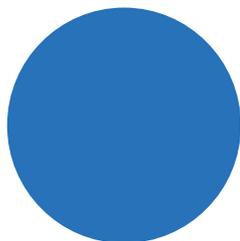


Smarter energy for all





Calisen is a leading owner and manager of essential energy infrastructure assets, whose purpose is to provide Smarter Energy for All.

Our mission is to use our skills, resources and provision of infrastructure to help our customers manage their own steps on the journey to net zero. This mission is underpinned by the global urgency in meeting net zero targets driven by climate change and specifically in the UK with Government targets to hit net zero by 2050. As a result we see the prioritisation of renewable sources of energy production and the link to three core trends in energy; digitalisation, decentralisation and decarbonisation (see page 03)

Smart meters are the core of our portfolio and are a key enabler of progress in this new decentralised and digital energy landscape. They are a key element of the investment required to move towards decarbonisation, with our smart meter portfolio expected to prevent emissions of c.9m tons of CO₂e during its lifespan. In addition, we seek to grow into other adjacent markets that can support these trends, such as delivering the electrification of transport through the installation of electric vehicle (“EV”) chargers.

*Alternative Performance Measures are defined on page 88.

“Welcome to our 2022 report. Calisen has made significant progress in delivering its strategic goals over the last 12 months, and I would like to invite you to join us in reviewing the highlights of the year”



Bert Pijls
Chair

Financial highlights*

Underlying EBITDA

£215m

2021: £203m

Adjusted Funds From Operations (“FFO”)

£204m

2021: £204m

Capital expenditures

£270m

2021: £232m

Average revenue per smart meter

£24.3

2021: £25.4

Operational highlights*

Revenue-generating smart meters

8.2m

2021: 7.1m

Expected smart meter pipeline yet to be installed

7.3m

2021: 8.4m

Smart meters contractually protected against early removal

91%

2021: 87%

Change in Scope 2 carbon intensity (kgCO₂e)

No change

2021: +1%

Inside this report

Strategic Report	02
Calisen at a glance	02
Our market opportunity	03
Market overview	04
Chair's statement	06
Chief Executive Officer's review	08
Our strategy at a glance	10
Our strategy in action	11
Calisen leadership	13
Key Performance Indicators	15
Group Finance Director's review	17
Division overview	22
Our track record	23
Stakeholder engagement	24
Our s.172 statement	26
ESG at Calisen	27
Task Force on Climate-related Financial Disclosures	35
Risk management	38
Governance	46
Corporate Governance report	47
Board of Directors	49
Directors' Report including Statement of Directors' Responsibilities	50
Financial Statements	52
Independent Auditor's Report	53
Consolidated Financial Statements	55
Notes to the Consolidated Financial Statements	59
Company Financial Statements	84
Notes to the Company Financial Statements	85
Other information	87
Alternative performance measures	88
Definitions and abbreviations	89
Other information	92



24
Stakeholder engagement



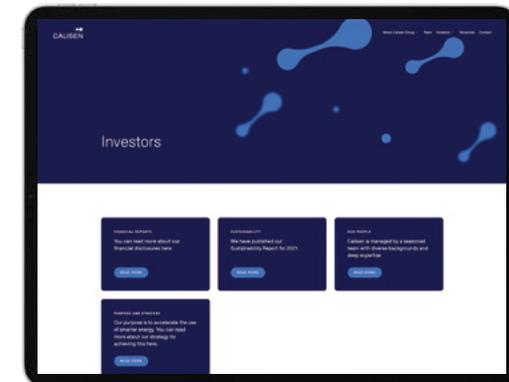
27
ESG at Calisen



11
Our strategy in action



08
Chief Executive Officer's review



For the very latest information, please see www.calisen.com/investors

Calisen at a glance

Calisen is a leading owner and manager of essential energy infrastructure assets.

Our brands and divisions



Meter Asset Provider (“MAP”) Services

The MAP Services division owns and manages metering assets. The division operates under the Calvin Capital brand.

Revenue-generating meter portfolio

10.6m

Increase on 2021

+8%



Installation Services

The Installation Services division primarily covers the installation of smart domestic meters in the UK for energy suppliers and EV chargers via a highly skilled, multi-accredited engineering workforce. Within Metering, this division operates under the Lowri Beck brand, and within EV operates under the Plug Me In brand.

Meters installed

239k

EV chargers installed

c.500



Data Services

Data Services primarily operates the meter reading for traditional domestic meters, as well as other data related jobs. The division operates under the Lowri Beck brand.

Total data reads

3.4m

(Decrease) on 2021

(8%)

Our commitments



Health and safety

We are committed to protecting our staff and anyone affected by our operations as we work to achieve zero harm in all that we do.

No activity can be totally without risk, but we strive to ensure that our operations are carried out in ways that remove unnecessary risk, and control and manage any residual risk to prevent injury or harm. Where risk cannot be managed, and safety assured, then work is required to stop until a safe solution can be found using the expertise of our in-house technical teams.

Protecting the health, safety and welfare of our employees, contractors and customers remains a clear and shared responsibility across all our teams, as is ensuring that we deliver services with minimal impact on the environment. Achieving these goals is essential to our hard-won reputation as a leading and trusted service provider and employer.

We continue to develop and embed a strong health, safety and welfare culture in our day-to-day operations and work hard to ensure that we fully consider our environmental impacts. In all our activities we target zero incidents, as we believe it supports our aim to ensure that Calisen is a great place to work and a business in which all employees can work safely and reach their full potential.



For more information, please see pages 31, 47 and 51



Environmental, Social and Governance (“ESG”)

Calisen is committed to delivering against four key ESG ambitions:

- Help the UK meet its climate targets
- Endeavour to achieve net zero emissions by 2030
- Encourage a diverse, inclusive and safe environment for our teams
- Support the economic development of our communities

We will do this by continuing to deliver against our strategy and support the smart meter roll-out and the installation of EV chargers, as well as assessing how Calisen makes the UK energy system more sustainable.

We will continue to track and drive the reduction of our own emissions. In addition, we will also be working with our supply chains to ensure they are doing all they can to reduce their emissions, and they are doing so in an ethical way.

We will ensure we maintain an environment where our employees can be their authentic self, be safe and be able to fulfil their potential.

We will support the economic and social development of our communities, through charitable support, community projects and knowledge sharing as well as investing in education for tomorrow's generation of employees.



For more information, please see pages 27-34



People

Our People Strategy moves Calisen towards becoming a people-centric business, ensuring that we put our people at the heart of what we do. Our ambitions include having highly engaged and connected teams, being an attractive employer, rewarding staff for performance and making Calisen a great place to work.

To put this into practice, during the course of the year we laid out our people strategy, which is centred around five pillars:

- Rewarding people fairly
- Optimising systems and processes
- Building a performance culture
- Aligning with strategy
- Building capacity

These pillars are intended to help us organise for success and transform Calisen's day-to-day operations into following a true Team Operating Model, with benefits for all our stakeholders.

In addition, we intend to agree measurable goals which will allow us to track our performance and communicate effectively with all our staff. When combined with new Group-wide values to act as a guiding star for employee behaviour, we expect this will make Calisen a best-in-class employer and lay the foundation for continued growth.



For more information, please see page 24

Our market opportunity

Growing importance of digital information

Digitalisation is critical to the decarbonisation and decentralisation of electricity generation. It comprises the increased usage of digital devices across smart grids to provide data useful both for consumers and for grid management purposes, through enhanced data connectivity and collection capabilities.

A more digitally enabled energy system should result in faster data management and monitoring, heralding a number of developments:

- Energy used by households in most circumstances currently costs the same at all times of the day, and so there is no motivation for consumers to balance consumption across the day. A more digital energy system should allow consumers to target energy use in the lower-demand and less costly time of the day.
- More digitally enabled grids are capable of integrating renewable energy generation and storage technologies. Generation such as wind and solar power tends to be less flexible at meeting peak demand when desired, and so currently tends to be supported by carbon intensive generation. A more digitally capable grid will be able to keep track of more numerous and distributed supply sources, such as domestic wind turbines, solar panels and storage, helping smooth supply and demand flows.

- Superior consumption data, tracking and decentralised generation are likely to enable enhanced supply and demand balancing on a geographical as well as a temporal level, as the system is more aware of where and how energy is being consumed and produced.

Digitalisation therefore represents both a key enabler of decarbonisation and decentralisation, as well as having the potential to result in more informed energy consumption patterns.

47%

of domestic meters were smart meters in smart mode in Q3 2022

12.3m

smart gas meters installed across Britain

16.3m

smart electricity meters installed across Britain



Reflecting the shifting energy mix

As part of the decarbonisation process, global energy grids are also beginning to transition from the traditional centralised model, by which large-scale fossil fuel and nuclear power generation is distributed to consumers via one-directional grids, to decentralised and more local energy generation and energy storage equivalents.

This shift is creating a requirement for additional infrastructure, as with the advent of distributed and decentralised power generation, grids will see power flowing in both directions. This shift is also expected to create segments adjacent to smart meters which include battery storage, EV charging facilities, electric heat pumps, sub-metering and localised renewable energy generation.

Moving to a more renewable future

Decarbonisation represents a shift to renewable energy generation and increased electrification of transport and other sectors. This has become a key social and political goal in multiple countries, as evidenced by the targets implemented by most developed countries to reduce their carbon emissions.

The UK Government has written into law a target requiring the country to achieve net zero greenhouse gas emissions by 2050. This follows the previous target of at least an 80 per cent reduction in carbon emissions versus 1990 levels.

1.7

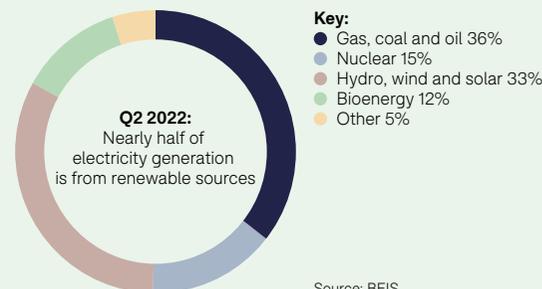
average in-person traditional meter readings annually which can be avoided per household by fitting smart meters

3.0%

average energy saving per smart electricity meter

2.2%

average energy saving per smart gas meter



Market overview

Market overview

Calisen's primary market is meter provision. Meters are a critical element of British energy supply infrastructure, essential to both consumers and energy retailers through the provision of accurate consumption and billing information.



Role and benefits of smart meters

Smart meters provide the opportunity for two-way communication between energy retailers and the meter itself. The introduction of smart meters into the British energy system is a step change in the way energy is provided to consumers, allowing customers to measure and effectively monitor their energy consumption. As Britain moves to a more decentralised energy system, smart meters are believed to be a key enabler of change as they allow for consumption measurements in near real time, permitting variable pricing mechanisms in order to manage demand, primarily in the electricity segment.

Increased deployment of smart metering infrastructure therefore presents positives for Calisen's main stakeholders.

Society: load shifting and associated improvements in infrastructure use efficiency, reduced carbon emissions (approximately 25 per cent carbon dioxide saving by 2035 (from 2015 levels), according to the "Smart Meter Benefits: Role of Smart Meters in Responding to Climate Change" report published in May 2019 by Delta Energy & Environment) and a higher proportion of renewable energy in the mix due to the aforementioned load shifting.

Consumers: increased billing accuracy through rapid data collection and transfer, with the potential for lower energy bills from improved grid management, a cheaper and simpler switching process, and improved pricing transparency to allow more informed decisions on switching to be made.

Vulnerable and/or elderly consumers can top up prepayment smart meters without leaving the house during periods of adverse weather or if shielding from COVID-19.

Energy retailers: greater visibility over the energy system, significant operational cost savings (net benefit of approximately £36 per annum cost savings per household by 2034, according to BEIS in September 2019), improved working capital positions, reduced energy theft and lower bad debts.

Smart meters are considered a foundation layer of critical energy infrastructure with the potential to be used by other home assets such as domestic photovoltaic generation and associated in-home batteries. They are therefore believed to be essential enablers of the transition to a low carbon and digitalised energy economy.

£36

annual cost savings
per household by 2034

Market overview continued

Energy retail segment dynamics

Full competition within Britain's gas and electricity retail segments was introduced in 1996 and 1999 respectively, with consumers free to switch energy retailers as they chose.

Historically the Large Energy Retailers dominated the British energy retail segments with a near-100 per cent market share, with switching occurring between these six energy retailers. In recent years, Challenger Energy Retailers have been gaining consumers in the domestic energy segments, with their aggregate share increasing from near zero in 2005 to approximately 28 per cent in Q2 2022 (source: BEIS).

However, this dynamic has stalled following the challenges to the energy market during 2021 and 2022, with significant increases in wholesale energy prices driving a number of insolvencies across the energy supply industry. While the fallout from the swings in energy pricing remains uncertain, in the short term the Large Energy Retailers are playing an increasingly important role in the domestic energy segment, with the top ten energy retailers now comprising 97 per cent of the market, up from 86 per cent in 2019.



c.28%

market share for Challenger Energy Retailers as of Q3 2022

Meter Asset Providers

MAPs provide meter services directly to energy retailers, typically including, but not limited to:

- meter provision, installation services and ancillary services;
- collection of Meter Provision Charges ("MPC"s) from energy retailers;
- meter portfolio management; and
- transfer of MPC billing to the new energy retailer in the event of consumer switching.

Liberalisation of the UK's energy segments in the late 1990s resulted in energy retailers evaluating their meter procurement options, with many preferring to outsource meter investment. The first MAPs appeared soon after liberalisation of the metering segment, with one of the Large Energy Retailers being a notable early adopter of the MAP model, inviting interested parties to tender for a basket of residential metering assets in 2002. There were a small number of early movers, including Calisen. MAPs have since continued to operate in the segment, becoming integral to the system, regardless of the degree of overall consumer switching in the energy retail segment.

Total domestic smart meters installed

2022 Q3	28.6m
2021	26.1m
2020	22.4m
2019	19.3m



>50%

Over half of all electricity and gas meters in GB are smart for the first time

Engineering segment dynamics

Calisen has a highly skilled, multi-accredited engineering workforce covering primarily meter installations and meter reading for domestic traditional meters. Delivered through the Lowri Beck operating segment, engineering capacity is a key part of Calisen's DNA. Working alongside the MAP division, Lowri Beck enables the one-stop-shop offering, combining funding with real world installation expertise and non-technical capacity in the metering space.

The market for both Meter Services and Meter Installations is driven by workforce availability. Calisen invests in talent development, maintaining an in-house training facility and ensuring the business maintains best-in-class skillsets. By providing a consistent service across Great Britain, Calisen provides its customers with engineering expertise where it is needed.

The main drivers of the industry are total number of full-time employees ("FTE), utilisation levels of staff, and health and safety. These remain a key focus area for the business going forward, as engineer skills are highly sought after.



3.4m

total billable jobs for the Data Services division

Electric vehicle charger segment dynamics

Calisen's newest division is Plug Me In, which benefits from particularly strong industry tailwinds given the regulatory drivers for growth in EVs and the planned phasing out of new petrol and diesel cars by 2030. Registrations of EVs are rapidly growing, with petrol and diesel market shares falling below 50 per cent for the first time during 2022.

Plug Me In is focused on the installation of EV chargers to enable the electrification of transport. The market is driven by consumer choice, and typically EV chargers are installed when the vehicle is purchased, either directly from the dealer or from a third party infrastructure installation business like Plug Me In. Given the complexity of EV charger installations, consumer choice is influenced by a number of factors, including service quality, simplicity of the customer journey, and competitive pricing, all of which are strengths for Plug Me In.



>50%

market share for EV vehicle sales in 2022

Chair's statement



Bert Pijls
Chair

“We have never wavered in our commitment to serving our customers, and we continue to be well placed to grow”

A challenging year like 2022 reminds me of what is at stake in our transition to smarter energy and brings the critical role the energy industry plays in our increasingly connected world into focus. Between the war in Ukraine, continent-wide gas shortages, and a cost of living crisis, global markets are in turmoil and once-in-a-generation price swings are becoming increasingly commonplace. Here in the UK, we have felt the impact of these headwinds throughout the recent winter, with households facing both rising prices and the threat of energy blackouts. We have also seen the impact of these headwinds on energy retailers in the form of increasing insolvencies, with deleterious effects on competition and security of supply that we will not fully understand for years to come.

Ultimately, the UK's exposure to some of the various crises assailing world markets may be traced back, at least in part, to our delay in shifting to renewable energy. Increased accessibility of wind, solar and tidal power would have made us energy self-sufficient, or at the very least less dependent on energy imports. Simply put, we should have gone green sooner. That said, the best we can do at this point is look away from the rear view mirror and focus on the future, as there is still a lot we can do to manage the energy we have more efficiently.

At Calisen, we constantly ask ourselves what we can do to assist the energy industry and the energy consumer. We provide the funding and engineering services that our customers need to roll out smart meters and implement the Smart Meter Implementation Programme (“SMIP”), as well as the managed services to unlock their full potential. By funding metering solutions, Calisen helps to reduce the costs of smart meters for the energy retailer, directly helping the energy retailers and indirectly helping the consumer. Not only does the industry benefit from our economies of scale in this critical government infrastructure programme, but more meters can be installed due to our access to low-cost capital. At the same time, our independence from the energy retailers allows them to focus on their core competency of serving their customers while we manage the smart meter asset fleet on their behalf.

I have always been clear in my view that the UK Government and the energy regulator carry the lion's share of the burden of ensuring the SMIP is delivered in a timely fashion. Unfortunately, the roll-out has been beset over the last decade by delays and setbacks, not least among which is the difficulty the energy retailers face in “crossing the threshold” and getting engineers into households to undertake physical installations. Given how critical smart meters are to transitioning to renewable energy sources, we must do better in getting smart meters into service so they can work on our behalf. During 2022, the industry announced that it had reached the milestone of having installed smart meters in over 50 per cent of households, but we are not proceeding at a fast enough pace.

“Smart meters empower consumers to make energy savings and lower their energy bills”

Now that we are over halfway done, we would encourage the UK Government to consider mandating the installation of smart meters in the remaining households as soon as practically possible. This approach would both minimise the costs of the roll-out, which are ultimately borne by consumers, and ensure that it is implemented in a timely fashion.

At the end of the day, everyone in the UK should have a smart meter. Smart meters empower consumers to make energy savings and lower their energy bills, aid the delivery of a lower carbon energy mix, and help accelerate the adoption of other technologies that will save further carbon. Of course, the smart meter roll-out has not been without its challenges. The UK press has been quick to report on the technical difficulties the roll-out has faced, which I sympathise with, but just because the technology isn't perfect doesn't mean that smart meters aren't a key part of a greener tomorrow. If consumers opt out of this critical programme it directly limits our ability to save energy and carbon emissions across the whole country.

Chair's statement continued

Plug Me In now has the capacity for

c.10,000

installations a year, and we have launched a subscription service to streamline financing for households

Given the wider social, economic, and environmental benefits for the country of having a smarter energy network, why should we allow individuals to opt out, increasing costs for all and putting everyone at risk of blackouts? The more data we have on the energy grid, the better the chance we have of avoiding blackouts in winters to come.

This regulatory framework is not only critical for smart meters, but also for the other pillars of the UK's decarbonisation agenda, such as heat pumps and EV charging. Currently, funding is difficult to source due to the inherent risk of the asset class, given its long expected lifespan and associated stranded asset risk. A regulatory framework to protect the assets would allow the adoption of these energy efficient solutions to be accelerated. According to the Climate Change Committee, in order to reach the UK's 2050 net zero target, annual investment needs to increase to around £50 billion a year or approximately five times 2020 levels. This level of spending cannot be borne by households alone and must come from private investors. To ensure the funding is allocated in a productive fashion, it is critical that we take onboard the lessons from the SMIP and create a regulatory framework that accelerates private investment in the sector.

Right: At Calisen, we constantly ask ourselves what we can do to assist the energy industry and the energy consumer.



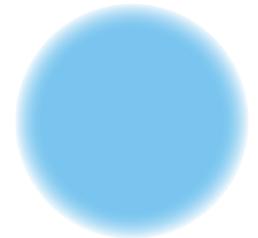
Whilst we wait for the regulatory framework to be put in place, Calisen has forged ahead in building these new markets. There has been impressive progress in the Plug Me In business unit, which provides a one-stop-shop offering for the installation of EV chargers. We now have the capacity for over 10,000 installations a year, and we have launched a subscription service to enable customers to pay monthly for their home EV charger, rather than paying the full cost upfront. I am very impressed with the team and look forward to their continued progress in 2023.

“There has been impressive progress in the Plug Me In business unit, which provides a one-stop-shop offering for the installation of EV chargers”

From a corporate perspective, I am pleased to report that we have agreed the merger of our operations with MapleCo Topco Limited (“MapleCo”), another MAP in Great Britain. The deal is expected to complete in 2023, following competition approvals, and in the interim both businesses will continue to operate independently, maintaining their high levels of customer service. Funds managed by Equitix, which currently own 100 per cent of MapleCo, will join our existing shareholders, and Equitix will complement the existing shareholder group's vision for Calisen.

This has been a difficult year for everyone, but I am very pleased with how all our employees have risen to the challenge. We have never wavered in our commitment to serving our customers, and we continue to be well placed to grow. I very much look forward to the continued success of the Group and making the most of the opportunities available to us.

Bert Pijls
Chair



Chief Executive Officer's review

Stay positive
and focus
on delivering
great customer
service

Sean Latus
Chief Executive Officer

“My vision for Calisen is to offer our customers a broad range of metering services and other energy transition infrastructure, delivered safely and with high quality”

2022 has undoubtedly been a tough year for the business. We all started the year feeling the impact of the difficult COVID period and this was exacerbated in our sector with the multiple energy retailer insolvencies during 2021 and post-COVID supply chain issues. This directly impacted Calisen through contract losses and slower meter installation rates. However, by staying positive and with focus on delivering great customer service, we have ended the year with new customers, new propositions, and an outlook where we have strong demand for our services. With the high cost of energy, we also find ourselves in a position whereby our vision – delivering smarter energy infrastructure to enable consumers to better manage their journeys to net zero – has much higher focus in the UK and elsewhere. The UK public has shown it is firmly behind the idea of green energy, and this supports our own direction in developing new solutions and capabilities across our Group in the pursuit of a more sustainable future.

The good news is that Calisen is well placed to support future growth in the energy industry. My vision for Calisen is to offer our customers a broad range of metering services and other energy transition infrastructure, delivered safely and with high quality. This builds on our core infrastructure asset ownership, delivered through funding, installation, reading and maintenance activities. We have already seen in 2022 how this vision has won us new contracts and helped us develop new capabilities. We continue to focus on:

- building out our smart meter portfolio through contract wins and extensions;
- growing our meter installation capabilities so we can accelerate the roll-out and be best placed to deliver ongoing industry requirements beyond the smart meter deployment phase;
- expanding the range of support we can offer our customers over the medium term using our non-technical workforce;
- supporting the roll-out of EV charging infrastructure via Plug Me In; and
- exploring new growth areas, such as the electrification of heat and water metering, and building a more holistic metering proposition.

“I would also like to congratulate the operations teams for an excellent health and safety record this year”

Smart metering remains at the forefront of our operations. Smarter technology is an important part of our arsenal to increase consumer understanding of their energy consumption and to better manage when and how much energy they use. I am a big believer in smart technology. It is a universal aid to benefit consumers and businesses, energy retailers and for UK plc to enable smarter grid management.

Calisen has made large strides this year in its delivery of the SMIP, the major government-led programme by which smart metering technology is being rolled out to households. We have had a number of new metering contract wins and extensions with existing customers, all of which stem from the commitment of our staff to delivering great customer service in all that we do. These commercial successes have supported management's expectations that Calisen will own a portfolio of 15.5 million smart meters by the end of the roll-out. Whilst I've noted already the 2022 challenges, we have still facilitated a significant number of new meters in homes during 2022, with growth in our smart meter portfolio of 1.1 million meters bringing us 8.2 million revenue-generating smart meters at period end. We believe that represents about one in every three smart meters going into homes being a Calisen meter. In addition, during the course of the year our overall portfolio, including traditional meters, passed the 10 million meter mark. This is a fantastic achievement and speaks well to the ongoing hard work of our teams and our deep customer relationships. We will continue to build from these strengths.

Installation Services and Data Services have also had a busy year, particularly in building new momentum following some customer contract losses in 2021 due to energy retailer insolvencies. It's been great to see new customers added and new skills developed, such as EV charge point surveys and meter re-commissioning activity.

Chief Executive Officer's review continued

In April 2022, we also announced the acquisition of UW Home Services ("UWHS"), the smart metering installation subsidiary of Utility Warehouse. This was a strong demonstration of our strategy at work, with the combined business having a greater spread of workforce supporting a broader portfolio of contracts and sharpening our focus on capturing opportunities offered by the ongoing roll-out of smart meters in Great Britain. Combining the teams provides additional engineer density and allows us to reach more consumers with a more cost-effective service. The integration of UWHS was completed during the year and I would like to extend a warm welcome to those joining the Group.

I would also like to congratulate all of those involved in the operational teams for an excellent health and safety record this year, with a one-third reduction in our All Injury Accidents metric. Safety at work has been one of my key priorities as CEO, and it is gratifying to see that this is a key focus for all of us, which has been reflected in lower health and safety reporting statistics. We want to maintain our industry-leading health and safety standards as we work towards a zero harm business and for everyone to get home safely at the end of each day.

Drawing on our combined strengths, we have continued to develop our Managed Services offering by adding meter refurbishment and meter commissioning activity to our other services. We will continue to add capabilities as we work to support our energy retailer customers who manage millions of households and improve the efficiency by which the UK's meter fleet is maintained.

I've also been very pleased this year with the progress in our strategy of expanding into metering-adjacent markets. Our Plug Me In business, which provides installation of EV chargers for businesses and households, has won a number of contracts during the course of the year, including with car manufacturers and fleet operators. Building the future of EV within the UK is very exciting for us, and provides a route to creating more value for all our stakeholders, including employees. I am keen to see Plug Me In continue to develop and grow over the coming years. It also provides a useful template for us in looking at other similar assets, such as heat pumps.

These operational results have fed through into a robust financial year. Revenue increased by 6 per cent to £286 million while Funds From Operations, our preferred measure of cash flow, was £204 million. Underlying earnings or EBITDA increased 6 per cent to £215 million, driven largely by the increases in our meter portfolio. Given the difficult start to the year, these are respectable results and they highlight the stability inherent in our core operations.

"Building the future of EV within the UK is very exciting for us, and provides a route to creating more value"

Looking ahead, we have a number of opportunities to support the UK's net zero ambitions. Net zero is an intrinsic part of the Calisen DNA – we operate within the infrastructure space and tend to think in similarly long-term timeframes, typically 20 years or longer. Towards this end, we have added an additional eight EVs to our vehicle fleet and continue to work on increasing the utilisation of low-carbon transport within our operations. We have also completed our review of Calisen's Scope 3 emissions, which has been recognised by EcoVadis, who awarded us a Bronze Sustainability Rating for 2022.

Encouraging diversity and supporting our employees is something I feel passionately about. As part of our ESG strategy, we have implemented several key projects that are intended to build on the people foundations in our business – as people are at the centre of what we do:

- We have continued to implement our people strategy, including receiving feedback from our employees through the workforce engagement forum and engaging in group activities such as a Wellness Walk.
- We are working towards ensuring Calisen has one consistent set of values that clearly sets out the goals we are working towards and the behaviours that a Calisen employee will embody. We intend to roll these out in 2023.

- We have more to do to recognise diversity and inclusion as we recognise individuals for who they are and the value that they bring. During the year, we have created a Diversity & Inclusion Committee, which has been tasked with finding innovative ways for us to broaden our representation as an employing Group.

I have also taken the opportunity to add senior talent to my Executive Committee and it is my pleasure to welcome Matthew Bateman as Chief Operations Officer and Brandon Rennet as Chief Financial Officer. Matthew joins us from Centrica, where he had long-standing success in leading various business units, including as Managing Director of British Gas. Brandon has joined us from a number of previous senior finance roles working in energy and other utility companies. I look forward to working with them both alongside my existing team.

Finally, I need to reiterate my thanks to our customers for their support throughout this year, as we could not have done all that we have without their support. Our employees have also worked extremely hard during a tough year and for this I'm particularly appreciative and proud of all the good we have achieved together. Our shareholders have also provided strong support for our strategy and growth, and my thanks also go to the Board of Directors for their continued guidance and challenge.

As we go forward into 2023, I remain excited about our long-term strategy to deliver smarter energy for all. We will continue to grow in several different areas, including our metering asset ownership capabilities, Installation Services, Data Services, EV charging infrastructure and in new forward-looking markets in support of our mission. As we forge ahead in our transition to be a broader business providing a range of capabilities in metering and other assets, Calisen will continue to play a key role in the future, and I look forward to what we can achieve in the years to come.

Sean Latus
Chief Executive Officer



How we are integrating ESG

During 2022, we have focussed on developing our sustainability framework, integrating this within the heart of our organisation, and outlining bold plans to enable realisation of our ambitions.

As a result of this work, we have reflected on our approach to ESG at Calisen. We have shifted from looking at each aspect – Environmental, Social and Governance – independently and moved to a more holistic view, which accounts for the interconnected nature of each element and the role that good governance plays in ensuring that Environmental and Social considerations are embedded at every level and in every strategic decision of the organisation.

This has allowed us to define what our ambitions really mean to us, prioritise actions and create a detailed plan to allow us to continue taking action in 2023.



For more information, please see pages 27-34

Our strategy at a glance

Overview



Execute on our core opportunities

Our strategy is to grow our base of revenue-generating meters, be safe in all we do and continue to provide our existing customers with excellent services.

What we achieved

In 2022, we added 1.1 million revenue-generating smart meters to the portfolio.

We achieved a number of new engagements with existing customers, building on our strong relationships.

Opportunities

Increasing the rate of meter installations is a key part of Calisen's strategy. Returning to pre-COVID-19 installation rates would be a good result, either through the addition of new customers or existing customers increasing their installation rates. Utilising all aspects of Calisen's capabilities across the various business units is an important priority area.

Risks

There remains the potential for further energy supplier insolvencies and ongoing disruption in the UK energy markets, which will put pressure on the core business units.



For more information, please see pages 38-45



Extend our capabilities to provide a holistic proposition

We intend to build on our existing relationships and track record of delivery to win future contracts and contract extensions to support customer growth.

To do this, we will build new operating capability, not just in MAP but also in EV infrastructure and Managed Services.

Signed up a number of energy suppliers for our Managed Services offering, and progressed trials for additional capabilities with a number of customers.

Reached capacity for 10,000 EV installations a year and launched a subscription service to provide new routes to market for EV chargers.

The largest opportunity remains in providing excellent service to our customers, understanding their needs and how Calisen can meet them.

The EV market represents a largely untapped opportunity, with most UK households not yet served by vehicle charging infrastructure, which is anticipated to require significant investment.

Ongoing challenges and disruptions in the energy market, delaying the energy transition and limiting opportunities for greenfield growth.



For more information, please see pages 38-45



Grow the business in line with the mission

Focus on:

- solutions underpinned by physical infrastructure assets;
- opportunities with solid counterparty credit quality;
- enabling the energy transition and supporting a positive ESG and net zero story; and
- pursuing opportunities that play to Calisen's strengths.

Scoping activity in growth markets has been ongoing throughout 2022, and the business has identified a number of focus areas, including:

- new wins;
- international;
- other asset ownership (e.g. heat); and
- acquisitions.

We believe domestic batteries, heat pumps and water metering are potential high growth areas and are of interest.

Internationally, we will continue to monitor developments in other markets.

The key risk for adjacencies is the current lack of clarity over whether a commercially acceptable balance of risk and reward can be achieved.



For more information, please see pages 38-45

Our strategy in action

Plug Me In

Following the launch of Plug Me In in 2021, the EV charging division of the Group has continued to develop and broaden its range of services along with increasing the number of qualified installers to service its customers.

By the end of 2022, Plug Me In had the capacity to install c.10,000 EV chargers per annum across the whole of the United Kingdom – including Northern Ireland.

One of the key achievements in 2022 was the launch of Plug Me In's Subscription Service. This enables customers to pay monthly for their home EV charger, rather than paying the full cost up front. There are a number of macroeconomic factors which make this solution ideal for consumers – the rise in energy prices, the evolution of the second hand EV market and rising interest rates all mean that having a charging solution at home can now be more affordable. To enable Plug Me In to offer this solution, it first had to gain accreditation with the Financial Conduct Authority and is the first time the Group has provided direct financing to consumers.

