

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached prospectus relating to Calisen plc (the “**Company**”) dated 7 February 2020 (the “**Prospectus**”), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Prospectus is confidential and intended for you only and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached Prospectus whether electronically or otherwise to any other person.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS MAY ONLY BE DISTRIBUTED IN CONNECTION WITH “**OFFSHORE TRANSACTIONS**” AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”) (“**REGULATION S**”) OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS (“**QIBs**”) AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT (“**RULE 144A**”) OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

ANY FORWARDING, DISTRIBUTION, REPRODUCTION OR PUBLICATION OF THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SHARES IN THE COMPANY (THE “**SHARES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR (2) IN AN “**OFFSHORE TRANSACTION**” AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE SHARES MAY NOT BE OFFERED OR SOLD IN CANADA, EXCEPT TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE SHARES MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

This electronic transmission and the attached Prospectus and the offer of the Shares (the “**Offer**”) are only addressed to and directed at persons in member states of the European Economic Area who are “**qualified investors**” within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) (“**Qualified Investors**”). In the United Kingdom, this electronic transmission and the attached Prospectus is being distributed only to, and is directed only at, Qualified Investors who are (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This electronic transmission and the attached Prospectus must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area, by persons who are not Qualified Investors. Any investment or investment activity to which the attached Prospectus relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area, Qualified Investors, and will be engaged in only with such persons.

**Confirmation of your Representation:** This electronic transmission and the attached Prospectus is delivered to you on the basis that you are deemed to have represented to Credit Suisse International (“**CSI**”), Credit Suisse Securities (Europe) Limited (“**CSSEL**”), KKR Capital Markets Limited (“**KKR Capital Markets**”), Citigroup Global Markets Limited (“**Citi**”), HSBC Bank plc (“**HSBC**”), Barclays Bank PLC (“**Barclays**”), Goldman Sachs International (“**GS**” and, together with CSSEL, KCM, Citi, HSBC and Barclays, the “**Underwriters**”), the Company and the Selling Shareholders (as defined in Part XVIII, ‘Definitions’) that you have understood and agree to the terms set out herein, and (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB (if you are in the United States) or (b) acquiring such securities in “**offshore transactions**”, as defined in, and in reliance on, Regulation S; (ii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the European Economic Area; (iii) if you are in any member state of the European Economic Area, you are a Qualified Investor and/or a Qualified Investor acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors, to the extent you are acting on behalf of persons or entities in the European Economic Area; and (iv) you are an institutional investor that is eligible to receive this Prospectus and you consent to delivery of this Prospectus by electronic transmission.

You are reminded that you have received this electronic transmission and the attached Prospectus on the basis that you are a person into whose possession this electronic transmission and the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this electronic transmission or the attached Prospectus, electronically or otherwise, to any other person.

The attached Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Underwriters nor any of their respective affiliates, directors, officers, employees, agents or advisers accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached Prospectus, you consent to receiving it in electronic form.

None of the Underwriters nor any of their respective affiliates, directors, officers, employees, agents or advisers accepts any responsibility whatsoever for the contents of the attached Prospectus or for any statement made or purported to be made by them, or on their behalf, in connection with the Company, the Offer or the Shares. To the fullest extent permitted by law, such persons accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by the Underwriters or any of their respective affiliates, directors, officers, employees, agents or advisers as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the attached Prospectus.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of the attached Prospectus) as their client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in the attached Prospectus.

**Restriction:** Nothing in this electronic transmission constitutes, and this electronic transmission may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this Prospectus via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# Prospectus

February 2020

This document comprises a prospectus (the “**Prospectus**”) for purposes of Article 3 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) relating to Calisen plc (the “**Company**”) prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (as amended, “**FSMA**”). This Prospectus has been approved by the FCA as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares.

Application will be made to the FCA for all of the shares of the Company (the “**Shares**”), issued and to be issued in connection with the Offer, to be admitted to the premium listing segment of the Official List of the FCA (the “**Official List**”) and to London Stock Exchange plc (the “**London Stock Exchange**”) for all of the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). Admission to trading on the London Stock Exchange’s main market for listed securities constitutes admission to trading on a regulated market. Conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 7 February 2020. It is expected that Admission will become effective, and that unconditional dealings will commence on the London Stock Exchange, at 8.00 a.m. on 12 February 2020. **All dealings in Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.** No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange.

The Directors, whose names appear on page 80 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

**Prospective investors should read the whole of this Prospectus. In particular, your attention is drawn to the risk factors described in Part II (Risk Factors) of this Prospectus for a discussion of certain factors that should be considered in connection with an investment in the Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if one or more of the risks described in this Prospectus were to occur, investors may find their investment materially adversely affected.**

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## Calisen plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 12383518)

### Offer of 136,995,244 Shares (comprising 125,000,000 New Shares and 11,995,244 Existing Shares) at an Offer Price of 240 pence per Share and admission to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange

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*Sponsor*

**Credit Suisse**

*Joint Global Coordinators and Joint Bookrunners*

**Citigroup**

**Credit Suisse**

**HSBC**

**KKR**

*Joint Bookrunners*

**Barclays**

**Goldman Sachs International**

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### Issued share capital immediately following Admission of 547,980,973 Shares of £0.01 nominal value

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Pursuant to the terms of the Offer, the Company is offering 125,000,000 New Shares which will raise estimated net proceeds for the Company of £275 million and the Selling Shareholders are selling 11,995,244 Existing Shares in aggregate (representing 2.8% of the issued Shares on Admission) which will raise estimated net proceeds, in aggregate, for the Selling Shareholders of £27.78 million. This assumes no exercise of the Over-allotment Option. In addition, up to a further 20,549,287 Existing Shares (representing 15% of the total number of Shares included in the Offer) may be made available by the Selling Shareholders pursuant to the Over-allotment Option. The Company will not receive any of the proceeds from the sale of Existing Shares.

The New Shares to be issued pursuant to the Offer will, following Admission, rank *pari passu* in all respects with each other and with the Existing Shares (including with respect to pre-emption rights) and they will form a single class with the Existing Shares for all purposes, including with respect to voting and for all dividends and distributions thereafter declared, made or paid on the ordinary share capital of the Company (including a share in the liquidation proceeds in the case of a liquidation of the Company).

The distribution of this Prospectus and the offer of the Shares contemplated by this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Credit Suisse International (the “**Sponsor**”), Credit Suisse Securities (Europe) Limited (“**CSSEL**”), Citigroup Global Markets Limited (“**Citi**”), HSBC Bank plc (“**HSBC**”) and KKR Capital Markets Limited (“**KKR Capital Markets**”) and, together with CSSEL, Citi and HSBC, the “**Joint Global Coordinators**”), Barclays Bank PLC (“**Barclays**”), and Goldman Sachs International (“**GS**”) (Barclays and GS, together with the Joint Global Coordinators, the “**Underwriters**”) or the Selling Shareholders to obtain any approval, authorisation or exemption to permit the offer of the Shares or the possession or distribution of this Prospectus in any jurisdiction other than the UK. Accordingly, neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about, and observe, any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this Prospectus. Any failure to comply with these restrictions and requirements may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of any offer to invest in, any securities of the Company other than the Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. In particular, the contents of [www.calisen.com](http://www.calisen.com), [www.calvincapital.com](http://www.calvincapital.com) and [www.lowrbeck.co.uk](http://www.lowrbeck.co.uk) do not form part of this Prospectus and prospective investors should not rely on them. The Company will comply with its obligations to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules containing further updated information required by law or by any regulatory authority, but, except as required by any other applicable law, assumes no further obligation to publish additional information. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor Admission nor any subsequent subscription or sale shall, under any circumstances, create any implication that there has been no change in the affairs of the Group set out in this Prospectus or that the information in it is correct as at any date subsequent to the date of this Prospectus.

None of the Company, the Directors, the Underwriters, the Selling Shareholders or any of their respective affiliates or representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by any such prospective investor under the laws applicable to any such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice in relation to an investment in the Shares.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each prospective investor must rely on his, her or its own examination, analysis and enquiry of the Company, the Shares and the terms of the Offer, including the merits and risks involved. Prospective investors also acknowledge that: (i) they have not relied on any of the Underwriters or the Selling Shareholders, or any person affiliated with the Underwriters or the Selling Shareholders in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Underwriters or the Selling Shareholders.

Apart from the responsibilities, if any, which may be imposed on any of the Underwriters by FSMA or the regulatory regime established thereunder to the extent the exclusion of responsibility under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters nor any of their respective affiliates accept any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer, and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Underwriters accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

Each of the Sponsor, CSSEL, Citi, HSBC, Barclays and GS is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated in the UK by the PRA and the FCA. KKR Capital Markets is authorised and regulated in the UK by the FCA. The Sponsor and the Underwriters are acting exclusively for the Company and no one else in connection with the Offer, and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in relation to the Offer or any transaction, matter or arrangement referred to in this Prospectus.

Date of Prospectus: 7 February 2020

## NOTICE TO CERTAIN INVESTORS

The Shares are subject to selling and transfer restrictions in certain jurisdictions. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Prospective investors should read the restrictions described under section 10 (*Transfer and Selling Restrictions*) of Part XVI (*The Offer*) of this Prospectus. Each investor in the Shares will be deemed to have made the relevant representations described therein.

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, the Selling Shareholders, the Underwriters or any such person's affiliates to permit a public offering of the Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction other than the UK, where action for that purpose may be required. Accordingly, neither this Prospectus nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Shares, and the transfer restrictions to which they are subject, see section 10 (*Transfer and Selling Restrictions*) of Part XVI (*The Offer*) of this Prospectus.

In particular, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of any jurisdiction including Australia, Canada, Japan or the United States. This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of an offer to buy Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

### **Notice in connection with the UK and Member States of the European Economic Area**

This Prospectus has been prepared on the basis that all offers of Shares in the European Economic Area (the "EEA") and the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of shares. Accordingly, any person making or intending to make any offer in the UK or within the EEA of Shares which are included in the Offer contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders or any of the Underwriters to produce a prospectus for such offer. None of the Company, the Selling Shareholders and the Underwriters have authorised, nor will they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Underwriters which constitute the final placement of Shares contemplated in this Prospectus.

### **Notice to United States investors**

The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. The Shares offered by this Prospectus may not be offered or sold in the United States, except to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A under the US Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act ("**Regulation S**"). Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A of the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

**The Shares offered by this Prospectus have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Offer or the accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance

Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

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**PART I**  
**SUMMARY**

**Introduction**

This summary should be read as an introduction to the prospectus (this “**Prospectus**”). Any decision to invest in the securities offered hereby should be based on a consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the securities offered.

The issuer is Calisen plc (the “**Company**”), incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company on 2 January 2020 under the name Arthur FloatCo plc with registered number 12383518. The Company’s Legal Entity Identifier (“**LEI**”) is 213800RI3193ZQDEA191. The Company is domiciled in England and Wales with its registered and head office at 5th Floor, 1 Marsden Street, Manchester, England, M2 1HW. The telephone number of the Company’s registered office is +44 (0)161 220 1900.

The International Security Identification Number (ISIN) of the ordinary shares of £0.01 each in the capital of the Company (the “**Shares**”) is GB00BKX9C181. When admitted to trading, the Shares will be registered with SEDOL number BKX9C18, and will trade under the symbol “**CLSN**”.

The Shares are offered by the Company and certain selling shareholders, including the Major Shareholder (as defined below) (the “**Selling Shareholders**”).

The competent authority approving this Prospectus is the Financial Conduct Authority (the “**FCA**”) in the UK, with its office at 12 Endeavour Square, London, E20 1JN, UK, and telephone number +44 (0)20 7066 1000. The date of approval of this Prospectus is 7 February 2020.

**Key information on the issuer**

*Who is the issuer of the securities?*

Calisen (which is Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and each of its direct and indirect subsidiaries for the period prior to and up to 31 January 2017, Calisen Group Holdings Limited (formerly CCH1 Limited) and each of its direct and indirect subsidiaries from 31 January 2017 to 7 February 2020, and the Company and each of its direct and indirect subsidiaries from 7 February 2020) is a leading owner and manager of essential energy infrastructure assets, as well as a provider of installation, meter reading, maintenance and ancillary services, whose purpose is to accelerate the development of a cleaner, more efficient and sustainable energy segment. Calisen’s current focus is on capturing the opportunities offered by the ongoing government-mandated roll-out of smart meters in Britain. Smart meters are believed to be a key enabler of a new decentralised and digital energy landscape in Britain, and a key element of the investment required to move towards decarbonisation.

Calisen’s operations consist of two business units: Calvin Capital and Lowri Beck. Calvin Capital, the larger of the two business units, is almost exclusively a meter asset provider (“**MAP**”) that procures, installs, owns and manages a growing portfolio of domestic electricity and gas meters, with a particular focus on smart meters. As a MAP, Calvin Capital manages its revenue-generating meters by tracking them from delivery to installation and ultimately through removal. Calvin Capital’s customers consist of energy retailers, including the largest energy retailers in Britain (known in the industry as the “**Big 6 Energy Retailers**”) and smaller energy retailers in Britain that are not Big 6 Energy Retailers (the “**Independent Energy Retailers**”).

