highly skilled and motivated people from a range of disciplines, who are able to work effectively together to provide very practical solutions in a time of rapid change.

We have a reputation of successfully dealing with very complex technical challenges and there will indeed be more of them in the future: we are well prepared for the exciting times which lie ahead.

12 MONTH HIGHLIGHTS



Capital projects

Operating multiple facilities

Launch of our new Technical Department

Investing in our people



We merged our Consulting and Innovation and Engineering Services to form the Technical Department. The team has grown rapidly and built up its market-leading expertise in design, AD, EfW, BESS, carbon reduction, biomass, renewable chemicals and waste to X.

We have continued to invest in people. Since 2022 our headcount has grown by 11.5% to 116 employees.

We successfully executed the two largest capital projects in Cobalt Energy's history; the Malvern Clinical Waste facility and the Stoke Clinical Waste Facility. Both projects involved significant technical challenges, and were brought to a successful close.

Our Operations and Maintenance Department has gone from operating one facility to four, taking on the Stoke-on-Trent, Tyseley, Welland and Wolverhampton facilities. We successfully integrated existing teams into the business, overseeing significant improvements in availability, performance and return on investment.





Carbon at Cobalt

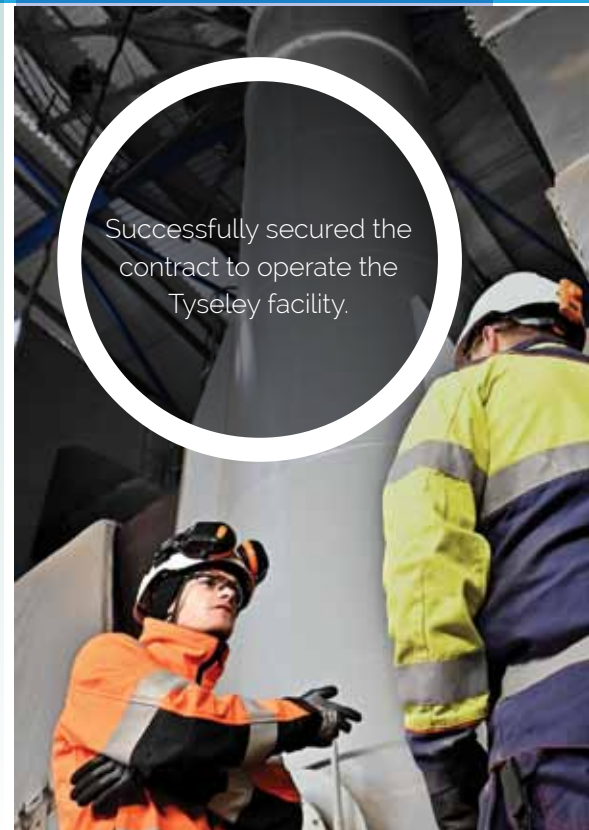
Local Authority Contact

Tyseley Facility



We launched Carbon@Cobalt to monitor and reduce greenhouse gas emissions linked to the business. Under this key initiative, staff have received training and certification in carbon accounting and we have introduced a number of measures to encourage more sustainable ways to travel and do business.

We secured our first local authority contract to operate the Wolverhampton Energy from Waste Plant on behalf of the city council. Securing the contract involved an intensive local authority tendering process, demonstrating the high standards achieved by the company and its people.