Plug Me In has invested heavily this year in refining its customer journey, making it even more simple and faster for consumers to get their charge point installed. Plug Me In now provides consumers with the ability to choose their preferred date and time for their on-site survey, right at the start of their application. This gives customers full control and visibility of their journey. A series of tailored email and text message communications have also been developed to keep consumers updated with progress of their installation at each stage.

With the results from the on-site survey now visible in real time, Plug Me In can inform customers within a couple of days of their specific requirements.

As of December 2022, Plug Me In had installed c.500 domestic charge points and completed 15 installations in commercial premises.

Other achievements for Plug Me In during 2022 include the following:

- Signing contracts with two other major domestic charge point manufacturers. These provide Plug Me In with direct leads from global car manufacturers, car leasing businesses, fleet providers and insurance companies.
- Gained Approved Contractor status with NICEIC in order to scale the commercial side of the business.
- The success of Plug Me In's ability to provide on-site home surveys – at scale – has meant that this service is now offered on a standalone basis. During 2022, the business completed over 3,000 home surveys and is particularly attractive for consumers who are elderly or have mobility problems.
- Due to the increased range of products that the Plug Me In installation provides, it was becoming increasingly difficult to ensure the right equipment was in the right place for customers. Plug Me In has now fully outsourced this service, enabling every installer to receive or pick up equipment multiple times per week along with providing real-time stock information.



Above: A Plug Me In engineer installs an EV charger in a customer's home.

Left: Plug Me In has invested heavily in refining its customer journey.

Our strategy in action continued

UW Home Services

At the start of the year, we acquired UW Home Services Limited, the smart metering installation subsidiary of Utility Warehouse, itself a subsidiary of Telecom Plus plc.

This acquisition was directly in line with our strategy to develop broader and more holistic services to our customers and has helped to expand Calisen’s meter installation business by improving access to a larger customer base, particularly in the south of England. The acquisition was also in line with Calisen’s focus on capturing opportunities offered by the ongoing roll-out of smart meters in Britain.

Sean Latus, Group Chief Executive Officer, summarised the opportunity: “The acquisition of UWHS is an exciting and progressive expansion for Calisen. It’s another positive step in pursuing our strategy – to bring smarter energy to more people. By bringing UWHS and Lowri Beck together, we will be able to reach more consumers and build on our installation capacity. We will also broaden our relationship with Utility Warehouse and provide a more complete metering service to a key customer.”

What we did

Following a thorough due diligence process, we integrated UWHS into our Lowri Beck business unit over the summer to add to Lowri Beck’s existing multi-service operations in the UK. A cross functional team worked to thoroughly review the UWHS business and identify the right operating model for both businesses. Most members of the Transition Team managed their respective areas of the transition whilst also taking care of business as usual work.

Organisationally, the transition period took place from the beginning of April to the end of August, which was an accelerated timeframe on the original proposal in order to minimise disruption to the workforce and to our customers. This period included significant work to integrate both organisations in line with customer demand and the needs of the combined businesses. A detailed system review was undertaken to consolidate the systems across both businesses. A significant amount of data was transferred successfully as part of this review as well as establishing a revised contract with one of our main logistics solutions suppliers.

In parallel with the transition process, a number of additional workstreams were launched. This included an upgrade and increase in training capacity for our in-house training academy to help onboard the Field Operatives coming in from UWHS on Lowri Beck Safe Systems of Work. We also introduced an improved business planning process to help better align customer demand, provision of Field Operatives in the right postcodes and availability of assets and equipment such as upgraded hand held terminals needed by the operatives to install smart meters to plan.

Over the course of the summer, recruitment efforts were stepped up to help fill the gaps that the acquisition was not able to fill. The recruitment market is particularly challenging due to an industry wide shortage of skills, but the business has made steady progress during 2022.

Outcomes

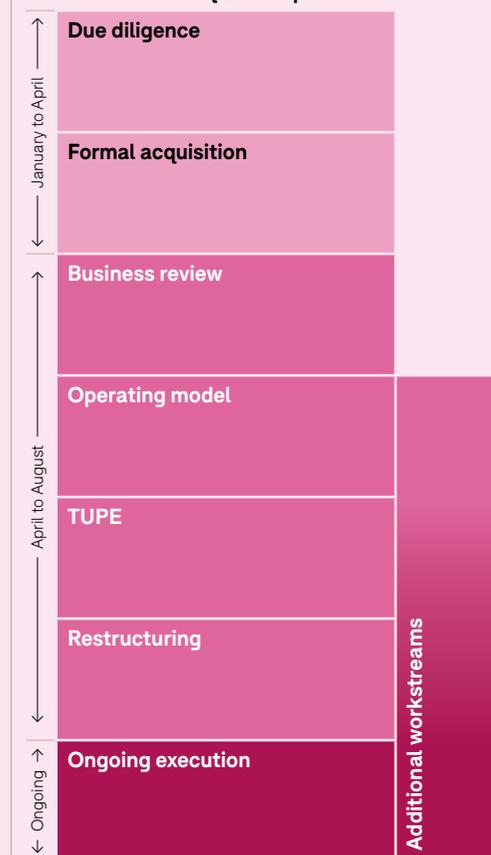
A combined UWHS and Lowri Beck integration team worked closely together to integrate both businesses. Organisationally, UWHS was successfully integrated with Lowri Beck by the end of August. Associated synergy benefits have been accelerated by c.5 months and target savings achieved ahead of the original business case. In some areas integration work will continue, where contractual commitments mean we are not quite ready to fully realise the benefits from our combined footprint. The combined businesses now have a greater spread of workforce supported by a broader portfolio of contracts. Calisen already worked with Utility Warehouse but, following the acquisition, will be able to add a broader range of services, including meter asset provision to this important customer.

We have also benefited from the overall acquisition approach itself and have captured the experience plus a number of lessons learned in a standard acquisition methodology for our business.

Calisen would like to thank once again all those involved in this important strategic acquisition.

For further details on the acquisition, please see note 14 of the Financial Statements.

The end-to-end acquisition process:



Calisen leadership

We spoke to Sarah Blackburn (Chief Commercial Officer) and Matthew Bateman (Chief Operating Officer) to get insight into Calisen's leadership strategy



Sarah Blackburn CCO

“...the most exciting opportunity is to continue to support our great customers and be seen as innovative”

Q. What was your background before joining Calisen?

SB. I was a projects and finance lawyer in private practice. This was a great opportunity where I was able to gain experience working on lots of different types of energy and PFI type projects as well as mergers and acquisitions.

Q. Why smart metering and why Calisen?

SB. I have to admit that I never imagined that there was so much detail and complexity in metering before I came to the interview for the Calisen position a little over eight years ago.

Now, I strongly believe that smart metering can make a difference in terms of carbon reduction and social benefits, as well as being an enabler to the energy system that we will need in the future.

Calisen is a large and successful business based in Manchester and importantly for me it has a great supportive culture that has allowed me to balance progression at work with raising a young family.

Q. What do you view as the most exciting opportunity available to the business?

SB. That's a tough question as I'm lucky enough to get to work on lots of exciting opportunities.

However, for me the most exciting opportunity is to continue to support our great customers and be seen as innovative in providing their metering and other assets as those needs adapt to the changing energy market in the UK and overseas.

Q. What capabilities will we need to build to make the most of this opportunity?

SB. We will need to ensure that as we grow we continue to be nimble and flexible, as the market is changing rapidly.

We will also need to ensure that our people are supported in their career growth in order that we continue to have strong teams that can support our customers with all their needs now and in the future.

Q. What is your vision for commercial in supporting Calisen's strategy?

SB. To be seen as the “go to” expert and friendly team customers want to work with for any metering and net zero energy transition assets in the UK.

Q. How will you know that you are succeeding?

SB. Calisen will have as strong a reputation and in-depth knowledge for delivering net zero energy asset projects and portfolios as we already do for metering.

Q. How can Calisen help deliver the UK's net zero ambitions?

SB. The technology is becoming available to achieve the UK's net zero ambitions in energy.

The challenge is whether the UK will deliver the technology in the time required.

Calisen can use its knowledge of the energy industry and the delivery of complex projects to help by creating structures and capability to invest in net zero assets in order that they can be deployed at scale quickly.

Q. What are you doing to encourage diversity and inclusion within Calisen?

SB. One of the reasons I enjoy working at Calisen is that due to the flexibility and support I have from the business and team I am able to balance my role with being a mum with a young family. I use this experience to help provide a voice within the business and around the Board table when business decisions may impact on the challenges of balancing family life and an active career. I have also volunteered to be a champion on the women in Calisen initiative that is planned for 2023.

Calisen leadership continued



Matthew Bateman COO

“Calisen’s focus on people will remain a key factor in our success going forward.”

Q. What was your background before joining Calisen?

MB. I joined Calisen from Centrica and British Gas, where my most recent role was as Managing Director of British Gas Services and Solutions. I really enjoyed my time at Centrica, and look forward to continue to work with the team as one of Calisen’s core customers.

I have always been passionate about environmental issues and have ensured that sustainability has always been a part of my career to date. It was a privilege to start British Gas on its current decarbonisation journey, and I am looking forward to helping Calisen grow in this area.

Q. Why smart metering and why Calisen?

MB. I believe smart meters are critical to a net zero future. Calisen has a great track record in this space and has proven it is very good at managing smart metering technology, both getting meters on the wall and managing the assets once installed. I have been pleased to confirm that there is a notable passion for smart metering and sustainability within Calisen, which is evident as we build out the end-to-end product offering needed to help our customers cut carbon.

Q. What do you view as the most exciting opportunity available to the business?

MB. I’m really excited about utilising our existing capabilities and extending these into adjacent markets. There are a number of areas that could really benefit from Calisen’s skills, including the electrification of domestic heat and EVs.

As a leading MAP, Calisen has a number of core competencies, such as managing large numbers of low-value assets, that will come in handy as the UK continues its energy transition. These capabilities are embodied in our people, and I believe that Calisen’s focus on people will remain a key factor in our success going forward.

Q. What capabilities will we need to build to make the most of this opportunity?

MB. As Chief Operations Offer, I firmly believe that people are at the heart of our success. Developing our employees requires a long-term vision and the right engagement levels, as we have to make sure people want to build their careers with Calisen. This has benefits for all parties and allows everyone to gain from long-term loyalty and commitment, effectively creating a stable base for our people to build on.

I want to enable people to do their best every day, which needs the right systems and processes. To do so, I want to invest appropriately in skills and abilities, making sure that talent is rewarded. This is one of my top priorities in the coming months.

Q. What is your vision for operations in supporting Calisen’s strategy?

MB. I want to lead a highly engaged team, who see and share my passion for the business and the important work we are doing around decarbonisation. Ultimately, I will know we have been successful through results on the ground, most importantly through feedback from both customers and employees, and also the commercial outcomes of our work.

Q. What is the biggest challenge we face in delivering Calisen’s strategy?

MB. Building skills in the market today is challenging. There is a general skills shortage in the UK, particularly around practical know-how such as meter installations, and I want Calisen to be a part of fixing those shortages. We already invest significantly in skills through our training academy, but we have to be patient and have confidence that our efforts will pay dividends in the medium term.

Q. How will you know that you are succeeding?

MB. Calisen’s governance is very strong, and the business already tracks performance rigorously. We will see the fruits of our labour reflected in both operational and commercial outcomes, such as efficiency metrics and our business’s Key Performance Indicators.

One key enabler I keep an eye on is colleague recruitment and retention, which are critical to maintaining our capabilities and skills as I mentioned earlier. Because of the fact that Calisen has such transferable skills, our retention metrics should, in turn, show up as growth in new business areas such as EVs.

Q. How can Calisen help deliver the UK’s net zero ambitions?

MB. Ultimately, we believe that a dedicated metering specialist plays a unique role in the industry. We assist in accelerating the smart meter roll-out, and provide core capabilities to help consumers and businesses with implementing and funding the net zero transition.

I believe that our existing core strengths and ongoing development of scarce capabilities will be key enablers of success, for both Calisen and the customers we serve. Our people are excited to drive change, and this is something I want to foster in my first year with the Company.

Q. What are you doing to encourage diversity and inclusion within Calisen?

MB. I hope I have shown through this interview how critical I view the engagement of our workforce and making Calisen a great place to work. To ensure this is the case, I want to ensure we have a diverse and inclusive culture, as I believe this is key to maintaining engagement.

It is non-negotiable that we continue to develop inclusion within the business, as this develops breadth of ideas and depth of contribution, both of which are fundamental to building key capabilities as I mentioned earlier.

Diversity and inclusion is not just a box to be ticked, but is built into Calisen’s DNA. If you believe that people are at the heart of what we do, then diversity and inclusion is key to building long-term commitment.

Key Performance Indicators

Key Performance Indicators

	Description	Definition	Link to strategy	Target						
<p>Increase in revenue-generating meters</p> <p>Increase in revenue-generating meters</p> <table border="1"> <tr> <td>2022</td> <td>1.1m</td> </tr> <tr> <td>2021</td> <td>1.1m</td> </tr> <tr> <td>2020</td> <td>0.8m</td> </tr> </table>	2022	1.1m	2021	1.1m	2020	0.8m	Annual growth in the smart meter portfolio. Measures success in turning the pipeline into revenue-generating metering assets	The number of revenue-generating smart meters at 31 December less the equivalent number at 31 December the previous year	Links to the first and second elements of our strategy, to deliver contracted growth in the British MAP segment and continue the build-out of the smart meter pipeline	<p>1.4m</p> <p>compared with 1.1m reported</p>
2022	1.1m									
2021	1.1m									
2020	0.8m									
<p>Underlying EBITDA</p> <p>Underlying EBITDA</p> <table border="1"> <tr> <td>2022</td> <td>£214.5m</td> </tr> <tr> <td>2021</td> <td>£203.4m</td> </tr> <tr> <td>2020</td> <td>£187.9m</td> </tr> </table>	2022	£214.5m	2021	£203.4m	2020	£187.9m	A measure of profitability prior to depreciation of assets, amortisation of intangible assets and the cost of financing	See page 88 for a detailed definition	Links to the first and second elements of our strategy, to deliver contracted growth in the British MAP segment and continue the build-out of the smart meter pipeline	<p>£214m</p> <p>compared with £215m reported</p>
2022	£214.5m									
2021	£203.4m									
2020	£187.9m									
<p>Operating profit</p> <p>Operating profit</p> <table border="1"> <tr> <td>2022</td> <td>£71.4m</td> </tr> <tr> <td>2021</td> <td>£54.0m</td> </tr> <tr> <td>2020</td> <td>£54.0m</td> </tr> </table>	2022	£71.4m	2021	£54.0m	2020	£54.0m	A measure of statutory profit after cost of sales, overheads and amortisation of intangible assets but before the cost of financing and taxation	Operating profit/(loss) for the year	Links to the first and second elements of our strategy, to deliver contracted growth in the British MAP segment and continue the build-out of the smart meter pipeline	<p>£44m</p> <p>compared with £71m reported</p>
2022	£71.4m									
2021	£54.0m									
2020	£54.0m									

Key



Deliver contracted growth in the British MAP segment



Continue build-out of Calisen's smart meter pipeline



Expand into adjacent areas and international markets



In addition to the KPIs set out above, we also track additional non-financial metrics. We track the size of the smart meter portfolio over time, which shows progress in converting our contracted pipeline into revenue-generating assets, as well as the split between different categories of customer which shows how the more balanced split in the smart meter pipeline should see the split of revenue-generating meters become more balanced between the main customer categories in the future. Additional data relating to environmental matters can be found on pages 27 to 34.

Key Performance Indicators continued

	Description	Definition	Link to strategy	Target
<p>Profit/(loss) before tax</p> <p>Profit/(loss) before tax</p> <p>2022 £138.2m</p> <p>2021 £44.0m</p> <p>2020 £(17.2)m</p>	A measure of statutory profit after cost of sales, overheads, amortisation of intangible assets and the cost of financing but before taxation	Profit/(loss) for the year attributable to equity shareholders prior to the payment of corporation tax	Links to the first and second elements of our strategy, to deliver contracted growth in the British MAP segment and continue the build-out of the smart meter pipeline	<p>(£48m)</p> <p>compared with £138m reported</p>
<p>Adjusted Funds From Operations</p> <p>FFO</p> <p>2022 £203.5m</p> <p>2021 £203.7m</p> <p>2020 £169.0m</p>	Our preferred metric for cash flow measuring cash generated prior to reinvestment	See page 88 for a detailed definition	Links to all elements of our strategy as we reinvest cash generated in further growth	<p>£195m</p> <p>compared with £204m reported</p>
<p>Capital expenditure deployed</p> <p>Capital expenditure deployed</p> <p>2022 £270.0m</p> <p>2021 £231.7m</p> <p>2020 £171.8m</p>	The amount invested in new assets which will produce revenue and cash flow in future periods	Purchase of property, plant and equipment per the Consolidated Statement of Cash Flows	Links to all three elements of our strategy as a driver of revenue and cash flow growth	<p>£292m</p> <p>compared with £270m reported</p>

Key



Deliver contracted growth in the British MAP segment



Continue build-out of Calisen's smart meter pipeline



Expand into adjacent areas and international markets



In addition to the KPIs set out above, we also track additional non-financial metrics. We track the size of the smart meter portfolio over time, which shows progress in converting our contracted pipeline into revenue-generating assets, as well as the split between different categories of customer which shows how the more balanced split in the smart meter pipeline should see the split of revenue-generating meters become more balanced between the main customer categories in the future. Additional data relating to environmental matters can be found on pages 27 to 34.

Group Finance Director's review



Stable growth
in a challenging
market

Phillip McLelland
Group Finance Director

“The Group delivered 5.5 per cent growth in Underlying EBITDA in 2022”

Summary

The Group delivered 5.5 per cent growth in Underlying EBITDA in 2022. These represent a strong outturn for the business, given the ongoing challenges facing the energy industry and the ongoing impact of energy retailer insolvencies. This demonstrates that Calisen is a highly resilient business.

Towards the end of 2022 I have taken up the new position of Chief Risk Officer with responsibility for developing the Risk and Sustainability agenda at Calisen. Also, Brandon Rennet has joined the business as Chief Financial Officer. I would like to welcome him to the team and very much look forward to working with him as we execute our strategy.

Underlying performance

The table below contains a reconciliation between the statutory loss for the period and the trading profit for the period adjusting for non-trading items. This enables a better year on year comparison.

These figures reflect the acquisition during the year of UW Home Services, which has been integrated into Lowri Beck and will be reported as part of that operating segment. This business was acquired on 31 March 2022.

Income Statement

(£ in millions)	Year ended December 2022				Year ended December 2021		
	Trading	Non-trading	UWHS	Statutory	Trading	Non-trading	Statutory
Revenue	282.2	–	3.6	285.8	268.8	–	268.8
Cost of sales	(114.5)	(23.2)	(7.2)	(144.9)	(143.8)	15.9	(127.9)
Gross profit	167.7	(23.2)	(3.6)	140.9	125.0	15.9	140.9
Administrative expenses	(21.8)	–	(2.2)	(24.0)	(30.5)	–	(30.5)
Other expenses	–	(0.9)	–	(0.9)	–	(12.0)	(12.0)
Amortisation of intangible assets	(44.6)	–	–	(44.6)	(44.4)	–	(44.4)
Operating profit	101.3	(24.1)	(5.8)	71.4	50.1	3.9	54.0
Finance expense	(29.0)	–	(0.1)	(29.1)	(24.6)	–	(24.6)
Finance income	95.9	–	–	95.9	14.6	–	14.6
Profit/(loss) before tax	168.2	(24.1)	(5.9)	138.2	40.1	3.9	44.0

Group Finance Director's review continued

Where relevant, an explanation of non-trading items set out in the table on the previous page is included in the commentary on each line item set out below.

Income Statement (£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from 31 December 2021
Revenue	285.8	268.8	6.3%
Cost of sales	(144.9)	(127.9)	(13.3%)
Gross profit	140.9	140.9	–
Administrative expenses	(24.0)	(30.5)	21.3%
Other expenses	(0.9)	(12.0)	92.5%
Amortisation of intangible assets	(44.6)	(44.4)	(0.5%)
Operating profit	71.4	54.0	32.2%
Finance expense	(29.1)	(24.6)	(18.3%)
Finance income	95.9	14.6	n.m.
Profit/(loss) before tax	138.2	44.0	214.1%
Taxation	(31.0)	(40.2)	22.9%
Profit/(loss) for the year	107.2	3.8	n.m.

Revenue Revenue Analysis (£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from 31 December 2021
MAP Services:	236.1	223.7	5.5%
Smart	188.2	165.3	13.9%
Traditional	48.0	58.4	(17.8%)
Data Services	17.7	20.2	(12.4%)
Installation Services	23.3	25.6	(9.0%)
Installation Services – UWHS	5.2	–	n.m.
Other income	3.5	4.3	(18.6%)
Inter-segment revenue	–	(5.0)	n.m.
Total Revenue	285.8	268.8	6.3%
Revenue-generating meters at period end (m)	10.6	9.8	8.2%
Smart	8.2	7.1	15.5%
Traditional	2.4	2.7	(11.1%)
Average revenue per meter (“ARPM”) – Smart	24.3	25.4	(4.3%)
Average revenue per meter – Traditional	18.7	20.4	(8.3%)

Revenue increased year on year, growing by 6.3 per cent from £268.8 million in 2021 to £285.8 million in 2022, primarily reflecting growth in the MAP Services operating segment and the addition of UWHS during the year.

The key drivers of revenue from the smart meter portfolio were a positive effect from the number of revenue-generating meters and a negative effect from falling ARPM.

Calisen's revenue-generating smart meter portfolio grew from 7.1 million meters to 8.2 million meters, a net increase of 1.1 million meters or 15.5 per cent, which led to a corresponding increase in revenue. The traditional meter portfolio reduced by 0.3 million meters to 2.4 million meters.

Combined, this resulted in a total portfolio of 10.6 million meters at year end.

Average Revenue Per Meter (“ARPM”) decreased from £23.9 per annum in 2021, to £22.9 in 2021 comprising:

- a decrease in smart meter ARPM from £25.4 in 2021 to £24.3 in 2022; and
- a decrease in traditional meter ARPM from £20.4 in 2021 to £18.7 in 2022.

Within the smart ARPM, the majority of the decrease was due to the mix of meters installed changing in favour of meters on longer duration contracts, which attract a lower annual rental but are guaranteed for a longer period of time.

MAP Services is Calisen's largest division, and its revenue increased 5.5 per cent to £236.1 million.

Growth in this segment was primarily driven by increases in the revenue-generating smart meter portfolio in excess of the decreases in the traditional meter portfolio as traditional meters were replaced by smart meters.

Data Services revenue was £17.7 million in 2022, lower than the £20.2 million achieved in 2021, which is primarily due to a declining share of traditional meters in Great Britain.

Installation Services revenue was £23.3 million in 2022, down 9.0 per cent on the £25.6 million achieved in 2021, which reflects ongoing challenges in the energy industry following a number of customer insolvencies and slowed meter installation activity across the market.

Cost of sales

EBITDA and FFO Reconciliation (£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from 31 December 2021
Depreciation of property, plant and equipment (meters)	(99.3)	(87.4)	(13.6%)
Compensation income	23.2	15.9	45.9%
Net book value of disposals of property, plant and equipment (meters)	(18.9)	(19.6)	3.6%
Employee benefits expense and other direct costs	(49.9)	(36.8)	(35.6%)
Cost of sales	(144.9)	(127.9)	(13.3%)

Cost of sales across the Group increased by 13.3 per cent from £127.9 million in 2021 to £144.9 million in 2022, driven by rising depreciation on the newly installed meter portfolio, rising staff costs and the acquisition of UWHS during the year.

On 31 December 2021, the net book value of traditional meters amounted to £17.3 million. The associated annual depreciation charge for traditional meters in 2022 was £13.9 million.

Compensation income relates to the effective sale of metering equipment when removed, which offsets the write-off of the underlying asset. It is calculated to make up for the loss of MPC revenue in net present value terms according to the relevant MAP contract. Compensation income therefore results in a reduction in cost of sales. Compensation income increased by 45.9 per cent from £15.9 million in 2021 to £23.2 million in 2022. Ageing of the traditional meter fleet had a negative impact on compensation.

Group Finance Director's review continued

Underlying EBITDA

EBITDA and FFO Reconciliation (£ in millions)	As at 31 December 2022	As at 31 December 2021	% Change from December 2021
Profit/(loss) for the period	107.2	3.8	n.m.
Taxation	31.0	40.2	(22.9%)
Net finance expenses	(66.8)	10.0	n.m.
Written off net book value of disconnected meters	18.9	19.6	(3.6%)
Foreign exchange	(0.1)	0.3	n.m.
Amortisation of intangible assets	44.6	44.4	0.5%
Depreciation of property, plant and equipment	102.0	89.0	14.6%
Other expenses	0.9	12.0	(92.5%)
Adjusted EBITDA	237.7	219.3	8.4%
Deduct:			
Compensation income	(23.2)	(15.9)	45.9%
Underlying EBITDA	214.5	203.4	5.5%
Underlying EBITDA margin	75.1%	75.7%	(0.6%)

We view Underlying EBITDA as one of our main KPIs, rather than Adjusted EBITDA, although we calculate both metrics. Underlying EBITDA is composed of Adjusted EBITDA less compensation income. Compensation income is mainly relevant during the SMIP while significant numbers of smart meters are being installed in favour of removing traditional meters, but it is not expected to be a significant ongoing item. Given the limited timeframe of the SMIP as currently described in legislation, compensation income may not be significant in the future.

Adjusted EBITDA in turn is calculated by reference to the profit/(loss) for the period and adjusting this for taxation, finance income/(expenses), depreciation, amortisation, profit/(loss) on disposal of non-current assets, foreign exchange and significant costs that are non-trading or one-off in nature.

Underlying EBITDA increased by 5.5 per cent from £203.4 million to £214.5 million. The 6.3 per cent increase in Group revenue, driven by growth in the revenue-generating smart meter portfolio from 7.1 million to 8.2 million meters which mainly drops through to Underlying EBITDA, was partially offset by decreased profitability in the Installation Services and Data Services divisions, reflecting the tough operating environments that they function in.

Adjusted EBITDA increased by 8.4 per cent from £219.3 million to £237.7 million. Adjusted EBITDA increased by more than Underlying EBITDA due to the increase in compensation income compared to the prior year.

Administrative and other expenses

Income Statement (£ in millions)	As at 31 December 2022	As at 31 December 2021	% Change from December 2021
Administrative expenses	(24.0)	(30.5)	21.3%
Other expenses	(0.9)	(12.0)	92.5%

Administrative expenses consist of costs associated with corporate functions, such as wages and salaries, depreciation of non-metering assets, amortisation of development costs as well as legal and professional fees and costs associated with the testing of meters. Administrative expenses also include net foreign exchange loss/(gain) and Auditor's remuneration.

Administrative expenses decreased by 21.3 per cent from £30.5 million in 2021 to £24.0 million in 2022, predominantly reflecting reductions in bad debt due to the stability of the wider energy market.

Other expenses decreased by 92.5 per cent to £0.9 million (2021: £12.0 million). Costs in the prior year were recognised as non-trading items in the calculation of Alternative Performance Measures ("APM") and were primarily related to Calisen's acquisition by the Consortium which had no equivalent in 2022.

Group operating profit

Income Statement (£ in millions)	As at 31 December 2022	As at 31 December 2021	% Change from December 2021
Operating profit	71.4	54.0	32.2%

Operating profit represents revenue, less cost of sales, administrative expenses, other expenses and amortisation of intangible assets. In 2022, it amounted to £71.4 million, increasing 32.2 per cent compared with 2021 mainly due to rising revenue and lower costs during the year.

Interest expense

Income Statement (£ in millions)	As at 31 December 2022	As at 31 December 2021	% Change from December 2021
Finance expense	(29.1)	(24.6)	(18.3%)
Finance income	95.9	14.6	n.m.

Total finance expense of £29.1 million increased by 18.3 per cent compared with £24.6 million in 2021. The main driver was increased levels of indebtedness of the Group primarily due to capital expenditures incurred during the period, as well as rising interest costs across the market where these were not fully hedged by the Group.

Total finance income in 2022 of £95.9 million was driven by mark to market gains due to changes in long-term interest rate forecasts and the associated impact on the value of Group derivatives and hedges (2021: £14.6 million).

Profit before tax

Income Statement (£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from December 2021
Profit/(loss) before tax	138.2	44.0	214.1%

Profit before tax increased from a profit before tax of £44.0 million in 2021 to £138.2 million in 2022, mainly due to increased net finance income adding to an increased operating profit.

Taxation

Income Statement (£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from December 2021
Taxation	(31.0)	(40.2)	(22.9%)

In 2022, the Group incurred a corporate taxation charge of £31.0 million, down from a corporation tax charge of £40.2 million in 2021.

Group Finance Director's review continued

Funds From Operations

Income Statement (£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from December 2021
Underlying EBITDA	214.5	203.4	5.5%
Change in working capital	(12.3)	0.7	n.m.
Interest/derivatives	(22.8)	(18.5)	(23.2%)
Taxation received/(paid)	1.0	2.2	(54.5%)
Underlying FFO	180.3	187.8	(4.0%)
Compensation Income	23.2	15.9	45.9%
Adjusted FFO	203.5	203.7	(0.1%)
Cash conversion (FFO/Underlying EBITDA) (%)	84.1%	92.3%	(7.3%)
Underlying EBITDA interest cover	9.4 x	11.0 x	(1.6 x)

FFO is an APM which is used as a measure of cash flow generated by the business prior to debt service and reinvestment in growing the meter portfolio.

Underlying FFO is defined as Underlying EBITDA less relevant finance costs, taxation and adjusted net working capital items. Adjusted FFO is defined as Underlying FFO plus compensation income. Relevant finance costs exclude fair-value movement on derivatives (as this is a non-cash item) and interest rate swap break costs. Adjusted net working capital items include change in trade and other receivables and contract assets, change in inventories and change in trade and other payables, but exclude any movements in payables where the creditor relates to capital expenditure, accrued other expenses and any items to the extent they relate to non-operating items such as compensation debtors or capital expenditure prepayments or creditors, including related VAT balances. Capital expenditure creditors are excluded to the extent that they represent new meter installation costs.

Underlying FFO decreased by 4.0 per cent from £187.8 million in 2021 to £180.3 million in 2022.

Adjusted FFO decreased by 0.1 per cent from £203.7 million in 2021 to £203.5 million in 2022.

Both definitions of FFO were principally driven by rising levels of working capital and interest costs, partially offset by increased Underlying EBITDA.

The calculation of the change in adjusted working capital and interest/derivatives is set out below:

Change in net working capital

(£ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	% Change from December 2021
Trade Receivables	43.5	31.1	(39.9%)
Accrued income	22.1	16.8	(31.5%)
Prepayments	6.8	4.9	(38.8%)
Other receivables	3.5	2.6	(34.6%)
Inventory	1.6	0.7	(128.6%)
Contract assets	6.3	4.7	(34.0%)
VAT receivable/(payable)	(0.1)	(2.0)	95.0%
Trade creditors	(58.4)	(29.1)	100.7%
Other creditors	(31.7)	(26.8)	18.3%
Net working capital	(6.4)	2.9	n.m.
Adjustments for non-operating items:			
VAT receivable/(payable)	0.1	2.0	95.0%
Capital expenditure related debtor	(6.0)	–	n.m.
Capital expenditure prepayment	(6.8)	(4.9)	(38.8%)
Capital expenditure related creditors	72.5	44.5	62.9%
Adjusted net working capital	53.4	41.1	29.9%
Changes in net working capital	(12.3)	0.7	n.m.

Capital expenditure

Capital expenditure for the Group increased by 16.5 per cent from £231.7 million in 2021 to £270.0 million in 2022, primarily due to rising capex per meter and stable meter installation activity. Capital expenditures have recovered from 2020 due to rising capex per meter, although meter installation activity remains subdued given the challenging market environment.

Calisen incurred average capital expenditure per smart meter in 2022 of £207 as a result of agreeing increased installation costs with a number of energy retailer customers.