Following the acquisition of Lowri Beck in August 2019 (the “**Lowri Beck Acquisition**”), Calisen gained complementary capabilities to carry out installation work using in-house personnel as well as the ability to offer meter operator provision (or “**MOP**”), meter asset management (or “**MAM**”) and meter reading and ancillary services to its energy retailer customers. The directors of the Company (the “**Directors**”) believe that the enhanced capabilities gained through the Lowri Beck Acquisition will allow Calisen to better serve a wider range of its energy retailer customers’ metering needs.

For the nine-month period ended 30 September 2019 and the year ended 31 December 2018, Calisen's consolidated revenue was £148.0 million and £162.1 million, its consolidated operating profit was £24.6 million and £25.4 million, its consolidated Adjusted EBITDA was £143.5 million and £171.5 million, its consolidated Underlying EBITDA was £131.1 million and £148.9 million, its consolidated net cash flows from operating activities were £103.3 million and £52.3 million, its consolidated Underlying FFO was £95.4 million and £117.2 million, and its consolidated capital expenditure was £213.8 million and £170.5 million, respectively. For the nine-month period ended 30 September 2019, Calisen's consolidated revenue from MAP contracts with the Big 6 Energy Retailers accounted for approximately 82% of Calisen's consolidated revenue, and its consolidated revenue from MAP contracts with Independent Energy Retailers accounted for approximately 8% of Calisen's revenue.

As at the date of this Prospectus, the Company is controlled by KKR Evergreen Aggregator L.P. (the "**Major Shareholder**"), which in turn is indirectly controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"). As at the date of this Prospectus, the Major Shareholder owns 100% of the Company's shares. Insofar as is known to the Company as at the date of this Prospectus, the only person or entity who is expected to directly or indirectly hold 3% or more of the issued share capital of the Company (immediately following Admission (as defined below) and completion of the Offer (as defined below)) is the Major Shareholder.

The Company's key managing Directors are Bert Pijls and Sean Latus. Bert Pijls is the CEO of the Company and Sean Latus is the CFO of the Company. The statutory auditor of the Company is KPMG LLP ("**KPMG**").

#### *What is the key financial information regarding the issuer?*

Set forth below is selected consolidated financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) as at and for the year ended 31 December 2016 and the 31-day period ended 31 January 2017, and selected consolidated financial information of Calisen Group Holdings Limited (formerly CCH1 Limited) as at and for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2019 (including the comparative selected consolidated financial information as at and for the nine-month period ended 30 September 2018), included elsewhere in this Prospectus. The financial information of Lowri Beck has been consolidated into Calisen's since the completion of the Lowri Beck Acquisition on 16 August 2019. There are no qualifications in the accountant's report relating to such consolidated financial information.

#### *Selected consolidated statement of profit or loss data*

	Predecessor (CHL Group)		Successor (CGH Group)			
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)		(£ in thousands)			
Revenue . . . . .	132,802	12,196	141,068	162,146	119,637	147,968
Operating profit / (loss) . . . . .	43,433	5,357	(3,271)	25,409	20,308	24,559
Profit / (loss) for the period . . . . .	(28,097)	10,101	(79,220)	(62,521)	(34,349)	(67,015)
Earnings per share . . . . .	(28.10)	10.10	(156.91)	(60.32)	(33.14)	(64.66)

#### *Selected consolidated statement of financial position data*

	Predecessor (CHL Group)		Successor (CGH Group)		
	As at 31 December 2016	As at 31 January 2017	As at 31 December 2017	As at 31 December 2018	As at 30 September 2019
	(£ in thousands)		(£ in thousands)		
Total assets . . . . .	657,119	661,005	1,356,646	1,370,555	1,526,143
Total equity . . . . .	(29,612)	(19,511)	(60,196)	(122,717)	(189,732)
Total liabilities . . . . .	(686,731)	(680,516)	(1,416,842)	(1,493,272)	(1,715,875)

*Selected consolidated statement of cash flows data*

	Predecessor (CHL Group)		Successor (CGH Group)			
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)		(£ in thousands)			
Net cash from operating activities . . . . .	95,437	571	71,952	52,276	73,007	103,348
Net cash from / (used in) investing activities . . . . .	(208,104)	(12,677)	(630,051)	(135,527)	(94,142)	(206,531)
Net cash from financing activities . . . . .	145,784	13,956	640,012	72,935	37,420	102,851

*Selected pro forma statement of net assets*

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only in accordance with Annex 20 of the Delegated Regulation. The unaudited pro forma statement of net assets addresses a hypothetical situation and therefore may not give a true picture of the Group's financial position or results as at 30 September 2019 nor is it indicative of the results that may or may not be expected to be achieved in the future.

	Consolidated net assets of CGH Group as at 30 September 2019 <sup>(1)</sup>	Adjustments				Pro forma
		Adjustment for issue of ordinary shares <sup>(2)</sup>	Adjustments in respect of IPO related costs <sup>(3)</sup>	Adjustment for debt restructuring <sup>(4)</sup>	Adjustment for shareholder loan recapitalisation <sup>(5)</sup>	
	(£ in thousands)	(£ in thousands)	(£ in thousands)	(£ in thousands)	(£ in thousands)	(£ in thousands)
Non-current assets . . . . .	1,378,786	—	—	—	—	1,378,786
Current assets . . . . .	147,357	300,000	(25,000)	(223,848)	—	198,509
<b>Total assets . . . . .</b>	<b>1,526,143</b>	<b>300,000</b>	<b>(25,000)</b>	<b>(223,848)</b>	<b>—</b>	<b>1,577,295</b>
Current liabilities . . . . .	(184,675)	—	—	—	—	(184,675)
Non-current liabilities . . . . .	(1,531,200)	—	—	220,140	691,806	(619,254)
<b>Total liabilities . . . . .</b>	<b>(1,715,875)</b>	<b>—</b>	<b>—</b>	<b>220,140</b>	<b>691,806</b>	<b>(803,929)</b>
<b>Net (liabilities)/assets . . . . .</b>	<b>(189,732)</b>	<b>300,000</b>	<b>(25,000)</b>	<b>(3,708)</b>	<b>691,806</b>	<b>773,366</b>

(1) The net liabilities of CGH Group Limited as at 30 September 2019 have been extracted without material adjustment from Part B of Part XIII (*Historical Financial Information*).

(2) Reflects the gross proceeds from the issue of New Shares by the Company pursuant to the Offer.

(3) Reflects costs directly attributable to the transaction of £25,000,000.

(4) Reflects the impact of the restructuring of debt owed to the lenders of Meter Fit 5 Limited and Meter Fit 20 Limited. The adjustment to interest bearing loans and borrowings of £217,852,000 represents the loan repayment of £221,560,000 net of the release of associated debt issue costs of £3,708,000. The adjustment to derivative financial instruments of £2,288,000 represents the settlement of related interest rate swap hedging instruments. The balances above represent the financial position as at 30 September 2019. The values of the outstanding principal, associated debt issue costs and related derivative financial instruments may differ as at the date of this Prospectus.

(5) Reflects the recapitalisation of amounts owed in respect of the Shareholder Loan Notes. The balance represents the outstanding principal of £583,173,000 combined with associated accrued interest of £108,633,000. The total balance of £691,806,000 will be recapitalised into share capital and share premium on completion of the transaction.

No adjustment has been made to reflect the trading results of the Group since 30 September 2019 or any change in its financial position in this period.

***What are the key risks that are specific to the issuer?***

- The growth of Calisen's business, financial condition, results of operations and prospects depends on the regulatory and legal environment in which Calisen operates.

- The growth of Calisen’s business and future revenue depends on the continued demand from energy retailers for third-party meter asset ownership and operation.
- The growth of Calisen’s business, financial condition, results of operations and prospects is affected by the challenges associated with the mass-scale roll-out of smart meters.
- Once the key regulatory deadlines that have been driving the growth in Calisen have passed, growth in the MAP segment in Britain will be uncertain, and Calisen may not be successful in seeking growth in other jurisdictions or adjacent lines of business.
- Energy networks and related industries in Britain, including the MAP segment, may be nationalised, expropriated or more onerously regulated by a future government, and MAPs may become directly regulated.
- Changes to the “supplier of last resort” regulatory framework, and the potential invoking of the Energy Supply Company Administration special administration regime, would increase Calisen’s risks that it would not be able to receive MPC payments from energy retailer customers.
- Meters and other metering equipment installed, owned and managed by Calisen may develop faults, which may lead to Calisen facing warranty or liability claims.
- Were a meter to undergo consumer churn, Calisen might not have a written contractual basis for continuing to collect MPC payments with respect to it, and the new energy retailer may choose to remove it without compensating Calisen.
- It may be difficult to predict 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.
- Calisen depends on a limited number of manufacturers and installers, and their failure to timely deliver their products and services or to otherwise perform their contractual obligations could increase its costs, impact revenue and harm its reputation.
- Changes in the accounting guidance, applicable tax rulings and taxation requirements could affect Calisen’s financial results and the reorganisation of the Group in connection with Admission could be challenged resulting in substantial tax payments.

### Key information on the securities

#### *What are the main features of the securities?*

The Company is offering 125,000,000 new Shares (the “**New Shares**”), and the Selling Shareholders are offering 11,995,244 existing Shares (the “**Existing Shares**” and together, the “**Offer**”).

#### *Currency, denomination, par value and number of securities issued*

The currency of the Shares is pound sterling. On the admission of the Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective (the “**Admission**”), the issued share capital of the Company will be £5,479,809.73, comprising 547,980,973 ordinary shares of £0.01 each in the capital of the Company, all of which will be fully paid or credited as fully paid.

#### *Rights attached to the securities*

The rights attaching to the Shares, upon Admission, will be uniform in all respects (including with respect to pre-emption rights) and they will form a single class for all purposes, including with respect to voting and for all dividends and distributions thereafter declared, made or paid on the ordinary share capital of the Company. The Shares are freely transferable and there are no restrictions on transfer.

#### *Rank of securities in the issuer’s capital structure in the event of insolvency*

The Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The Shares will rank *pari passu* in all respects.

### *Dividend policy*

The Company's primary objective is to seek to achieve capital growth for its shareholders. It is the Directors' intention during the current phase of the Smart Meter Implementation Programme (the "SMIP") to retain the majority of the Group's cash flow to finance growth and to focus on the installation of smart meters.

Consequently, during this installation phase, which is expected to continue to December 2024, the Group intends to pay a nominal dividend. The dividend for the year ending 31 December 2020 is expected to be approximately £7 million, pro rated for the number of days for which the Company is listed in the year ending 31 December 2020. It is expected to remain at that level in the medium term. Once this installation phase has finished, the Group intends to propose more substantial dividends with a dividend policy that will take into account the mature nature of the smart meter portfolio at that point and future investment opportunities that may be funded from the Group's cash flow.

The Directors intend to review the Group's dividend policy on an ongoing basis and will consider amendments as and when appropriate, depending on the pace of the smart meter roll-out, the Group's free cashflow, financial condition, future prospects and any other factors deemed by the Directors to be relevant at the time.

### *Where will the securities be traded?*

Application will be made to the FCA for all the Shares, issued and to be issued in connection with the Offer, to be admitted to the premium listing segment of the Official List of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The London Stock Exchange's main market for listed securities is a regulated market.

### *What are the key risks that are specific to the securities?*

Set forth below are the key risks relating to the Shares.

- There has been no public market for the Company's Shares prior to the Offer, and there can be no assurance that an active market in the Company's Shares will develop.
- The price of the Company's Shares may be volatile and affected by a number of factors, some of which are beyond the Group's control.
- Holders of the Shares may not be able to participate in future equity offerings with subscription rights.
- Future sales or the possibility of future sales of a substantial number of the Company's Shares could have an adverse effect on the price of the Company's Shares, and the issuance of an additional number of the Company's shares could dilute the interests of shareholders.

## **Key information on the offer of securities to the public and the admission to trading on a regulated market**

### *Under which conditions and timetable can I invest in this security?*

#### *General terms and conditions*

Application will be made to the FCA for all of the Shares, issued and to be issued in connection with the Offer, to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that Admission will become effective and that unconditional dealings in the Shares on the London Stock Exchange will commence at 8:00 a.m. on 12 February 2020. It is expected that dealings in the Shares on a conditional basis will commence at 8:00 a.m. on 7 February 2020. The earliest date for settlement of such dealings will be 12 February 2020. All dealings in Shares prior to the commencement of unconditional dealings will be on a "when-issued" basis, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

The Offer comprises 125,000,000 New Shares and 11,995,244 Existing Shares.