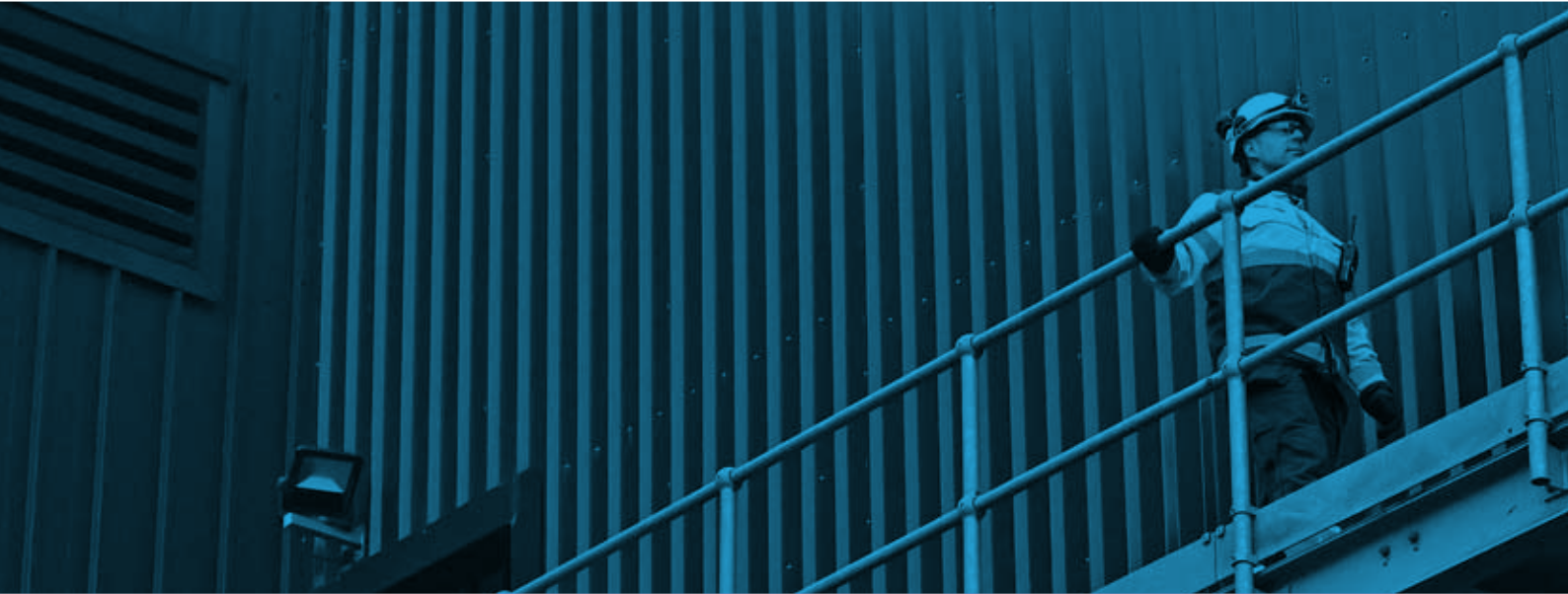


Successfully secured the contract to operate the Tyseley facility.



HEALTH AND SAFETY AT COBALT

Making sure everyone goes home safely at the end of their shift or working day is an absolute priority throughout the Cobalt Group. Safe working practices are non-negotiable. We will not allow anybody to work in a way which puts them at unacceptable risk.



All industries present hazards, but much of our work in construction and waste, which are sectors where the risks are very real – requires careful management and requires the whole Cobalt team to work together.

This year, we have made additional efforts to embed safety into our corporate culture. That's important, because we have taken additional teams into the business, and we want to see a consistent approach right across the Cobalt Group.

This year we have engaged with safety specialists TRIBE to help us ensure that, when we integrate new operating businesses into the Cobalt Group, we share the same high standards and values when it comes to safety.

Our track record in this area is good. We have executed major capital investment projects and undertaken complex operations and maintenance contracts with very few reportable incidents and no serious injuries.

We take pride in making sure as many risks as possible are designed right out at the start of a project's life. This is often the most effective way of preventing accidents and injuries.

Health and safety is the first and last thing we do and informs all our decision making whether that's about controls on site or what happens at the design stage.

There's always support from the Cobalt Group board when someone has a concern about health and safety, and that approach is passed on down to Project Managers who have the ultimate control on site.

We cannot afford to be complacent about health and safety. There is nothing more important than keeping our people, our business partners and the public safe.

CAREERS AT COBALT

The Cobalt Group is a people driven business: investing in team members has been key to our growth. We embed continuous development into our work and also continue to look for well qualified candidates externally.



Robbie Handyside, Maintenance Manager at Welland Operations

"There is a constant focus on keeping people's skills up to date. I've been given opportunities and responsibilities quite early in my career. I feel well supported."

Will Schofield, Process Engineer in the Technical Services Team

"The Cobalt Group runs a successful professional development scheme: I joined through that route. It's interesting because you move between a variety of projects."

"The company employs a wide range of people from a diverse range of backgrounds: that gives us an advantage because we look at problems from different angles."

Duncan MacFarlane, Mechanical Package Engineer

"I joined Cobalt Group three years ago and one of my key achievements has been successfully delivering a large battery storage project. I'm now project managing an anaerobic digestion build."

"I feel my confidence has grown during my time with Cobalt."

"There's a real camaraderie – when you're dealing with something tough, these are great people to be around."

Shangxi Wen, Senior Process Engineer

"I'm one of Cobalt's most recent recruits: I joined in June 2023 after running my own engineering and design business."

"You can't exaggerate how open and helpful people are at Cobalt."

"Cobalt has got a good reputation as a problem solver, and it is impressive to see that in action. When there is a challenge, we face it directly and solve it."

"It's the sort of work you can feel very proud of. I've worked at both Tyseley and Welland: since Tyseley is in Birmingham, near where I live, it's great to tell my friends I'm directly involved in providing clean electricity to the city."

SOCIAL/ENVIRONMENT

CARBON@COBALT

Environmental responsibility

We are moving ahead with our efforts to monitor and cut our own carbon emissions, while helping clients to meet their own climate goals.



Carbon@Cobalt is a key initiative, which involves tracking Cobalt Group's emissions and finding ways to reduce them.

We fully understand the importance of taking action: everyone needs to be doing this to make sure future generations have a planet worth living on.

As Carbon@Cobalt evolves, we will offer a carbon accounting service to businesses in the sector, with a focus on practical engineering solutions to decarbonisation challenges.

We have been gathering detailed information about our carbon footprint and we plan to use 2023 as a benchmark to measure our future progress.

Although the Cobalt Group is different to other companies in that we do not have a physical production line where we can lower our emissions, there are still things we can do.

Many of our direct emissions are linked to transport, so we have introduced measures to encourage more sustainable ways to travel. These schemes include a free railcard to encourage employees to use trains more, and an electric vehicle salary sacrifice scheme through Octopus Energy.

We have already noticed a shift in people being more conscious about their carbon emissions – for example, using trains for business trips instead of driving, which they might not have done before.