Group Finance Director's review continued

Summary consolidated balance sheet

Statement of Financial Position (£ in millions)	As at 31 December 2022	As at 31 December 2021	% Change from December 2021
Assets			
Non-current assets			
Intangible assets	447.2	491.4	(9.0%)
Other non-current assets	1,296.3	1,041.8	24.4%
Current assets	228.7	180.8	26.5%
Total assets	1,972.2	1,714.0	15.1%
Liabilities			
Current liabilities	(228.1)	(161.3)	41.4%
Non-current liabilities	(843.5)	(724.4)	16.4%
Deferred tax liability	(161.4)	(138.8)	16.3%
Total liabilities	(1,233.0)	(1,024.5)	20.4%
Total equity	739.2	689.5	7.2%
Total equity and liabilities	1,972.2	1,714.0	15.1%

The Group's total assets grew by 15.1 per cent from £1,714.0 million at 31 December 2021 to £1,972.2 million at 31 December 2022. Within that total, the net book value of customer contracts decreased by 10.4 per cent from £398.4 million in 2021 to £357.1 million in 2022.

Other non-current assets increased by 24.4 per cent from £1,041.8 million at the end of 2021 to £1,296.3 million, driven primarily by the smart meter roll-out. Current assets increased by 26.5 per cent from £180.8 million at 31 December 2021 to £228.7 million at 31 December 2022, largely due to the smart meter roll-out and invoices relating to the sale of smart meter assets.

The net book value of "green" assets (i.e. smart metering equipment) amounted to £1,148.7 million or 97.9 per cent of the net book value of property, plant and equipment.

Total liabilities increased by 20.4 per cent from £1,024.5 million at 31 December 2021 to £1,233.0 million at 31 December 2022. Within that total, current liabilities increased by 41.4 per cent from £161.3 million at 31 December 2021 to £228.1 million at 31 December 2022, mostly due to an increase in trade and other creditors of £39.3 million, primarily relating to capital expenditure and an increase in current interest-bearing loans and borrowings of £27.5 million. Non-current liabilities decreased by 16.4 per cent from £724.4 million at 31 December 2021 to £843.5 million at 31 December 2022.

Total equity showed an increase, with total equity of £689.5 million at 31 December 2021 increasing to £739.2 million at 31 December 2021 because of profit generated during the year.

Net debt

Debt Reconciliation (£ in millions)	As at 31 December 2022	As at 31 December 2021	% Change from December 2021
Total debt*	(980.4)	(836.0)	(17.3%)
Cash	144.9	116.4	24.5%
Net debt	(835.5)	(719.6)	(16.9%)

* 'Total debt' is presented gross of debt issuance costs of £10.2m (2021: £13.1m) and also does not include IFRS 16 leases worth £3.0m (2021: £3.8m).

Net debt is an APM which is used to show the indebtedness of the Group net of cash balances.

The quantum the Group's borrowings increased during 2022 as spending on new meters exceeded cash generation from the existing meter portfolio. Total debt increased by 17.3 per cent from £836.0 million at 31 December 2021 to £980.4 million at 31 December 2022.

Net debt as at 31 December 2022 was £835.5 million, comprising £980.4 million of senior debt facilities (excluding debt issue costs) less £144.9 million of cash. This represented a net debt to Adjusted EBITDA ratio at 31 December 2022 of 3.5x, which was an increase of 0.2x from the ratio at 31 December 2021 of 3.3x.

This debt does not include the Group-level facilities which are held at Calisen Limited.

The Group does not have any covenants at Group level. At the subsidiary level, the Group is operating well above the cover ratio covenants in its debt facilities, with significant headroom to fund expenditures.

Credit risk

The Group's credit risk primarily arises from credit exposures to energy retailers in respect of outstanding trade receivables. The Group trades with a number of companies, which are generally Large Energy Retailers, Challenger Energy Retailers, or financial institutions. The Group has identified a concentration of risk in relation to revenue and trade receivables from Large and Challenger Energy Retailers as the majority of revenue (approximately 59 per cent) is generated from this group and predominantly from two of the Large Energy Retailers. However, the Group assesses the associated credit risk as low despite its customers operating in one industry, as these customers have historically recorded minimal failure rates, meaning that the risks associated with trade receivables are relatively low.

Division overview

Division overview

Calisen prepares its financial statements around its two operating and reporting segments, Calvin Capital and Lowri Beck, which are reported on the right hand side of this page. On an operational level, Calisen tracks its results across three divisions, MAP Services, Installation Services and Data Services, which are reported below.

MAP Services:

Calisen's MAP Services division procures, installs, owns and manages a growing portfolio of domestic electricity and gas meters, with a particular focus on smart meters. The MAP division manages its revenue-generating meters by tracking them from delivery to installation and ultimately through removal.

MAPs provide domestic metering solutions by contracting with energy retailer customers to procure domestic metering equipment from manufacturers, arrange for its installation and provide for its management. In return, the MAP receives ongoing MPCs from its energy retailer customers who are using the metering equipment, while the MAP retains ownership of it. The division also provides MAP services for its platform.

As at 31 December 2022, the MAP division's revenue-generating meter portfolio consisted of approximately 8.2 million smart meters and 2.4 million traditional meters. Based on management estimates, as at 31 December 2022, the MAP division had an expected smart meter installation pipeline of approximately 7.3 million smart meters to be added to the portfolio by the end of the SMIP.

Installation Services:

Installation services covers the installation of meters and EV charging points by technically qualified engineers. The Installation services division installed approximately 239,000 meters in 2022 and approximately 500 EV charging points via Plug Me In.

Data Services:

Data Services retrieves, processes and aggregates data in the course of its meter reading work and other data related jobs, which it passes on to energy retailers for billing and settlements purposes. The division carried out approximately 3.4 million billable data readings in 2022.

Segmental P&L (£ in millions)	Calvin Capital Year ended 31 December 2022	Lowri Beck Year ended 2022*	Consolidation Year ended 31 December 2022	Total Year ended 31 December 2022
Revenue	234.4	51.4	-	285.8
Cost of sales, depreciation and fixed asset disposal	(94.6)	(50.3)	-	(144.9)
Gross profit/(loss)	139.8	1.1	-	140.9
Administrative expenses	(16.4)	(7.9)	0.3	(23.9)
Other expenses	(0.9)	-	-	(0.9)
Amortisation	(43.2)	(1.4)	-	(44.6)
Administrative expenses	(60.4)	(9.3)	0.3	(70.5)
Operating profit/(loss)	79.3	(8.2)	0.3	71.4
Interest expense	(27.9)	(0.9)	(0.2)	(29.1)
Interest income	95.9	-	-	95.9
Profit before tax	147.4	(9.1)	0.2	138.2
Adjusted EBITDA	241.4	(4.8)	0.2	237.7
Compensation income	(23.2)	-	-	(23.2)
Underlying EBITDA	218.2	(4.8)	0.2	214.5

* Includes UWHS revenues of £3.6m, operating profit of £(5.8)m, and profit before tax of £(5.9)m.

Our track record

Our track record

Reconciliations of these measures to IFRS measures are included within the relevant section of the Group Finance Director's review in this Strategic Report

The financial information comprises:

- The consolidated results of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the "CGH Group") for the year ended 31 December 2018 and the year ended 31 December 2019;
- The consolidated results of Calisen plc for 2020; and
- The consolidated results of Calisen Group (Holdings) Limited Group for 2021 and 2022.

**APMs

The Group uses a number of APMs including ARPM, Adjusted EBITDA, Underlying EBITDA, Underlying FFO, Adjusted FFO, net debt, leverage and Underlying EBITDA interest cover in the discussion of its business performance and financial position to provide a fuller explanation than by using statutory measures alone.

Year ended 31 December:

Our Track Record	2018	2019	2020	2021	2022
Growth in smart meter portfolio	0.9	1.3	0.8	1.1	1.1
Revenue-generating meters at period end (m)	7.2	8.5	9.1	9.8	10.6
Smart	3.8	5.2	6.0	7.1	8.2
Traditional	3.4	3.4	3.1	2.7	2.4
Projected smart meters total	10.8	11.7	13.2	15.5	15.5
Average revenue per smart meter*	24.9	26.3	25.2	25.4	24.3
Average revenue per traditional meter*	20.3	20.5	20.5	20.4	18.7
Average revenue per meter*	22.5	23.8	23.5	23.9	22.9
Operating profit (£m)	25.4	26.7	54.0	54.0	71.4
Operating margin (%)	16%	13%	22%	20%	25%
Adjusted EBITDA (£m)**	171.5	189.3	201.3	219.3	237.7
Underlying EBITDA (£m)**	148.9	174.0	187.9	203.4	214.5
Underlying EBITDA margin %	91.9%	83.3%	75.7%	75.7%	75.1%
Adjusted FFO (£m)**	139.8	151.2	169.0	203.7	203.5
Cash conversion (FFO/Underlying EBITDA) (%)**	81.5%	79.9%	83.9%	92.9%	84.1%
Profit/(Loss) before tax (£m)	(65.8)	(82.2)	(17.2)	44.0	138.2
Capex (£m)	170.5	274.1	171.8	231.7	270.0
Capex per meter (£)	167	165	191	201	207
Net debt (£m)**	1,238.3	1,387.6	602.6	719.6	835.5
Underlying EBITDA interest cover	5.4	6.7	8.4	11.0	9.4
Leverage** (Adjusted net debt/Adjusted EBITDA) (x)	3.8 x	4.3 x	3.0 x	3.3 x	3.5 x
FTE (annual average)***	38	575	1,448	1,228	1,225
FTE at year end***	43	1,504	1,309	1,116	1,310

* Recalculated from 2019 onwards using a rolling average of the previous 12 months average revenue per meter. Previously calculated using total meter revenue divided by a simple average of the opening and closing meter balances for the period.

** APM.

*** 2019 restated to exclude agency and contractors.

Stakeholder engagement

Stakeholder engagement

We are committed to effective engagement with all our stakeholders. Depending on the issue in question, the relevance for each stakeholder group may differ and, as such, as part of our engagement with stakeholders, we seek to understand the relative interests and priorities of each group and to take account of these, as appropriate, in our decision making. Stakeholder engagement helps the Board understand the effects of the Company's policies, practices and strategy.

	What matters to them	How we engage at Board level	How we engage across the Group	Outcomes of engagement
Shareholders We understand the need to communicate effectively with our shareholders.	Long-term sustainable shareholder returns from a business that is contributing to a lower-carbon economy.	Our shareholders are represented on the Board of Calisen Limited, and have put in place a shareholder and investment agreement to govern the relationship. The Board receives regular reports from the Chair and CEO.	The Executive Committee and senior management regularly engage with our shareholders across a range of topics.	The strategic priorities and business plan have been agreed with the shareholders. Link to our business model Deliver shareholder returns through dividends. Link to our principal risks Strategy execution and development.
Employees We benefit from the hard work and dedication of our employees to deliver the growth of the business.	A financially sound and stable employer which cares for its employees as individuals, with a shared sense of purpose, and which encourages and supports their learning and development.	The Board meets with employees via the Workforce Engagement Forum and informally during site visits. The Chief People Officer and Chief Executive Officer provide updates on HR matters to the Board and to the Remuneration Committee.	We have a Group-wide Workforce Engagement Forum. We have an annual Group-wide Employee Survey and a six monthly pulse employee survey. We have a communication plan in place to provide employees with regular updates on the business. We encourage employee volunteering days.	Our employees have continued to support the Manchester Youth Zone through volunteering activities and fundraising. Link to our business model We provide jobs nationwide with a concentration in the north west of England in Manchester and Wigan. Link to our principal risks Attracting and retaining talent.
Customers Providing excellent service to customers is crucial to the success of a company.	An experienced business partner with well-established operations which adds value through the services provided.	The Board is regularly updated on relationships with customers.	We have regular meetings with customers at an operational level plus 360 degree quarterly reviews of the relationship as a whole. We receive regular feedback from these sessions to ensure we understand the status and developments in each relationship and have early sight of any emerging issues.	Our customers really appreciate the quality of service they receive from the Group and the way in which we partner with them to help them meet their obligations under the SMIP. Link to our business model We work with our customers to help them meet their smart metering obligations under the SMIP. Link to our principal risks Market risk.

Stakeholder engagement continued

	What matters to them	How we engage at Board level	How we engage across the Group	Outcomes of engagement
<p>Suppliers and contractors</p> <p>We recognise the key role our suppliers play in ensuring we deliver excellent service to our customers.</p>	<p>Long-standing relationships with our suppliers particularly the manufacturers of smart metering equipment.</p>	<p>The Board receives regular updates relating to developments in relationships with our suppliers throughout the year.</p>	<p>We interact with suppliers in the initial due diligence process and approval of new equipment, which includes asset lifetime, design, manufacturing and supply chain assessments.</p> <p>We monitor the ongoing compliance and performance of our contractual relationships and discuss any technical queries and issues relating to the assets that may arise.</p>	<p>We have been able to meet our customers' requirements for smart meters despite continuing logistical difficulties in global supply chains during the year.</p> <p>Link to our business model We engage with our suppliers to help our customers meet their smart metering obligations under the SMIP.</p> <p>Link to our principal risks Supply chain.</p>
<p>Regulators and Government</p> <p>We recognise the importance of our relationships with regulators and the UK Government.</p>	<p>Smart meters are essential to the UK Government meeting its decarbonisation targets as they allow consumers to manage better when and how much energy they use.</p>	<p>The Board receives regular updates from management on regulatory changes and how those may impact strategy.</p>	<p>We have strong and transparent relationships with Ofgem, BEIS and other government bodies. We have a dedicated regulation manager who meets with them regularly to ensure we understand and are aligned to the evolving regulatory framework.</p> <p>The Group does not make and does not intend to make political donations.</p>	<p>The Government's response to the smart meter policy framework post-2020 provides a more robust obligation on energy retailers to roll out smart meters.</p> <p>Link to our business model We seek to contribute proactively to relevant policy consultations in the energy segment.</p> <p>Link to our principal risks Law, regulation and government policy.</p>
<p>Community and the environment</p> <p>Calisen has always sought to make a positive difference in the communities in which it is based.</p>	<p>A business that makes a positive impact in the communities in which it operates.</p>	<p>The Board receives regular updates on a range of ESG metrics.</p>	<p>We have a Sustainability Steering Committee ("SSC") which consists of employees across the Group.</p> <p>Our businesses and employees support a variety of charities.</p> <p>We have communicated our sustainability targets to employees.</p>	<p>The Calisen and Calvin Capital businesses have regular fundraising activities for the Manchester Youth Zone.</p> <p>Link to our business model Calisen's purpose is to accelerate the use of smarter energy.</p> <p>Link to our principal risks Sustainability risks.</p>

Our s.172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole and in doing so to have regard, among other matters, to:

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

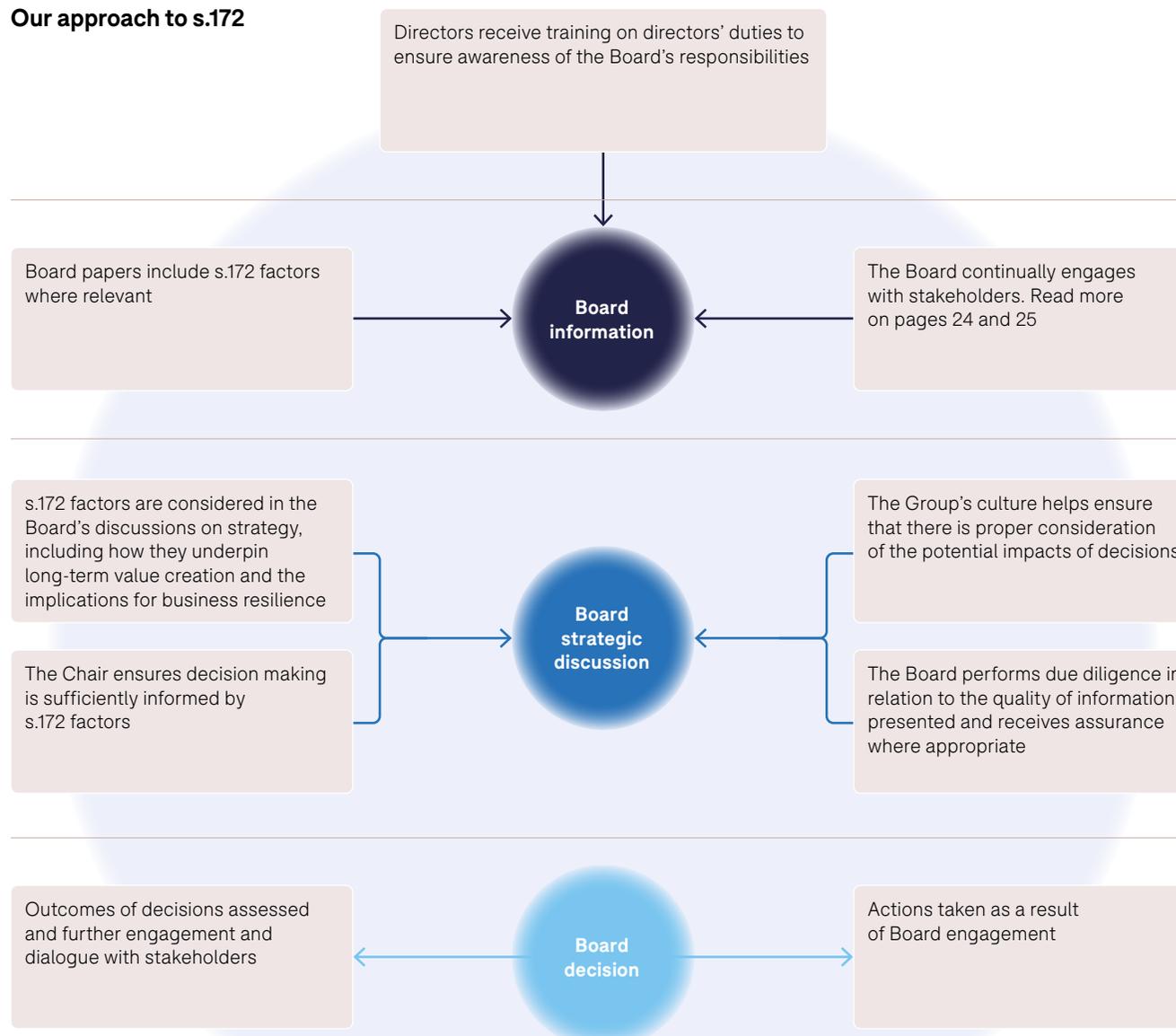
The Directors consider the factors set out above, among others, in discharging their duties under section 172.

The Board recognises that building strong relationships with its stakeholders will help it to deliver its strategy in line with its purpose and operate the business in a sustainable way.

Stakeholder engagement is central to the formulation and execution of our strategy and is critical to achieving long-term sustainable success. The needs of our different stakeholders as well as the consequences of any decision in the long-term are well considered by the Board. It is not always possible to provide positive outcomes for all stakeholders and the Board sometimes has to make decisions based on the competing priorities of stakeholders.

Our stakeholder engagement processes enable the Board to understand what matters to stakeholders and carefully consider all relevant factors and select the course of action that best leads to high standards of business conduct and the success of Calisen in the long term.

Our approach to s.172

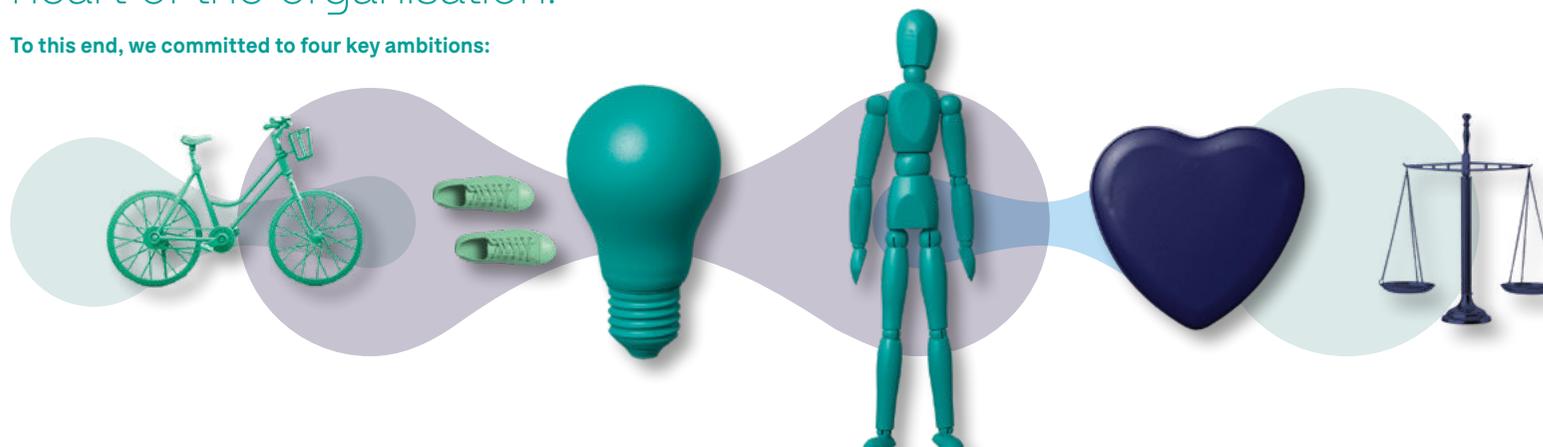


ESG at Calisen

1. Our approach

We are focused on developing our Impact strategy by integrating sustainability at the heart of the organisation.

To this end, we committed to four key ambitions:



1. We want to help the UK meet it's climate targets

by supporting the roll out of smart meters, electric vehicle charging points and other infrastructure across the UK.

2. We will endeavour to achieve net zero carbon emissions by 2030

to ensure our business plays its full part in the changing energy system.

3. We will encourage diverse, inclusive and safe environments for our teams

where employees can fulfil their full potential.

4. We will support the economic and social development of our communities

and promote sustainable living through training, education, information, resources and charitable support.

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

Countries have committed to prioritize progress for those who're furthest behind. The SDGs are designed to end poverty, hunger, AIDS, and discrimination against women and girls.

The creativity, knowhow, technology and financial resources from all of society is necessary to achieve the SDGs in every context.

Source: www.undp.org/sustainable-development-goals

Here are the goals the Calisen Impact Plan have been aligned too.



In our last Annual Report, we noted that the purpose of Calisen Impact was to provide a clear sustainability framework that holds the business to account by demonstrating our commitment to environmental, social and governance performance through a clear programme of activity.

This year, we have focused on fulfilling that purpose by developing that sustainability framework, integrating sustainability within the heart of our organisation, and outlining bold plans to enable the realisation of our ambitions.

As a result of this work, we have reflected on our approach to ESG at Calisen. We have shifted from looking at each aspect of ESG – Environment, Social & Governance – independently and moved to a more holistic view, which accounts for the interconnected nature of each element and the role that good governance plays in ensuring that E&S considerations are embedded at every level and in every strategic decision of the organisation. We have decided to reflect this approach in how we report on ESG in our Annual Report this year, so you will not find details of our progress or plans neatly segregated into E, S and G in the following pages (although you will find strong evidence of each thread throughout). Instead, we have tied our strategy to the SDGs to demonstrate the broad reach of our plans and interventions, and the strength of our ambition to create positive, sustainable change whilst accelerating the use of smarter energy in the UK.

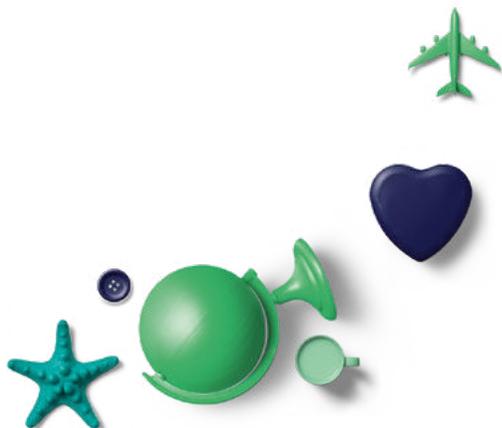
Over the course of 2022, Calisen has sought to define exactly what these ambitions mean to us, prioritised actions that align with who we are as an organisation and what we want to achieve and developed detailed action plans that will enable us to make good on our commitments in 2023.

ESG at Calisen continued

Strive to achieve Net Zero by 2030



Calisen has continued efforts to understand and report on its scope 1, 2 and 3 CO₂e emissions. We have built on our 2021 SECR by continuing to expand our scope 3 reporting to include the full range of scope 3 emissions generated by Calisen's in-scope activities.



	2020 Global (all UK)	2021 Global (all UK)	2022 Global (all UK)
Energy consumption used: (kWh)			
– Electricity	484,770	419,015	380,524
– Gas	282,771	220,216	255,707
– Transport fuel	10,113,675	13,245,159	13,070,610
– Other energy sources	–	–	–
Emissions (tCO₂e)			
Scope 1			
Emissions from combustion of fuel for transport purposes	1,039.04	1,287.03	1,400.12
Emissions from other activities which the company own or control including operation of facilities	2.71	–	–
Total Scope 1 Emissions	1,041.75	1,287.03	1,400.12
Scope 2			
Emissions from purchased electricity	113.02	88.97	73.59
Emissions from purchased gas ¹	51.99	40.33	47.04
Total Scope 2 Emissions	165.01	129.30	120.63
Scope 3²			
Category 1 – Purchased goods and services	1,081.83	1,139.55	1,406.10
Category 2 – Purchased of capital goods	62.79	91.33	44.93
Category 4 – Upstream transport and distribution	886.92	1,211.55	1,099.24
Category 5 – Waste generated in operations	2.23	0.79	0.65
Category 6 – Business commuting – Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	909.14	1,142.80	1,152.88
Category 7 – Employee commuting – transportation of employees between their homes and their worksite	72.17	128.96	249.14
Category 7 – Employee commuting – working from home	221.71	182.72	126.40
Category 9 – Downstream transportation and distribution	7,529.61	11,331.77	9,996.76
Category 12 – End of life treatment of sold products	18.75	32.47	28.92
Category 13 – Downstream leased assets	3,440.18	5,530.67	8,717.33
Total Scope 3 Emissions	14,225.42	20,892.60	22,822.35
Total emissions – tCO₂e	15,432.19	22,308.94	24,343.10
Intensity (tCO₂e)			
Revenue £m	248.1	268.8	285.8
Intensity ratio: tCO ₂ e from Scope 1, 2 and 3/£m – Location based	62.21	83.00	85.18
Average number of full time employees (FTE)	1,477	1,228	1,145
Intensity ratio: tCO ₂ e from Scope 1, 2 and 3/FTE – Location based	10.45	18.17	21.26

Adjustments

- Following review of our carbon disclosure the gas usage has been redefined as a Scope 2 rather than Scope 1.
- A full review of scope 3 has been undertaken and expanded to include all relevant categories. To that note, previous years have also been updated to include these additional categories.

Methodology

We have used the GHG Reporting Protocol – Corporate Standard and have used the relevant years UK Government's Conversion Factors for Company Reporting. For working from home data we have used the "Homeworking Emissions Whitepaper 2020 by Ecoact. All calculations have been based on location based data.

Intensity Ratio

The chosen intensity measurement ratios are total gross emissions in metric tonnes CO₂e per FTE and Revenue £m, these are the most relevant for our organisation and sector.

Calculation Review

Calisen engaged ESG consultants Satarla to conduct a review and provide advice on our carbon disclosure calculations.

Actions Taken during 2022 to reduce emissions

Calisen has continued to transfer its fleet to EV's, in addition Calisen has been working to reduce the number of operating sites, this exercise has also supported the reduction in our emissions. However as the business continues to grow, spend with supporting services which has been identified as Scope 3 Category 1 has increased which in turn has increased our intensity ratio.

ESG at Calisen continued

Our Fleet

Calisen's main source of emissions remains the organisation's fleet (see lifecycle image). The trial of the organisations first electric vehicles, Renault Zoe vans, has gone well, as with any trial there are hurdles that Calisen has had to overcome. The supply chain and the lead time associated with obtaining the vehicles being the biggest one and that the public charging network is unevenly spread and not always available, which means the engineers have to deviate from their route to find a charge point.

The overall feedback from the field is positive, the driver experience is good, and they are comfortable to use, however the load capacity is limiting.

To solve this, Calisen has also introduced eight new Maxus Electric Vans into the fleet, this will increase the engineer's payload in the van and will allow them to undertake a number of different jobs from installing meters to installing EV chargers.

As part of the trial of these new vans we will be experimenting with home charge capabilities that segregate home and business energy use, investing the impact of payload on range and finding out how this new group of EV fits world of metering support.

To support for the transition to electric vehicles, Plug Me In have fitted charging stations at one of our Wigan offices, these facilities can be used by fleet and employee vehicles.

During 2023 we will continue to increase the number of zero emissions vehicles into our fleet to help reduce the emissions generated by our current fleet.



Our Grey Fleet

We also recognise that a reasonable portion of our emissions can be attributed to our grey fleet. During 2022 we have introduced some bikes into our fleet as a trial, these bikes will be used by our data readers who have been utilising their own modes of transport. These bikes will not only help in reducing our grey fleet emissions but will also support the health and wellbeing of our employees by getting them moving during the day. During 2023 we will look to increase the number of bikes in the fleet, if the trial is successful, and also look for other ways to reduce the emissions generated by our grey fleet.

Our Supply Chain

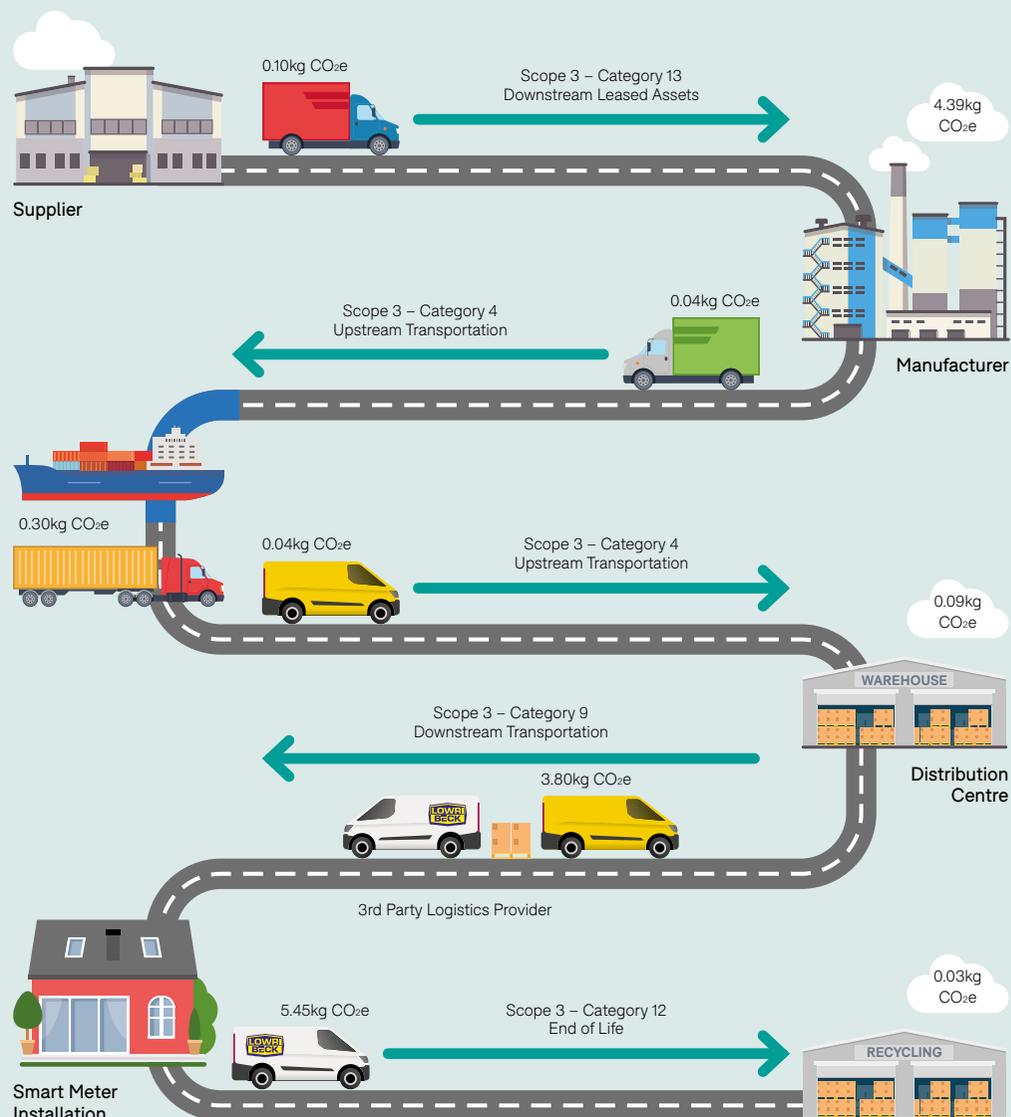
We have worked with our metering supply chain to understand the emissions generated during the lifecycle of our smart metering assets, this allows us to work with our suppliers on action plans to reduce their emissions and waste output as well as their ethical practices.