### *Expected timetable*

<u>Event</u>	<u>Time and Date</u>
Announcement of the Offer Price and allocation of Shares . . . . .	7:00 a.m. on 7 February 2020
Prospectus published . . . . .	7 February 2020
Commencement of conditional dealings in Shares on the London Stock Exchange <sup>(1)</sup> . . . . .	8:00 a.m. on 7 February 2020
Admission and commencement of unconditional dealings in Shares on the London Stock Exchange . . . . .	8:00 a.m. on 12 February 2020
CREST accounts credited with uncertificated Shares . . . . .	as soon as possible after 8:00 a.m. on 12 February 2020
Despatch of definitive share certificates (where applicable) for Shares in certificated form . . . . .	by 26 February 2020

(1) It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

### *Details of Admission*

Application will be made to the FCA for all of the Shares, issued and to be issued in connection with the Offer, to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

### *Plan for distribution*

On 7 February 2020, the Company (for itself and as agent for and on behalf of those members of the Company's management who hold shares in Evergreen Energy Limited on the date of publication of this Prospectus who have elected to make available Shares for sale in the Offer (the "**Management Selling Shareholders**") pursuant to the share sale election deeds (as amended) entered into by the Management Selling Shareholders pursuant to which, among other things, the Management Selling Shareholders have irrevocably instructed the Company to agree the sale of Existing Shares as agent for and on behalf of the Management Selling Shareholders (the "**Deeds of Election**")), the Directors, the Major Shareholder, the Sponsor (as defined below) and the Underwriters (as defined below) entered into an underwriting and sponsor's agreement (the "**Underwriting Agreement**") pursuant to which, the Underwriters (as defined below) have agreed, subject to certain terms and conditions, severally to (i) use reasonable endeavours to procure subscribers or purchasers, as the case may be, or, failing which, to (ii) subscribe for or purchase, as the case may be, for themselves, at the Offer Price, the Shares to be issued or sold pursuant to the Offer.

The Offer is being made to certain institutional and professional investors in the UK and elsewhere outside the United States in accordance with Regulation S and in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A of the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

### *Dilution*

Pursuant to the Offer, the Existing Shareholders will experience a 22.8% dilution as a result of the issue of the 125,000,000 New Shares (that is, its, his or her proportionate interest in the Company will decrease by 22.8%).

### *Estimate of total expenses of the Offer*

The costs and expenses of, and incidental to, Admission and the Offer payable by the Company are estimated to amount to £25 million (including VAT), and include, among others, underwriting commissions (including the maximum amount of any discretionary commission), the FCA's fees, professional fees and the costs of printing and distribution of documents. No expenses will be charged by the Company or the Selling Shareholders to any subscribers or purchasers of Shares pursuant to the Offer.

### *Sponsor, Joint Global Coordinators and Joint Bookrunners*

Credit Suisse International is acting as sponsor for the Offer (the "**Sponsor**").

Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Limited, HSBC Bank plc and KKR Capital Markets Limited are acting as joint global coordinators and joint bookrunners for the Offer (the "**Joint Global Coordinators**").

Barclays Bank PLC and Goldman Sachs International, are acting as joint bookrunners for the Offer (together with the Joint Global Coordinators, the "**Underwriters**").

### *Over-allotment Option*

The Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) have granted Citigroup Global Markets Limited, acting as stabilising manager (the “**Stabilising Manager**”) an over-allotment option in the Underwriting Agreement (the “**Over-allotment Option**”) for the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotment and/or from sales of Shares effected by the Stabilising Manager during the stabilising period.

### ***Why is this prospectus being produced?***

#### *Reasons for the Offer and use of proceeds*

The Directors believe that the Offer and Admission will position the Group for the next stage of its development, by further raising the profile of the Group and providing an appropriate capital structure for future growth, including the funding of existing and new contracts relating to smart meter roll-outs in Britain and increasing financial flexibility. The sale of Existing Shares will provide the Selling Shareholders with an opportunity for a partial realisation of their shareholding in the Company.

Through the issue of 125,000,000 New Shares pursuant to the Offer, the Company expects to raise proceeds of approximately £275 million, net of underwriting commissions (including the maximum amount of any discretionary commission) and other costs and expenses of, and incidental to, Admission and the Offer which are expected to be approximately £25 million (including VAT) and which the Company intends to pay out of the proceeds of the Offer it receives. Through the sale of 11,995,244 Existing Shares pursuant to the Offer, the Company expects the Selling Shareholders to raise proceeds of approximately £27.78 million, in aggregate, net of underwriting commissions (including the maximum amount of any discretionary commission) and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer which are expected to be approximately £1.01 million (including VAT) (assuming there is no exercise of the Over-allotment Option).

The Company intends to use the gross proceeds from the issue of the New Shares to support future growth, repay certain indebtedness and for general corporate purposes. The Company will use approximately £300 million from the gross proceeds to repay £227 million of equity bridge loans and fund £4 million of debt service reserve accounts. The remaining £69 million will be used to fund existing and new contracts relating to smart meter roll-outs in Britain and for other general corporate purposes (including costs and expenses of, and incidental to, Admission and the Offer payable by the Company). The Offer is, subject to certain conditions, fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement.

#### *Material conflicts of interest*

Save as set out below, there are no actual or potential conflicts of interest between the duties owed by the Directors, the senior managers of the Group (the “**Senior Managers**”), or members of any administrative, management or supervisory body of the Company to the Group, and the private interests and/or other duties that they may also have.

Tara Davies and Oleg Shamovsky are members of Kohlberg Kravis Roberts & Co. Partners LLP, an affiliate of KKR, and directors of other entities in which funds advised by KKR have an interest. The Major Shareholder is indirectly controlled by funds advised by KKR. Although the positions set out in this paragraph are considered by the Board to represent potential conflicts of interest, as at the date of this Prospectus they are not considered by the Board to represent actual conflicts of interest. The Board has approved those potential conflicts of interest in accordance with the Companies Act 2006.

The Company and the Major Shareholder have entered into a relationship agreement dated 7 February 2020 (the “**Relationship Agreement**”) which will, conditional upon Admission, regulate the ongoing relationship between the Company and the Major Shareholder. The Relationship Agreement restricts the Directors appointed by the Major Shareholder from voting at any Board meeting on any matter giving rise to a conflict of interest.

There are no arrangements or understandings with the Major Shareholder, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected other than the terms of the Relationship Agreement in relation to the appointment of Tara Davies and Oleg Shamovsky.

## PART II

### RISK FACTORS

*Before making an investment decision with respect to the Shares, prospective investors should consider carefully all of the information set out in this Prospectus. Prospective investors should have particular regard to, among other matters, the risk factors set out in this Part II (Risk Factors). The risk factors set out in this Prospectus, alone or collectively, may reduce the value of the Shares and could result in a loss of all, or a portion, of an investor's investment in the Shares. The risk factors set out in this Prospectus are not exhaustive and do not necessarily comprise all the risks associated with an investment in the Shares. There may be other risks which are not presently known to the Directors, or which the Directors deem immaterial, which may also materially and adversely affect the Group's business, results of operations and financial condition.*

*Prospective investors should note that the risks relating to the Group and the Shares summarised in Part I (Summary) of this Prospectus are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I (Summary) of this Prospectus but also, among other things, the risks and uncertainties described below in this Part II (Risk Factors).*

*An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Prospective investors should consider carefully whether an investment in the Company is suitable for them in light of all the information in this Prospectus and the financial resources available to them.*

#### **Risks Relating to Calisen's Business, Industry and Regulatory Environment**

1. ***The growth of Calisen's business, financial condition, results of operations and prospects depends on the regulatory and legal environment in which Calisen operates.***

Calisen's results of operations will depend to a substantial extent on the willingness and ability of energy retailers to implement and continue transitioning to smart metering technology and solutions. The energy retailers in Britain have been required by legislation and regulation to take all reasonable steps to install gas and electricity smart meters in all homes and small non-domestic settings in Britain by 31 December 2020 (the "Current Framework"), which has fuelled the growth and development of the MAP (meter asset provision) segment, and the demand for Calisen's outsourced operational and financial meter solution. The current BEIS proposal under consultation would set the regulatory framework for the period from January 2021, requiring energy retailers to complete the replacement of a prescribed percentage of traditional meters in Britain with smart meters (the "BEIS Proposal") by an extended deadline of December 2024 (31 December 2020 being the date set out in the Current Framework or such later date as is implemented in the licence conditions being the "Roll-out Deadline"). The regulatory and legislative framework in Britain may further change in the future, such as through successive extensions of the Roll-out Deadline or by ending the mandate altogether. Regulatory or legislative changes may influence the strategies of and courses of action taken by Calisen's energy retailer customers, such as delaying their procurement processes or deployment schedules or scaling back their plans to switch from traditional meters to smart meters, any of which could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects. Therefore, changes to the regulatory and legislative environment may impact the development of the MAP segment, with uncertainties in the direction and the rate of growth of the segment, which could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

2. ***The growth of Calisen's business and future revenue depends on the continued demand from energy retailers for third-party meter asset ownership and operation.***

The MAP segment is still developing and evolving, and it is uncertain whether and at what pace the segment will develop, whether third-party meter asset ownership and operation will be profitable and whether the services that Calisen provides for its energy retailer customers will achieve and sustain high levels of demand. The continued development of the MAP segment is built on demand from energy retailers for third-party meter asset ownership and operation. If energy retailers, including Calisen's customers, decide that it would be more profitable for them to bring meter asset ownership and/or operation in-house, instead of contracting with third parties like Calisen, the MAP segment may grow more slowly or stop growing altogether.

A choice by energy retailers to bring meter asset ownership and operation in-house may also depend on changes to the accounting treatment for MAP contracts. Currently, the debt associated with the capital expenditure for MAP-owned metering equipment may not (depending on the energy retailer's accounting treatment) be considered liabilities of the energy retailer for IFRS purposes. As such, any developments in accounting treatment may impact the development of the MAP segment. Any such adjustment could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

**3. *The growth of Calisen's business, financial condition, results of operations and prospects is affected by the challenges associated with the mass-scale roll-out of smart meters.***

The development of the MAP segment in Britain could face hurdles associated with implementing a large and complex infrastructure project. As a result of the Current Framework and the BEIS Proposal, Calisen expects that a large proportion of the traditional meters in use will have been changed to smart meters by the Roll-out Deadline. However, the speed and complexity associated with undertaking this nationwide infrastructural change may cause delays in the mass-scale roll-out of smart meters. For example, SMETS1 meters, which communicate through a SMSO, will need to be enrolled in the DCC within 12 months of that meter becoming eligible for enrolment, or an energy retailer will need to take all reasonable steps to replace the SMETS1 meter with a SMETS2 meter (or a meter of a later version) by 31 December 2020 (or such later date as implemented by BEIS who issued a consultation on 14 January 2020 with a proposal to extend the date to 31 December 2021 at the earliest). The enrolment and adoption of SMETS1 meters is being structured in different cohorts, and the majority of Calvin Capital's SMETS1 meters are in the last cohort.

Furthermore, due to, among other causes, awareness of the potential loss of communication in respect of SMETS1 meters if a consumer churns to an energy retailer that uses a different SMSO, some consumers may have chosen not to have a smart meter installed, which could lead to a delay in the transition schedule. Additionally, there have been radio frequency noise issues with the communications hub and meter combination relating to SMETS2 meters in the Northern network region, which has similarly led to a delay in the roll-out of SMETS2 meters in the northern parts of England and in Scotland. Another near-term constraint to the mass roll-out of SMETS2 meters could be that energy retailers may not want to be left with inventory of SMETS1 meters as SMETS2 meters are installed. Such delays in the implementation of the smart meter roll-out could lead to Calisen generating lower levels of revenue in certain time periods compared to what it anticipated, and for Calisen's overall revenue generated to be less than its contracted installation MAP pipeline. SMETS1 meters use 2G/3G networks operated by Vodafone or O2, and there is no guarantee that these networks will always be maintained across Britain. Any such development could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

**4. *Once the key regulatory deadlines that have been driving the growth in Calisen have passed, growth in the MAP segment in Britain will be uncertain, and Calisen may not be successful in seeking growth in other jurisdictions or adjacent lines of business.***

Calisen focuses on procuring, installing, owning and managing smart meters pursuant to MAP contracts with energy retailers. The vast majority of Calisen's Adjusted EBITDA is attributable to its meter asset ownership and operation in Britain. Calisen's business and growth have largely been driven by the Current Framework, although the Current Framework may be supplemented by the adoption of the BEIS Proposal or a variation of the BEIS Proposal. Calisen should continue to receive MPC payments on the meters it owns after the Roll-out Deadline, by which time most of the traditional meters in Britain will have been switched over. However, because the main impetus behind the demand for new meters will have ended once the Roll-out Deadline has been reached, it is likely that the demand for new meters will reduce after this time, and the opportunity to enter into MAP contracts with energy retailer customers will diminish. It is unlikely that after this time, demand for new meters at a magnitude and timeframe similar to current levels will exist again in Britain unless a similar governmental mandate is introduced in the future. Moreover, if the demand for new meters slows down after the Roll-out Deadline, Calisen will continue to have fixed costs, due to the installation work force that Calisen acquired as a result of the completion of the acquisition of Lowri Beck Holdings Limited (the "**Lowri Beck Acquisition**"). The decline in demand may require reduced working hours and redundancies to reduce Calisen's cost base. Redundancies may increase costs in the short term and may also lead to capacity constraints if the demand were to subsequently recover. If the demand were to recover and Calisen was unable to meet the demand as a result of the redundancies, this could weaken Calisen's relative position within the British MAP segment as compared to its competitors and reduce potential revenue and profit.

Furthermore, it is anticipated that the British government (as part of its efforts to reduce carbon emissions) will support the installation of low-carbon electric heating systems in all new homes built in Britain after 2025.