During 2023 we will conduct a similar exercise with our other asset providers to ensure we have consistent approach and a complete picture of our supply chain emissions and the ethical practices that are undertaken with the companies we operate with.

Over the course of 2022, Calisen has worked with external experts in sustainability to develop a strategic approach to emissions reduction that is integrated within our Enterprise Risk Management Framework and grounded within our operational reality, so that we can identify and pursue the courses of action which will most likely lead us to success in meeting our 2030 net zero target. The next steps for Calisen Impact will be to ensure that this approach is fully implemented and define interim targets and KPIs so that we can measure our progress against Net Zero ambition.

Smart meter CO₂e emissions lifecycle (per meter)

The total CO₂e emissions created per meter from the delivery of components, through manufacturing and all the way through to and including the installation of the meter is **14.24kg***.



*based on an average of 1 year's worth of data from 2022

ESG at Calisen continued

We will encourage diverse, inclusive, and safe environments for our teams

Calisen believes in the importance of business supporting those within their local and global communities to transition to a low carbon future. The products we fund help people understand and manage their energy use, making cost and energy savings, but there is more we can do to look after our communities during these turbulent times, and ensure people are equipped for change.

That is why Calisen is committing to putting people front and centre in our mission to accelerate the use of smarter energy.

Our key themes and priorities are reflected below.

Safety & Wellbeing

Calisen is committed to protecting our employees and anyone affected by our operations as we work to achieve zero harm in all that we do.

In the year ended 31 December 2022, we reduced our overall injury accident numbers by 30% compared to 2021, the group incurred 4 lost time accidents which is a 70% reduction compared to 2021. Zero injury accidents were reported to the Health and Safety Executive in line with RIDDOR requirements which was a 100% reduction compared to 2021.

During 2022 we maintained awareness campaigns on the importance of raising near miss reports and as a result we maintained good rates of reporting albeit with a reduction in overall numbers reported. Positive action around near miss and hazard reporting continues, in conjunction with effective training and safety campaigns, continues to have a positive impact on maintaining relatively low accident numbers. In addition to physical safety the mental wellbeing of our employees is important too, we know it can be difficult to make time for personal issues which is why we support our employees with a 24/7 Employee Assistance helpline which makes it easier to seek support.



During 2022 we held a wellbeing walk for a number of our employees, this allowed them to get into the fresh air and have a day engaging with their colleagues face to face in a different environment. We also have had expert talks throughout the year focusing on different mental health topics and the importance of talking and not suffering alone.

Equality, diversity and inclusion

Calisen know that different ideas, perspectives and backgrounds create a stronger and more creative work environment that delivers better results, and it's through this environment that employees feel empowered to share their experiences and ideas, and in turn will want to stay and grow within the organisation.

We want to have a workplace that reflects the communities we serve, and we want to encourage everyone to bring their full and authentic selves to work. That is why Calisen's Diversity, Equality and Inclusion working group has been working with internal stakeholders to ensure the data we are collecting across our workforce is relevant and correct, and ensuring that inclusivity is considered during key business decisions.

Business Ethics

Ensuring that the business operates in a fair and safe way is imperative to Calisen, that is why during the course of 2022 and into 2023 the workforce will undergo training on antibribery and corruption, competition law, information security, modern slavery, whistleblowing as well as basic Health and Safety practices. To support this training, we have supporting policies that lay out what we expect from our employees as well as our suppliers, and what to do if you suspect a breach.

During 2022 we have not had any cases reported that breach our policies. As detailed within our Modern Slavery statement that is published on our website, we do not tolerate any form of slavery, servitude or forced compulsory labour or human trafficking in our own operations or within our supply chain. Calisen will not support or engage suppliers where it is aware of slavery or human trafficking in such suppliers' business or supply chains or where a supplier has failed to give Calisen the requisite assurances.

The Company engages with its suppliers to seek assurance about their anti-slavery and human trafficking policies and whether they are taking steps to prevent slavery and human trafficking in their respective businesses and supply chains

Workforce engagement

Calisen has continued to engage with its workforce through the workforce engagement forum, covering topics such as financial performance and strategy, but we have also used these sessions to gain feedback on key project as and topics that are affecting the business, for example the integration of UWHS, our ESG performance, how we are progressing with the EV trial, and the plans to relaunch our apprenticeship scheme.

We have looked at how we can communicate with the workforce on a larger scale, during 2022 we held our first roadshow where we invited employees to attend an update where the Executive Team provided updates on strategy and performance, we also opened up to the floor for a Q&A session. We also launched a newsletter, which directs employees to some of the key events and updates that have happened and this is in addition to the regular communications, updates and awareness articles that are shared via our intranet sites.

**Wellness Walk**

On Wednesday 23rd March was said to be #nationaldayofreflection, two years to the day since the start of the first lockdown.

Our CEO Sean Latus joined a group of employees to take time to pause and reflect on the past two years by allowing them to participate in a 11 mile walk up to Darwen Tower and across the moors.

Everyone enjoyed getting out in the fresh air, being able to focus on their mental wellbeing and reflect on the past two years, but also giving them a chance to connect with their colleagues and meet their four-legged friends.



ESG at Calisen continued

We will support the economic and social development of our communities



Calisen takes a holistic view of community, which encompasses our employees, contractors and their families, those living close to our operations, and our UK-wide customers, and so the support we deliver reflects our ambitions.

Being able to support the communities we serve helps to ensure that everyone has access to similar resources.

How have we helped during 2022

- We have supported Manchester Youth Zone 10 in 10 campaign and raised the much needed funds through fundraising activities, as well as supporting their Christmas campaign, in addition we have supported Wigan Youth Zones Winter Campaign which ensures households have what they need to survive the winter.
- We have competed two foodbank drives in the Manchester and surrounding areas to help provide emergency food and support to people locked in poverty.
- We have held a workplace safari for children from Manchester Youth Zone who are finishing education and need some extra support and guidance into the direction they may want to take in the future
- We have sponsored 155 trees and 2¼ acres of woodland through the woodland trust as part of our sustainable Christmas gift campaign.

Christmas Presents and Hamper Appeal

This year we signed up to support Manchester and Wigan Youth Zones' Christmas gift appeal.

Due to the incredibly generous donations from our employees we were able to donate over 150 gifts which have now been gifted to the Youth Zones and will be presented to around 500 children and members, some of whom may have gone without a gift this year without this appeal.

In addition we donated over a 150 kg of food to local foodbanks which ahead of Christmas meaning we could help some families that may have gone without over the festive period.



Calisen Charity Football Tournament

On Monday 17th October, the Calisen Group held their first charity football tournament in support of Manchester Youth Zone and Wigan Youth Zone.

The tournament took place at Wigan Youth Zone and was attended by employees from across the Calisen Group. With some great fundraising activities including a raffle, tombola and football card competitions, as well as some generous donations by Calisen customers, the event raised a very impressive £2,000 which will be split between the two youth zones!

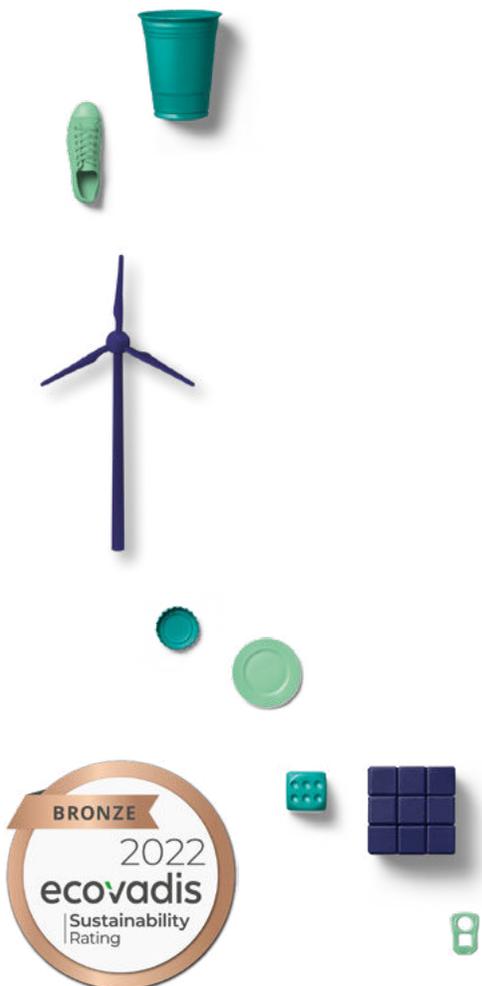
A great day was had by all that attended and all in aid of two great charities. A huge well done to all the players, spectators and volunteers who made it a day to remember! We would also like to say a special thank you to Ecotricity for providing and sponsoring the kit and balls for the tournament.



ESG at Calisen continued

Our Performance

During 2022 our focus was on data collection and setting targets. We have spent time working with internal and external stakeholders, making sure we had a complete data set that can act as a baseline for our targets.



	Male No.	Male %	Female No.	Female %	Total No.
Board of Directors	4	80	1	20	5
Executive Committee (excluding Board Members)	2	100	–	–	2
Direct reports to Executive Committee	12	75	4	25	16
Rest of workforce	1,002	78.5	274	21.5	1,276
Total	1,020	78.5	279	21.5	1,299

ESG at Calisen continued

3. Our plans

What is next for Calisen Impact?



We will continue work towards our ambitions by

- Supporting the UK in its pledge to tackle climate change through not only installing smart meters and EV chargers but looking at other adjacencies too that can support the climate change pledge.
- We will continue to drive the reduction of our own emissions with the aim of being net zero by 2030, in addition we will also be working with our supply chains to ensure they are doing all they can to reduce their emissions, and ensuring they are doing so in an ethical way.
- We want to ensure we have an environment where our employees they can come to work be there authentic self and feel and be safe and essentially fulfil their full potential.
- We will support the economic and social development of our communities, through charitable support, community projects and knowledge sharing as well as investing in education for tomorrow's generation of employees.



Continuing to embed ESG within core of business – tying the how we do it (sustainably) with the why we do it (purpose).

We will ensure that everyone is aware through communication and action that the Calisen Impact ambitions are part of the business foundation and that they dovetail around the overall group strategy.



Building out our data set and expanding our reporting – with the advances in sustainability reporting will ensure we are aligned with all the new requirements for disclosure.

Ensuring we keep abreast of any new standards that we may need to be aligned to, and then ensuring all key elements of the business are covered and all data is collected.



Working with our supply chains – to ensure they too have improvement plans in place and are doing everything they can to support the climate change pledge.

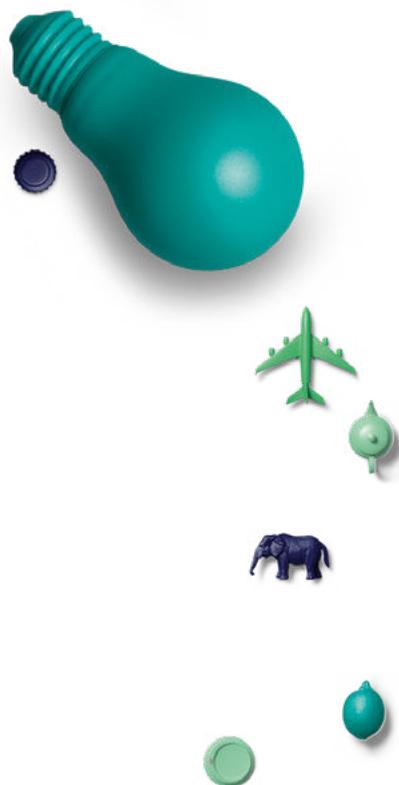


Increasing our Governance – strengthening board oversight of matters by formalising interaction between sustainability governance and board.

Ensuring that key stakeholders have the relevant knowledge to drive the ESG agenda and that all our stakeholders understand the impact they can have in their own operations and lives.



Resourcing our plans – and making them happen, ensuring we have the relevant budgets and people in place to deliver against our targets and KPIs.



Task Force on Climate-related Financial Disclosures (“TCFD”)

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

“Calisen is committed to voluntarily implementing the recommendations of the TCFD, recognising that better reporting helps sustain stakeholder confidence in the Group and its strategy”

Calisen's purpose is to accelerate the use of smarter energy. This has informed its strategy of focusing on small-scale high-volume energy infrastructure and the development of its smart meter business.

Calisen's business is aligned with the targets of the UN Sustainable Development Goal 7 which aims to ensure access to affordable, reliable, sustainable, and modern energy. In particular, Calisen's smart meter business supports the UN's targets relating to modern energy services and doubling the global improvement in energy efficiency by 2030. Where relevant, our operating companies are committed to operating in accordance with ISO 14001: 2015 requirements.

Governance of climate-related risks and opportunities

Calisen has put the following governance structures and reporting mechanisms in place to ensure the Group meets its sustainability responsibility and ambitions.

The Board

The Board is responsible for ensuring that the Group meets its obligations and addresses the risks and opportunities created by climate change and by the transition to a low carbon economy. The SSC reports to the board on a 'quarterly basis', and the board reviews progress against the sustainability strategy and key developmental milestones.

In 2022, costs and resources required to help us to meet our climate risk and sustainability ambitions were built into our budget and planning process, which enabled us to work with external experts to develop our sustainability strategy, integrate sustainability within our risk management approach, and produce action plans for further activities against which the Board can measure. In addition we have undertaken a scenario analysis for all climate related risks using an action vs impact matrix, further work on this to understand the anticipated actions will be developed further during 2023.

The Sustainability Steering Committee (“SSC”)

Management responsibility for sustainability activities sits with the Sustainability Steering Committee (SSC). The SSC is a management committee chaired by the Group CEO with members drawn from finance, risk, compliance and commercial and the company secretariat, and support from external specialists as required.

The SSC's purpose is to assist the Board with the development of the Group's Sustainability Strategy and targets, the oversight of social and environmental risks, and Calisen's compliance with both mandatory and appropriate climate-related voluntary disclosures, including but not limited to TCFD and SECR reporting.

The SSC meets every month and oversees and directs the work of the sustainability team. Throughout 2022, the SCC has worked with the sustainability team to develop action plans to deliver against the sustainability strategy, and the SCC reports on progress and delivery to the board on a quarterly basis.

Looking to 2023, Calisen has committed to ensuring that key stakeholders have the relevant knowledge to drive the sustainability agenda and that all our stakeholders understand the impact they can have.

The TCFD working group

This group oversees progress against the reporting recommendations of the TCFD and reports to the sustainability reporting sub-committee of the SSC. Although no longer a listed company, the Company has chosen to continue to report on TCFD.

The Risk Committee

This committee consists of key stakeholders from across the business, within the committee there are also representatives from the SSC. This committee assists the Board in the oversight of the Group's risk management system. The committee assesses the overall risk appetite, tolerance and response for all current, new, and emerging risks, including climate-related risks, with the support of the SSC. The committee advises the Board on the risk aspects of proposed changes to strategy and strategic transactions, focusing in particular on implications for the risk appetite, tolerance and strategy of the Company. The committee meets every month, or more frequently as circumstances dictate.

Management, employees and third parties

Recognising the importance of ESG and sustainability for our business, Calisen has appointed a Chief Risk Officer who will lead the Group's response to the threats and opportunities across the risk and sustainability spectrum. The CRO will direct the risk and sustainability team on the delivery of Calisen's sustainability strategy on a day-to-day basis, with guidance from both the SSC and ultimately, the board.

Task Force on Climate-related Financial Disclosures (“TCFD”) continued

TCFD Definitions

Physical Risks

Risks that are highlighted due to the changes in the climate for example higher temperatures, changes in floodings, droughts and water availability, sea level rising

Transition Risks

Risks which are inherent in changing strategies, policies or investments as society and industry work to reduce its reliance on carbon and impact on the climate

Time Frame Definition

Short-term 0-1 year – The board operates an annual budgeting cycle that establishes and reviews target for financial and operational activities including climate related issues

Medium-term 2-8 years – The board operates a medium term planning process that reviews all financial and operational activities including climate related issues

Long-term 9-50 years – The board has a long term financial plan that reviews all financial and operational activities including climate related issues

Physical risks – Acute and chronic

Description of Risk/Opportunity

With more frequent and severe climate events such as flooding, drought, etc, this could affect financed assets in the field, in addition alterations in weather patterns and stability of local ecosystems could affect food production and living environment.

For Calisen this would have an impact on our field engineers installing and reading meters, as the changes in weather impact operating routines.

Anticipated impact

Short Term	Due to changes in the weather patterns, there may be increased numbers of slips, trips and falls/ accidents in the winter season, and heat stroke in the summer months leading to injuries, reduced performance.
Medium Term	Due to changes in climate events, there might be more supply chain interruptions than expected which would affect supplies of assets, ability to service customer demands.
Long Term	Due to changes in climate events, overseas locations where assets are manufactured may be a high risk of being taken out of operation and new manufacturing facilities may need to be sourced and commissioned.

Strategic resilience

Calisen is working with its supply chains to understand their disaster recovery plans. With our field force we are equipping them with the relevant training to ensure they know how to stay safe in both cold and hot climates. More in depth analysis scenario analysis of Hot house and other NGFS scenario alternatives, to gain a fuller understanding of resilience and actions required across different time horizons and in different climate contexts.

Transition risks – Market and customers

Description of Risk/Opportunity

With changes in consumer behaviours, including the deliberate move to more sustainable products, this could lead to market volatility and cost, sourcing restrictions for carbon heavy raw materials, and in addition if a strategy is not in place to support customer demand competitive advantage could be lost.

Anticipated impact

Short Term	Due to the changes in energy costs, a major energy provider may go into liquidation, leading to impacts on Calisen’s operations Because of move to more sustainable products, there may be more demand for smart meters than expected.
Medium Term	Due to the move to more sustainable products, there might be more demand for EV chargers than expected, leading to increase in customer numbers and increased turnover and profit.
Long Term	Due to the changes in energy costs, there may be more renewable energy suppliers to work with, which would provide a greater mix of revenue and more stability.

Strategic resilience

Calisen has close working relationships with all of its customers, where regular meetings are in place to track outstanding debt and future forecasts. Calisen has invested in developing a commercial EV charging team and building relationships with EV charger manufacturers to ensure that when there is demand we can fulfil all orders. In addition, Calisen is also researching different types of sustainable heating alternatives to support customer demand and interest. This aligns with the organisational strategy and purpose.

Transition risks – Policymaking

Description of Risk/Opportunity

With a more demanding policy environment affecting our customer’s business operations this could cause market volatility due to increased greenhouse gas (GHG) emissions pricing to encourage movement to renewable sources. Recycling regulations will be coming through that could affect the design of the meters.

Anticipated impact

Short Term	With the expected changes to regulations on recycling and the use of recycled materials, Calisen may be able to work with suppliers to encourage the use of recycled materials, resulting in improved environmental credentials and reputation. Calisen can work with customers to look at the reuse of assets to reduce the need to use new materials resulting in improved environmental credentials and reputation.
------------	---

Strategic resilience

Calisen has close working relationships with its supply base, where regular meetings are in place to work through ESG improvements plans. In addition, Calisen is also working with its customers to ensure any assets that they have that can be reused. This will help to reduce the need for new assets to be manufactured and the strain on the natural resources required to manufacture the assets.

Task Force on Climate-related Financial Disclosures (“TCFD”) continued



Transition risks – Technology and data

Description of Risk/Opportunity

With the ever-changing technology options becoming available, Investment into technology to reduce emissions or improve energy efficiency ratings could be impacted, if investment into old technology or less efficient assets are made.

Anticipated impact

Short Term	Due to the rapid changes in the provision of EV, Calisen may not choose the most appropriate options for EV replacement of fleet leading to increased energy emissions.
Medium Term	Due to rapid changes in technology, there may be an opportunity to replace more assets with newer technology.
Long Term	There may be the potential to invest in the design and technology of assets, leading to increased control over the design and manufacturing process.

Strategic resilience

Calisen has a close working relationship with all asset manufacturers, and in addition detailed due diligence is undertaken with our suppliers to ensure the assets purchased meet current requirements. Calisen is also a member of a number of different working groups that monitor the changes in technology to ensure we have the latest knowledge of any impending changes and or improvements to technology and data.

Transition risks – Regulatory pressure

Description of Risk/Opportunity

With the requirement to make disclosures on financial and climate related matters, this could increase the risk of misrepresentation, increased regulatory requirements which increases the potential of non-compliance, could result in fines, payment of damages and the voiding of contracts.

Anticipated impact

Short Term	Due to changes in law and regulation, and environmental focus, there may be further changes in regulations that are not expected, leading to increased operating and reporting requirements.
-------------------	--

Strategic resilience

Calisen has a dedicated team that is in regular contact with regulation bodies and are a member of a number of working groups that monitor and pending changes to regulation, this is also monitored and reported on internally on a monthly basis.

Transition risks – Reputational

Description of Risk/Opportunity

Increased scrutiny from different stakeholders could lead to negative impact on reputation if performance is perceived slow compared to others within a similar industry, in addition to this not meeting our decarbonisation targets could lead to negative press and reputational damage, also if products that are put into the communities are deemed to have a negative impact on climate change and or emissions.

Anticipated impact

Short Term	Due to the rapid changes in the provision of EV, Calisen may not choose the most appropriate options for EV replacement of fleet leading to increased energy emissions.
	Due to the evolving nature of disclosure requests Calisen may disclose information that could be incorrect or could be misunderstood by a 3rd party.

Strategic resilience

Calisen has engaged with ESG specialists to support with the development of its ESG reporting and strategy. Calisen also has a close working relationship with all asset manufacturers, and in addition detailed due diligence is undertaken with our suppliers to ensure the assets purchased meet current requirements. Calisen is also a member of a number of different working groups that monitor the changes in technology to ensure we have the latest knowledge of any impending changes and or improvements to technology.

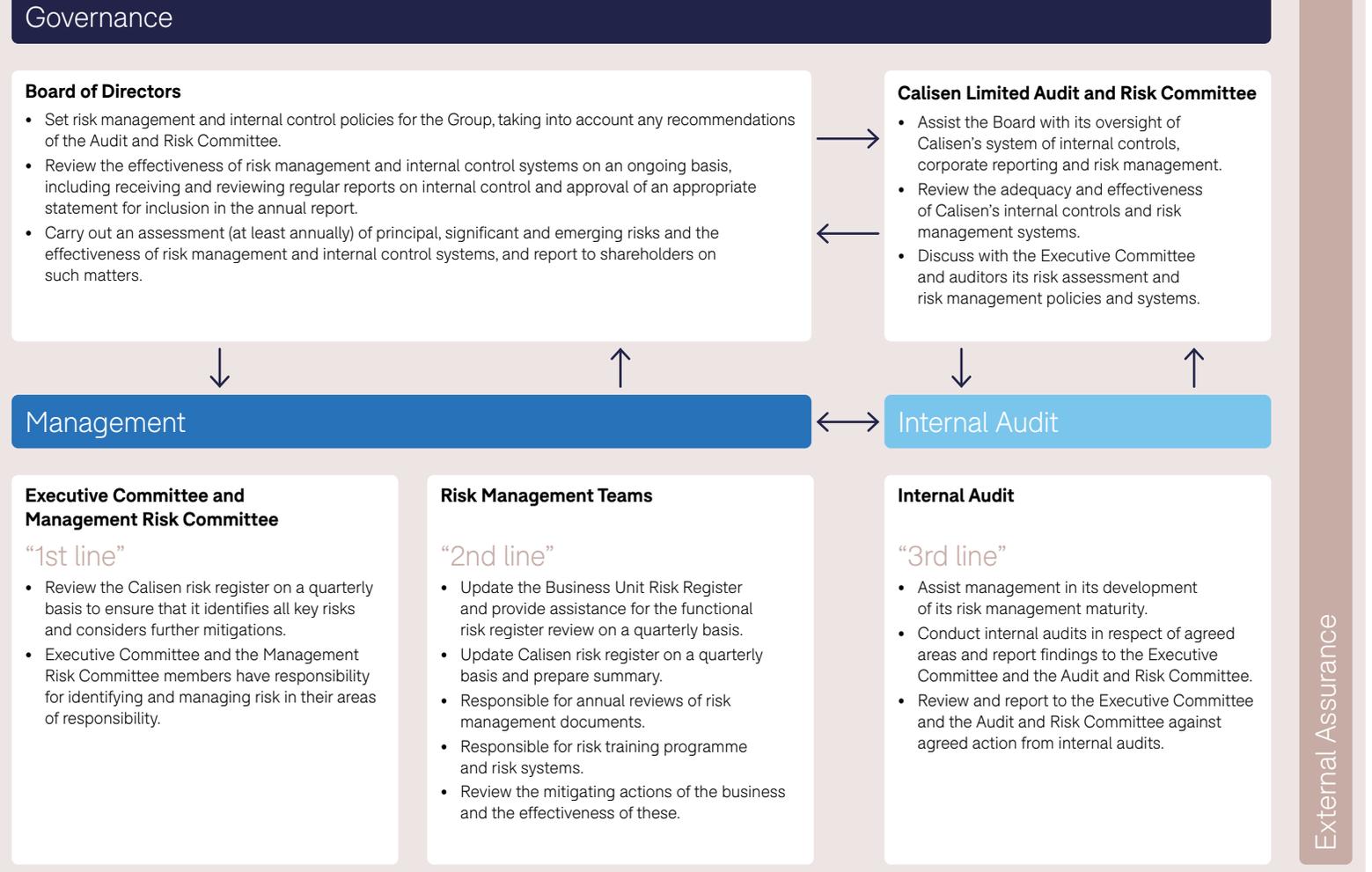
Risk management

Approach

Risk and internal control management is an important process as it not only provides assurance to the Board, but also demonstrates that Calisen understands and is managing its current and emerging risks. This isn't just a reflection of the current environment, social and governance requirements, but also taking account of risk in terms of our own plans, sustainability and resilience.

Our effective risk management process supports Calisen meeting its strategic objectives and aids in the development future competitive advantage, and this is why Calisen is continuing to embed a risk management culture within the organisation through continued investment in time and resources, in addition to ensuring that all decisions that are made are done so with a risk based approach.

Our Risk Management Governance Structure



Risk management continued

Our Risk Management Framework seeks to identify risks for the Group and is designed to document the governance, processes and policies of the Calisen risk management system to help it achieve its strategic objectives.

The Group has implemented a three lines approach with the first and second lines resourced internally and an external audit firm providing the third line internal audit support. The risk management structure and responsibilities are set out in more detail in the diagram.

How are risks are scored

Risks are raised and scored utilising an impact and likelihood model, detailing the gross; current and target rating, amount of action needed to bring the risk to the target level and ensuring it is in line with our risk appetite.

What risks do we look at

Calisen ensures we review the full spectrum of risks on a regular basis, we have principal risks, the risks that are affecting the business in the here and now (short term), emerging risks, the risks that we are aware of happening but have not happened yet (medium term) and future risks; these are the risks that are picked up during our horizon scanning exercises and are scenario analysis exercises, in particular, with ESG related risks.

Our reporting processes

On a regular basis the Executive committee meets and reviews all top-rated risks are reviewed and all mitigating actions agreed according to our detailed risk appetite statements, these risks and associated actions are then reviewed by the Audit and Risk Committee and Board at least annually.

To support this process, our internal audit team schedules audits utilising a risk-based approach method. This provides an extra layer of support, to ensure the controls and actions that are being implemented are effective.

At least annually all frameworks, policies and processes are reviewed to ensure they still reflect current business practices, this is in line and part of our continuous improvement.

Our Risk Outlook

By using an extended enterprise model to understand our internal and external context, by considering our core activities and their inputs and outputs (value chain) and considering external influences on that value chain, we have been able to create a good holistic picture of the environment we are operating in and the key risk areas we are facing.

During the last 12 months we have seen an increase in supply chain issues due to the conflicts in Ukraine and the continued effects of COVID 19 and local lockdowns in oversea countries. With the increasingly volatile finance markets and the cost of living crisis, this had made the securing of funds more difficult in the short term. However, we have continued to see a requirement for the installation of Smart meters and we have started to see an increase in the demand for EV chargers as the world prepares for the transition away from traditional vehicles.

Risk Identification

The Board's appetite for risk in these areas in the context of executing our strategy and the focus of our risk mitigation actions are set out below. Assessment of risk is a constantly evolving process as risks change and the business develops. Therefore, the Board has put in place systems, which form an essential process in the Group's risk management framework, for the ongoing identification, evaluation and management of the principal risks faced by the Company. During the year the Board has carried out a robust assessment of principal and emerging risks, by conducting horizon scanning and scenario analysis and overlaid this on to the current risks that are currently recorded on the risk register.

1. Health and Safety

Risk owner – Chief Operating Officer

Key risk description

Calisen is required to identify and manage a range of hazards across all its activities that may have the potential to adversely impact upon both physical or mental health, safety and well-being.

While Calisen is committed to high standards and strives to achieve zero harm in all that it does, there is always the potential for safety or wellbeing-related issues to arise in an operational business.

Incidents that result in death, significant injury or property damage that are attributable to a failure to manage hazards effectively may be subject to civil or criminal action that could result in imprisonment, fines or other penalties with the attendant reputational damage that this would bring.

Current controls

- Clear and effective operational manuals and written controls.
- High standards of technical training and audit.
- Regular training of staff aimed at accident reduction.
- Experienced and well-qualified safety and technical personnel.
- Effective investigation of incidents and implementation of remedial actions and learning points.
- Maintenance and operation of the ISO 45001 Health and Safety Management Standard at Lowri Beck.
- Trained Mental Health First Aiders as well as Physical First Aiders.

Additional Action Taken in 2022

- A range of safety campaigns targeting specific areas of risk.
- Up-dates of field guides.
- Regular communication and talks about different mental health topics.
- Improved communications about the importance of raising near miss reports.
- Improved communication in relation common incidents within our operations.

Emerging Risks & Opportunities

- Requirement to improve standards associated with occupational road risk.
- Safety culture focus to include personal responsibility and trust to operate effective dynamic risk assessments.
- Requirement to ensure effective controls and standards in new operational business areas.
- Due to changes in weather patterns, there may be increased numbers of slips, trips and falls/accidents in the winter season.

Any linkages to other risk areas

- Sustainability.
- Attraction and Retention of Talent.

Key

- ⬆ Risk increasing
- ⬇ Risk decreasing
- ⬆ New risk
- Financial
- Strategic
- Operational

Risk management continued

2. Strategy execution and development

Risk owner – Group CEO

Key risk description

Calisen's strategy comprises three elements: Execute on our core opportunities; Extend our capabilities to provide a holistic proposition and Grow the business in line with the mission. While Calisen believes that it has developed its strategy based on a careful analysis of its strengths, its competitors and the overall MAP segment, and that it is focused on executing its strategy, there is no guarantee that Calisen will be able to do so successfully.

Current controls

- Calisen has an experienced Executive Committee that has previously delivered successful strategies. The Group has a history of delivering predictable growth and allocated time is set out in the governance calendar in order to consider strategy for the Group.
- Plug Me In, the EV installation arm of Lowri Beck, began trading in 2021. This service provides a base for the expansion into the EV markets.

Additional Action Taken in 2022

- Through Plug Me In – Calisen have launched a subscription service to streamline financing for households who want an EV charger.
- Acquisition of Utility Warehouse Home Services has helped to expand Calisen's meter installation business and broaden the services to our customers.

Emerging Risks & Opportunities

- There remains the potential for further energy supplier insolvencies and ongoing disruption in the UK energy markets which will put pressure on the core business units.
- Ongoing challenges and disruptions in the energy market, delaying the energy transition and limiting opportunities for greenfield growth.
- Due to changes in law and regulation, and environmental focus, there may be further changes in regulations that are not expected, leading changes to our strategy.
- Continue to monitor developments in other markets and jurisdictions.
- Availability of a skilled workforce to service the demand of new customers.

Any linkages to other risk areas

- Sustainability.
- Attraction and Retention of Talent.
- Financial and Funding.