While some homes may therefore end up with two or more electricity meters, it may also be the case that in the future, British homes will have fewer meters. Therefore, while new MAP contracts are likely to be available after the Roll-out Deadline and 2025, respectively, as new meters will need to be installed and old meters replaced, growth in Calisen's current core business, which consists of procuring, installing, owning and managing smart meters in Britain, may be limited after those dates.

Calisen's business strategy is three-fold: delivering contracted growth in the British MAP segment; continuing to build out its smart meter pipeline; and expanding into adjacent areas and internationally. Adjacent opportunities and geographical expansion, along with any other strategies that it may develop in the meantime, may play increasingly important roles in Calisen's future growth. Such adjacent opportunities may include, among others, energy storage and electric vehicle charging infrastructure, and geographical expansion in the smart metering business may include jurisdictions with the requisite regulatory framework, such as Australia. However, there is no guarantee that Calisen will be successful in executing its strategies in the future, and it may prove challenging for Calisen to replicate the business model has built in the British MAP segment in adjacent opportunities or in other countries. As such, Calisen may not be successful in seeking growth in other potential lines of business, and without one or more alternative successful sources of growth to replace the diminished opportunities in the British MAP segment after the Roll-out Deadline in Britain, Calisen may experience slower rates of growth, or no growth at all. Any such development could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

***5. Energy networks and related industries in Britain, including the MAP segment, may be nationalised, expropriated or more onerously regulated by a future government, and MAPs may become directly regulated.***

Certain portions or the entirety of the energy networks and related industries, including the MAP segment, may be expropriated or nationalised or become more heavily regulated. In May and November 2019, the Labour party published a document titled "Bringing Energy Home" and a manifesto titled "It's Time for Real Change", respectively, in which the party proposed to bring energy transmission and distribution into government ownership. In particular, the Labour party proposed to nationalise, among others, electricity and gas transmission companies and electricity and gas distribution companies, all of which are named in "Bringing Energy Home". In addition, the Labour party proposed the nationalisation of the Big 6 Energy Retailers in "It's Time for Real Change".

The Labour party's annual party conference, held in September 2019, also voted in favour of adopting the nationalisation of the Big 6 Energy Retailers as part of the party's policy goals.

If such broader nationalisation schemes, involving energy retailers, were to be carried out, there may be much less demand from energy retailers to use a third-party MAP for smart meter procurement, installation, ownership and management. One of the reasons that many energy retailers have thus far chosen to use a third-party MAP like Calisen is to allow them to fulfil their regulatory requirement to offer smart meters to domestic consumers without, subject to their own auditor assessment, having to take on the debt associated with the required capital expenditure for metering equipment and the cost of installation on their balance sheets. In particular, third-party ownership of meters relieves energy retailers of the burden of managing the operational complexities around consumer churn. If energy retailers owned their own meters, then in the event of consumer churn, they may need to continue to manage them for the new energy retailers. Given the number of consumers in Britain and their freedom to choose their energy retailers, churn management could become financially complex and operationally cumbersome for the energy retailers. If energy retailers are under government ownership and information flows therefore become more centralised, churn management may no longer be such a financial or operational burden for energy retailers, and third-party MAPs like Calisen may no longer be as useful for an energy retailer. In such a case, the consequences of such nationalisation could have a material negative impact on Calisen's business, financial condition and results of operations because more energy retailers may choose to own and operate the meters themselves.

In addition, as the energy sector comes under greater government scrutiny and the possibility of greater government involvement in the energy sector increases, MAPs, which are currently not regulated directly by the energy sector regulators, could find themselves under direct regulation or government ownership. Thus, it is possible that smart metering will become more heavily regulated, and that a future government may bring various aspects of energy transmission and distribution, including meters, into government ownership. Greater regulation may raise Calisen's costs or lower its revenue, and public ownership of meters may put Calisen out of business. Furthermore, given the Labour party's desire for the government to play a more active role in the energy sector, not only may it become more difficult for Calisen to win more MAP contracts and grow its presence within the MAP segment in Britain, but it may also become more difficult for Calisen to expand into

adjacent lines of business, such as energy storage and electric vehicle battery charging, in Britain. Since those are two limbs of Calisen's three-pronged strategy, greater government regulation of metering and/or nationalisation could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

**6. *Changes to the “supplier of last resort” regulatory framework, and the potential invoking of the Energy Supply Company Administration special administration regime, would increase Calisen's risks that it would not be able to receive MPC payments from energy retailer customers.***

The “supplier of last resort” regulatory framework is a mechanism designed to ensure that consumers continue to have access to their gas or electricity supply even in the event that their energy retailer becomes insolvent. Under this framework, the regulator can appoint an energy retailer to step in and serve as a replacement energy retailer when the original energy retailer is in severe difficulties or goes out of business. Because it is designed to ensure a continuous supply of energy to consumers, when it is triggered, it should be less likely that monthly MPC payments to Calisen, now invoiced to and payable by the replacement energy retailer, would be interrupted. When the “supplier of last resort” regulatory framework is invoked, Calisen bills the replacement energy retailer, from the day of the change in energy retailer customer, for such meters based on a churn contract (if one is already in place) or invoiced rates (if a churn contract is not in place with the replacement energy retailer).

If the “supplier of last resort” regulatory framework were to be changed or scrapped, it would make it less certain that Calisen would be able to receive MPC payments with respect to meters that had been utilised by the failed energy retailer. Without another energy retailer stepping in immediately to allow for seamless service to consumers, Calisen may not be able to recover the nearly uninterrupted MPC payments following the change in energy retailer once the “supplier of last resort” regulatory framework has been implemented. In such a case, not only would it be more difficult for Calisen to receive MPC payments on a monthly basis, but it may also take a long time for Calisen to recover any back payments, if it is able to recover any amount at all. Any such development could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects. Similarly, the Energy Supply Company Administration is a special administration regime for large energy retailers. It seeks to ensure uninterrupted and safe operation of essential services in the event of a large energy retailer becoming insolvent. However, since Calisen is not aware of the regime ever being triggered by a large energy retailer becoming insolvent in Britain, any actions by the special administrator of the regime and any implications on Calisen's ability to collect MPC payments owed to it are difficult to predict.

**7. *In order for Calisen to successfully expand to other jurisdictions where its business model can be replicated, continued political support to help spur investments by energy retailers in smart metering is required, and political and regulatory responses to negative publicity, technological difficulties or logistical complications may have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.***

The transition by energy retailers to smart metering is largely dependent on consumer policy, with additional drivers including political support for energy efficiency and legislative initiatives that promote or require investment in that segment. Different countries have adopted different models for the implementation of widespread roll-outs of smart meters. One such model, as adopted in Britain, has been to impose an energy retailer-centric model. The regulatory obligation may take many forms, including government-sponsored grants or incentives, the approval of rate increases that energy retailers may request to pass through to consumers the cost of acquiring and deploying smart metering products, mandatory solutions and services for consumers and the promulgation of standards governing these products, solutions and services. All of these have required, and will continue to require, action by governments around the world. There can be no assurance that current political trends, such as, for instance, the strong focus on decarbonisation of the power generation industry, which Calisen expects to support the transition by energy retailers to smart metering, will continue. Furthermore, the government policies and programmes and legislative initiatives may prove to be ineffective, such as if they are not strongly enforced or the penalties for non-compliance with regulatory requirements are negligible, such that energy retailers choose not to abide by such requirements.

Adverse publicity about, or consumer or political opposition to, smart metering could inhibit the growth of the overall segment. Energy retailers may face adverse publicity about, or consumer or political opposition to, all or some aspects of smart metering. The safety and security of the power grid and other natural resource systems, the accuracy and protection of the data collected and transmitted by smart meters, concerns about the safety and perceived health risks of using radio frequency communications and privacy concerns of monitoring

home appliance energy usage have all been subject to adverse publicity. There is a risk that consumers may not welcome new technologies that provide detailed data about their behaviour, thus raising privacy concerns. They may also view smart meters as being responsible for higher energy bills as a result of inaccurate data or meter fault, or for other real or perceived shortcomings. For instance, there have been reports in the press that certain persons have alleged that smart meters have failed to measure and transmit accurate data to energy retailers, resulting in over-billing. Such allegations, whether successful or not, and any such perceived shortcomings, may adversely impact the reputation and public acceptance of smart meters, which would negatively affect Calisen's business.

Negative perception about smart metering could lead to consumers declining when offered a smart meter. This could significantly slow down the roll-out of smart meters, potentially to the point where traditional meters are only replaced with smart meters when they reach the end of their useful life. Such a delay could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

In addition, if any of the technology used in smart metering fails to work or does not lead to expected benefits for consumers or energy retailers once deployed, smart metering projects may be deemed or perceived as unsuccessful, and legislators and regulators may not take or may delay the necessary measures to help spur the transition by energy retailers to smart metering. Additionally, legislators and regulators may amend or rescind such legislation or regulation, and energy retailers may consequently delay their plan for transitioning to smart metering or ultimately decide not to do so.

Furthermore, claims may arise that there are adverse health effects from the radio frequencies utilised in connection with smart metering. Such claims could lead to negative publicity that further causes the public to be unaccepting of smart metering. The claims could also end up being litigated in court, which could result in injunctions against further roll-outs of smart meters or damages judgments that make it uneconomical for energy retailers and governments to pursue widespread usage of smart meters. In addition, concerns about adverse health effects, security concerns or negative public perception may cause legislators and regulators to delay or rescind the mandate to transition to smart metering.

Even where the switch to smart meters has been or is in the process of being implemented, the length of time a large-scale roll-out may take may result in the meters installed earlier on in the process becoming technologically obsolete and superseded. As new generations of smart meters are developed, older generations of smart meters may not always be fully compatible with the wider smart metering network system. Technological obsolescence leading to a disjointed and sub-optimally functioning smart metering network system could lead to consumer discontent and political pushback against the introduction of widespread smart metering. Governmental support, whether through laws and regulations or funding, to help bring all meters up to the latest technology may not always be feasible, and the growth of the smart metering segment could be negatively impacted.

In addition, Calisen cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing or future laws will be applied or interpreted. In particular, governmental agencies and regulatory bodies may promulgate regulations that mandate or encourage the use of a particular type of technology in smart metering that is not compatible with the technology employed in Calisen's smart metering software and ownership and operation of meter assets. It is also technically possible that they may establish standards that are more favourable to Calisen's competitors than Calisen. Any such development could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

**8. *Calisen operates almost exclusively in Britain, and difficult conditions in the British economy may have a material adverse effect on its business, financial condition and results of operations.***

As Calisen operates almost exclusively in Britain, Calisen's success is closely tied to general economic developments in Britain and cannot be offset by developments in other geographies. Negative developments in, or the general weakness of, the British economy may negatively affect the financial conditions of Calisen's energy retailer customers and Calisen.

A slowdown in the economic recovery or worsening of economic conditions could cause further weakness in Calisen's end markets and adversely affect its revenue and operating results. In addition, given the importance of debt financing to Calisen's overall business model, a lack of availability of credit, or at favourable rates in Britain, after the expiry of Calisen's current debt facilities, would hamper Calisen's ability to fund its operations and carry out its meter procurement, installation, ownership and management work. This may make it more difficult for Calisen to carry out its obligations under its existing MAP contracts, and it may prevent Calisen from competing for new MAP contracts or cause it to cut back on its operations. Furthermore,

Calisen's business, financial position, results of operations and prospects are dependent on its entry into and the implementation of MAP contracts, which is dependent on the smart meter roll-out plans of its energy retailer customers. If energy retailers face financial distress, due to factors such as uncertainty regarding economic conditions, a lack of availability of credit, an increase in interest rates, financial instability, slower economic growth, currency fluctuations, inflation and other deteriorations in general economic conditions, this may cause energy retailers to curtail their smart meter roll-out plans. This may mean that Calisen's contracted installation MAP pipeline may not fully materialise into revenue-generating meters. Fewer MAP contracts may be available to compete for, or those that become available may be for smaller contracted installation MAP pipelines. In addition, an increase in inflation may affect Calisen's cost base and its profit margins, if Calisen is unable to pass on the increase in costs to its energy retailer customers. Periods of deteriorating general economic conditions may result in a significant reduction in revenue, which may negatively affect Calisen's profitability and put downward pressure on its MPC prices and meter volumes. These effects may have a more pronounced effect on its business, financial position, results of operations and prospects due to the relatively small scale of its operations in relation to the United Kingdom as a whole.

Downturns in general economic conditions may also materially affect Calisen's manufacturers and installers. Adverse economic conditions may cause manufacturers and installers to be unable to meet their commitments to Calisen or an energy retailer directly, which could limit Calisen's ability to provide its services to its energy retailer customers. Calisen's manufacturers and installers may also seek to reduce their costs in response to adverse economic conditions, which could reduce the quality of their products or services, which, in turn, could damage Calisen's reputation. The manufacturers and installers may also seek to make changes in the credit terms they extend to Calisen, which could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

Following the British government's decision to invoke Article 50 on 29 March 2017 (and consequent changes to the exit date), the UK left the European Union on 31 January 2020.

At this stage, the nature of the future relationship between the UK and the remaining European Union countries following Brexit has yet to be agreed and negotiations with the European Union on the terms of Brexit have demonstrated the difficulties that exist in reaching such an agreement. Depending on the terms of the negotiations, the UK could also lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Such a decline in trade could affect the attractiveness of the UK as a global investment centre and, as a result, could have a detrimental impact on economic growth in the country. Furthermore, regardless of the form of any withdrawal agreement, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following Brexit, and British regulatory requirements once outside the European Union could be subject to significant change.

Calisen is based in Britain and currently does not have any operations in European Union member states outside the UK. Therefore, the biggest impact of Brexit on Calisen's results of operations may be through the negative effect of Brexit on the British economy. While Calisen's immediate contracting partners are largely British entities and its current contracts with energy retailer customers, meter manufacturers and in respect of installation service are almost exclusively denominated in pound sterling, the effects of Brexit may be felt in the longer term if, for example, its manufacturers with European supply chains raise the price of meters and other equipment to account for their own foreign exchange risks, or if its manufacturers experience delays in delivering their products on time and Calisen is unable to raise its prices. It is also possible that Calisen's manufacturers with international operations and supply chains may choose not to price their products in future contracts in pound sterling, which may create foreign currency exchange rate risks for Calisen that it largely does not currently face, and against which it may not always be able to successfully hedge.

Any deterioration in the economic and financial market conditions may:

- cause financial difficulties for Calisen's suppliers, which may result in their failure to perform as planned and, consequently, create delays in the performance of Calisen's MAP contracts;
- result in inefficiencies due to Calisen's reduced ability to forecast its future needs and the progress of its contracted installation MAP pipeline, and its resulting failure to adjust its costs appropriately;
- cause reductions in the future valuations of Calisen's investments and assets and result in impairment charges related to goodwill or other assets due to any significant underperformance relative to its historical or projected future results or any significant changes in its use of assets or its business strategy;

- result in increased or more volatile taxes, including the possibility of new tax regulations, interpretations of regulations that are stricter or increased effort by governmental bodies seeking to collect taxes more aggressively;
- result in increased customer requests for reduced pricing on existing MAP contracts, and tougher negotiations over pricing when entering into new MAP contracts; or
- limit Calisen's ability to access capital markets and obtain necessary financing required to fund Calisen's existing commitments and growth after the expiry and/or above the limit of its existing debt facilities.

Any of the foregoing could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

**9. *Calisen owns and operates meter assets under MAP contracts with its energy retailer customers, and upon the MAP contract entering into a secondary period, or in the event of the early removal of a meter, there is no assurance that Calisen will be able to replace the original MPC revenue with other contracted revenue.***

Calisen is party to MAP contracts with its energy retailer customers relating to its installed base of meters as well as the installation of new meters. Calisen's installed base of meters provides Calisen with a predictable source of revenue. These contracts are long-term, with initial periods running for 10 to 15 years, during which time the energy retailer customer makes MPC payments on the meter at a rate set out in the MAP contract. After the initial period, if the meter remains associated with the same energy retailer, the contractual relationship between Calisen and its energy retailer customer continues in a secondary period, during which time the energy retailer customer makes MPC payments generally at a reduced level to Calisen. During the secondary period, the energy retailer customer may also choose to remove the existing meter and replace it with a new meter without paying an early termination charge.

If the meter were to remain installed after the expiration of the initial period of the MAP contract without a new MAP contract being entered into and with the consumer not changing its energy retailer, the revenue received by Calisen with respect to such a meter would generally decrease from the original contracted MPC rate applicable during the initial period to a reduced rate applicable during the secondary period. Furthermore, even if Calisen's energy retailer customer decides to replace the meter, the energy retailer customer may contract with another MAP to install and manage the replacement meter or use its own meter and install the meter itself. In such a situation, Calisen's asset base and revenue stream would decrease.

Furthermore, meters may be removed early by the energy retailer customer. If a meter is removed by the MAP contract customer (or an energy retailer customer with whom Calisen has a churn contract (a contract between Calisen and an energy retailer specifying the MPC rates to be paid by the energy retailer upon consumer churn, as well as other provisions regulating the billing relationship between Calisen and the churn energy retailer) in place that contains termination charges) for reasons unrelated to product fault or failed enrolment and adoption, the energy retailer customer generally remains financially responsible for the meter. As such, the energy retailer customer would typically be required to pay Calisen premature removal charges, which are generally specified in the MAP contract as generally equal to the net present value of the MPC that would have been received over the remaining initial period, as compensation upon returning the meter to Calisen, or the energy retailer customer would re-install the meter. Afterwards, however, the energy retailer customer may choose not to contract with Calisen for a replacement meter, instead undertaking the replacement itself or contracting with a different MAP. As in the case of a new MAP contract during the secondary period, the result would be that Calisen has fewer revenue-generating meters. While an energy retailer's MOP or MAM (as applicable) is required under its MOP or MAM licence to return the meter (in respect of electricity meters that have been removed), or make the meter available for collection (in respect of gas meters that have been removed), this does not always happen. Although Calisen tracks the meters to minimise losses, Calisen's ability to ensure that meters are returned is dependent on third parties. To the extent a greater portion of Calisen's meters are not returned on removal and are lost, Calisen's business, financial condition, results of operations and prospects could be materially adversely affected.

Calisen's MAP contracts also include voluntary termination rights, by which Calisen's energy retailer customers may cancel the MAP contract, return existing meters to Calisen, or stop instructing Calisen to install new meters and pay Calisen compensation. The impact of voluntary termination from the loss of future revenue could be significantly greater than the compensation income received under the contracts.

**10. *Issues pertaining to meter firmware updates could negatively affect revenue generated from smart meters.***

Smart meters consist not only of the hardware, but are also equipped with advanced meter firmware. Firmware is semi-permanent software that allows the smart meter to be upgraded through over-the-air transmissions. For SMETS1 meters not enrolled in the DCC, the upgrades arrive via the SMSO, while for SMETS2 smart meters, the upgrades are communicated via the DCC. Under Calisen's contracts with its manufacturers, the relevant manufacturer may provide firmware updates. Once a manufacturer has provided the firmware, the firmware needs to be deployed to the applicable meter. Deployment of firmware is not always possible if the meter is not communicating with the DCC or SMSO (as applicable). Also, because meters are manufactured and installed at different times, different meters may be fitted with different versions of the firmware. This means that to bring all meters up to date, not all meters made by the same manufacturer can be upgraded at once with a simple firmware upgrade, but rather each meter must go through successive version upgrades of the applicable meter firmware. Possible issues in the deployment of firmware include the incorrect upgrading of meter firmware, such as updating firmware in a wrong order, which may cause the meter to develop faults. If this occurs, Calisen's revenue from such meter may be negatively affected. Furthermore, in such cases where firmware updates cannot or are not deployed, Calisen may not be able to rely on warranty protections from the meter manufacturers for repair, replacement or compensation.

Meter firmware upgrades also have implications for the batteries used in gas meters. In comparison to when it is only undertaking its anticipated regular meter activities, a meter that is undergoing firmware upgrades uses up more power. As such, the need to upgrade a meter's firmware places greater demand on a gas meter's battery, thereby potentially shortening the life of the battery. This in turn may reduce the meter's life and require more frequent maintenance or an earlier replacement of the battery or potentially the meter itself. Thus, battery issues relating to meter firmware upgrades may also cause Calisen to incur greater costs with respect to its gas meters, thereby negatively impacting its profit margins.

**11. *Calisen's operations rely on IT systems and networks, which may be affected by malfunctions, 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 its reputation and have a material adverse effect on financial results.***

Calisen's IT systems and networks, such as computer systems, software, data centres and communications networks, may be affected by malfunctions and interruptions (including, but not limited to, those due to unauthorised access, cyber-attacks, equipment damage, power outages, computer viruses, sabotage, vandalism, system failures of network service providers, fire, earthquake, flood and other natural disasters, water damage, fibre optic cable cuts, improper building maintenance by the landlords of the buildings in which the IT infrastructure is located, terrorism and a range of other hardware, software and network problems) and Calisen's IT personnel may not be able to resolve any issues that arise rapidly. Some potential causes leading to a malfunction of Calisen's IT systems and networks are difficult to detect and may be only detected once the risk has already materialised. A significant or large-scale malfunction or interruption, whether malicious or otherwise, of one or more of Calisen's IT systems or networks could adversely affect its ability to keep its operations running efficiently and affect its planning and processes, inventory management and customer service. The successful remediation of such malfunction or disruption may take some time and require significant resources. While security remains one of Calisen's highest priorities, there can be no certainty that the security of its systems will not be breached and the information safeguarded by Calisen put at risk. Furthermore, Calisen may not be able to maintain, improve or upgrade its IT infrastructure as needed in the future, and changes in the IT systems and networks may cause operational disruptions or fail to result in productivity improvements that outweigh the cost of implementation. Additionally, Calisen is exposed to the risk of failing to register a meter on its IT systems or networks, wrongly classifying a meter or losing track of a meter within the system or network.

The systems of Calisen's third-party service providers, including telecommunications providers, also face analogous risks of service interruptions and data loss. In particular, Calisen relies on MAMs and MOPs to send industry information flows relating to consumer churn and removals and installations of gas and electricity meters. Calvin Capital reconciles the industry information flows to the centrally held reports and systems of Xoserve for gas, ECOES for electricity and ElectraLink for gas NOSI churn flow information. This is critical in order for Calvin Capital to be able to bill its energy retailer customers correctly and without delay, especially in the event of consumer churn. Calvin Capital may have little or no control over these third parties, which increases its vulnerability to service problems, and in the event of any reconciliation issues, Calvin Capital may invoice energy retailers incorrectly or late.

Although Calisen has taken steps to protect against system failures and data loss, there is still risk that it may lose critical data or experience such system failures. Whether undertaken internally or through third parties, attempts at disaster recovery may prove to be ineffective or insufficient, and Calisen's disaster recovery plans may not adequately address every potential event. To the extent Calisen outsources its disaster recovery, it is at risk of the third-party service provider's unresponsiveness in the event of breakdowns in its systems. Furthermore, Calisen's property and business interruption insurance may not be adequate to compensate it for all losses or failures that may occur. Any of the foregoing could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

**12. *Meters and other metering equipment installed, owned and managed by Calisen may develop faults, which may lead to Calisen facing warranty or liability claims.***

Meters and other ancillary metering equipment under Calisen's ownership and management may be faulty or develop faults, and Calisen may face warranty or liability claims as a result. Calisen's MAP contracts with its energy retailer customers specify standards of product and service quality, as well as safety and security and other regulatory requirements, that must be met by the equipment that is procured, installed and managed by or on behalf of Calisen. Calisen relies on its contracts with manufacturers for such equipment to satisfy such standards. Those manufacturer contracts contain warranty provisions to protect Calisen against cases of individual product failures and batch failures. The duration of the protection under such provisions differs based on the duration of the initial period of the corresponding MAP contract.

In many cases of faulty equipment, if Calisen's energy retailer customer makes a claim against Calisen under the MAP contract, Calisen seeks an appropriate remedy under the warranty provisions set out in its manufacturer contracts. Such remedy may include repair of the damaged equipment or a replacement, along with some monetary contribution towards the cost of re-installing the metering equipment.

However, in certain situations involving product faults, Calisen may face claims that are not covered through Calisen's arrangements with its contracted manufacturers. First, it may face claims from its energy retailer customers that are outside the scope of warranty protections provided by its manufacturers. Where Calvin Capital enters into a MAP contract with an energy retailer customer that has a 10-year initial period, its corresponding manufacturer contract generally has a five-year warranty for individual product failures and a subsequent five-year warranty for batch failures. For a MAP contract with a 15-year initial period, the corresponding manufacturer contract typically includes warranty protection of 10 years for individual failures and an additional five years for batch failures. Therefore, if an individual meter develops a fault outside the warranty period covering a specific product failure, Calisen may lose the revenue from such metering equipment in the event that the metering equipment has to be removed, and the meter may be removed by the energy retailer without any compensation being paid to Calisen. Second, the manufacturer from whom Calisen seeks remedy may dispute the claim. If a manufacturer were to argue that the problem with the equipment is not due to product fault, but some other cause, it may be more difficult for Calisen to obtain the remedy it seeks through the warranty process. Under either set of circumstances, Calvin Capital may not be protected through the arrangements agreed with manufacturers from a claim made by its energy retailer customer, and Calisen would incur additional expenses in connection with product faults. Furthermore, while Calisen's meter portfolio is covered under its liability insurance, Calisen does not have any meter warranty insurance that may help mitigate its losses from claims made by its energy retailer customers. Calisen's recovery under its existing insurance may be limited by deductibles, exclusions and other terms and conditions of its insurance policies, and the cost of insurance may rise and become more expensive.

In addition to monetary costs, product faults, particularly significant batch failures, as well as other failure to meet the required standards set out in Calisen's MAP contracts, could result in negative publicity and harm Calisen's reputation. Also, if there are consumer safety concerns around the equipment that Calisen uses, especially with regards to gas regulators, this could impact Calisen's reputation both among the public and Calisen's energy retailer customers. These types of situations, in turn, could affect Calisen's ongoing relationships with energy retailers, and make it more difficult for Calisen to secure new MAP contracts with its existing energy retailer customers or win new energy retailer customers.