3. Law, Regulation and Government Policy

Risk owner – Chief Operating Officer

Key risk description

The growth of Calisen's business, its financial condition, its results of operations and its prospects depend on the regulatory and legal environment in which Calisen operates. There is a risk that energy networks and related industries in Britain, including the MAP segment, may be more onerously regulated by a future Government, and MAPs may become directly regulated.

Current controls

- Calisen plays an active part in industry events and closely monitors policy development.
- Calisen employs a Regulation Manager who reviews all relevant consultations and provides a monthly report to the business. The Regulation Manager also gathers feedback on consultations and Calisen responds to any consultations that may have an impact on the business.
- Calvin Capital is a member of the Community of Meter Asset Providers to help ensure that the voice and concerns of MAPs are raised in the industry, with regulators and with the UK Government.
- Lowri Beck is also a member of the Association of Meter Operators and the Smart Meter Operations Group, which both provide an opportunity to voice industry concerns from a MOP/MAM perspective.
- Calisen meets with BEIS directly on a regular basis, again to discuss issues and concerns relating to the industry.
- Calisen is working with the industry to ensure a fit-for-purpose triage process is introduced for the SMETS2 meter sets, in line with the new regulatory guidance, to ensure the assets that come off the wall can be reused and rental continues.

Additional Action Taken in 2022

- Calisen has begun to determine its approach to Market Wide Half Hourly Settlement (MHHS) changes which will be new regulations from 2025.
- Calisen has expanded the scope of our meetings with manufacturers to ensure they are informed of the pipeline of regulatory changes which may impact their devices and to provide us assurance they are meeting requirements.
- Calisen now hold specific regulatory meetings with our energy supplier customers to ensure they are aware of current regulatory focus areas and forthcoming regulatory changes, to inform impact assessments and determine requirements.
- With the introduction of the subscription service, additional controls have been put in place to manage the FCA process.

Emerging Risks & Opportunities

- Due to changes in law and regulation, and environmental focus, there may be further changes in regulations that are not expected, leading to increased operating and reporting requirements.
- Government and the DCC have progressed the Network Evolution Programme during the last few months, which will seek to finance and deploy 4G comms hubs across the Smart portfolio within GB. This presents us with risks around the early replacement of meters, which we are lobbying to minimise, and potentially opportunities to be involved with the deployment and replacement activities. We are engaged with all industry developments in this area.

Any linkages to other risk areas

- Sustainability.
- Strategy execution and development.
- Supply Chain and Counterparty.

Key

- Risk increasing
- No risk movement
- Risk decreasing
- New risk
- Financial
- Strategic
- Operational

Risk management continued

4. Market

Risk owner – Chief Commercial Officer

Key risk description

Calisen is exposed to market risks. The UK energy market is undergoing significant change due to the increase in the global energy prices and this has resulted and is evidenced by, the rise of the energy price cap. Calisen is exposed to counterparty default risks and has a concentration exposure to certain energy retailers. In 2022 the industry continued to have a number of failed energy retailers (including one with which Calisen held meter installation contracts) and Calisen's revenue in respect of Meter Provision Charges prior to the supplier of last resort ("SOLR") and special administration event is exposed as an unsecured creditor in these circumstances.

Where a consumer changes energy retailer and the new energy retailer is not one with which Calisen has a consumer switching contract for that vintage of meter, Calisen faces the risk of loss of revenue. Due to the nature of the smart meter roll-out, it is difficult to predict with precision how many revenue-generating meters Calisen will have as a result of its MAP contracts or how much actual revenue Calisen will recognise from its contracted installation MAP pipeline.

With the new subscription service under Plug Me In and the ability for consumers to pay a subscription fee, in return for a charger, this service exposes the business to a higher consumer credit risk exposure.

With increased pressure to move to sustainable living the demand for sustainable products for example EV chargers and smart meters means we may not be able to fulfil demand to install.

Current controls

- Due to the structure of its contracts with energy retailers, Calven Capital has revenue that is reasonably predictable.
- Calisen has no consumer credit exposure from metering assets, and its energy retailer customers tend to have high credit quality.
- Counterparty risk is further limited as a result of regulation such as the SOLR regulatory framework which can be invoked by Ofgem when an energy retailer is in financial difficulty or goes out of business.
- Calisen has developed systems and processes in order to minimise revenue loss when a consumer changes energy retailer. These include Calisen's accurate meter tracking systems and processes, billing relationships with nearly every energy retailer and an increasing number of contracts with energy retailers which provide for rental of meters following a consumer switching energy retailer.
- Where suppliers with whom we have meter installation contracts have gone into SOLR, Calisen is working with manufacturers and other energy suppliers to redeploy/return stock that is no longer required.

Additional Action Taken in 2022

- Gained accreditation with the Financial Conduct Authority to allow direct financing to consumers.
- Calisen now hold specific regulatory meetings with our energy supplier customers to ensure they are aware of current regulatory focus areas and forthcoming regulatory changes, to inform impact assessments and determine requirements.

Emerging Risks & Opportunities

- More frequent and severe climate events such as flooding, drought, extreme heat etc, that could affect assets and cause for assets to be removed.
- The cost of living crisis has led to an increased focus on energy usage reduction, bringing the benefits of smart gas and electricity meters into increased focus.

Any linkages to other risk areas

- Sustainability.
- Supply Chain and Counterparty.
- Strategy execution and development.

5. Supply Chain

Risk owner – Chief Commercial and Operating Officer

Key risk description

Calisen depends on a limited number of manufacturers and installers. Their failure to deliver products and services on a timely basis, or to otherwise perform their contractual obligations, which could be impacted by external events beyond their control for example: a pandemic, a war or force majeure event could increase Calisen's costs, impact revenue and harm its reputation.

With the nature of the smart meter technology the metering equipment needs to be upgraded to ensure it is the most recent firmware. If this is not done or it is done incorrectly, this could lead to the meter being removed. This risk can manifest itself in a number of ways, for example if metering equipment installed, owned and managed by Calisen develops faults which may lead to Calisen facing warranty or liability claims.

Calisen has the benefit of warranties from meter manufacturers for faulty products. However, the value of the warranty as a mitigant is dependent on the counterparty which provides the warranty and therefore Calisen has counterparty default risk with its supply chain.

Current controls

- Calisen has developed strong long-term relationships with a number of manufacturers, and Calisen's position as a major purchaser of meters helps to ensure that manufacturers generally make product deliveries and provide new supplies on time, in necessary quantities and to the right quality to satisfy the requirements of Calisen's energy retailer customers.
- Calisen conducts financial and other due diligence on meter manufacturers and obtains parent company guarantees where required.
- Calisen has a strong focus on detailed manufacturer quality assurance that helps inform its meter selection decision-making.
- Calisen conducts extensive testing of meters with the support of its technical due diligence providers, and as a result Calisen's revenue-generating smart meters have historically suffered low fault rates.
- Calisen is working with the industry to understand the version of firmware for all of their assets and, in turn is working with the manufacturers and energy suppliers to ensure the right firmware and upgrade path is available.

Additional Action Taken in 2022

- Implementation and roll out of the managed service proposition which allows energy suppliers access the correct and most up to date firmware for their asset.
- Calisen has expanded the scope of our meetings with manufacturers to ensure they are informed of the pipeline of regulatory changes which may impact their devices and to provide us assurance they are meeting requirements.
- Macro events dominate the landscape and are closely monitored by the business with our suppliers, including but not limited the war in Ukraine.

Emerging Risks & Opportunities

- Due to extreme temperatures are now being experienced in the UK, additional testing may be required to ensure the asset longevity.
- With the strain on natural resources required to manufacture our assets the need to triage and reinstall assets to meet customer demand is increased.

Any linkages to other risk areas

- Sustainability.
- Strategy execution and development.
- Market and counterparty risk.

Key

-  Risk increasing
-  No risk movement
-  Risk decreasing
-  New risk
-  Financial
-  Strategic
-  Operational

Risk management continued

6. Business Interruption

Risk owner – Chief Operating Officer



Key risk description

Calisen's operations rely on IT systems and networks, which may be affected by malfunctions, cyber attacks, interruptions or security breaches, and any failure of the physical infrastructure or the IT systems and networks could lead to significant costs and disruptions that could reduce revenue, harm the Group's reputation and have a material adverse effect on financial results.

With the current world events in relation to conflicts between countries, cyber security risk is heightened and the risk of attack is increased.

Current controls

- A cyber security strategy paper was presented to the Executive Committee in January outlining plans for 2023 which will align to NCSC Cyber Assessment Framework recommendations.
- Calisen and its subsidiary companies have disaster recovery and business continuity plans in place and these are reviewed regularly and audited.
- Cyber security penetration testing is carried out by external advisers in respect of certain systems on an annual basis and regular employee security awareness sessions are undertaken.
- Calvin Capital and Lowri Beck have ISO 27001 certification with security and data controls in place.

Additional Action Taken in 2022

- Calisen has undertaken a full and in-depth review of all of its IT and Cyber controls and have been implemented a number of controls to ensure all of our data is protected including implementing a third party serviced managed SoC which operates 24/7 and additional cloud security tools to compliment existing controls such as MFA and EDR.
- Calisen is also undertaking a major programme to move all key infrastructure to Microsoft Azure and have a managed service from a third party to provide high availability.
- Aligning with the IT transformation, work is also underway to review existing Business Continuity Processes with the aim of up-dating them to reflect integrated work platforms and changes to physical work locations.

Emerging Risks & Opportunities

- Large scale business transformation programme underway to modernise key platforms across the group.
- Cyber threat could be heightened more if conflict between countries continue.

Any linkages to other risk areas

- Strategy execution and development.
- Loss of accreditations.
- Market.
- Sustainability.

7. Financial and funding

Risk owner – Chief Financial Officer



Key risk description

Calisen faces credit and market risks arising from interest rates and from related hedging activities, and its financial results may be affected by fluctuations in interest rates. Calisen may need additional capital in the future which may not be available on terms favourable to it or at all. During 2022, with the increasingly volatile finance markets and the cost-of-living crisis, this had made the securing of funds more difficult in the short term.

Current controls

- Calisen's contracts include maximum capital expenditure commitments which are regularly reviewed by the Executive Committee and the Board.
- Calisen has committed bank facilities and a business with highly predictable cash flow.
- No meter funding facility renewals fall due before December 2023.
- The Group enters into interest rate swaps, whereby it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts, with the objective of fixing the majority of its interest costs.
- Regular monitoring of cash flow, debt balances, leverage hedging and covenant calculations are reported to the highest level of the organisation.

Additional Action Taken in 2022

- Refinanced £160m of the Meter Serve (HoldCo) 2 revolving credit facility in December.
- Entered into interest rate swaptions that reduce exposure to interest rate fluctuations in support of the growing metering business.
- Engaged with financial, legal and technical advisors to assess the ongoing capital structure of the group.

Emerging Risks & Opportunities

- Macro events dominate the landscape and are closely monitored by the business, including but not limited the war in Ukraine, cost of living crisis and recent inflationary pressure.
- The cost of living crisis has led to an increased focus on energy usage reduction, bringing the benefits of smart gas and electricity meters into increased focus.

Any linkages to other risk areas

- Strategy execution and development.
- Market.
- Supply Chain.

Key

- ⬆ Risk increasing
- ⬇ Risk decreasing
- Ⓝ New risk
- Financial
- Strategic
- Operational

Risk management continued

8. Attracting and Retention Talent

Risk owner – Chief People Officer



Key risk description

Calisen may encounter difficulties in attracting or retaining key executives, officers, managers and technical personnel.

In recent months, the attraction of new employee has been exacerbated by external events, for example the cost of living crisis.

Current controls

- The business seeks to mitigate the risk of not retaining its talent by deploying strong recruitment and retention processes supported by effective HR procedures.
- Remuneration packages are benchmarked against the industry to ensure the business attracts the right calibre of applicant.
- Development of talent management and succession plans.
- Flexible hybrid working arrangements have been put in place.
- Access to an employee assistance programme ("EAP") for all employees to assist with any health or wellbeing concerns.

Additional Action Taken in 2022

- Created a people strategy centred around five pillars, rewarding people fairly, optimising systems and processes, building a performance culture, aligning with strategy and building capacity.
- Cost of Living review was launched, which has gone some way towards making Calisen a Real Living Wage employer for 2023.
- Conducting a values review ensuring Calisen has one consistent set of values that clearly sets out the goals we are working towards and the behaviours that a Calisen employee will embody.
- Developed a Diversity, Equality and Inclusion working group is in place to monitor and suggest improvements to the way we operate in initiative ways.
- Created a charity and community engagement strategy which allows for employee engagement.

Emerging Risks & Opportunities

- Availability of skilled workforce to meet the needs of our customers.

Any linkages to other risk areas

- Strategy execution and development.
- Sustainability.

9. Loss of accreditations

Risk owner – Chief Operational Officer



Key risk description

Loss of required registrations and accreditations would mean that Lowri Beck would no longer be able to operate and that Calvin would be in breach of contractual requirements.

Current controls

- Retention of required accreditations is one of the top priorities for the Calisen Group.
- Calisen has an experienced team that understands the accreditation requirements and standards, and they ensure that there are sufficient resources and time allocated to ensure compliance with accreditations and the renewal of accreditations.
- Calisen has a history of successfully renewing the accreditations.
- Alignment of internal audit programme so it takes a risk based view when audits are completed.
- The Internal Audit team that supports the objectives that are set out by the organisation and ensure the controls that are in place are effective.

Additional Action Taken in 2022

- All certifications were retained during 2022.

Emerging Risks & Opportunities

- Due to changes in law and regulation, there may be further changes in standards and regulations that are not expected, leading to increased operating and reporting requirements.

Any linkages to other risk areas

- Strategy execution and development.
- Business Interruption.
- Attracting and Retaining Talent.
- Sustainability.

Key

- Risk increasing
- Risk decreasing
- No risk movement
- New risk
- Financial
- Strategic
- Operational

Risk management continued

10. Sustainability

Risk owner – Chief Risk Officer

**Key risk description**

The risk that Calisen's actions or inactions do not comply with the Group's environment and sustainability policy, ambitions and targets.

Furthermore, there is also a potential risk that the environmental impacts the Group has as a whole; for example, an increase in carbon emissions, could impact the execution of the strategy, as well as causing reputational damage and negative effect on the climate change pledge.

In addition, there is also a potential risk that our international supply chain could be impacted by force majeure weather events caused by climate change.

Current controls

- A Sustainability Steering Committee is in place to monitor progress.
- An environmental report is generated on a monthly basis to track decisions that have been made as well as progress against ambitions and targets. This report is also published as part of the annual report.
- Regular reporting to the Board on progress.
- Detailed policy and process in place which are reviewed and audited.

Additional Action Taken in 2022

- Developed a Diversity, Equality and Inclusion working group is in place to monitor and suggest improvements to the way we operate in initiative ways.
- Onboarded ESG experts Satarla to support with the implementation of the strategy.
- Conducted a scenario analysis to understand the extent impact so of climate change may have on our operations and supply chain.
- Working with our supply chains to understand the impact of climate change on their operations.
- Worked with internal stakeholders to ensure we can make reductions on our own emissions by the introduction of EV vehicles into the fleet.
- Expanded the sustainability skillset with the introduction of a dedicated team, this addition will ensure all targets monitored and actioned accordingly.
- Retained our Bronze Ecovadis Sustainability Award.
- Created a charity and community engagement strategy which allows for employee engagement.

Emerging Risks & Opportunities

- Due to changes in law and regulation, and environmental focus, there may be further changes in regulations that are not expected, leading to increased operating and reporting requirements.
- Due to extreme temperatures are now being experienced in the UK, additional testing may be required to ensure the asset longevity.
- More frequent and severe climate events such as flooding, drought, extreme heat etc, that could affect assets and cause for assets to be removed.
- Availability of skilled STEM workforce will be required to ensure we can meet our sustainability and business goals and ambitions.

Any linkages to other risk areas

- Strategy execution and development.
- Supply Chain.
- Health and Safety.
- Market and Counterparty.

11. Reputation

Risk owner – Group CEO

**Key risk description**

The risk that the Group's actions or inactions impact the perception of the Group.

Current controls

- Regular compliance training covering Anti-Bribery and Corruption, Competition Law, Information Security, Modern Slavery and Responsible Procurement.
- Anti-Fraud and Responsible Procurement audited by internal auditors.
- Regular Board meetings.
- Documented Communication Plan.

Additional Action Taken in 2022

- Fully policy review undertaken and communicated to all employees with the requirement to acknowledge there understanding as to what is required by them.

Emerging Risks & Opportunities

- With the launch of the subscription service at Plug Me In, Calisen could be exposed to consumers who could make complaints.

Any linkages to other risk areas

- Strategy execution and development.

Key

Risk increasing

No risk movement

Risk decreasing

New risk

Financial

Strategic

Operational

Risk management continued

Analysis and Evaluation

During the year the executive teams and committees review the register of risks on a monthly basis. The output from this oversight helps to prioritise operational activity and performance toward the business strategy and objectives. In addition to consideration of likelihood and impact, the amount of action needed to bring the potential impact of risks to an acceptable level is a key factor. As a result, Calisen has remained focussed on the risks that require active management and in line with the organisation's appetite for risk.

Furthermore, the risk prioritisation is linked into our internal auditor's strategy and complements the risk based approach to audit planning and review. The output from audit reviews ensure we have the relevant controls in place to manage the risks that have been identified.

Finally, on an annual basis the group takes a step back to reflect on the register of risks, how it is scored, the alignment with appetite and the need to actions to be taken bring back to tolerance levels.

Monitor, review and report

In addition to the work Calisen do to evaluate the risks and the movement throughout the year, we also review our processes and framework to confirm that they continue to be aligned our business operations. To support this process, Calisen has also appointed Satarla as our risk consultants.

Bringing in independent consultants to support Calisen's ongoing development of our risk management framework and process – to ensure that the implementation of risk management – looking at both risks and opportunities – is tailored to suit Calisen and its governance and operational framework, and that it is adding value to the organisation in decision-making for strategy setting and execution.

The output of these reviews are communicated back up to the Audit and Risk Committee and shared with the shareholders to ensure consistency and transparency.

Closing the loop

All risks and opportunities are linked to our strategic objectives. Where the outlook remains stable and aligned Calisen will continue to monitor risk within the business and to scan horizon for changes. Where there is any misalignment, we will focus attention on those risks and opportunities that may impact our ability to deliver against our objectives and manage those to an acceptable level. Should we find it is not appropriate to continue to run any risks or pursue opportunities further, or we are unable to, this process enables us to discuss and challenge our context and objectives and decide stop or change them.

Action plan for 2023

- Conduct a full risk profile review ensuring it still reflects the business objectives and strategy.
- Create and conduct an assurance mapping exercise ensuring all controls are in place and being managed.
- Review governance framework to ensure it meets current strategy and processes.
- Upskill all key stakeholders to ensure everyone has the same understanding of our risk processes and methodology.

Governance

Corporate Governance Report	47
Board of Directors	49
Directors' Report including Statement of Directors' Responsibilities	50

Corporate Governance Report

As required by The Companies (Miscellaneous Reporting) Regulations 2019, the Company applied the Wates Corporate Governance Principles for Large Private Companies (“Wates Principles”) published in December 2019 throughout the year.

The Wates Principles are published free of charge by the Financial Reporting Council (“FRC”) and are available on the FRC website.

This report explains how the Company has applied the Wates Principles during the financial year ended 31 December 2022.

Wates Principle 1

Purpose and leadership

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

The Company’s purpose is to deliver smarter energy for all.

The Board develops its strategy to achieve that purpose through regular reviews with the Executive Committee and the senior leadership team as well as with its shareholders. Details of our strategy are set out on pages 10-12, and how we engage with our shareholders is described on page 24.

There is a process in place for managing conflicts of interest, should they arise.

The Board sets the culture of the Group. This year the Group launched its Code of Conduct which sets out how we will operate, and the behaviours we expect of our people and those with whom we do business.

The Board uses a number of indicators to inform its regular assessment of whether the culture continues to be appropriate and whether there are any further actions that are necessary.

These indicators cover a range of in-house and independent monitors, as set out below:

Workforce engagement

The Company has in place a Workforce Engagement Forum (the “Forum”) and the CEO provides regular updates to the Board on the feedback from the Forum including the comments from the workforce representatives at the Forum on the culture within the Group.

The Group conducts regular Group-wide Employee Surveys. The findings of those surveys are reported to employees and the senior leadership team is responsible for implementing changes identified as a result of employee feedback received. Town Halls and email communications are also employed.

These methods of engagement allow employees to understand the performance and plans of the business and for management to receive direct feedback.

Whistleblowing hotline

The Group has an independent whistleblowing hotline where employees can anonymously report any concerns about misconduct or unethical practices.

This whistleblowing facility allows the Board to monitor any employee reports that would indicate any areas for concern in respect of the culture of the Group. As at the date of this report, no reports have been received.

Employee retention

The Board receives regular updates on employee matters.

Our employees offer one of our greatest competitive advantages and retaining their services is a key element of our strategy.

Health and safety

The Company maintains a zero tolerance approach to health and safety incidents and is committed to maintaining a healthy and safe place of work for all stakeholders, as described in the Directors’ Report and in the Risk management section of the Strategic Report.

Compliance

The Group has robust policies that are regularly reviewed concerning key governance areas including anti-bribery and corruption; anti-money laundering; and anti-slavery and human trafficking. These policies are actively promoted through online training; checks for successful completion of initial and updated training and guidance; and annual sign-offs by senior management across the business.

These processes and checks are underpinned by a robust internal audit function, and an independent whistleblowing process monitored by the Board as described above.

Wates Principle 2

Board composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution.

The size of a board should be guided by the scale and complexity of the company.

The Board consists of a Chair, a CEO and four Executive Directors. A summary of the roles of the Chair and CEO is set out to the right.

The size of the Board is considered appropriate for the effective operation of the Group due to the skills, knowledge and experience of the Directors. The Board is supported by an Executive Committee, who in turn are supported by the senior leadership team. The biographies of the Board and Executive Committee are set out on page 49. Regular performance reviews are conducted.

Wates Principle 3

Director responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities.

The board’s policies and procedures should support effective decision making and independent challenge.

The role of the Board

The Board is collectively responsible to the shareholders and other stakeholders for the long-term sustainable success of its business, including setting the overall strategy of the business, promoting its objectives, monitoring culture and ensuring the highest standard of governance. The Board considers that the governance processes remain fit for purpose.

Corporate Governance Report continued

The Board is also responsible for providing guidance and oversight to the business. It has overall authority for the management and conduct of the business including oversight of the Group's financial performance and monitoring the governance, risk and control framework. Details of the risk management structure that the Board has put in place are set out in the Risk management section of the report on pages 38 to 45.

In addition, the internal audit function conducts regular reviews, to an agreed annual plan, of the controls, processes and systems in place. The Directors are in regular communication with the shareholders both informally and via the Calisen Limited Board.

Board biographies are set out on page 49.

A range of matters have been delegated to the Executive Committee, which is responsible for the day-to-day operation of the Group. Biographical details of the Executive Committee are set out on page 49.

Stakeholder engagement

The Board recognises the value of maintaining close relationships with its stakeholders, understanding their views and the importance of these relationships in delivering our strategy and the Group's purpose.

The Group's key stakeholders and their differing perspectives are taken into account as part of the Board's discussions. You can read more in our s.172(1) statement on page 26.

How the Board supports strategy

The Board works closely with the Executive Committee and its shareholders to review and agree a strategy that will promote the success of the Company for the benefit of all of its stakeholders.

During 2022, a number of sessions were held to review and assess strategy. Details of the Company's strategy are set out on pages 10 to 12.

Division of responsibilities

A summary of the responsibilities of the Chair and CEO are set out below:

Chair

- Guardian of the Board's decision-making process.
- Ensures the Board as a whole plays a full and constructive part in decision making.
- Sets the Board agenda.
- Ensures the Board receives accurate, timely, high-quality and clear information.
- Ensures a formal and rigorous evaluation of the Board takes place each year.

Chief Executive Officer

- Operational and strategic management of the Group.
- Develops the Group's strategy and commercial objectives.
- Manages the Group's Executive Committee and ultimately all its staff.
- Ensures effective communication with all stakeholders.

Wates Principle 4

Opportunity and risk

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Calisen is able to create and preserve long-term sustainable value by providing access to the capital and engineering services that our customers need, as well as the managed services to make our customers' operations more efficient.

We have also made significant headway in supporting the adoption of EVs through the launch of our Plug Me In business, which provides an end-to-end solution to both businesses and homeowners, covering project scoping, installation, financing and maintenance, and adding a number of EVs to our fleet.

How the Board manages risk is set out in the risk section on pages 38 to 45.

Wates Principle 5

Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The remuneration policy is determined by the Remuneration Committee (the "Committee") of Calisen's holding company. The Committee operates in accordance with terms of reference and comprises three members who are Shareholder Directors or their representatives.

The Committee's role is to:

- oversee pay and reward structures across the Group and determine the individual remuneration packages of the Directors and the Executive Committee;

- review the ongoing appropriateness and relevance of the remuneration policy to ensure that it is aligned with the Company's purpose and values, and the successful delivery of the Company's long-term strategy;
- consider annually the remuneration trends across the Company and the Group to ensure that remuneration is competitive, fair and appropriate;
- take into consideration wider workforce remuneration and policies and the alignment of incentives and rewards with culture when setting remuneration policy for the senior management team; and
- ensure that the following points are considered and addressed in any remuneration policy: (i) clarity; (ii) simplicity; (iii) risks associated with excessive rewards; (iv) predictability of the range of potential values of rewards delivered; (v) link between awards, delivery of strategy and long-term Company performance; and (vi) alignment to culture.

Wates Principle 6

Stakeholder relationships and Engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

- The Board considers that this Annual Report and Accounts presents a fair, balanced and understandable assessment of the Company's position and prospects.
- Stakeholder engagement is set out on pages 24 to 25.

Board of Directors



Henricus Lambertus (Bert) Pijls
Chairman

Date of joining the Group:
September 2017

Bert became Chair of the Group in July 2021. Prior to this Bert was CEO of the Group between September 2017 and July 2021.

He has over 30 years of experience in financial services and utilities. Prior to joining the Group, he worked in the financial services industry as CEO of Hellenic Bank, Managing Director at Citibank and CEO of Egg Banking. In addition to his experience in the financial services industry, Bert worked in the energy sector as Managing Director for Customer Service and Commercial at British Gas/Centrica. Bert holds a B.B.A. from Nijenrode University in the Netherlands as well as a Masters in International Management from the Thunderbird School of Global Management in Arizona, United States.



Sean Latus
Chief Executive Officer

Date of joining the Group:
October 2014

Sean became Group CEO in July 2021, having held a number of senior roles in the business since joining in October 2014. Initially as Chief Investment Officer, he helped transition the business from an owner of traditional meters to being a broader provider of energy infrastructure services to the retail market. Sean held the CFO position in February 2018 until he became Group CEO. He has over 25 years' experience working in the infrastructure industry and has worked across multiple sectors both in the UK and overseas. Sean's previous roles include Head of Investments at Costain plc, Senior Director at RBS Project and Infrastructure Finance, and Investment Director at John Laing.



Sarah Blackburn
Chief Commercial Officer
and General Counsel

Date of joining the Group:
April 2014

Sarah was appointed as Chief Commercial Officer and General Counsel from 1 July 2021. Prior to that, Sarah was part of the senior management team as General Counsel and Company Secretary. Sarah is responsible for leading the commercial, transactions and legal teams within the Group. She is a qualified lawyer with over 20 years of experience in a broad range of commercial transactions, infrastructure, M&A and finance.



Brandon Rennet
Chief Financial Officer

Date of joining the Group:
December 2022

Brandon was appointed as Chief Financial Officer in December 2022.

Brandon joined Calisen in December 2022 as Chief Financial Officer. Prior to joining Calisen, Brandon served as CFO of Thames Water. Previously he was at SSE plc in a range of senior finance roles, including Managing Director for Finance (2013-2017). Most recently, he was CFO at Storegga, the international project developer focused primarily on carbon capture and storage. Brandon brings over 20 years' experience working on critical national infrastructure projects from a variety of perspectives. He has also worked extensively on the public private interface, including a secondment to the Prime Minister's Delivery Unit in the Cabinet Office.



Matthew Bateman
Chief Operating Officer

Date of joining the Group:
October 2022

Matthew was appointed as Chief Operating Officer in October 2022.

Matthew joined Calisen at the beginning of October 2022 as Chief Operating Officer. Prior to this he worked for Centrica plc for 24 years leading various business units including as Managing Director, British Gas and his most recent role as MD, British Gas Services and Solutions. His responsibilities included the Smart Metering programme as well as being CEO of British Gas' Insurance business.



Phillip McLelland
Chief Risk Officer

Date of joining the Group:
July 2019

Phillip joined Calisen in 2019 as Group Finance Director, and from December 2022 was appointed Chief Risk Officer with responsibility for developing the Risk Management Framework and Sustainability agenda at Calisen. Prior to Calisen, Phillip was Director of Finance at the British Business Bank, having previously been Finance Director at Provident Financial and, before that, with UK Asset Resolution. Phillip has over 25 years' experience in senior Financial Management and Risk roles, and in addition to his financial services experience has also undertaken advisory roles with KPMG and PwC. Phillip is also a Non-Executive Director and Chair of the Board Risk Committee of the Furness Building Society.

Board of Directors

Bert Pijls
Sean Latus
Sarah Blackburn
Brandon Rennet
Matthew Bateman
Phillip McLelland

Executive Committee

Sean Latus
Sarah Blackburn
Brandon Rennet
Matthew Bateman
Phillip McLelland

Directors' Report

Directors' Report

The Directors of Calisen Group (Holdings) Limited present their report for the year ended 31 December 2022.

The Company is the holding company of the Calisen group of companies. The main trading companies are Calvin Capital Limited, Lowri Beck Services Limited and their subsidiaries. These and all other subsidiaries of the Group are listed in Note 33 of the financial statements.

Results and dividends

The profit for the year attributable to the equity holders of the parent company amounts to £107.2 million.

During the year the Company paid dividends amounting to £57.5 million (2021: £91.8 million).

Future Developments

The company during the year has signed a MAP services contract with a customer as well as agreeing to acquire Maple TopCo Limited and its subsidiaries. These transactions are subject to certain terms and conditions, see Note 34 of financial statements for more information.

Subsequent to the year end the Company completed a refinance and one of its subsidiaries agreed to acquire Ecofit Renewables Limited, see Note 36 of the financial statement for more information.

Directors

The Directors who served during the year or who are Directors at the date of this report are:

H L (Bert) Pijls
S Latus
P McLelland (appointed 24 January 2022)
S A Blackburn (appointed 24 January 2022)
M Bateman (appointed 16 November 2022)
B Rennet (appointed 19 January 2023)

Directors' indemnities and Directors' and Officers' liability insurance

Directors' and Officers' liability insurance is in place for all Directors and officers of the Company. Calisen also indemnifies the Directors under a qualifying indemnity for the purposes of section 236 of the Companies Act 2006. This indemnity contains provisions that are permitted by the director liability provisions of the Companies Act 2006 and the Articles of Association of the Company. Such third party indemnity provision remains in force as at the date of this report.

The Company has chosen in accordance with section 414C (11) of the Companies Act 2006 to provide disclosures and information in the Strategic Report in relation to a number of matters which would otherwise be required to be included in this Directors' Report. These matters are referred to in the table to the left. The table also refers to certain other disclosures elsewhere in this Annual Report, which are incorporated into this Directors' Report by reference.

Research and development

The research and development activities of the Group include development of IT systems to support our metering and installation operations as well as adjacent technologies.

Significant agreements – change of control

There are no agreements that may be terminable in the event of a change of control of the Company.

Share capital

The Company's total issued share capital, as at 31 December 2022, consisted of 549,019,293 ordinary shares, each with a nominal value of 1p. Further details of the issued share capital of the Company can be found in Note 29 of the financial statements. The rights and obligations attaching to ordinary shares in the Company are set out in the Company's Articles of Association ("Articles"). Copies of the Articles can be obtained from Companies House or by writing to the Company Secretary at the Company's registered office.

Restrictions on the transfer of shares

The restrictions on the transfer of shares are set out in the Articles. No person has special rights of control over the Company's share capital.

Restrictions on voting rights

Details of the deadlines for exercising voting rights are set out in the Articles. The Directors are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Articles of Association

The Company may amend its Articles by passing a special resolution at a general meeting of its shareholders. The Articles include the rules on the appointment and replacement of Directors.

Powers of the Board

The business and affairs of the Company are managed by the Directors, who may exercise all such powers of the Company as are, not by law or by the Articles, required to be exercised by the Company in general meetings. Subject to the provisions of the Articles, all powers of the Directors are exercised at meetings of the Directors which have been validly convened and at which a quorum is present.

Accountability and audit

The going concern statement and the Responsibility statement of the Directors in respect of the Annual Report and Financial Statements are shown on pages 59 and 50 to 51 respectively.



Topic	Section of report	Page
Important events since the financial year end	Strategic Report	n/a
Likely future developments	Strategic Report	3, 7, 9
Greenhouse gas emissions, energy consumption and energy efficiency action	Strategic Report	29
Financial instruments	Note 22 of the financial statements	75
Employee engagement	Strategic Report	24
Relationships with customers, suppliers and others	Strategic Report (section 172(1) statement)	24 to 25
Modern Slavery Statement	Strategic Report	31
Risk management	Strategic Report	38 to 45
Going concern	Note 1(a) of the financial statements	59
Corporate Governance Statement	Corporate Governance Report	47 to 48
Directors	Corporate Governance Report	49

Directors' Report continued

People

The role that our employees perform is described throughout the Strategic Report. However, the following disclosures provide additional information on how we engage with and treat our workforce.

We are an equal opportunities employer. It is our policy to develop and apply, throughout the Group, procedures and practices which are designed to ensure that equal opportunities are provided to all of our employees or those who seek employment with the Group irrespective of their age, colour, disability, ethnic origin, gender, marital status, nationality, parental status, race, religion, belief or sexual orientation. All employees, whether part-time, full-time or temporary, are treated fairly and equally. Selection for employment, promotion, training or other matters affecting their employment is on the basis of aptitude and ability.

All employees are supported and encouraged to develop to their full potential and the talents and resources of the workforce are fully utilised to maximise the efficiency of the organisation. It is our policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) and to comply with any current legislation with regard to disabled persons.

All new employees, when eligible, are automatically entered into the Group's pension arrangements. In addition, we have discretionary bonus arrangements in place.

Health and safety at work

Health and safety is a key priority for the Group. The Board considers health and safety matters at each of its main Board meetings.

We seek to instil our values and behaviours at every level of our business, for employees, suppliers and customers. Further information on how we control and monitor health and safety is provided in the Risk section of the Strategic Report.

The Group made no political donations and incurred no political expenditure during the year (2021: £Nil).

Disclosure of all relevant information to the Auditor

The Directors who held office at the date of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware and that each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' Responsibilities in respect of the Annual Report and Accounts, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts, the Directors' 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 that law they are required to prepare both the Group and the parent company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's 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 apply them consistently.
- Make judgements and estimates that are reasonable, relevant and reliable.
- State whether they have been prepared in accordance with UK-adopted international accounting standards.
- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- 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.

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.

Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

Each of the Directors in office as at the date of this report, whose names and functions are listed on page 49, confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Approved by the Board of Calisen Group (Holdings) Limited and signed on its behalf.

Carolyn Blanchard

Company Secretary
For and on behalf of the Company
5th Floor
1 Marsden Street
Manchester
M2 1HW
England

28 March 2023



Financial Statements

Independent Auditor's Report	53
Consolidated Financial Statements	55
Notes to the Consolidated Financial Statements	59
Company Financial Statements	84
Notes to the Company Financial Statements	85

Independent Auditor's Report

Independent Auditor's Report to the Members of Calisen Limited

Opinion

We have audited the financial statements of Calisen Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cashflows and related notes, including the accounting policies in note 1.

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 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities 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. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company'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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries as a result of incentives and pressures; and
- the risk of bias in accounting estimates such as provision for impairment
- the risk that revenue is not accurately recorded.

We did not identify any additional fraud risk factors.

We performed procedures including:

- Identifying the journal entries and other adjustments to test for components based on the risk criteria and comparing the identified entries to supporting documentation. These included entries posted by individuals who typically do not create or post journal entries and entries that contain unusual or unexpected combinations of debits and credit entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of the laws and regulations on the financial statements varies considerably

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting regulations (including related Companies' legislation), distributable profit legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report continued

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect, tax or legislative requirements, health and safety, data protection laws, fraud corruption and bribery, money laundering employment laws and certain aspects of company legislation recognizing the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational is not disclosed to us or evident from relevant correspondence, an audit will not detect such a breach.

Context of ability of the audit to detect fraud or breaches of laws or regulations

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by the auditing standards would identify it.

In addition, as with my audit, these remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 50, the directors are responsible for: the preparation of the financial statements and for 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.

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.

Liza Eccleston (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

31 March, 2023



Financial Statements

Consolidated Income Statement and Statement of Comprehensive Income

	Notes	Year ended 31 December	
		2022 £m	2021 £m
Revenue	5	285.8	268.8
Cost of sales	7	(144.9)	(127.9)
Gross profit		140.9	140.9
Administrative expenses	8	(24.0)	(30.5)
Other expenses	13	(0.9)	(12.0)
Amortisation of intangible assets	18	(44.6)	(44.4)
Group operating profit		71.4	54.0
Finance expense	12	(29.1)	(24.6)
Finance income	12	95.9	14.6
Profit before tax		138.2	44.0
Taxation expense	15	(31.0)	(40.2)
Profit for the year		107.2	3.8
Profit and total comprehensive profit attributable to equity holders of the parent		107.2	3.8

All activities of the Group are from continuing operations for the years ended 31 December 2022 and 31 December 2021.

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2022 £m	2021 £m
Assets			
Non-current assets			
Intangible assets	18	447.2	491.4
Property, plant and equipment	19	1,173.7	1,021.0
Deferred tax asset	16	4.8	4.0
Derivative financial instruments	22	117.8	16.8
		1,743.5	1,533.2
Current assets			
Trade and other receivables	24	75.9	59.0
Contract assets	6	6.3	4.7
Inventory	25	1.6	0.7
Cash and cash equivalents	26	144.9	116.4
		228.7	180.8
Total assets		1,972.2	1,714.0
Liabilities			
Current liabilities			
Trade creditors	27	58.4	29.1
Other creditors	27	38.9	28.9
Interest-bearing loans and borrowings	22	130.8	103.3
		228.1	161.3
Non-current liabilities			
Interest-bearing loans and borrowings	22	842.4	723.4
Provisions	28	1.1	0.6
Derivative financial instruments	22	–	0.4
Deferred tax liability	16	161.4	138.8
		1,004.9	863.2
Total liabilities		1,233.0	1,024.5

	Notes	As at 31 December	
		2022 £m	2021 £m
Equity			
Called up share capital	29	5.5	5.5
Share-based payment reserve	30	–	–
Merger reserve		(63.3)	(63.3)
Retained earnings		797.0	747.3
Total equity		739.2	689.5
Total equity and liabilities		1,972.2	1,714.0

The Financial Statements on pages 55 to 83 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Phillip McLelland
Group Finance Director

28 March 2023

Financial Statements

Consolidated Statement of Changes in Equity

	Called up share capital £m	Share premium account £m	Share-based payment reserve £m	Retained earnings/(deficit) £m	Merger reserve £m	Total equity £m
Attributable to equity holders of the parent:						
At 1 January 2021	5.5	–	0.4	833.8	(63.3)	776.4
Profit for the year and total comprehensive profit	–	–	–	3.8	–	3.8
Equity settled share awards	–	–	1.1	–	–	1.1
Recycling of share-based payment reserve	–	–	(1.5)	1.5	–	–
Dividends paid (note 32)	–	–	–	(91.8)	–	(91.8)
At 31 December 2021	5.5	–	–	747.3	(63.3)	689.5
Profit for the year and total comprehensive profit	–	–	–	107.2	–	107.2
Dividends paid (note 32)	–	–	–	(57.5)	–	(57.5)
At 31 December 2022	5.5	–	–	797.0	(63.3)	739.2

Financial Statements

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December	
		2022 £m	2021 £m
Cash flows from operating activities			
Profit before tax		138.2	44.0
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets	18	44.6	44.4
Depreciation of property, plant and equipment	19	102.0	89.0
Finance income	12	(95.9)	(14.6)
Finance expense	12	29.1	24.6
Share-based payment expense	30	–	1.1
(Profit)/Loss on disposal of property, plant and equipment	7	(4.2)	3.7
Interest paid	12	(30.4)	(20.5)
Tax received	15	1.0	2.2
Transaction costs on sale of group	13	(0.3)	11.2
Working capital adjustments:			
(Increase)/decrease in trade and other receivables and contract assets	6, 24	(22.1)	5.1
Increase/(decrease) in inventory	25	(0.8)	0.2
Increase in trade payables, other payables and provisions	27, 28	32.1	12.4
Net cash flows from operating activities		193.3	202.8
Cash flows from/(used in) investing activities			
Compensation income	7	23.2	15.9
Transaction costs and other expenses	13	(0.4)	(11.2)
Purchase of subsidiary undertaking	14	–	–
Net cash acquired with subsidiary	14	0.2	–
Purchase of property, plant and equipment	19	(270.0)	(231.7)
Purchase of intangible assets	18	(0.8)	(0.3)

	Notes	Year ended 31 December	
		2022 £m	2021 £m
Net cash flows used in investing activities		(247.8)	(227.3)
Cash flows from/(used in) financing activities			
Lease payments	20	(0.9)	(0.8)
Dividends paid	32	(57.5)	(91.8)
Proceeds from borrowings	22	410.8	381.9
Repayment of borrowings	22	(269.4)	(263.0)
Net cash flows from financing activities		83.0	26.3
Net movement in cash and cash equivalents		28.5	1.8
Cash at beginning of year		116.4	114.6
Cash at end of year		144.9	116.4

The accompanying notes form an integral part of the financial statements.

Financial Statements

Notes to the Consolidated Financial Statements

1. Basis of preparation

These Group financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The policies set out below have been applied consistently throughout the years ended 31 December 2022 and 2021.

(a) Going concern

The Directors consider the going concern basis of preparation for the Group and the Company to be appropriate for the following reasons. The Group generated a profit after taxation of £107.2m (2021: £3.8m) and net cash flows from operating activities for the year ended 31 December 2022 of £193.3 (2021: £202.8m).

In December 2022, the Group completed a refinancing, replacing £160m of this partially drawn RCF with an amortising term loan facility for the same amount. The RCF remains available and this resulted in an increase in headroom of £160m for the Group.

The Group has prepared cash flow forecasts to 31 December 2025 which include taking account of reasonably possible downsides and business continuity stress tests. These result in reduced levels of revenues within both business units and lower levels of meter installations. These forecasts show that the Group will have sufficient funds, through access to cash derived from its long-term contractual revenue streams and funding from its existing facilities to meet liabilities as they fall due. At 31 December 2022, this includes cash of £144.9m and undrawn funds of £338.5m (which is available and ring-fenced for contracted capital expenditure commitments). There are no forecast breaches, under any scenario, of banking covenants at any point during the three year forecast period.

Subsequent to the year-end in March 2023, the Group completed a refinancing, primarily replacing commercial bank facilities of £360.0m with new structured institutional debt facilities of £360.0m, which will be repayable between 2036 and 2043. The replaced facilities had maturity dates of between 2025 and 2026, significantly extending the average life of the finance facilities. The refinancing has had no impact on the group's assessment of its ability to continue as a going concern

Consequently, the Directors are confident that the Group currently has in place sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of issue of the consolidated financial statements and have therefore prepared the Consolidated Financial Statements on a going concern basis.

(b) Basis of measurement

The functional currency is pound sterling and the financial statements are presented in pound sterling. Amounts are rounded to the nearest hundred thousand except where otherwise indicated.

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 3 and 4 respectively.

The Consolidated Financial Statements have been prepared on the historical and amortised cost bases, except for certain financial assets and financial liabilities, which are stated at their fair value.

(c) Adoption of new standards

The following standards, interpretations and amendments, issued by the International Accounting Standards Board ("IASB") effective for the year ended 31 December 2022 and 31 December 2021, are relevant to the Group but have had no material impact on the Group's Financial Statements:

IFRS 3 (amendment)	Definition of a Business	effective date of 1 January 2020
IAS 1 and IAS 8 (amendment)	Definition of Material	effective date of 1 January 2020
CF	Conceptual Framework for Financial Reporting	effective date of 1 January 2020
IFRS 9 (amendment)	Interest Rate Benchmark Reform: Phase 2	effective date of 1 January 2021

The following standards while not new or amended in the year ended 31 December 2021 were adopted in the year ended 31 December 2020 as they have now become relevant to the Group and have a material impact to the Group's Financial Statements:

IFRS 2 Share-based Payments

The Group adopted IFRS 2 during 2020 following the issue of equity settled share award schemes to certain employees, details of which are set out in note 30. The fair value of the equity settled share awards is measured at the date of grant and expensed on a straight-line basis over the vesting period based on how many awards are expected to vest. The Group uses simulation models to estimate the fair value of the schemes based on the various measures of performance. Following the acquisition of the company during the year ended 31 December 2021, all share awards vested in full and therefore the final IFRS 2 charge was recorded in relation to these share awards in that year. No further shares awards schemes have been set-up.

(d) Standard issued but not yet effective

IFRS 17	Insurance Contracts	effective date of 1 January 2023
---------	---------------------	----------------------------------

No material impact is expected on the adoption of this standard.

There are no other relevant standards, which are expected to have a material impact on the Group, that have been issued by the IASB and endorsed by the EU but are not yet effective.

(e) Presentation of financial statements in accordance with IAS 1

The Consolidated Financial Statements are prepared in accordance with IAS 1 Presentation of Financial Statements.

(f) Basis of consolidation

The Consolidated Financial Statements consolidate the Group and all its subsidiary undertakings for the years ended 31 December 2022 and 2021.

The Consolidated Financial Statements are based on the consolidated financial statements of subsidiaries whose year ends are co-terminous with those of the Company and whose accounting policies have been consistently applied throughout the Group.

Financial Statements

Notes to the Consolidated Financial Statements continued

1. Basis of preparation continued

(f) Basis of consolidation continued

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. Subsidiaries are fully consolidated from the date on which control commences until the date when control ceases.

Intra-Group balances and transactions are eliminated in preparing the Consolidated Financial Statements. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

Information on the Group's structure is provided in note 33. Information on other related party relationships of the Group is provided in note 31.

2. Significant accounting policies

The accounting policies set out below have been applied consistently by the Group to all years presented.

2.1 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, together with the amount paid for any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure any non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Customer contracts and brands are valued using the "Excess Earnings Approach" and "Relief from Royalties" techniques respectively. Both methodologies use a discounted cash flow basis to support the valuation, taking into account relevant discount factors, other relevant charges, rates and tax amortisation benefit to generate the cash flows.

Acquisition-related costs, referred to as transaction costs, are expensed as incurred.

Any contingent consideration included in the aggregate consideration transferred is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as a financial asset or liability is subsequently measured at fair value with the changes in fair value recognised in the Consolidated Income Statement.

2.2 Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date. The Group also uses fair values when accounting for assets acquired and liabilities assumed in business combinations and as a part of its impairment testing process for non-current assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines policies and procedures for both recurring fair value measurement, such as the valuation of derivatives, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.3 Revenue from contracts with customers

All revenues are recognised exclusive of value added tax.

(i) MAP services

Revenue from MAP services represents the MPC which is the payment the Group receives monthly from a customer, being the energy retailer, for the procurement, arrangement of installation, ownership and management of a portfolio of domestic electricity and gas meters.

Provision of MAP services is considered a single performance obligation as outlined in section (iv) below. Revenue is recognised over time as the service is provided on the basis that the customer simultaneously receives and consumes the benefits of accessing the meters.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

(ii) Installation Services

Revenues from installation services represent fees earned from energy retailers for installation of meters by the Lowri Beck operating segment. Provision of installation services is considered a separate performance obligation. Revenue is recognised at a point in time on completion of the services.

(iii) Data Services (formerly presented as Non-technical services)

Data Services represent meter reading and data management services provided to energy retailers by the Lowri Beck operating segment. Revenue is recognised at a point in time on completion of the services.

These services are considered a distinct performance obligation from the MPC on the basis that they are separately identifiable services which are not necessary to bring a meter asset into use.

Other income

Other income relates to meter-related services, non MPC, that are recharged to customers including meter management service fees and meter procurement. Revenue is recognised over time as the service is provided.

The Group monitors numbers of meters installed and MAP services revenue per meter split between smart and traditional meters. The transaction price is the contracted price with no other adjustment or assumptions being required for the calculation.

Significant judgements

(iv) Classification of meter income

The Group has assessed that its arrangements with energy retailers for MAP services (i.e. the procurement and management of meters) do not contain a lease under IFRS 16 Leases for the meters owned by the Group. This is due to management's assessment that energy retailers do not obtain substantially all the economic benefit from the meters and do not control the operation or physical access to the meters.

As such income from meters is accounted for under IFRS 15 Revenue from Contracts with Customers.

(v) Contract with the customer and contract term

The Group's arrangements with energy retailers for MAP services include general terms and conditions by which the arrangements are governed. However, it is not until an order is placed by the energy retailer and accepted that either party has an obligation to perform under the agreement. As such individual orders are considered to be the contract under IFRS 15. The energy retailer can terminate the contract at any time subject to the payment of appropriate consideration. As such contracts are treated as month-to-month contracts for accounting purposes. When the underlying consumer moves to a new energy retailer, the Group continues to collect the MPC from the new retailer unless the meter is removed. If the meter is removed, the Group receives compensation income or the meter is returned.

(vi) Performance obligations

Over the course of a contract for MAP services, the Group performs a series of activities that are substantially the same in terms of the nature of the Group's undertaking to the customer i.e. the procurement and management of a portfolio of meters. In addition, the benefits are simultaneously received and consumed by the customer. Therefore, the services are accounted for as a single performance obligation.

(vii) Costs to obtain a contract

The Group pays sales commissions to employees that are contingent on successfully securing MAP service arrangements (the contract) with customers. As such these commissions are considered incremental costs of obtaining the contract as, if the arrangement is not won, these commissions are not paid. The commission relates to services transferred under multiple contracts (i.e. multiple orders) and covers the entire term of the customer relationship. As such, capitalised contract costs are amortised over a period of 15 years, due to this being the average economic life of a customer arrangement based on historical information.

2.4 Contract assets

Amounts are billed monthly in arrears based on services provided resulting in unbilled receivables (contract assets) being recognised in the consolidated statement of financial position.

2.5 Compensation income

In cases where it has been contractually agreed, the Group is able to claim compensation income for the loss of the contracted MPC revenue associated with meters that are removed.

Compensation income is recognised at fair value upon notification of the removal of the meter. It is netted against the loss on disposal of the meter asset in cost of sales.

2.6 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

2.6 Taxation continued

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation with the underlying transaction either in other comprehensive income ("OCI") or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date of the combination, are recognised subsequently if new information or facts arise or circumstances change. Any adjustment is either treated as a reduction in goodwill (as long as it does not exceed the existing goodwill balance) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to do so, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.7 Foreign currencies

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the date of the consolidated statement of financial position are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling as at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement.

The assets and liabilities of foreign operations arising on consolidation are translated to the Group's presentational currency, pound sterling, at foreign exchange rates ruling as at the date of the consolidated statement of financial position. The revenue and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling as at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

2.8 Dividends

Dividends payable by the Company are recognised when declared and therefore final dividends proposed after the date of the consolidated statement of financial position are not recognised as a liability as at the date of the consolidated statement of financial position. Dividends paid to shareholders are shown as a movement in equity rather than in the Consolidated Income Statement and Statement of Comprehensive Income.

2.9 Intangible assets

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's CGUs.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

2.9 Intangible assets continued

Brands and customer contracts

Customer contracts and brands are intangible assets measured at fair value, at acquisition using a purchase price allocation. Customer contracts and brands are valued using the “Excess Earnings Approach” and “Relief from Royalties” techniques respectively. Both methodologies use a discounted cash flow basis to support the valuation, taking into account relevant discount factors and other relevant charges to generate the customer contracts and brands valuations.

Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method over the estimated life of each intangible asset. Other intangible assets comprise primarily customer contracts, brand and software. All intangible assets, other than goodwill, have a finite useful economic life.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably expenditure during development

Following initial recognition of development expenditure as an asset, the asset is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Capitalised development expenditure relates to relevant costs incurred in the development of software by the Lowri Beck subsidiary.

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of intangible assets except for goodwill, which is not amortised. Intangible assets are amortised from the date they are available for use.

The estimated useful lives of other intangible assets are as follows:

Customer contracts	5-15 years
Brand	10 years
Software	3 years
Development costs	1-5 years

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Impairment

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that its carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (see note 21 for more discussion on CGUs) to which the goodwill relates. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

At each balance sheet date, the Group tests whether there are any indications of other intangible assets, including development costs, being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined.

2.10 Property, plant and equipment

Property, plant and equipment consisting of equipment and other fixed assets are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation begins from the date an asset is ready for intended use. The cost of these items is depreciated using the straight-line method over the following remaining estimated useful lives:

Computer hardware	3 years
Credit meters	Shorter of asset life or 30 June 2025
Prepayment meters	Shorter of asset life or 30 June 2025
Smart meters	15 years
Fixtures and fittings	3 years
Office equipment	3 years
Motor vehicles	3–4 years
Leasehold improvements	8–10 years

Credit meters, prepayment meters and smart meters are disclosed within “Equipment” within note 19.

Computer hardware, fixtures and fittings, office equipment, motor vehicles and leasehold improvements are disclosed within “Other fixed assets” within note 19.

Depreciation and profits/(losses) on the disposal of equipment are disclosed within cost of sales in the Consolidated Income Statement.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern according to which the Company expects to consume an asset's future economic benefits.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

2.10 Property, plant and equipment continued

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or the CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or the CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.11 Leases

Group as a lessee

IFRS 16 Leases has been applied by measuring lease liabilities at the date of transition to IFRS, discounted using the lessee's incremental borrowing rate at the transition date in line with the modified retrospective approach. The associated right-of-use asset has been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the IFRS transition date. The asset and liability have been recognised in 'Property, plant and equipment' and 'Other creditors', respectively. In addition, initial direct costs have been excluded from the measurement of the right-of-use asset at the transition date.

Leases where the Group is acting as lessee are accounted for based on a "right-of-use model", with certain limited exceptions (see discussion of exemptions provided below). The model reflects that, at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term.

Where the Group is acting as lessee, as at the date of commencement of the lease, the Group recognises a right-of-use asset and a lease liability.

The Group initially measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is subsequently measured using the cost model, i.e. at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

At commencement, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used.

After commencement, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Depreciation of the right of use asset and interest expense in respect of the lease liability are recognised in the Consolidated Income Statement in "Administrative expenses" and "Finance expenses" respectively.

The exceptions to the right-of-use model relate to accounting policy choices available under IFRS 16 Leases. The Group has chosen to take the recognition exemptions available in respect of short-term leases (being leases with a term of less than 12 months) and leases of low-value assets. Such leases are accounted for as an expense on a straight-line basis over the lease term, with no right-of-use asset or lease liability recognised on the statement of financial position.

2.12 Inventory

Inventories are stated at the lower of cost or net realisable value, after making due allowance for obsolete and slow-moving items. Cost comprises direct material stated at purchase cost. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset or equity instrument of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, whereby the time value of money is not considered when the interval between the promise of goods and services is expected to be less than 12 months, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets is to manage its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

2.13 Financial instruments continued

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as either:

- financial assets at amortised cost (trade and other receivables); or
- financial assets at fair value through profit or loss (derivatives).

Financial assets at amortised cost (trade and other receivables)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost consist of trade receivables which are subsequently measured at amortised cost less impairment. They are generally due for settlement within 45 days and are therefore all classified as current.

Financial assets at fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivative financial instruments classified as financial assets being utilised by the Group include interest rate caps and swaptions, all of which are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the Consolidated Income Statement.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group's Lowri Beck subsidiary used an invoice discounting facility with a third party factoring company for its trade receivables. The Group has determined that it has retained substantially all the risks and rewards of the trade receivable asset. As such the trade receivables subject to the facility continue to be shown within trade and other receivables, measured at amortised cost, on the consolidated statement of financial position and the amount due to the factoring company is included in interest-bearing loans and liabilities.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach to calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivative financial instruments classified as financial liabilities being utilised by the Group include interest rate swaps, caps and swaptions, all of which are measured at fair value through profit or loss.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. None are designated as effective hedging instruments for the years ended 31 December 2022 or 2021.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as fair value through profit or loss.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

2.13 Financial instruments continued

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Commitment fees in relation to undrawn facilities are incurred and settled quarterly in arrears and are therefore measured at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest payable and similar expenses in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Income Statement.

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) *Derivative financial instruments and hedging activities*

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value. Movements in fair value are recognised in the statement of comprehensive income. No derivatives are designated as hedging instruments for accounting purposes.

2.14 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other financial assets, or to exchange financial assets or liabilities under potentially unfavourable conditions. Where such an obligation exists, the share capital is recognised as a liability notwithstanding the legal form. Incremental costs directly attributable to the issue of equity instruments are recognised as a deduction from share premium to the extent that there is sufficient share premium to do so, net of tax effects.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Pensions

The Group operates defined contribution pension plans for employees. A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Income Statement in the periods during which services are rendered by employees. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The carrying amounts of provisions are regularly reviewed and adjusted for new facts or changes during the reporting period.

The Group occupies a number of properties under leases containing dilapidation obligations. Provisions arise principally in connection with estimated obligations under property leases to restore leased properties to the original pre-rental condition. Estimates are made of the costs anticipated to have accrued under those leases at the year end date.

2.18 Related parties

All Group companies and affiliates are considered to be related parties. In line with IAS 24 and Disclosure Guidance and Transparency Rules ("DTR") 7.3.2, the following are also related parties to the extent that they are able to exert significant influence or control: shareholders with significant control, subsidiaries of shareholders with significant control, directors and other key management of the Company and their close family members. Transactions between Group companies are eliminated in the consolidation. Related party transactions are disclosed in note 31.

2.19 Interest income and expense

Interest income and interest payable are recognised in the Consolidated Income Statement as they accrue, using the effective interest method. Senior debt commitment fees are expensed in the period incurred and paid. At 31 December 2022, the Group has instruments exposed to SONIA interest rates as set out in note 22.5.

2.20 Other operating expenses

Other operating expenses are recognised in the Consolidated Income Statement as they accrue. Costs incurred in relation to the acquisition of companies and the undertaking of restructuring programmes are considered to be Other operating expenses.

Financial Statements

Notes to the Consolidated Financial Statements continued

3. Significant accounting judgements

Critical accounting judgements in applying the Group accounting policies

Preparation of the consolidated financial statements requires management to make significant judgements and estimates. Certain critical accounting judgements in applying the Group's accounting policies are described within the revenue recognition accounting policy note (note 2.3). The Group considered alternative approaches to the revenue recognition policy stated in note 2.3 however the Board considered that IFRS 15 provided clearer guidance and a more accurate reflection of the Group's arrangements with its customers.

4. Significant accounting estimates

Estimation uncertainty in applying the Group accounting policies

Estimation uncertainty could have the risk of resulting in a material difference within the next financial year's result. The Directors are satisfied that appropriate procedures are in place to reduce the likelihood of this happening.

Financial instruments

All derivatives are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Adjustments are also made when valuing financial liabilities measured at fair value to reflect the Company's own credit risk. Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. At 31 December 2022, the Group had derivative assets of £117.8m (31 December 2021: £16.8m) and derivative liabilities of £Nil (31 December 2021: £0.4m).

Goodwill impairment

Management reviews the valuation of goodwill for impairment annually or if events and changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined based on value in use as fair value less costs to sell is not easily validated as there is no active market in these assets. See further details in note 18. At 31 December 2022, the Group had goodwill of £79.4m (31 December 2021: £79.4m).

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated UEL and residual values of the assets. UELs and residual values are reassessed annually and are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The Group reviewed the policies in the year ended 31 December 2022 and determined the UELs to still be a reliable estimate and therefore no changes were made in the year.

The Group had plant, property and equipment with a net book value of £1,173.7m at 31 December 2022 (31 December 2021: £1,021.0m). See note 19 for the carrying amount of plant, property and equipment, and note 2.10 for the accounting policy for fixed assets including the UELs for each class of assets.

5. Segmental reporting

In line with IFRS 8 Operating Segments, the Directors consider there to be two operating and reportable segments, as follows:

- Calvin Capital, which procures, owns and manages meter assets on behalf of its customers, who make MPC payments on a long-term contracted basis; and
- Lowri Beck, which provides meter installation, reading and maintenance services. In addition, it owns and manages a small portfolio of traditional meters on behalf of its customers (contains the results of UW Home Services Limited that was acquired on 31 March 2022 on the basis that the operational services are the same).

The segments are largely organised and managed separately according to the nature of the products and services provided.

The Board is the Chief Operating Decision Maker ("CODM") and receives monthly financial information at this level and uses this information to monitor the performance of the business, allocate resources and make operational decisions. Therefore, the two segments above are defined as the Group's operating segments and no operating segments have been aggregated to form the above reportable segments.

The performance of each operating segment is primarily assessed on operating profit and EBITDA. Other APMs are also utilised to assess the performance of each segment such as adjusted and underlying EBITDA and FFO. Further details of these APMs can be found in the Financial Review within the Strategic Report.

The following segmental information is presented in respect of the Group's reportable segments together with other elements of revenue, income and expense:

	Calvin Capital £m	Lowri Beck* £m	Consolidation £m	Total £m
Year ended 31 December 2022				
Segment revenue				
MAP services:				
Traditional meter revenue	42.7	5.3	–	48.0
Smart meter revenue	188.2	–	–	188.2
Data services*	–	17.7	–	17.7
Installation services*	–	28.4	–	28.4
Other income	3.5	–	–	3.5
Total revenue from external customers	234.4	51.4	–	285.8
Cost of sales:				
Direct costs	–	(49.9)	–	(49.9)
Depreciation of metering equipment held within property, plant and equipment	(98.9)	(0.4)	–	(99.3)
Compensation income	23.2	–	–	23.2
Net book value of disposals of property, plant and equipment (meters)	(18.9)	–	–	(18.9)
Segment gross profit	139.8	1.1	–	140.9

Financial Statements

Notes to the Consolidated Financial Statements continued

5. Segmental reporting continued

Admin expenses:

	Calvin Capital £m	Lowri Beck* £m	Consolidation £m	Total £m
Depreciation of non-metering equipment held within property, plant and equipment	(0.3)	(1.6)	(0.8)	(2.7)
Net foreign exchange loss	0.1	–	–	0.1
Overheads	(16.2)	(6.3)	1.1	(21.3)
Admin Expenses	(16.4)	(7.9)	0.3	(24.0)
Other expenses	(0.9)	–	–	(0.9)
Amortisation of intangible assets	(43.2)	(1.4)	–	(44.6)
Segment operating profit/(loss)	79.3	(8.2)	0.3	71.4
Finance expense	(27.9)	(1.0)	(0.2)	(29.1)
Finance income	95.9	–	–	95.9
Profit(loss) before tax	147.3	(9.2)	0.1	138.2
Tax expense	(31.0)	–	–	(31.0)
Profit/(loss) for the year	116.3	(9.2)	0.1	(107.2)
Capital expenditure	269.2	0.8	–	270.0

* Lowri Beck contains the results of UW Home Services Limited that was acquired on 31 March 2022 on the basis that the operational services are the same. In addition, and subsequent to the acquisition but prior to 31 December, a restructuring occurred resulting in the income and expenditure largely being incurred in the Lowri Beck business. The trading results for UW Home Services for the period to 31 December 2022 was revenues of £3.8m and overall expenses incurred were £9.5m resulting in a loss of £5.9m for the period to 31 December 2022. For further details on the acquisition see Note 14.

Consolidation adjustments relate to the elimination of revenue for installation services provided by Lowri Beck to Calvin Capital and IFRS conversion amounts.

Capital expenditure consists of additions of property, plant and equipment and other fixed assets.