**13. *Calisen is subject to environmental laws and regulations, and violations of such laws and regulations or future liabilities could cause Calisen to incur significant costs or impact its reputation.***

Calisen is subject to environmental laws and regulations governing the storage, use, handling, disposal, remediation of, and exposure to hazardous substances and certain waste products in connection with its metering equipment and installation services. The requirements of these laws and regulations are complex, may change frequently and could become more stringent in the future. If environmental laws and regulations were to

change, violations of such laws and regulations were to occur, or environmental liabilities were to arise in the future, they could cause Calisen to incur significant costs and adversely affect its operations or harm its reputation. In particular, if there are more onerous requirements, compliance with which is more expensive than previously, for the sustainable recycling or disposal of meters, this could have a material adverse effect on Calisen's business, financial condition, results of operations and prospects.

Calisen has experienced, and expects to continue to experience, costs to comply with continuously evolving and increasingly more stringent environmental laws and regulations. Calisen contracts with third parties to manage the disposal of certain materials taken from removed meters. Calisen cannot be certain as to the potential financial impact on its business if new adverse environmental conditions are discovered or environmental requirements become more stringent. If Calisen is required to incur environmental compliance or remediation costs that are not currently anticipated by Calisen, its business could be adversely affected depending on the magnitude of the cost. Failure to comply with current or future environmental laws and regulations could result in the imposition of substantial fines, liability for damages to persons or property or other penalties, and such costs may not be adequately covered by Calisen's insurance policies. Furthermore, even if the financial costs incurred as a result of environmental violation or liability were not to be significant, Calisen could suffer negative publicity that harms its reputation.

#### **14. *Calisen is exposed to risks associated with acquisitions, strategic partnerships and investments.***

Calisen recently completed the Lowri Beck Acquisition, and in the future may make acquisitions of or investments in, or enter into strategic partnerships with, companies in existing, related or new segments in support of its three-pronged growth strategy. Acquisitions, strategic partnerships and investments involve numerous risks that vary depending on their scale and nature, including, but not limited to:

- diversion of management's attention from other operational matters;
- inability to complete proposed transactions as anticipated or at all (and any ensuing obligation to pay a termination fee);
- the possibility that the acquired business will not be successfully integrated or that anticipated cost savings, synergies, or other benefits will not be realised;
- the acquired business or strategic partnership may lose market acceptance or profitability;
- a decrease in Calisen's cash or an increase in its indebtedness;
- failure to commercialise purchased or partnered services or solutions;
- initial dependence on unfamiliar supply chains or relatively small supply partners;
- inability to obtain and protect intellectual property rights;
- the incurrence of unexpected liabilities; and
- the loss of key personnel and customers of acquired businesses.

Successful acquisitions are dependent upon Calisen's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired businesses into its group. If Calisen makes acquisitions, there can be no assurance that it will be able to generate expected margins or cash flow, or to realise the anticipated benefits of such acquisitions, including growth or expected synergies. The expected benefits of the acquisitions, in particular, the anticipated synergies and growth opportunities, may not be realised in full (or at all) or may take longer to realise than planned. There can be no assurance that Calisen's assessments of and assumptions regarding acquisition targets or expected synergies will prove to be correct, and actual developments may differ significantly from its expectations. Before making acquisitions, due diligence will typically be conducted in a manner that Calisen deems reasonable and appropriate based on the facts and circumstances applicable to each acquisition. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisers, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of acquisition, the costs of which will be borne by Calisen. The due diligence investigation carried out with respect to any acquisition may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such acquisition. Moreover, such an investigation will not necessarily result in the acquisition being successful.

Further, Calisen may not be able to integrate acquisitions successfully into its group. Such integration may require more investment than Calisen expects, and Calisen could incur or assume unknown or unanticipated liabilities or contingencies with respect to energy retailer customers, employees, suppliers, government authorities or to other parties, which may impact its operating results. The process of integrating businesses may be disruptive to Calisen's operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in Calisen's results of operations. Reasons for such interruptions or loss of momentum may include: legal or regulatory issues, such as in relation to compliance with data protection laws and regulations, as well as contractual and other issues; difficulty in standardising information and other systems; difficulty in realising operating synergies; diversion of management's attention from Calisen's day-to-day business; potential loss of key employees, energy retailer customers and suppliers; and failure to maintain the quality of services that Calisen has historically provided. Some of Calisen's acquired companies or businesses may have different corporate cultures and practices and Calisen may not be able to successfully assimilate them with its culture and practices, and as a result, may, among others, be unable to retain key employees from such acquisitions.

In addition, Calisen may in the future enter into strategic partnerships with third parties with whom it collaborates to, for example, offer complementary services or make its offerings more competitive in certain segments. If successful, these relationships may be mutually beneficial and result in growth, but there can be no assurance Calisen will realise the expected benefits from these strategic partnerships. Such partnerships carry an element of uncertainty because Calisen may not be able to fully assess all risks. Strategic partnerships can also be difficult to manage, due to various reasons, such as the potentially different or colliding interests of strategic partners and cultural differences. In addition, Calisen may compete in some business areas with a company with which Calisen has a strategic partnership and, at the same time, cooperate with that company in other business areas or segments, which could increase the risk of potential inadvertent competition law violations. Furthermore, the company cooperating with Calisen may gain access to its knowledge, trade secrets or other confidential information. Also, if such strategic partners fail to perform as promised or if these relationships fail to materialise as expected, Calisen could suffer operational difficulties, especially if it may not be able to easily exit such a partnership. Calisen may also enter into partnerships in order to participate in growth opportunities in certain jurisdictions with regulations in place designed to restrict or limit the ability of foreign companies to conduct business there. If Calisen gains access to a jurisdiction through a strategic partner, such access could be lost if such relationship fails.

**15. *Calisen may not be successful in executing its strategy.***

Calisen seeks to implement a three-fold strategy, for which acquisitions serve as a tool: delivering contracted growth in the British MAP segment; continuing to build out its smart meter pipeline; and expanding into adjacent areas and internationally. 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. Calisen's strategy includes potential expansion into adjacent opportunities and internationally, which is inherently risky. Its pursuit of such business opportunities could fail to generate sufficient revenue to offset any new liabilities assumed and expenses associated with these new investments, and may require developmental investments or have higher cost structures than its current arrangements, which could reduce operating margins and require more working capital. If Calisen expanded internationally, its international operations could cause Calisen to generate a significant portion of its revenue and costs in currencies other than pound sterling. This would result in Calisen facing foreign currency exchange rate risks, which it currently only faces to a limited extent, and Calisen may not be able to successfully hedge against such risks.

Furthermore, such initiatives could involve distraction of management from current operations, inadequate return on capital, unidentified issues not discovered in the due diligence performed prior to launching an initiative or entering a segment, and other significant risks and uncertainties. As these segments mature, there could be new entrants into the segment or expansion by established competitors that increase competition for energy retailer customers and resources. Additionally, it is possible that governments and other regulators having authority over such segments could impose certain other restrictions on such transactions. All of these factors could result in higher costs or lower revenue than expected, resulting in lower than planned returns on investment.

**16. *Calisen operates in a competitive segment, and may therefore become less profitable due to the actions of its current or potential competitors in bidding for new MAP contracts.***

Calisen faces competitive pressures from a variety of companies in the industries in which it operates and the segments it serves. Such competitive pressures include lower growth, lower MPC pricing across the British MAP segment, and lower pricing by Calisen to avoid its meters becoming stranded. Some of the biggest challenges to Calisen's success in the future may come from energy retailers, including Calisen's own energy retailer customers, if they choose to establish their own MAM, MAP or MOP businesses. If they were to bring meter asset ownership and operation in-house, it would make it less likely that they would need to contract with Calisen for Calisen to own and operate the meter assets. Such a move by energy retailers to bring meter asset ownership and operation in-house may therefore reduce the opportunity for asset accumulation by Calisen in the future.

Some of Calisen's competitors that are network operations (*i.e.* divisions of certain energy network operators) or smaller MAPs, which may include some of the newer entrants in the segment, may price their bids for new MAP contracts more aggressively than Calisen in an effort to increase their customer base among energy retailers and win a larger share of the British MAP segment. Calisen's competitors also include independent MAPs, which have been successful in vying for MAP contracts.

Calisen believes that its strategic focus on efficient operations that underpin competitive advantages positions it well competitively. However, the industries and the segments in which Calisen operates are transforming and there is no guarantee that Calisen will be able to maintain or improve its competitive position in bidding for new MAP contracts. Furthermore, depending on the future direction of the energy retail sector and the needs and requirements of Calisen's energy retailer customers, Calisen may face competition from participants that have different business models or provide different services from its current competitors.

Calisen believes that many energy retailers rigorously evaluate their contracting counterparties on the basis of a number of factors, including quality, reliability and timeliness of delivery, IT infrastructure, price competitiveness, technical expertise, operational design capability and flexibility to promptly address performance issues and changes in customer requirements, maintenance and safety records, compliance with industry standards, financial creditworthiness, adaptability, prior track record and customer references (particularly for large projects), customer service and overall management. In awarding MAP contracts, energy retailers may focus on any one criterion or a combination of criteria, and different energy retailers may emphasise different factors. If Calisen does not compete effectively on any of these metrics as it seeks new MAP contracts, its ability to increase its base of revenue-generating meters or its share of the segment, grow or maintain its revenue or improve or maintain its profitability may be materially and adversely affected.

**17. *If Calisen is not able to effectively manage its growth, its operations could be damaged and profitability reduced.***

Calisen's business and operations have experienced rapid growth, and future growth could place significant demands on Calisen's operational and financial infrastructure, causing a significant strain on existing managerial, operational, financial and information systems resources. If Calisen is unable to effectively manage its growth, its operations could be harmed and profitability reduced. The growth of Calisen's revenue and profit in the future will depend, in part, on its ability to grow its base of revenue-generating meters and launch its services into adjacent business areas and additional geographies in accordance with Calisen's strategies. Furthermore, in order to manage its planned expansion, it will need continually to evaluate the adequacy of its management capability, operational procedures, financial controls and information systems. While Calisen believes that its internal controls and financial reporting systems are adequate for a private company of its size and complexity prior to the Offer and Admission, Calisen may nonetheless need to continue investing in its internal controls and financial reporting systems subsequent to the Offer and Admission. Moreover, without sufficient capacity for installation services, whether in-house or through installers with which it contracts, Calisen would be unable to perform its meter installation and management obligations under some of its customer contracts. An inability to deliver on the MAP contracts would prevent Calisen from earning revenue on those MAP contracts and may harm Calisen's reputation and make it more difficult for Calisen to win other MAP contracts in the future. Accordingly, there can be no assurance that Calisen will be able to achieve its expansion goals on a timely or profitable basis and deliver on its growth aspirations.

**18. *Calisen may experience accelerated demand for the implementation of MAP contracts.***

In order to budget Calisen's workload, management monitors Calisen's capacity to perform obligations under existing MAP contracts with energy retailer customers and additional work through new MAP contracts.

However, if there is greater than planned demand for Calisen's services, especially installation services, at a particular time, Calisen's financial, material and personnel resources may be constrained to meet all of the additional demand. Financially, Calisen may not succeed in accessing additional financing needed to fund in the longer term the increased workload or new MAP contracts, and its access to financing may be curtailed by reaching its lenders' exposure limits. Operationally, Calisen may be unable to provide the appropriate level of service to its existing energy retailer customers, which may damage its reputation and ability to win future MAP contracts. This would particularly be the case if its meters happened to undergo degradation at a faster rate than Calisen anticipated or have a higher than anticipated fault rate, resulting in more frequent removals or replacements and increased costs.

**19. *Were a meter to undergo consumer churn, Calisen might not have a written contractual basis for continuing to collect MPC payments with respect to it, and the new energy retailer may choose to remove it without compensating Calisen.***

Where a consumer changes energy retailer and the new energy retailer is not one with which Calisen has a churn contract for that vintage of meter, Calisen faces the risk of loss of revenue. Under energy retailers' licence conditions, they are generally required to agree rates that they will pay the MAP (if no such agreement is already in place) in the event of a churn of a SMETS1 or SMETS2 meter within six months of such consumer churn taking place, or to take the meter off the wall and return it to the MAP. When Calisen's revenue-generating meter undergoes consumer churn, the new energy retailer may agree to, or may already have in place, a churn contract with Calisen, in which case the new energy retailer will make MPC payments on the basis of the rate specified in the churn contract. In the absence of a churn contract, Calisen bills the new energy retailer using an invoiced rate, which is often higher than the MPC rate from the original MAP contract to account for the fact that there is no written contract in place between Calisen and the new energy retailer.

When billed at an invoiced rate, the new energy retailer will generally keep the meter on the wall and continue making MPC payments to Calisen. However, in such cases, there is no contractual requirement for the new energy retailer to continue to make MPC payments to Calisen. The new energy retailer may instead choose to remove the churned meter from the wall at any time and return (or make available for collection) the meter to Calisen without having to pay any compensation to Calisen. Because there is no contractual basis for continuing to collect MPC payments with respect to such meters, revenue received in the aftermath of consumer churn may be less predictable than revenue earned from Calisen's MAP contracts. Furthermore, it is possible that SMETS1 and SMETS2 meters may lose communication upon the occurrence of consumer churn, which may result in premature removal of that meter.

**20. *A significant portion of Calisen's revenue is generated from a limited number of energy retailer customers and MAP contracts, and it may be difficult for Calisen to win MAP contracts with such customers in the future.***

The success of Calisen's business is dependent upon the continuation of commercial relationships with its energy retailer customers. There is no guarantee that these relationships will continue or that energy retailer customers will not seek alternative MAPs.

Calvin Capital's three largest energy retailer customers accounted for 75% and 79% of revenue for the nine-month period ended 30 September 2019 and the year ended 31 December 2018, respectively, of which 58% and 64% relate to British Gas. While Calisen can continue to bill the relevant energy retailer for MPC payments for installed meters in the event of a cancellation of a MAP contract or consumer churn taking place, the stability and growth of Calisen's revenue depends, at least in part, on Calisen's ability to continue winning additional MAP contracts with its existing energy retailer customers. Calisen cannot guarantee that it will continue to win MAP contracts with such customers going forward. In addition, reliance on a small number of energy retailer customers could, in case of insolvency of one of those customers, cause a significant impact on Calisen.

Calisen's success depends, at least in part, on retaining its energy retailer customers and continuing to sign new MAP contracts with them. Accordingly, its long-term profitability is dependent on long customer tenure. The Directors believe that Calisen's energy retailer customers recognise it, among others, for its high levels of service and strong customer support. If Calisen's service levels decline, this may damage its reputation and could reduce the confidence of Calisen's energy retailer customers, impairing its ability to retain existing energy retailer customers and attract new energy retailer customers.

It may prove difficult for Calisen to expand its customer base for future MAP contracts through the addition of new energy retailer customers. Calisen operates in a competitive environment, and energy retailers that Calisen

seeks to add as customers may prefer one or more of its competitors to own and operate meter assets, or may choose to bring meter asset ownership and operation in-house. In the absence of new energy retailer customers, Calisen may become more reliant on existing energy retailer customers to enter into new MAP contracts with it.

**21. *It may be difficult to predict 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.***

Calisen cannot guarantee that its contracted installation pipeline for MAP contracts will result in actual revenue. In terms of the number of meters covered by a MAP contract, there are two types of contracts that Calvin Capital currently enters into with its energy retailer customers: minimum volume guarantee contracts and exclusivity contracts. Under minimum volume contracts, Calisen procures, installs, owns and manages meters equivalent to a certain amount of capital expenditure. Under exclusivity contracts, the energy retailer customer agrees (subject to limited exceptions) to utilise Calisen for all of its MAP needs over a specified time period. Neither type of MAP contract specifies the exact number of meters covered by the contract or the exact timing of these installations. As such, while Calisen may be able to estimate a range as to the number of meters that it will procure, install, own and manage under a MAP contract over the contract period, there is no certainty as to a definitive number of meters to be installed or the timing of such installation. Because the contracted installation MAP pipeline is an estimate, Calisen cannot be sure as to the amount of revenue that will be generated from a MAP contract or the timing of such revenue. In particular, for any MAP contract that is either currently in place or may be won in the future, the actual number of Calisen's revenue-generating meters may prove to be lower than the contracted installation MAP pipeline, thereby resulting in less revenue and lower growth for Calisen than that which had been predicted.

The difference between the contracted installation MAP pipeline and the actual number of meters installed under a MAP contract may stem from a variety of factors, including market conditions, consumer acceptance of a smart meter, energy retailer customer defaults and changes in the energy retailer customers' needs. Another reason for such a difference, with respect to MAP contracts with Big 6 Energy Retailers that have their own installation work force, may be that a strike or disruption by or other labour dispute with the energy retailer customer's installation workers may slow down the pace of installation work or lead to only a portion of the anticipated installations being completed during the installation period of the MAP contract. Even though Calisen receives periodic updates from its energy retailer customers as to the anticipated number of meters to be procured, installed and managed under its MAP contracts, the lack of certainty as to how many meters will be installed at which time means that it can be difficult for Calisen to efficiently manage its working capital. Furthermore, such uncertainty may lead not only to difficulty in predicting the total amount of revenue to be generated from the MAP contract, but also how much revenue will materialise from the contracted installation MAP pipeline in any given period. Therefore, revenue generated from the contracted installation MAP pipeline may fluctuate from one period to the next. If Calisen's contracted installation MAP pipeline fails to materialise as expected, Calisen could experience a material reduction in future anticipated revenue.

In addition, the MAP contracts reflected in Calisen's contracted installation MAP pipeline may not generate margins equal to or better than its historical operating results. The MAP contracts with its energy retailer customers oblige Calisen to fulfil certain performance obligations. In particular, Calisen is required to provide meter assets for an agreed price. If Calisen enters into MAP contracts with its energy retailer customers on uneconomic terms to provide meter assets for an agreed price, is unable to secure appropriate levels of funding on suitable terms, or is unable to successfully negotiate a price increase with its energy retailer customers after the entry into MAP contracts, then this could have a material adverse effect on its business, financial condition and results of operations. In particular, although Calisen typically seeks to fix its costs upfront in respect of its MAP contracts, if the costs of carrying out a MAP contract, such as labour costs, increase and Calisen is unable to pass on such increased costs to its energy retailer customers, its revenue and profit margins may be negatively affected. Conversely, Calisen's energy retailer customers may, for reasons such as depressed market conditions, also seek to re-negotiate their MAP contracts with Calisen in order to reduce their obligations, and adjustments to customer contracts could materially reduce the amount, or delay the realisation of, revenue and profit margins derived from Calisen's contracted installation MAP pipeline.

Furthermore, because the installation periods under MAP contracts are fixed, if the rate of meter installations is slower than anticipated, such that Calisen has not completed all of the contracted installations within the installation period, the energy retailer customer may put such MAP contract up for re-tender. In particular, because of the BEIS Proposal and the Roll-out Deadline, MAP contracts, whose installation periods end before 31 December 2024 but whose contracted installations are not finished by the end of the installation period, may

come up for re-tender. In such cases, Calisen may not win the re-tender, or may only win the re-tender at a reduced profit margin. This would lead to a reduction of Calisen's contracted installation MAP pipeline or an inability to convert contracted installation MAP pipeline into revenue-generating meters.

While Calvin Capital's MAP contracts currently, in general, take the form of either minimum volume guarantee contracts or exclusivity contracts, they may be structured differently in the future. This would affect how Calisen calculates its contracted installation MAP pipeline and how much of that pipeline results in revenue. This in turn may also have operational impacts, such as how Calisen manages its working capital to carry out its obligations under such MAP contracts.

Fewer installations could also result from a change in the energy retailer that is in an installation relationship with Calisen due to merger and acquisition activities in the energy retail segment. As at 30 September 2019 Calisen's contracted installation pipeline for MAP contracts consisted of approximately 6.5 million smart meters (6.4 million signed and 0.1 million in advanced stages of negotiation). Since 30 September 2019 Calisen has served a termination notice in respect of one of its MAP contracts with an independent energy retailer (which is one of the 5 contracts referred to in Part V) in order to preserve Calisen's contractual position with respect to a small number of meters already installed under this contract, following a change of control of the energy supplier that took place in late November 2019. Therefore, the status of the anticipated meter roll-out stemming from that MAP contract (which accounts for 400,000 forecast meters in the 30 September 2019 contracted installation pipeline figures quoted elsewhere in this Prospectus) is uncertain.

## ***22. Calisen is exposed to counterparty default risks.***

Calisen may face credit risks resulting from the possible inability of counterparties to meet their contractual obligations. Calisen seeks to minimise this credit risk through the use of credit approvals, limits and credit monitoring procedures. In particular, Calisen is exposed to counterparty default risks in connection with its relationships with its energy retailer customers. If any of Calisen's energy retailer customers were to become insolvent, Calisen would become an unsecured creditor of such energy retailer. Even in the context of the "supplier of last resort" regulatory framework, there is no guarantee that Calisen would be able to continue receiving MPC payments and other costs from the energy retailer that assumes the consumers of the insolvent energy retailer.

To protect itself against counterparty risk in manufacturer contracts, Calisen at times obtains parent company guarantees from its manufacturers, but such mechanisms may prove to be difficult to enforce in case of insolvency by the manufacturer.

In addition, Calisen enters into hedging arrangements to protect itself against interest rate volatility in its variable rate borrowings, but it is exposed to the risk that its hedging counterparties may not be able to pay Calisen the money that they owe when the hedging positions are closed out.

Furthermore, Calisen is exposed to certain counterparty default risks to the extent that one or more of the depository institutions in which it maintains significant cash balances were to fail and its ability to access these funds might be temporarily or permanently limited.

In the year ended 31 December 2018, Calisen recorded £1.3 million in write-offs from energy retailer counterparty defaults in respect of MPC payments.

Calisen may also face counterparty risks with regards to its contracted installation MAP pipeline, as the insolvency of an energy retailer with whom Calisen has an active installation relationship could result in fewer meters being installed.

## ***23. Calisen depends on a limited number of manufacturers and installers, and their failure to timely deliver their products and services or to otherwise perform their contractual obligations could increase its costs, impact revenue and harm its reputation.***

The meters and other equipment that Calisen installs and manages for its energy retailer customers are manufactured by a limited number of manufacturers. Calisen is therefore susceptible to the interruption of supply or the receipt of faulty products from its manufacturers. Difficulties encountered with manufacturers may result in disruptions in Calisen's operations, loss of profitability and damage to its reputation. Supply interruptions could arise from shortages of materials, labour disputes, strikes, transportation disruptions, impaired financial condition or potential bankruptcy of manufacturers, adverse weather conditions or other natural disasters. While Calisen's contracts with manufacturers may contain provisions to compensate Calisen in certain circumstances of the manufacturers' failure to perform their contractual obligations, they may fail to mitigate additional costs that Calisen may incur to resolve such situations, were they to arise in actuality. For

example, if manufacturers for key components fail to deliver products, manufacture their products in unapproved locations or experience delays in delivery, or if they deliver faulty products, such difficulties may hinder Calisen's ability to install the required equipment. This could result in higher costs to Calisen and a potential decline in confidence in Calisen's meter asset ownership and operation among its energy retailer customers. If a manufacturer delivers faulty products to Calisen or Calisen's energy retailer customers, which Calisen then installs, Calisen may have a warranty claim against the manufacturer during the relevant warranty period, but it may not always be able to rely on such warranties for complete compensation for its damages.

Prior to the Lowri Beck Acquisition, Calisen's meter installation was always carried out by external installers. In the case of MAP contracts with Big 6 Energy Retailers, the installation work is generally undertaken by the energy retailer customer's own installation work force (or a mix of the energy retailer customer's own work force supplemented by installation sub-contractors contracted directly by the energy retailer customer). The installation arrangements, including the price to be paid by Calisen to the energy retailer customer for the installation work, are set out in the MAP contract. Independent Energy Retailers, on the other hand, typically do not have their own installation work force, so they tend to contract with external installers. In both instances, in which Calisen exercises little to no control over the installation work being performed, Calisen's revenue is dependent on third parties and may be negatively impacted if the installers fail to deliver their services on time, or adequately or to otherwise perform their obligations. In the event of a poor installation, the energy retailer may remove the meter and replace it with a meter from another MAP, thereby depriving Calisen of future revenue from such meter. If there are delays in the installation, there would also be delays in the collection of revenue from its meters. While there may be instances in which Calisen may be able to rely on warranties and other contractual protections to compensate for losses from faulty or delayed installations in respect of third-party installers, such warranty protections may not always be available or adequate to make Calisen whole. Furthermore, there may be circumstances, such as if an energy retailer makes a claim against Calisen with respect to fines imposed on such energy retailer for not meeting the smart meter roll-out targets, in which Calisen may not be able to rely on warranties or other contractual protections from installers to protect itself against claims by Calisen's energy retailer customers pertaining to faulty or delayed installations. In such cases, Calisen may be required to incur additional costs to make alternative installation arrangements or to otherwise deal with the consequences of delayed or faulty installations. Calisen's reputation for carrying out its contractual obligations proficiently may be harmed as well. Calisen faces risks similar to those stemming from relying on manufacturers or external installers when it contracts directly with installers for installation services.

While Calisen evaluates its counterparties prior to entering into significant procurement contracts, Calisen cannot predict the impact on its manufacturers or installers of the economic environment and other developments in their respective businesses. Insolvency, financial difficulties or other factors may result in Calisen's manufacturers or installers not being able to fulfil the terms of their agreements with Calisen. Further, such factors may render such manufacturers or installers unwilling to extend contracts that provide favourable terms to Calisen, or may force them to seek to re-negotiate existing contracts with Calisen. If the cost of production or of provision of service is too high, including as a result of inflation, for the manufacturer or the third-party installer to bear, such manufacturer or third-party installer may refuse to supply Calisen with the requisite products or services. If Calisen is unable to enter into or renew those contracts with manufacturers or installers on favourable terms, or if those manufacturers or installers are unable to perform their obligations under such contracts in necessary quantities, on time or at favourable prices, Calisen may be unable to carry out its obligations under its MAP contracts effectively, or at all. In addition, Calisen may not be able to pass on to its energy retailer customers any costs resulting from changes to the terms of the contracts with manufacturers or installers, thereby reducing its profit margins.