	Calvin Capital £m	Lowri Beck £m	Consolidation £m	Total £m
Year ended 31 December 2021				
Segment revenue				
MAP Services				
Traditional meter revenue	52.6	5.8	–	58.4
Smart meter revenue	165.3	–	–	165.3
Data services	–	20.2	–	20.2
Installation services	–	25.6	(5.0)	20.6
Other income	4.1	0.2	–	4.3
Total revenue from external customers	222.0	51.8	(5.0)	268.8
Cost of sales:				
Direct costs	–	(41.8)	5.0	(36.8)
Depreciation of metering equipment held within property, plant and equipment	(86.9)	(0.5)	–	(87.4)
Compensation income	15.9	–	–	15.9
Net book value of disposals of property, plant, and equipment (meters)*	(19.6)	–	–	(19.6)
Segment gross profit	131.4	9.5	–	140.9
Admin expenses:				
Depreciation of non-metering equipment held within property, plant and equipment	(0.3)	(0.3)	(1.0)	(1.6)
Net foreign exchange gain	(0.3)	–	–	(0.3)
Overheads	(22.6)	(7.2)	1.2	(28.6)
Admin Expenses	(23.2)	(7.5)	0.2	(30.5)
Other expenses	(12.0)	–	–	(12.0)
Amortisation of intangible assets	(43.1)	(1.3)	–	(44.4)
Segment operating profit/(loss)	53.1	0.7	0.2	54.0
Finance expense	(23.8)	(0.8)	–	(24.6)
Finance income	14.6	–	–	14.6
Profit/(loss) before tax	43.9	(0.1)	0.2	44.0
Tax credit	(40.2)	–	–	(40.2)
Profit/(loss) for the year	3.7	(0.1)	0.2	3.8
Capital expenditure	230.3	1.4	–	231.7

Financial Statements

Notes to the Consolidated Financial Statements continued

5. Segmental reporting continued

Geographic information

Revenue from external customers by geographic market is disclosed in note 6. Set out below is the breakdown of non-current operating assets by geographic market.

	At 31 December	
	2022 £m	2021 £m
Geographical markets		
UK	1,738.7	1,529.5
Total	1,738.7	1,529.5

6. Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended 31 December	
	2022 £m	2021 £m
Revenue from contracts with customers		
MAP services	236.2	223.7
Data services	17.7	20.2
Installation services	28.4	20.6
Other income	3.5	4.3
Total revenue	285.8	268.8
Geographical markets		
UK	285.8	268.8
Total revenue	285.8	268.8
Timing of revenue recognition		
Transferred over time	239.6	228.0
Transferred at a point in time	46.2	40.8
Total revenue	285.8	268.8
Green revenue		
MAP services (smart meter)	188.2	165.3
Installation services	28.4	20.6
Total green revenue	216.6	185.9
Contract assets	6.3	4.7
Accrued income	22.1	16.8
Trade receivables (note 24)	43.5	31.1
Costs to obtain contracts with customers	1.5	1.8

The Group bills monthly in arrears based on the services provided. As such, for the year ended 31 December 2022 £6.3m (year ended 31 December 2021: £4.7m) of contract assets and £22.1m (year ended 31 December 2021: £16.8m) of accrued income were recognised in the consolidated statement of financial position.

Costs incurred to obtain a contract represent sales commissions payable to employees. These costs are included within intangible assets and amortised over 15 years. During the year ended 31 December 2022, £0.2m of amortisation was recorded in administrative expenses (year ended 31 December 2021: £0.2m).

Trade receivables are non-interest-bearing and are generally on terms of 30 to 45 days. In the year ended 31 December 2022, £2.7m (year ended 31 December 2021: £7.2m) was recognised as a provision for Expected Credit Losses ("ECL") on trade receivables. A provision against of £0.6m (2021: £0.4m) was recognised for ECLs on accrued income.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

7. Cost of sales

	Year ended 31 December	
	2022 £m	2021 £m
Depreciation of property, plant and equipment (meters)	(99.3)	(87.4)
Compensation income	23.2	15.9
Net book value of disposals of property, plant and equipment (meters)	(18.9)	(19.6)
Employee benefits expense and other direct costs	(49.9)	(36.8)
Total cost of sales	(144.9)	(127.9)

Financial Statements

Notes to the Consolidated Financial Statements continued

8. Administrative expenses

Included in administrative expenses are the following:

	Year ended 31 December	
	2022 £m	2021 £m
Depreciation of property, plant and equipment	(2.7)	(1.6)
Net foreign exchange gain/(loss)	0.1	(0.3)
Auditor's remuneration (note 9)	(0.5)	(0.5)
Employee benefits expense (note 10)	(8.5)	(9.7)
Other administrative overheads	(12.4)	(18.4)
Total administrative expenses	(24.0)	(30.5)

Other administrative overheads are predominantly made up of legal and professional fees.

9. Auditor's remuneration

	Year ended 31 December	
	2022 £m	2021 £m
Audit and audit-related services		
Audit of the Group and Company financial statements	(0.5)	(0.3)
Audit of the financial statements of subsidiaries of the Company	(0.2)	(0.1)
Audit-related assurance services (Interim Review)	–	–
	(0.7)	(0.4)
Amounts payable to the Group Auditor and its associates in respect of:		
Other non-audit services related to corporate finance services	(0.8)	(0.1)
	(1.5)	(0.5)

10. Employee benefits expense

Staff costs for the periods set out below, including Directors' remuneration, were as follows:

	Year ended 31 December	
	2022 £m	2021 £m
Included in cost of sales		
Wages and salaries	(31.9)	(29.6)
Social security costs	(3.1)	(2.6)
Defined contribution costs	(0.6)	(0.6)
Included in administrative expenses		
Wages and salaries	(7.0)	(7.7)
Social security costs	(0.7)	(0.7)
Defined contribution costs	(0.8)	(0.8)
Share-based payment charge	–	(0.5)
Total employee benefits expense	(44.1)	(42.5)

The IFRS 2 expense in the year ended 31 December 2022 was £Nil (2021: £1.1m) in relation to a PSP, of which £Nil was recognised in administrative expenses (2021: £0.5m) and £Nil in other operating expenses (2021: £0.6m). Further details of the PSP can be found in note 30.

The average monthly number of FTE and the number of FTE as at December during the years set out below were as follows:

	2022		2021	
	Average	At 31 December	Average	At 31 December
Management and administration	398	439	395	369
Operational staff	827	871	833	747
	1,225	1,310	1,228	1,116

Financial Statements

Notes to the Consolidated Financial Statements continued

11. Compensation of key management personnel

The following amounts were recognised as an expense during the reporting period relating to compensation of key management personnel being the Executive Committee of the Group.

	Year ended 31 December	
	2022 £m	2021 £m
Salaries and short-term benefits	(2.7)	(4.1)
Defined contribution costs	(0.1)	(0.2)
Social security costs of PSP settlement	–	(0.3)
Share-based payment charge	–	(0.5)
	(2.8)	(5.1)

The IFRS 2 expense in the year ended 31 December 2022 was £Nil (2021: £0.5m) in relation to a PSP, further details of which can be found in note 30. In addition to the above, whilst not a cost to the Company, the Directors received compensation of £Nil (2021: £1.9m) in relation to settlement of share awards held under the PSP.

The highest paid Director received total compensation of £1.0m for the year ended 31 December 2022 (2021: £1.3m) inclusive of settlement of PSP share awards.

The defined contribution costs of £0.1m (2021: 0.2m) were in relation to 5 key management personnel (2021: 8).

12. Finance income/(expense)

	Year ended 31 December	
	2022 £m	2021 £m
Senior debt commitment fees	(1.7)	(2.4)
Agency and technical adviser fees	(0.8)	(0.1)
Derivative breakage fees	(0.1)	–
Amortisation of debt issue costs	(4.6)	(6.0)
Interest payable on bank loans	(21.7)	(15.8)
Unwinding of discount on lease liabilities	(0.2)	(0.3)
Total finance expense	(29.1)	(24.6)
Bank interest receivable	0.9	–
Fair value gain on derivative financial instruments	95.0	14.6
Total finance income	95.9	14.6
Net finance expense	66.8	(10.0)

13. Other operating expenses

	Year ended 31 December	
	2022 £m	2021 £m
Acquisition-related expenses	(0.4)	(11.2)
Negative goodwill on business combination expensed (Note 14)	0.7	–
Restructuring costs	(1.2)	(0.8)
Other operating expenses	(0.9)	(12.0)

The Acquisition-related expenses in the year ended 31 December 2022 relate to acquisition of UW Home Services Limited on 31 March 2022 of £0.3m, further details can be found in note 14. A further £0.1m was incurred in relation to the proposed sale of the group, further details can be found in Note 34. Acquisition related expenses in the year-ended 31 December 2021 were incurred in connection with the offer for the Group announced on 11 December 2020 and completed during March 2021. The restructuring costs incurred during the year-ended 31 December 2022 relate to the restructuring programme following the acquisition of UW Home Services Limited. The restructuring costs incurred in the year ended 31 December 2021 related to a change in structure following the delisting from the London Stock Exchange.

14. Acquisition of businesses

On 31 March 2022, Lowri Beck Holdings Limited, a subsidiary of Calisen Limited, acquired 100% of the shares of UW Home Services Limited, a smart metering installation business, constituting a business combination and the application of IFRS 3 and acquisition accounting.

Effects of Acquisition

In the nine months to 31 December 2022 the subsidiary contributed net loss of £1.4m to the consolidated net profit for the year. If the acquisition had occurred on first day of accounting period, Group revenue would have been an estimated £290.2m and consolidated net profit would have been an estimated £105.3m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on first day of accounting period. The acquisition had the following effect on the group's assets and liabilities:

	Book value £m	Fair value adjustments £m	Recognised values on acquisition £m
Property plant and equipment	5.2	–	5.2
Trade and other receivables	0.5	–	0.5
Other assets	0.1	–	0.1
Cash and cash equivalents	0.2	–	0.2
Trade and other creditors (current liabilities)	(0.9)	–	(0.9)
Other creditors	(0.2)	–	(0.2)
Interest-bearing loans and borrowings	(4.2)	–	(4.2)
Net identifiable assets and liabilities	0.7	–	0.7
Consideration paid			0.0
Goodwill on acquisition			(0.7)

The book value of the assets and liabilities were equal to the fair value. As per note 13, the acquisition-related expenses were directly charged to the income statement. The total consideration for the business was £1 resulting in the recognition of an expense of £0.7m negative goodwill.

Financial Statements

Notes to the Consolidated Financial Statements continued

15. Taxation

	Year ended 31 December	
	2022 £m	2021 £m
Current tax		
Current tax on profit for the year	–	(1.1)
Group relief payable	(6.8)	(3.0)
Adjustment in respect of prior periods	(2.5)	0.4
Total current tax charge	(9.3)	(3.7)
Deferred tax		
Origination and reversal of timing differences	(16.9)	(6.1)
Tax rate changes	3.8	(31.0)
Adjustment in respect of prior periods	(8.7)	0.6
Total deferred tax charge	(21.8)	(36.5)
Tax charge on profit on ordinary activities	(31.1)	(40.2)

There was an overall tax charge in the year ended 31 December 2021 driven by the cancellation of the 19% tax rate from 1 April 2020 leading to a remeasurement of deferred tax balances at 25%. Following the Acquisition of the Company in March 2021, Calisen Limited is now the immediate parent company in the UK, the payment for group relief is payable to Calisen Limited in recognition of the losses surrendered to the consolidation headed by the Company.

The adjustments in respect of prior periods in 2021 relate to refunds due from HMRC following resubmission of a number of subsidiaries' tax returns from earlier years. The adjustment in 2022 relates to an over provision in the prior period only.

Reconciliation of tax charge for the year

A reconciliation between tax expense and the product of accounting profit multiplied by the standard rate of corporation tax in the UK of 19% as set out below:

	Year ended 31 December	
	2022 £m	2021 £m
Accounting profit before tax	138.2	44.0
At the UK's standard rate of corporation tax of 19%	(26.3)	(8.4)
Effects of:		
Adjustments in respect of prior periods	1.4	1.0
Non-deductible expenses	–	(1.6)
Other adjustments, reliefs and transfers	(2.5)	(1.3)
Change in tax rate on deferred tax balances	(3.8)	(31.0)
Recognition of previously unrecognised deferred tax assets	0.1	1.2
Other	–	(0.1)
Total tax charge	(31.1)	(40.2)

Factors that may affect future tax charges

The standard rate of UK corporation tax on ordinary activities was 19% in the year ended 31 December 2022 (31 December 2021: 19%). Deferred taxation balances have been measured at 25% as this is the rate at which the balances will unwind.

16. Deferred tax

	At 31 December	
	2022 £m	2021 £m
Opening deferred tax liability	(134.8)	(98.3)
Change in provision through Consolidated Income Statement resulting from an increase in tax losses available, change in tax rate and reduction in timing differences arising on intangible fixed assets	(21.8)	(36.5)
Closing deferred tax liability	(156.6)	(134.8)

The Group's liability for deferred taxation consists of the tax effect of temporary differences in respect of:

	At 31 December	
	2022 £m	2021 £m
Excess of taxation allowances over depreciation on property, plant and equipment	(95.5)	(76.7)
Tax losses available	57.8	47.8
Short-term timing differences	(27.7)	(4.1)
Deferred tax arising on intangible fixed assets	(91.0)	(101.2)
Other taxable temporary differences	(0.5)	(0.7)
Deferred tax on IFRS 16 lease adjustments	0.3	0.1
Deferred tax liability	(156.6)	(134.8)

The net deferred tax liability of £156.6m (2021: £134.8m) is recognised as a £4.8m (2021: £4.0m) deferred tax asset and a £161.4m (2021: £138.8m) deferred tax liability on the Consolidated Statement of Financial Position. The recognition of deferred tax assets arising on tax losses in entities which have suffered a loss in either the current or preceding year is supported by the existing taxable temporary differences which in turn support that sufficient future taxable profits will be available to utilise such assets.

Financial Statements

Notes to the Consolidated Financial Statements continued

16. Deferred tax continued

The deferred tax included in the Consolidated Income Statement is as follows:

	Year ended 31 December	
	2022 £m	2021 £m
Accelerated capital allowances	(18.8)	(30.7)
Tax losses	10.0	14.3
Short-term timing differences	(23.6)	(3.6)
Deferred tax arising on intangible fixed assets	10.7	(16.5)
Other taxable temporary differences	(0.1)	–
Deferred tax (charge)	(21.8)	(36.5)

The standard rate of UK corporation tax on ordinary activities was 19% in the year ended 31 December 2022 and 19% in the year ended 31 December 2021.

17. Fair value measurement

The Group measures its derivative financial instruments at fair value. Fair values are determined using observable inputs (Level 2, as defined by IFRS 13 Fair Value Measurement) as follows:

Interest rate swaps

The fair value of interest rate swaps is estimated by discounting estimated future cash flows related to swap agreements. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as interest rates and volatility. As these inputs are based on observable data and standard valuation techniques, the interest rate swaps are categorised as Level 2 in the fair value hierarchy.

Interest rate caps

The fair value of interest rate caps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as interest rates and volatility. As these inputs are based on observable data and standard valuation techniques, the interest rate caps are categorised as Level 2 in the fair value hierarchy.

All derivative fair values are verified by comparison to valuations provided by the derivative counterparty banks.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) as at the end of each reporting period. During the year ended 31 December 2022 there were no transfers into or out of Level 2 fair value measurements (year ended 31 December 2021: none).

18. Intangible assets

Cost or valuation	Goodwill £m	Brand £m	Customer contracts £m	Software £m	Costs to obtain contracts with customers £m	Development costs £m	Total £m
At 1 January 2021	79.4	15.9	595.6	0.4	2.8	6.4	700.5
Additions	–	–	–	–	–	0.3	0.3
Disposals	–	–	–	–	–	–	–
At 31 December 2021	79.4	15.9	595.6	0.4	2.8	6.7	700.8
Additions	–	–	–	0.4	–	0.1	0.5
Disposals	–	–	–	–	–	–	–
At 31 December 2022	79.4	15.9	595.6	0.8	2.8	6.7	701.2
Accumulated amortisation	Goodwill £m	Brand £m	Customer contracts £m	Software £m	Costs to obtain contracts with customers £m	Development costs £m	Total £m
At 1 January 2021	–	5.9	156.0	0.3	0.8	2.0	165.0
Amortisation	–	1.6	41.2	–	0.2	1.4	44.4
At 31 December 2021	–	7.5	197.2	0.3	1.0	3.4	209.4
Amortisation	–	1.6	41.2	0.1	0.3	1.4	44.6
At 31 December 2022	–	9.1	238.4	0.4	1.3	4.8	254.0
Net book value							
At 31 December 2021	79.4	8.4	398.4	0.1	1.8	3.3	491.4
At 31 December 2022	79.4	6.8	357.2	0.4	1.5	1.9	447.2

Financial Statements

Notes to the Consolidated Financial Statements continued

19. Property, plant and equipment

Cost or valuation	Equipment £m	Other fixed assets £m	Total £m
At 1 January 2021	1,068.6	8.0	1,076.6
Additions	230.3	1.4	231.7
Disposals	(48.8)	(1.1)	(49.9)
At 31 December 2021	1,250.1	8.3	1,258.4
Additions	268.7	1.3	270.0
Additions through business combinations	–	5.0	5.0
Disposals	(50.8)	(1.1)	(51.9)
At 31 December 2022	1,468.0	13.5	1,481.5
Accumulated depreciation			
At 1 January 2021	175.5	3.2	178.7
Depreciation	87.4	1.6	89.0
Disposals	(29.2)	(1.1)	(30.3)
At 31 December 2021	233.7	3.7	237.4
Depreciation	99.3	2.7	102.0
Disposal adjustment	–	(0.6)	(0.6)
Disposals	(31.8)	0.8	(31.9)
At 31 December 2022	301.2	6.6	307.8
Net book value			
At 31 December 2021	1,016.4	4.6	1,021.0
At 31 December 2022	1,166.8	7.0	1,173.7

Within other fixed assets are right-of-use assets with a carrying amount of £2.8m as at 31 December 2022 (2021: £3.3m). Details of the right-of-use assets are provided in note 20.

Gains and losses on disposal of equipment are recognised in cost of sales; presented as the net book value of disposals of property, plant and equipment (meters) and compensation income.

20. Leases

Right-of-use assets

Within property, plant and equipment, the Group has right-of-use assets held under lease agreements as follows:

Cost	Right-of-use asset buildings £m	Right-of-use asset vehicles £m	Total £m
At 1 January 2021	4.1	1.3	5.4
Additions	–	0.9	0.9
Disposals	–	(1.1)	(1.1)
At 31 December 2021	4.1	1.1	5.2
Additions through business combinations	1.4	–	1.4
Disposals	–	–	–
At 31 December 2022	5.5	1.1	6.6
Accumulated depreciation			
At 1 January 2021	1.1	1.0	2.1
Depreciation	0.6	0.3	0.9
Disposals	–	(1.1)	(1.1)
At 31 December 2021	1.7	0.2	1.9
Depreciation	0.6	0.3	0.9
Disposals	1.0	–	1.0
At 31 December 2022	3.3	0.5	3.8
Net book value			
At 31 December 2021	2.4	0.9	3.3
At 31 December 2022	2.2	0.6	2.8

Right-of-use assets relate to ten (2021: nine) leases for office and industrial space in addition to approximately 120 (2021: 120) leases for vehicles. Two of the office leases, which have lease terms of ten years, contain a break clause after six and a half years. There is three years remaining before the break clause can be exercised and the Board does not currently anticipate exercising these break clauses.

Lease-related income and expenses

	Year ended 31 December	
	2022 £m	2021 £m
Interest expense on lease liabilities	(0.2)	(0.3)

Financial Statements

Notes to the Consolidated Financial Statements continued

20. Leases continued

The total cash outflow for the Group's lease arrangements in the year ended 31 December 2022 was £0.9m (year ended 31 December 2021: £0.8m). Amounts relating to lease liabilities whereby the Group is a lessee are disclosed below:

	At 31 December	
	2022 £m	2021 £m
Maturity analysis – contractual undiscounted cash flows		
Less than 1 year	1.3	1.1
Between 1 and 5 years	2.3	2.5
More than 5 years	0.5	1.2
Total undiscounted lease liabilities	4.1	4.8
Lease liabilities included in the statement of financial position	3.0	3.8

21. Goodwill

The goodwill acquired in business combinations is allocated, at acquisition, to a CGU. Management consider the business to consist of two CGUs; Calvin Capital and Lowri Beck and goodwill is monitored at this level.

Carrying amount of goodwill allocated to each CGU:

	At 31 December	
	2022 £m	2021 £m
Calvin Capital	78.2	78.2
Lowri Beck	1.2	1.2
Total goodwill	79.4	79.4

The recoverable amount of goodwill has been determined based on its value in use.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Goodwill is tested for impairment by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount. The recoverable amount is determined based on value in use calculations which require assumptions. The calculations use cash flow projections based on financial projections covering a five-year period. These projections take into account historical performance and knowledge of the current market, together with the Group's views on future achievable growth and the impact of committed cash flows. We note that the future achievable growth will be primarily achieved through the existing contracted pipeline for future installations. Cash flows beyond this period are extrapolated using the estimated growth rates stated below.

The annual impairment test is performed at each 31 December. No evidence of impairment was found at either 31 December 2022 or 2021. The key assumptions used in the value in use calculations were as follows:

- **Perpetual growth rate** – Cash flows were extrapolated in perpetuity using a growth rate of 3% from 31 December 2022 (2021: 2%) for both the Calvin Capital and Lowri Beck CGU. This measure is appropriate for both CGUs as it is not considered to be higher than the average long-term industry growth rate. This has been increased in the year ended 31 December 2022 following a period of economic volatility increasing inflationary growth assumptions.

- **Discount rate** – The discount rate was based on the weighted average cost of capital ("WACC") which would be anticipated for a market participant investing in the Group. This rate reflected the time value of money, the Group's risk profile and the impact of the current economic climate. The pre-tax discount rates used as at 31 December 2022 and 31 December 2021 for Calvin Capital were 8.26% and 7.01% respectively. This increase in discount rate during the year reflects the change in assumptions follows a period of economic volatility resulting in increased interest rates. The pre-tax discount rates used for the Lowri Beck CGU were 11.91% and 10.87% as at 31 December 2022 and 31 December 2021 respectively. The increase in discount rate this year reflects the change in assumptions following a period of economic volatility resulting in increased interest rates.

The Group concluded that there were no reasonably possible changes in any key assumptions that would cause the carrying amounts of goodwill to exceed the value in use for either CGU as at 31 December 2022.

Calvin Capital CGU

The headroom, based on the assumptions above, was £1,271.0m as at 31 December 2022 (31 December 2021: £1,264.1m). A sensitivity analysis was performed assuming a 0.25% reduction in the long-term growth rate and a 0.25% increase in the discount rate in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. The Group considers the 0.25% to be the maximum reasonable change in these rates. A 0.25% reduction in the long-term growth rate would result in headroom of £1,124.4m as at 31 December 2022 (31 December 2021: £971.7m) and a 0.25% increase in the discount rate would result in headroom of £1,103.7m as at 31 December 2022 (31 December 2021: £936.5m).

Lowri Beck CGU

The headroom, based on the assumptions above, was £38.6m as at 31 December 2022 (31 December 2021: £16.7m). A sensitivity analysis was performed assuming a 0.25% reduction in the long-term growth rate and a 0.25% increase in the discount rate in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. A 0.25% reduction in the long-term growth rate would result in headroom of £36.7m as at 31 December 2022 (31 December 2021: £15.1m) and a 0.25% increase in the discount rate would result in headroom of £36.2m as at 31 December 2022 (31 December 2021: £10.6m).

22. Financial instruments

The Group's principal financial assets include trade receivables, and cash deposits that derive directly from its operations. The Group also enters into derivative transactions. The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables.

The main purpose of these financial liabilities is to finance the Group's operations.

Financial Statements

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

22.1 Financial assets

	At 31 December	
	2022 £m	2021 £m
Derivatives not designated as hedging instruments		
Interest rate swap	117.8	16.8
Interest rate cap	–	–
Total financial assets at fair value through profit or loss	117.8	16.8
Financial assets at amortised cost		
Trade receivables (note 24)	43.5	31.1
Total financial assets	161.3	47.9
Total current	43.5	31.1
Total non-current	117.8	16.8

Derivatives not designated as hedging instruments reflect the positive change in fair value of those interest rate swaps and caps that are not designated in hedge relationships, but are, nevertheless, intended to reduce interest rate risk on debt instruments. Movements in fair value are recorded in the Consolidated Income Statement.

22.2 Interest-bearing loans and borrowings

	At 31 December	
	2022 £m	2021 £m
Current interest-bearing loans and borrowings		
Senior debt facilities	130.1	102.4
Lease liabilities	0.7	0.9
Total current interest-bearing loans and borrowings	130.8	103.3
Non-current interest-bearing loans and borrowings		
Lease liabilities	2.3	2.9
Senior debt facilities	840.1	720.5
Total non-current interest-bearing loans and borrowings	842.4	723.4
Total interest-bearing loans and borrowings	973.2	826.7

Senior debt facilities

During December 2022, the Group completed a refinancing of an RCF facility, replacing £160.0m (2021: £150.0m) of this RCF with an amortising senior debt facility of £160.0m (2021: £150.0m). The RCF facility remains available and, following the refinance, headroom increased by £160.0m (2021: £150.0m).

Senior debt facilities totalling £969.9m were outstanding under the new and existing facilities as at 31 December 2022 (31 December 2021: £822.9m) and are repayable on an agreed or forecast repayment profile of quarterly instalments which commenced on 30 June 2017, with full repayment to be made by 30 September 2034 for all interest-bearing loans and borrowings. Issue costs totalling £10.2m at 31 December 2022 (2021: £13.1m) have been offset against amounts drawn down and amortised over the duration of the facilities.

Interest on fixed rate loans of £290.0m and £40.0m of the amount outstanding at 31 December 2022 (2021: £290.0m and £40.0m) are charged at rates of 2.635% and 2.706% respectively per annum. Interest charges on the remaining amounts drawn are based on floating SONIA rates. Group has entered into interest rate derivatives as set out in note 22.5.

22.3 Other financial liabilities

	At 31 December	
	2022 £m	2021 £m
Derivatives not designated as hedging instruments		
Interest rate derivatives	–	0.4
Total financial liabilities at fair value through profit and loss	–	0.4
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade payables	58.4	29.1
Total other financial liabilities	58.4	29.5
Total current	58.4	29.1
Total non-current	–	0.4

Derivatives not designated as hedging instruments reflect the negative change in fair value of those interest rate swaps and caps that are not designated in hedge relationships, but are, nevertheless, intended to reduce interest rate risk for debt instruments. Movements in the fair value are recorded in the Consolidated Income Statement.

22.4 Fair value of non-derivative financial assets and financial liabilities

The fair value of trade receivables, trade payables and cash at bank and in hand approximates to the carrying amount because of the short maturity in respect of these financial instruments.

The fair value of bank loans approximates to the carrying amount as interest rates are based on LIBOR and so are regularly reset to current market rates.

The fair value of the senior debt facilities subject to fixed interest rate compared to their carrying amount is disclosed below:

	At 31 December			
	2022		2021	
	Fair value (£m)	Carrying value (£m)	Fair value (£m)	Carrying value (£m)
£40m loan	38.8	40.0	40.7	40.0
£290m fixed rate institutional loan	255.3	290.0	283.6	290.0

Repayments of principal amounts against the senior debt facility of £40m commence in December 2023 with the balance to be fully repaid by June 2024.

Repayments of principal amounts against the senior debt facility of £290m commence in June 2025 with the balance to be fully repaid by December 2034.

Financial Statements

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

22.5 Financial instruments risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks in line with the Group's policies. Senior management identify, evaluate and, where appropriate, hedge financial risk. All derivative activities for risk management purposes are carried out by specialist teams who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments. The sensitivity analyses in the following sections relate to the positions as at 31 December 2022 and 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and levels of derivatives are all constant.

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group has bank loans (senior debt facilities and equity bridge loans) with floating interest rates linked to SONIA, thereby exposing the Group to fluctuations in SONIA and the consequential impact on interest cost.

As at 31 December 2022, interest on these loans was charged at SONIA, following their redesignation from LIBOR during the year, plus a margin in the range of 1.2% to 1.7% (31 December 2021: 1.2% to 1.7%).

To manage this risk, the Group enters into interest rate swaps under which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts. At 31 December 2022, the financial derivatives in place were sufficient to fix the interest rate on 87% of the senior debt facilities (2021: 74%). During the year ended 31 December 2022, swaptions matured; these instruments were sufficient to fix the interest rate on Nil (2021: 11%) of the senior debt facilities. As at 31 December 2022, the swap arrangements fixed interest rates in the range of 0.1% to 1.6% (31 December 2021: 0.1% to 1.1%).

In addition, the Group has entered into interest rate caps whereby floating rates are capped at a fixed percentage in the range of 0.9% to 2%. As at 31 December 2022, 38% (31 December 2021: 70%) of the Group's borrowings were subject to this cap.

(b) Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates on the Group's floating rate bank debt. The Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/decrease in basis points	Effect on profit before tax £m
Year ended 31 December 2022	100	6.4
Year ended 31 December 2021	100	5.1

Management believes that a movement in interest rates of 100bps gives a reasonable measure of the Group's sensitivity to interest rate risk. The table above demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit/(loss) before tax.

(c) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

(d) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange is insignificant as primarily all of the Group's operating activities are denominated in pound sterling.

Credit risk

The Group's credit risk primarily arises from credit exposures to energy retailers (the Group's customers) in respect of outstanding trade receivables. The Group trades with a number of companies, which are generally large utility companies or financial institutions. The Group is also exposed to credit risk on cash deposits and derivative financial instruments held with financial institutions.

Credit risk is managed on a Group basis. For banks and financial institutions, the Group's policy is to deposit cash with investment grade financial institutions. With regard to customers, the Group assesses the credit quality of the customer, considering its financial position, past experience and other factors. The Group does not expect, in the normal course of events, that receivables due from customers are at significant risk. The Group's maximum exposure to credit risk equates to the carrying value of cash and cash equivalents, trade and other receivables and derivative financial assets. The Group's maximum exposure to credit risk from its customers is the carrying value of trade receivables as disclosed within trade and other receivables in note 24. The Group regularly monitors and updates its cash flow forecasts to ensure it has sufficient and appropriate funds to meet its ongoing operational requirements.

The Group has identified a concentration of risk in relation to revenue and trade receivables as the majority of revenue (approximately 69%) is generated from the Large Energy Retailers. However, the Group assesses the associated credit risk as low despite its customers operating in one industry as these customers have historically minimal failure rates meaning that the risks associated with trade receivables are relatively low. The remaining balance has a more diversified customer base.

Financial Statements

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

22.5 Financial instruments risk management objectives and policies continued

Impairment of trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring forward-looking ECLs which uses a lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables are grouped based on shared credit risk characteristics and the number of days past due.

The Group has established a provision matrix based on the payment profiles of sales over a period of 12 months before each balance sheet date and the corresponding historical credit losses experienced within these periods. Historical loss rates are adjusted to reflect current and forward-looking information that might affect the ability of customers to settle the receivables, including macroeconomic factors as relevant.

In calculating the provision on trade receivables as at 31 December 2021, an adjustment was made to increase the historical loss rates on invoiced and accrued receivables not yet due in recognition of the volatility of the economic environment during the year ended 31 December 2021 caused by significant increases in wholesale energy prices that resulted in many customers entering administration or ceasing to trade. This volatility did not continue into the year ended 31 December 2022 and loss provisions subsequently reduced.

On that basis, the provision as at 31 December 2022 was determined as £3.3m (31 December 2021: £7.6m) as follows:

	Loss provision – receivables £m
As at 1 January 2021	2.9
Increase in loss provision recognised in profit or loss during the year	6.7
Receivables written off during the year as uncollectable	(2.0)
As at 31 December 2021	7.6
Increase in loss provision recognised in profit or loss during the year	1.0
Receivables written off during the year as uncollectable	(5.3)
As at 31 December 2022	3.3

In assessing impairment of contract assets the Group also applies the IFRS 9 simplified approach to measuring forward-looking ECLs which uses a lifetime expected loss allowance. The total provision of £3.3m (2021: £7.6m) therefore includes £2.7m (2021: £7.2m) in relation to trade receivables and £0.46m (2021: £0.4m) in relation to accrued income. The ECL for contract assets was not material at 31 December 2022 or 31 December 2021.

Liquidity risk

The Group's policy is to ensure the availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the Group's budget and business plan. The Group finances operations and growth from its existing cash resources and the £408.0m undrawn portion of the Group's committed banking facilities. As at 31 December 2022, 87% (31 December 2021: 88%) of the Group's principal borrowing facilities were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations for at least the 12 months following the approval of the financial statements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position date to the contractual maturity date (with the exception of lease liabilities, disclosure for which is included in note 20). The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
As at 31 December 2022				
Bank borrowings	130.1	119.6	575.3	144.8
Trade and other payables	58.4	–	–	–
Derivatives	–	–	–	–

As at 31 December 2021

Bank borrowings	102.4	237.9	293.7	188.9
Trade and other payables	29.1	–	–	–
Derivatives	0.4	–	–	(16.8)

22.6 Changes in liabilities arising from financing activities

	At 1 January 2022 £m	Cash flows £m	Changes in fair value £m	Other £m	At 31 December 2022 £m
Current interest-bearing loans and borrowings	102.4	(266.7)	–	294.4	130.1
Non-current interest-bearing loans and borrowings	720.5	410.8	–	(291.5)	839.8
Derivative financial instruments	16.4	–	99.8	–	116.2
Obligations under operating leases	3.8	(1.1)	–	0.2	2.9
Obligations under finance leases*	–	(2.7)	–	2.7	–
Total	843.1	140.3	99.8	3.1	1,089.0

The "Other" column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings, the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and accrued interest on lease liabilities. The Group classifies interest paid as cash flows from operating activities. The "Other" movements in relation to Obligations under finance leases relate to the acquisition of UW Home Services Limited.

During the year ended 31 December 2022, the Group repaid borrowings of £260.2m (2021: £263.0m), of which £160.0m (2021: £150.0m) related to the replacement of utilised RCF borrowings. The Group received proceeds from borrowings of £404.3m (2021: £381.9m), of which £160.0m (2021: £150.0m) related to a new amortising senior debt facility that was used to repay £160.0m (2021: £150.0m) of RCF borrowings.

	At 1 January 2021 £m	Cash flows £m	Changes in fair value £m	Other £m	At 31 December 2021 £m
Current interest-bearing loans and borrowings	115.8	(263.0)	–	249.6	102.4
Non-current interest-bearing loans and borrowings	584.1	381.9	–	(245.5)	720.5
Derivative financial instruments	(1.7)	–	18.1	–	16.4
Obligations under leases	3.9	(1.2)	–	1.1	3.8
Total	702.1	117.7	18.1	5.2	843.1

Financial Statements

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

22.6 Changes in liabilities arising from financing activities continued

The "Other" column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings, the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and accrued interest on lease liabilities. The Group classifies interest paid as cash flows from operating activities.

23. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio. The gearing ratio is calculated as interest-bearing loans and borrowings and trade creditors less cash and cash equivalents divided by total capital plus net debt. Additionally, the Group utilises another gearing or leverage ratio (Adjusted net debt to Adjusted EBITDA) as an APM, further details of which can be found in the Group Finance Director's review.

	At 31 December	
	2022 £m	2021 £m
Interest-bearing loans and borrowings*	973.2	826.7
Trade creditors	58.4	29.1
Cash	(144.9)	(116.4)
	886.7	739.4
Share capital and share premium	5.5	5.5
Total capital plus net debt	892.2	744.9
Gearing ratio	99.4%	99.3%

* 'Interest-bearing loans and borrowings' is presented net off debt issue costs of £10.2m (2021: £13.1m) and also includes IFRS 16 Leases of £3.0m (2021: £3.8m).

In order to achieve the overall objective of maximising shareholder value, the Group's capital management, among other things, aims to ensure that the Group maintains a sufficient credit worthiness in order to support the business and to maximise value for stakeholders.

No changes were made in the objectives, policies or processes for managing capital during the years covered above.

24. Trade and other receivables

	At 31 December	
	2022 £m	2021 £m
Trade receivables	43.5	31.1
Other receivables	3.5	2.6
Accrued income	22.1	16.8
Prepayments	6.8	4.9
Tax receivable	–	3.6
	75.9	59.0

The carrying value of the Group's trade and other receivables approximates to their fair value.

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the consolidated statement of financial position are net of any loss provision. The total loss provision for trade and other receivables as at 31 December 2022 was £3.3m (2021: £7.6m) of which £2.7m (2021: £7.2m) was recognised in relation to trade receivables and £0.6m (2021: £0.4m) in relation to accrued income. See note 22 for further details. The ageing profile of trade receivables past their due date is shown below:

	31 December 2022 £m	Expected loss rate 2022 £m	31 December	
			2021 £m	Expected loss rate 2021 £m
Not yet due	32.8	0.94%	22.3	1.63%
0-30 days	10.2	20.51%	10.6	15.71%
31-60 days	0.1	8.76%	1.1	92.42%
61-90 days	0.0	4.46%	2.2	96.69%
Over 90 days	1.6	20.86%	2.1	94.51%
Gross carrying amount	44.7		38.3	
Loss provision	(2.7)		(7.2)	
Net carrying amount	42.0		31.1	

Trade receivables are non-interest-bearing and are generally on 30-45 day payment terms. Trade receivables due from related parties as at 31 December 2022 amounted to £Nil (31 December 2021: £Nil). Receivables are all denominated in pound sterling.

Financial Statements

Notes to the Consolidated Financial Statements continued

25. Inventories

	At 31 December	
	2022 £m	2021 £m
Finished goods	1.6	0.7
	1.6	0.7

During the year ended 31 December 2022, £Nil (31 December 2021: £0.2m) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

26. Cash and cash equivalents

	At 31 December	
	2022 £m	2021 £m
Cash at bank and in hand	144.9	116.4
	144.9	116.4

Cash at bank earns interest at floating rates based on daily bank deposit rates.

27. Trade and other payables

	At 31 December	
	2022 £m	2021 £m
Trade creditors	58.4	29.1
Other creditors	12.3	10.0
VAT payable	0.1	2.0
Tax creditor	6.9	–
Other creditors relating to capital expenditure	19.4	16.8
Finance creditors	0.3	0.1
	97.4	58.0

28. Provisions

	Dilapidations £m	Total £m
As at 1 January 2021	1.5	1.5
Released during the year	(0.9)	(0.9)
As at 31 December 2021	0.6	0.6
Arising during the year	0.5	0.5
As at 31 December 2022	1.1	1.1

29. Issued capital and reserves

	At 31 December	
	2022	2021
Authorised shares		
Ordinary shares	549,019,293	549,019,293
Nominal value of each share (pence)	1	1
Nominal value of shares (£m)	5.5	5.5
Ordinary shares issued and fully paid		
At start of year	549,019,293	549,019,293
Shares issued	–	–
Debt for equity swap	–	–
At end of year	549,019,293	549,019,293

30. Share-based payments

The Group adopted IFRS 2 in the year ended 31 December 2020 by granting conditional share awards through a PSP. The Calisen plc EBT, whose trustee was Ocorian Limited, was established to satisfy awards made under the share plans. In March 2021, the acquisition of the Group by Calisen Limited led to the accelerated vesting of the share awards and subsequent closure of the share plans.

The table below summarises the amounts recognised in the income statement during the year:

	At 31 December	
	2022 £m	2021 £m
2020 Restricted share awards	–	0.9
2020 Performance share awards	–	0.2
	–	1.1

Of the £Nil (2021: £1.1m) charge, £Nil (2021: £0.5m) was recognised in administrative expenses; this represented the charge initially planned for 2021 at the date of grant. The remaining £Nil (2021: £0.6m) related to the charge for the years ended 31 December 2022 and 2023 however was accelerated to the income statement because of the sale of the Company, as such this has been recognised in other operating expenses. Given the closure of the scheme the cumulative charge for the years ended 31 December 2020 and 31 December 2021 of £1.5m has been transferred to retained earnings resulting in a share-based payment reserve of £Nil as at 31 December 2022 (2021: £Nil).

The details for each scheme are as follows:

2020 Restricted share awards

On 25 June 2020, the Group granted conditional awards over 113,417 shares, with 50% of shares due to vest on 25 June 2022 and 50% due to vest on 25 June 2023. Vesting of the awards was contingent on the continued employment of the individuals. 5,833 shares were forfeited in the year ended 31 December 2020. Following the sale of the Company during 2021 the remaining awards vested in full.

Financial Statements

Notes to the Consolidated Financial Statements continued

30. Share-based payments continued

2020 Performance share awards

On 25 June 2020, the Group granted conditional awards over 1,290,011 shares due to vest on 25 June 2023. Half of the awards were subject to an FFO performance target and half of the awards were subject to a TSR performance target; the two tranches of shares were therefore considered separately when calculating the fair value of the options.

Vesting of the awards was also contingent on the continued employment of the individuals to the vesting date with the exception of awards issued to the Executive Directors which had a two-year holding period.

TSR Measure

The percentage of the 645,006 awards that vested based on the TSR was as follows:

Relative TSR versus the FTSE 250 Index (excluding Investment Trusts)	Percentage of TSR tranche that vest
Below median	0%
Median	25%
Between median and upper quartile	Straight-line basis from 25% to 100%
Upper quartile and above	100%

The fair value of the share awards subject to TSR performance was estimated at the grant date using a Monte Carlo simulation. The following table shows the assumptions used within the Monte Carlo simulation at the date of grant:

Risk-free rate	-0.1%
Expected volatility	41.2%
Expected dividend yield	0.0%
Expected life	3 years
Weighted average fair value	£1.13

The Remuneration Committee evaluated the performance of the TSR prior to the sale of the Company and determined that 94.3% of the awards would vest resulting in a £0.5m charge to the income statement.

FFO Measure

The percentage of 645,006 awards that vested based on the FFO was as follows:

Compound annual growth in FFO over the performance period	Percentage of FFO tranche that vest
Less than 5%	0%
5%	25%
Between 5% and 8.7%	Straight-line basis from 25% to 100%
8.7% and above	100%

The fair value of the awards at grant was £1.86 with a downward adjustment to reflect the post vesting holding period for the Executive Directors resulting in a weighted average fair value of £1.74.

The Remuneration Committee evaluated the performance of the FFO prior to the sale of the Company and determined that 50.0% of the awards would vest resulting in a £0.4m charge to the income statement.

31. Related party disclosures

Group

No transactions with related parties occurred during 31 December 2022 (2021: none), except as noted below.

Transactions with key management personnel

Key management personnel reflect the Executive Committee, whose remuneration during the normal course of business has been disclosed within note 11 to the Consolidated Financial Statements.

In November 2022, a loan of £0.2m was provided to M Bateman. In 12 November 2021, loans of £0.7m and £0.4m were provided to S Latus and S Blackburn. The loans remain outstanding at 31 December of £1.3m (2021: £1.1m). The loans attract an interest rate of 2.0% and £0.1m, (2021: £0.0m) was charged by the Company during the year. £0.1m of the interest remained outstanding at 31 December 2022 (2021: £0.0m)

32. Dividends

During the year ended 31 December 2022, the Company paid dividends amounting to £57.5m (2021: £91.8m). This equates to 10.5 pence (2021: 16.8 pence) per ordinary share issued.

Financial Statements

Notes to the Consolidated Financial Statements continued

33. Group information

The Consolidated Financial Statements incorporate the consolidation of the subsidiaries below:

The following entities incorporated in the UK have the same registered office address of 5th Floor, 1 Marsden Street, Manchester, M2 1HW.

Company	Proportion of shares and voting rights	Country of incorporation	Principal activities
CCGH2 Dormant Company Limited	100%	UK	Holding Company
Calisen Holdco 2 Limited	100%	UK	Holding Company
Calisen Holdco 3 Limited	100%	UK	Holding Company
Calvin Capital UK Limited	100%	UK	Holding Company
Calvin Capital Limited	100%	UK	Holding Company
Meter Serve (Holdco) Limited	100%	UK	Holding Company
Meter Serve (North West) Limited	100%	UK	Holding Company
Meter Fit (North West) Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve (North East) Limited	100%	UK	Holding Company
Meter Fit (North East) Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve 2 Limited	100%	UK	Holding Company
Meter Fit 2 Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve 3 Limited	100%	UK	Holding Company
Meter Fit 3 Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve 4 Limited	100%	UK	Holding Company
Meter Fit 4 Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve (Holdco 2) Limited	100%	UK	Holding Company
Meter Serve 5 Limited	100%	UK	Holding Company
Meter Fit 5 Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve 10 Limited	100%	UK	Holding Company
Meter Fit 10 Limited	100%	UK	Procurement of gas and electricity meters
Meter Serve 20 Limited	100%	UK	Holding Company
Meter Fit 20 Limited	100%	UK	Procurement of gas and electricity meters
Meter Fit Assets Limited	100%	UK	Procurement of gas and electricity meters
Plug Me In Limited	100%	UK	Installation of electric vehicle charging points
Charge Fit Limited	100%	UK	Procurement of electric vehicle charging points

Company	Proportion of shares and voting rights	Country of incorporation	Principal activities
Calvin Managed Services Limited	100%	UK	Services relating to the metering sector
Calvin Metering Limited	100%	UK	Agent
Calvin Asset Management Limited	100%	UK	Group management Company
Calvin Capital Australia Holdings Limited	100%	UK	Holding Company

The following entities are registered in the UK and have the same registered office address of Building B, Swan Meadow Road, Wigan, WN3 5BB.

Lowri Beck Holdings Limited	100%	UK	Holding Company
Lowri Beck Systems Limited	100%	UK	Computer systems development
Lowri Beck Services Limited	100%	UK	Nationwide metering and data collection services
UW Home Services Limited	100%	UK	Dormant
Central Home & Facilities Management Limited	100%	UK	Dormant

The following entities are registered in Australia. All Australian registered entities have the same registered office address of Level 16, 80 Collins Street, Melbourne, VIC 3000.

Calvin Capital Australia Pty Limited	100%	Australia	Holding Company
Calvin MS Australia 1 Pty Limited	100%	Australia	Holding Company

Financial Statements

Notes to the Consolidated Financial Statements continued

34. Commitments

The group signed a MAP services contract prior to the year-end which included a £50m payment in relation to the installation of metering equipment payable on satisfaction of certain conditions. These conditions were met subsequent to the year-end with payment now expected after the approval of the financial statements.

On 22 November 2022 the group agreed to acquire Maple TopCo Limited and its subsidiaries ("MapleCo"). The transaction would see Equitix, which is the current owner of MapleCo, join its existing indirect shareholders by taking a new equity stake in Calisen Midco I Limited, an intermediate parent undertaking, based in Jersey.

An acquisition has been agreed subject to certain conditions precedent and in particular, Competition and Markets Authority and antitrust approvals. Filings to regulators are ongoing and it is expected that this could take some time before the process completes. Should these approvals be confirmed, then the acquisition will be funded through an all stock consideration in Calisen Midco I Limited. The existing shareholders would also sell down a minority secondary stake in Calisen Midco I Limited to Equitix as part of the transaction.

35. Ultimate controlling party

Calisen Group (Holdings) Limited's immediate parent undertaking is Calisen Limited, a company, formed on behalf of, and which is indirectly owned by, a consortium consisting of (i) GEPIF (an energy and infrastructure fund managed by BlackRock Alternatives Management LLC, which is an indirect wholly-owned subsidiary of BlackRock, Inc.), together with its co-investor Ninteenth (an indirectly wholly-owned subsidiary of Mubadala); and (ii) Goldman Sachs Asset Management. Calisen Limited is ultimately indirectly owned by GEPIF, Mubadala and Goldman Sachs Asset Management in the following proportions: (a) GEPIF owns 46.84 per cent; (b) Mubadala owns 16.98 per cent; and (c) Goldman Sachs Asset Management owns 36.18 per cent. The ultimate controlling party of Calisen Limited is GEPIF III Coyote Topco 1 Limited, the address of which is 44 Esplanade, St Helier, Jersey, JE4 9WG.

This set of financial statements is the smallest group in which the results of the company for the period to 31 December 2022 and 31 December 2021 are consolidated and the largest group is that headed by Calisen Limited; the consolidated financial statements of both groups are available to the public and may be obtained from 5th Floor, 1 Marsden Street, Manchester, M2 1HW.

36. Subsequent events

On 1 March 2023, Lowri Beck Holdings Limited, a subsidiary undertaking of the Company, agreed to acquire 100% of the ordinary share capital of Ecofit Renewables Limited for a consideration of £50,000.

During March 2023, the Group completed a refinance, for further details refer to Note 1.1(a).

Financial Statements

Company Statement of Financial Position

	Notes	As at 31 December	
		2022 £m	2021 £m
Assets			
Non-current assets			
Investments in subsidiaries	3	1,053.2	1,053.2
Current assets			
Trade and other receivables	4	4.2	2.0
Cash and cash equivalents	5	8.5	22.4
		12.7	24.4
Total assets		1,065.9	1,077.6
Liabilities			
Current liabilities			
Trade creditors	6	0.7	0.6
Other creditors	6	3.5	49.9
		3.9	50.5
Total liabilities		3.9	50.5
Equity			
Called up share capital	7	5.5	5.5
Share-based payment reserve		–	–
Retained earnings		1,056.2	1,021.6
Total equity		1,061.7	1,027.1
Total equity and liabilities		1,065.9	1,077.6

Phillip McLelland

Group Finance Director

28 March 2023

Financial Statements

Company Statement of Changes in Equity

	Called up share capital £m	Share premium account £m	Share-based Payment reserve £m	Retained earnings £m	Total equity £m
At 1 January 2022	5.5	–	–	1,021.6	1,027.1
Profit for the period and total comprehensive profit	–	–	–	92.1	92.1
Dividends paid	–	–	–	(57.5)	(57.5)
At 31 December 2022	5.5	–	–	1,056.2	1,061.7

Calisen Group (Holdings) Limited Company number: 12383518

Financial Statements

Notes to the Company Financial Statements

1. Basis of preparation

The Company's registered office is at 5th Floor, 1 Marsden Street, Manchester, England, M2 1HW. These separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary and in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The disclosure exemptions adopted by the Company in preparation of these financial statements in accordance with FRS 101 are as follows:

- a cash flow statement and related notes;
- certain disclosures in relation to capital management;
- disclosures in relation to the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs; and
- reconciliation of share capital in the period.

In addition to the FRS 101 exemptions above, the Company is exempt under section 408 of the Companies Act 2006 from the requirement to present an income statement or a statement of comprehensive income.

As the consolidated financial statements of Calisen Group (Holdings) Limited include the equivalent disclosures, the Company has also taken advantage of the following exemptions under FRS 101:

- disclosures in relation to IFRS 2 Share-based Payments; and
- disclosures required by IAS 36 Impairment of Assets in respect of impairments of the investments held by the Company.

The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies. The Company's accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Disclosure of auditor remuneration for non-audit fees is not given in these individual financial statements as the Group accounts are required to comply with regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 and present the information on a consolidated basis.

(a) Going concern

Based on the current projections and facilities in place, the Directors consider it appropriate to continue to prepare the Financial Statements on a going concern basis.

(b) Basis of measurement

The functional currency is pound sterling and the financial statements are presented in pound sterling.

Amounts are rounded to the nearest hundred thousand except where otherwise indicated.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The historical financial information is prepared on the historical and amortised cost basis.

2. Significant accounting policies

(a) Investment in subsidiaries

Investments in subsidiaries are measured at cost less provision for impairment. Impairment losses or reversals of previous impairment losses are presented in the profit and loss account in the period they arise.

(b) Financial liabilities

Financial liabilities, including trade and other payables and interest bearing loans and borrowings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities, other than short-term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in the profit and loss account in the period it arises. Short-term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(d) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other financial assets, or to exchange financial assets or liabilities under potentially unfavourable conditions. Where such an obligation exists, the share capital is recognised as a liability notwithstanding the legal form. Incremental costs directly attributable to the issue of equity instruments are recognised as a deduction from share premium to the extent that there is sufficient share premium to do so, net of tax effects.

Financial Statements

Notes to the Company Financial Statements

3. Investments

Cost	Investments in subsidiary companies £m
At 1 January 2022	1,053.2
Additions	–
At 31 December 2022	1,053.2
Net book value	
At 31 December 2022	1,053.2

The Company owns 100% of the share capital of the companies listed in note 33 of the Consolidated Financial Statements.

4. Trade and other receivables

	As at 31 December	
	2022 £m	2021 £m
Trade and other receivables	4.2	2.0
	4.2	2.0

5. Cash and cash equivalents

	As at 31 December	
	2022 £m	2021 £m
Cash and cash equivalents	8.5	22.4
	8.5	22.4

6. Trade and other payables

	As at 31 December	
	2022 £m	2021 £m
Trade payables	0.7	0.6
Other payables	3.5	3.4
Amounts owed to group undertakings	–	46.5
	4.2	50.5

7. Issued capital and reserves

	As at 31 December	
	2022 £m	2021 £m
Allotted, called up and fully paid		
549,019,023 (2021: 549,019,023) ordinary shares of 1 pence each	5.5	5.5

During the year ended 31 December 2021, 1,038,320 ordinary shares were issued at a nominal value of 1 pence per share with £Nil premium.

8. Commitments and contingencies

There were no commitments or contingencies as at 31 December 2022 or 31 December 2021.

9. Controlling party

The immediate parent undertaking of Calisen Group (Holdings) Limited is Calisen Limited, a company, formed on behalf of, and which is indirectly owned by, a consortium consisting of (i) GEPIF (an energy and infrastructure fund managed by BlackRock Alternatives Management LLC, which is an indirect wholly-owned subsidiary of BlackRock, Inc.), together with its co-investor Ninteenth (an indirectly wholly-owned subsidiary of Mubadala); and (ii) Goldman Sachs Asset Management. Calisen Limited is ultimately indirectly owned by GEPIF, Mubadala and Goldman Sachs Asset Management in the following proportions: (a) GEPIF owns 46.84 per cent; (b) Mubadala owns 16.98 per cent; and (c) Goldman Sachs Asset Management owns 36.18 per cent. The ultimate controlling party of Calisen Limited is GEPIF III Coyote Topco 1 Limited, the address of which is 44 Esplanade, St Helier, Jersey, JE4 9WG. The smallest group in which the results of the company for the period to 31 December 2023 are consolidated is that headed by Calisen Group (Holdings) Limited and the largest group is that headed by Calisen Limited; the consolidated financial statements of both groups are available to the public and may be obtained from 5th Floor, 1 Marsden Street, Manchester, M2 1HW.

Other information

Alternative performance measures	88
Definitions and abbreviations	89
Other information	92

Alternative performance measures

Alternative performance measures

These full-year results include financial measures that are not defined or recognised under IFRS or UK GAAP, all of which Calisen considers to be alternative performance measures (“APMs”). These are reconciled to the statutory results in the Financial Review section.

The APMs are used by the Board and management to analyse business and financial performance, track the Group’s progress and help develop long-term strategic plans. The APMs provide additional information to investors and other external stakeholders to enhance their understanding of Calisen’s results of operations as supplemental measures of performance and liquidity.

Descriptions of APMs used in these accounts, including their basis of calculation, are set out on this page.

Adjusted EBITDA	Profit/(loss) for the period adjusted for taxation, finance income/(expenses), depreciation, amortisation, profit/(loss) on disposal of non-current assets and other expenses. See page 19 for reconciliation of Adjusted EBITDA to statutory loss for the period;
Cash conversion	FFO as a percentage of Underlying EBITDA. See page 20 for calculation;
FFO	FFO is defined as Underlying EBITDA less relevant finance costs, taxation and adjusted net working capital items. Relevant finance costs exclude fair-value movement on derivatives (as this is a non-cash item), shareholder loan interest and charges relating to letter of credit facilities (on the basis that they no longer form part of Calisen’s capital structure) and interest rate swap break costs. Adjusted net working capital items include change in trade and other receivables and contract assets, change in inventories and change in trade and other payables, but exclude any movements in payables where the creditor relates to capital expenditure, accrued other expenses and any items to the extent they relate to non-trading items such as compensation debtors or capital expenditure prepayments or creditors, including related VAT balances. FFO also does not include compensation income. Capital expenditure creditors are excluded to the extent that they represent new meter installation costs. See page 20 for calculation;
Net debt	The sum of senior debt and equity bridge loans, less cash. Therefore, net debt includes bank borrowings and equity bridge loans, net of cash and excludes trade payables and debt issue costs. See page 21 for calculation;
Underlying EBITDA	Adjusted EBITDA less compensation income. Compensation income is received from relevant contractual arrangements where meters are prematurely removed, and, as a consequence, reflects income that would have otherwise been earned in future periods. Given the limited timeframe of the SMIP as currently described in legislation, the Directors deem compensation income to be a line item that may not consistently be significant in the future. Because compensation income arises as a result of the removal of traditional meters in order to replace them with smart meters, it is expected that compensation income will decrease over time as the number of traditional meters decreases. See page 19 for reconciliation of Underlying EBITDA to statutory loss for the period;
Underlying EBITDA Interest Cover	Underlying EBITDA divided by net interest expense. See page 20 for calculation; and
Underlying EBITDA Margin	Underlying EBITDA as a percentage of revenue. See page 19 for calculation.

Definitions and abbreviations

Definitions and abbreviations

The following definitions and abbreviations apply throughout this report unless the context otherwise requires:

A

APMs (or "Alternative Performance Measures")	alternative performance measures, being a financial measure not defined or recognised under IFRS;
ARPM	average revenue per meter;
Articles	Calisen's Articles of Association;
Auditor	KPMG LLP;

B

BEIS	the Department for Business, Energy and Industrial Strategy;
Board	the Board of Directors of the Company from time to time;
Brexit	the UK's exit from the EU;

C

Calisen	Calisen Group (Holdings) Limited (formerly Calisen plc);
Calvin Capital	Calvin Capital Limited and its subsidiaries;
Capital expenditure	purchase of property, plant and equipment per the Consolidated Statement of Cash Flows;
CEO	Chief Executive Officer;
CGH Group	CGH2 Dormant Company Limited (formerly Calisen Group (Holdings 2) Limited) and its subsidiaries;
CGHL	Calisen Group (Holdings) Limited;
Challenger Energy Retailers	energy retailers with a market share of less than 5 per cent in either the gas or electricity sector;
CHL Group	Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries;
CGU	cash-generating unit;
Code	the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council, as amended from time to time;
Company	Calisen Group (Holdings) Limited (formerly Calisen plc);
Companies Act 2006 (or "the Act")	the Companies Act 2006 of England and Wales, as amended from time to time;
Court	the High Court of Justice of England and Wales;
Coyote Bidco	Coyote Bidco Limited, now called Calisen Limited;

D

Directors	the Directors of the Company; "Director" means any one of them;
Direct costs	purchases and employee-related costs directly incurred in relation to the delivery of Data and Technical Services within the Lowri Beck segment;
DNO	Distribution Network Operator;
DTR	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA (as set out in the FCA Handbook), as amended from time to time;

E

EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation;
EBLs	equity bridge loans;
ECLs	expected credit losses;
EIR	effective interest rate;
ESG	environmental, social and governance;
EU	the European Union;
EVs	electric vehicles; "EV" means any of them;
Exceptional Items	exceptional items have the same meaning as Other operating expenses, as detailed in Note 2.20;
Executive Committee	the CEO and his direct reports;

Definitions and abbreviations continued

F

FCA	the Financial Conduct Authority of the UK;
FFO	Funds From Operations;
FRC	Financial Reporting Council;
FRS	Financial Reporting Standard applicable in the UK and Republic of Ireland;
FRS 101	Financial Reporting Standard 101 Reduced Disclosure Framework;
FTE	full-time employees;

G

Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard published by the World Business Council for Sustainable Development and the World Resources Institute, as amended from time to time;
Green Revenue	revenue from carbon-reducing activities such as installation of smart meters and MPCs from smart meters;
Grey Fleet	vehicle or vehicles that are owned and driven by an employee for business purposes
Group	the Company and its subsidiaries (as that term is defined in section 1159 of the Companies Act 2006);

H

Health and Safety Executive	the UK's regulator for workplace health and safety;
I	
IAS	International Accounting Standards;
IASB	International Accounting Standards Board;
IFRS	International Financial Reporting Standards;
ISAs (UK)	International Standards on Auditing (UK);

K

KPI	Key Performance Indicator;
KPMG	KPMG LLP;

L

Large Energy Retailers	energy retailers with a market share of at least 5 per cent in either the gas or electricity sector since privatisation;
LIBOR	London Interbank Offered Rate;
London Stock Exchange	the London Stock Exchange plc;
Lowri Beck	Lowri Beck Holdings Limited, or the group consisting of Lowri Beck Holdings Limited and its affiliates, parents or subsidiaries, as applicable;

M

MAM	meter asset management or meter asset manager (as the context requires);
MAMCOP	Meter Asset Managers Code of Practice;
MAP	Meter Asset Provision or Meter Asset Provider (as the context requires);
Mental Health First Aiders	the Company's employees trained to be mental health first aiders;
MOCOPA	Meter Operations Code of Practice Agreement;
MOP	meter operator provision or meter operator provider (as the context requires);
MPC	Meter Provision Charge;
N	
NICEIC	National Inspection Council for Electrical Installation Contracting;
Non-operating items	for the purposes of calculating FFO, non-operating items constitute compensation income and compensation debtors or capital expenditure prepayments or creditors, and their consequential VAT balances;
Non-trading items	costs or income that are one-off in nature and non-recurring;

O

OCI	other comprehensive income;
Ofgem	Office of Gas and Electricity Markets, the regulator for gas and electricity markets in Great Britain;
OZEV	the Office for Zero Emission Vehicles (formerly the Office for Low Emission Vehicles or OLEV);

P

Paris Agreement	the legally binding international treaty on climate change which was adopted by 196 parties at COP 21 in Paris on 12 December 2015 and entered into force on 4 November 2016;
PSP (or "Performance Share Plan")	the Calisen plc Performance Share Plan;

Definitions and abbreviations continued

R

RCF	the revolving credit facility agreement of £240 million entered into on 12 February 2020 between, among others, Calisen, the financial institutions named therein as arrangers, and lenders, HSBC Bank Plc as facility agent and HSBC Corporate Trustee Company (UK) Limited as security agent;
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations;

S

SECR	Streamlined Energy and Carbon Reporting as set out in Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018;
SMETS2	the second generation of Smart Metering Equipment Technical Specification;
SMIP	Smart Meter Implementation Programme;
SOLR	supplier of last resort;
SONIA	Sterling Overnight Interbank Average Rate;
SPPI	solely payments of principal and interest;
SSC	the Company's Sustainability Steering Committee chaired by Calisen's CEO;

T

TSR	Total Shareholder Return;
TCFD	Task Force on Climate-related Financial Disclosures;

U

UEL	useful economic life;
UK GAAP	Generally Accepted Accounting Practice in the UK;
UN Sustainable Development Goal 7	one of the United Nations' 17 Sustainable Development Goals. Goal 7 is to ensure access to affordable, reliable, sustainable and modern energy for all; and

W

WACC	weighted average cost of capital.
-------------	-----------------------------------

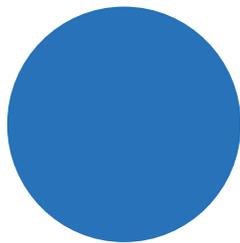


Other information

Other information

Calisen's shareholders

Calisen Limited is indirectly owned by a consortium comprising of GEPIF (an energy and infrastructure fund managed by BlackRock Alternatives Management LLC, which is an indirect wholly-owned subsidiary of BlackRock, Inc.), together with its co-investor Ninteenth (an indirectly wholly-owned subsidiary of Mubadala which is in turn a global investment company wholly-owned by the Government of Abu Dhabi); and Goldman Sachs Asset Management (a fund managed by Goldman Sachs to make direct investments in infrastructure and infrastructure-related assets and companies).



luminous

Consultancy, design and production
www.luminous.co.uk

This report is printed on carbon neutral paper, which is certified carbon balanced by Carbon Footprint Ltd.

Blackdog Digital is a Carbon Neutral company and is committed to all round excellence and improving environmental performance is an important part of our 'Go Green' strategy.

For every tonne of CO₂ offset paper we use, one tree is planted. Each tree that is planted a tonne of carbon will be saved in the Amazon Rainforest through an avoided deforestation project.





Issued by Calisen Group (Holdings) Limited

Registered Office:
5th Floor, 1 Marsden Street,
Manchester M2 1HW

Registered in England and Wales no. 12383518

Carbon neutral printed report