**24. *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 is exposed to risks in respect of changing market prices, such as interest rates. While Calisen implements interest rate hedging, there are risks associated with such hedging. Due to Calisen's debt profile not being able to be fixed over time, stemming from, among other things, variances in the rate of installation of meters, Calisen is not fully hedged, and there could be a mismatch at any point between the amount of debt that is actually drawn compared to the amount of debt that was expected at the beginning of the period to be drawn by that point. In addition, the interest rates on some of Calisen's debt are benchmarked, and therefore hedged, against LIBOR, but once LIBOR ceases to exist, alternative hedging arrangements may need to be entered into. Furthermore, Calisen, in utilising hedging instruments (including derivative financial instruments), could be over-hedged compared to its interest rate risks, and if it were to prepay its debt, Calisen may be required to close out its hedging positions earlier than planned. Therefore, while limiting to some degree Calisen's risk from fluctuations in interest rates, such hedging activities may be ineffective or may not offset

more than a portion of the adverse financial effect resulting from variations to such rates. Calisen is also exposed to counterparty credit (or repayment) risk in respect of counterparties to hedging contracts.

**25. *Calisen may need additional capital in the future and it may not be available on terms favourable to it or at all.***

Calisen has historically met its capital expenditure needs using, among other sources of funding, revenue from its operations and committed debt financing. In the future, Calisen may consider supporting its capital requirements by way of an issue of new equity or debt finance or a combination of both. If Calisen is unable to raise the necessary financing, it could adversely affect Calisen's ability to expand its business.

Calisen may require additional capital in the future to do, among other things, the following:

- finance Calisen's procurement, installation and management of meters under new MAP contracts with energy retailer customers;
- fund Calisen's central operations and pay corporate expenses and salaries;
- pay dividends to Calisen's shareholders;
- refinance Calisen's existing debt; and
- respond to potential strategic opportunities, such as investments, acquisitions and expansions, including into adjacent business areas and internationally.

Calisen's ability to obtain external financing in the future is subject to a variety of uncertainties, including its financial condition, results of operations and cash flow, as well as general market conditions for financing activities.

Additional financing after the expiry and/or above the limit of its existing debt facilities may not be available on terms favourable to Calisen or at all due to several factors, including the terms of Calisen's existing indebtedness and trends in the global capital and credit markets. The capital and credit markets have experienced volatility and disruption in recent years, and market conditions could make it more difficult for Calisen to borrow or otherwise obtain financing. In addition, there could be a number of follow-on effects from a credit crisis on Calisen's business, including insolvency of key manufacturers or installers, resulting in delays, inability of Calisen's energy retailer customers to obtain credit to make MPC payments to Calisen or energy retailer customer insolvencies.

The terms of available financing after the expiry and/or above the limit of its existing debt facilities may also restrict Calisen's financial and operating flexibility. If adequate funds are not available on acceptable terms, Calisen may be forced to reduce its operations or delay, limit or abandon expansion opportunities.

Calisen's operations require substantial capital expenditures, and if funds for capital expenditures are not available when needed, this could affect its implementation of MAP contracts and its growth opportunities. In addition to price, Calisen generally competes on the basis of, among other things, quality and breadth of service, expertise and reliability, which are affected by the level of its capital expenditure. If Calisen is required to reduce or delay capital expenditure for any reason, the resultant decline in its ability to provide an appropriate level of service may put it at a disadvantage compared to its competitors and impact its ability to adequately meet customer demand. Furthermore, an inability to adequately meet customer demand may result in the loss of its energy retailer customers to its competitors for future MAP contracts as well as negatively impact Calisen's brand and reputation.

**26. *Calisen is exposed to certain risks associated with its debt financing.***

Calisen uses a diverse financing structure that utilises, among other things, SPVs and funding platforms. Historically, for large MAP contracts with Big 6 Energy Retailers, Calisen has typically set up SPVs with 10- to 15-year financing periods, and each SPV would correspond to a MAP contract. However, Calisen has since diversified into using funding platforms for some portfolios instead, as funding platforms can be used to pool contracts and meter portfolios with various energy retailers.

Calisen finances its funding platforms with energy retailers using a mix of equity and debt facilities that have shorter, typically five-year, maturities, usually comprising approximately 75% to 80% gearing. In addition, while not as widely used as historically, SPVs continue to fund some of Calisen's MAP contracts. The SPVs are also funded by a combination of equity and debt facilities that have maturities of around 10 years.

Some of Calisen's debt facilities contain certain financial covenants. While Calisen currently believes that it will be able to satisfy such financial covenants, it cannot guarantee that it will be able to meet such financial covenants at all times in the future. A breach of the financial covenants would result in a default under the debt facilities, unless Calisen can obtain waivers or consents in respect of any breach of the obligations thereunder.

In addition to the financial covenants, Calisen's debt facilities contain certain provisions that may restrict Calisen's activities, such as, among others, dividend distribution. Mandatory repayment may be required under certain circumstances. There are also provisions which, if Calisen fails to comply with such provisions and is unable to remedy (if applicable) such failure or fails to obtain a waiver, could result in a default under the debt facilities. These provisions include, among others, non-payment, cross-default and insolvency. In the event of any default under the debt facilities, Calisen's lenders thereunder could elect for acceleration to declare all outstanding borrowings, together with accrued interest, fees and other amounts owing thereunder, to be immediately due and payable and could foreclose on any assets pledged as collateral. As a result, a default under any indebtedness above certain thresholds by Calisen could result in a substantial loss to Calisen or could otherwise have a material adverse effect on its and its subsidiaries' ability to perform Calisen's and their respective obligations in respect of any of Calisen's debt obligations. The financial covenants and other provisions in Calisen's debt facilities could limit Calisen's ability to service debt at the corporate level.

Calisen's remaining project-level debt financing is secured by, among others, the shares, assets, contracts and cash flow of the applicable SPV and its immediate holding company. While the lenders of the project-level debt financing only have recourse to the relevant SPVs and their immediate holding company, defaults by the project borrowers under such financings can still have important consequences for Calisen and its subsidiaries, including, without limitation:

- reducing Calisen's receipt of dividends, fees, interest payments, loans and other sources of cash, since the SPV will typically be prohibited from distributing cash to Calisen and its subsidiaries during the pendency of any default;
- causing Calisen to record a loss in the event the lender forecloses on the assets of the SPV; and
- losing confidence in Calisen by investors and project finance lenders.

With respect to the debt facilities for both the funding platforms and the SPVs, upon maturity of the debt facilities in 2021, 2022, 2024, 2026 and 2029, as applicable, Calisen may need to refinance the outstanding debt through securing additional capital, and any such additional capital may not be available to it on favourable terms or at all. This is particularly the case with the debt facilities where there is a mismatch between the debt maturity and the 10- to 15-year initial periods for the customer contracts that the debt is being used to finance.

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

Attracting, training, retaining and motivating technical and managerial personnel, including individuals who have significant technical expertise, is a critical component of the future success of Calisen's business. Calisen may encounter difficulties in attracting or retaining qualified personnel. The departure of any of Calisen's executive officers or core members of its sales and marketing teams or technical service personnel could have a negative impact on its operations. In the event that future departures of employees occur, Calisen's ability to execute its business strategy successfully, or to continue to own and operate meter assets for its energy retailer customers or attract new energy retailer customers, could be adversely affected. The performance of Calisen depends, to a significant extent, upon the abilities and continued efforts of its existing senior management. Calisen's senior management is important to the success of its business. As a result of this need and the competition for a limited pool of industry-based executive experience, the loss of the services of any of the key management personnel or the failure to retain key employees could adversely affect Calisen's ability to maintain or improve its operating and financial performance. Calisen also employs a number of other management and administrative personnel, and if these officers were to leave Calisen's business, it would have to conduct searches for new personnel and transition these new personnel into their roles within the company. Calisen's failure to effectively hire or transition these new personnel could adversely affect its business, and Calisen often incurs costs to recruit and train these personnel. While Calisen has entered into service agreements with the Executive Directors, and although Calisen believes Calisen generally has competitive pay packages, the retention of their services cannot be guaranteed.

**28. *Calisen's insurance may be insufficient and certain types of loss may be uninsurable.***

There is a risk that Calisen's assets could suffer damage so extensive that it is not fully covered by its insurance. Moreover, certain types of risk are not insured fully either because such insurance is not available or because Calisen has determined that the premium costs are disproportionate compared to the risks in question, and certain risks may be the subject of exclusions. Calisen currently has insurance arrangements in place for an industry-standard range of coverage, including public and product liability, property damage and business interruption, computer and cyber-security as well as terrorism, along with accompanying deductibles. However, these insurance policies contain exclusions and limitations on coverage, and, thus, may not cover all of the losses or damages resulting from the materialisation of any of the risks to which Calisen is subject. Furthermore, it is also possible that future insurance providers could increase their insurance premiums, which could make securing appropriate insurance coverage more costly. If an uninsured loss (or a loss above the level of its insurance coverage) occurs, the resulting costs, alone or in combination, could have a material adverse effect on its business, financial condition and results of operations. In addition, Calisen could be liable to repair damage caused by uninsured risks.

**29. *Calisen may be subject to legal challenges and claims relating to intellectual property.***

If one of Calisen's manufacturers is found to be in breach of a third party's intellectual property rights with respect to the meter or other equipment made by such manufacturer, Calisen could be at risk of infringement claims from third parties as well for using and renting out such equipment. Accusations of intellectual property infringement in the manufacture of meters have been made by certain participants in the industry against other participants. If Calisen is found to have violated a third party's intellectual property rights, Calisen may be required to cease using such meters, pay damages to the third party, obtain licences from the third party at a material cost or on unfavourable terms, or take other potentially costly or burdensome actions to avoid infringing such third party's intellectual property rights. The litigation process is costly and subject to inherent uncertainties, and Calisen may not prevail in litigation matters regardless of the merits of its position. In cases of infringement claims pertaining to a meter or other equipment, even if only the manufacturer, and not Calisen itself, faces claims of violating a third party's intellectual property rights, it may affect Calisen by making it more costly or difficult or even impossible to continue using such manufacturer's equipment, and this could cause serious disruptions to Calisen's operations. Claims of intellectual property infringement may be brought by special purpose or so-called "non-practicing" entities that focus solely on extracting royalties and settlements by alleging infringement and threatening enforcement of patent rights. These companies typically have little or no business or operations, and there are few effective deterrents available to prevent such companies from filing patent infringement lawsuits against Calisen. In addition to potential infringement claims with respect to intellectual property used in meters, Calisen may also face such claims with respect to licenced software that it uses. Calisen could be at risk for infringement claims from the licence grantors.

**30. *Calisen is subject to risks from actual or threatened legal, administrative and arbitration proceedings and investigations.***

Calisen may become involved in various actual or threatened legal, administrative (including antitrust, tax and tax assessments) and arbitration proceedings and investigations arising out of the ordinary conduct of its business, including actual, pending or threatened litigation relating to commercial transactions and other matters incidental to its business. These proceedings or potential proceedings could involve governmental agencies, including local, regional or national authorities. Calisen could be obligated to pay substantial damages, fines or other payments as a result of a judgment, order or settlement agreement. In addition, the costs related to litigation and arbitration proceedings may be significant. Even in case of a positive outcome in such proceedings, Calisen may still have to bear part or all of its advisory and other costs to the extent they are not reimbursed by the opponent. Given the inherent uncertainties in evaluating certain exposures, actual costs to be incurred in future periods may vary from Calisen's estimates for such contingent liabilities. In particular, given the complex structure of Calisen's contractual relationships, Calisen could face claims in the course of its meter asset ownership and operation from parties with which it has no direct relationship. This may be the case even if Calisen bears no fault in the situation and the fault lies entirely with Calisen's contractual counterparty that had the direct relationship with the claimant. Furthermore, Calisen's gas meters may have a greater potential for being the source of litigation than its electricity meters, since gas meters are assets attached to the home that are connected to gas. An incident that leads to bodily harm or property damage to the consumers or to Calisen's installation or maintenance workers could lead to a lawsuit against Calisen.

In addition, Calisen enters into a significant number of contracts with third parties. While Calisen takes all appropriate measures to ensure that such contracts are compliant with relevant rules, laws and regulations,

including antitrust and tax laws, Calisen cannot dismiss the possibility that such contracts could become the subject of review, challenge or investigation by applicable regulatory authorities, including antitrust and tax authorities. There can be no assurance that policies in respect of anti-competitive behaviour will be adhered to by its officers and employees. Calisen could become subject to regulatory or health and safety investigations that target either just Calisen or the MAP or energy industries. In addition, given the size of the MAP segment, Calisen or the segment as a whole could also come under investigation by competition authorities.

While Calisen is not currently aware of any material proceedings or investigations against it, there can be no assurance that there will not be any future proceedings or investigations against it in the future that will have no material adverse effect on its business, financial condition and results of operations or that the negative publicity associated with them will not adversely impact Calisen's business.

**31. *A downturn in Calisen's financial performance could result in an impairment of goodwill and other intangible assets, which would in turn further impact Calisen's operating results.***

Calisen's operating results can also vary significantly due to impairments of goodwill and other intangible assets. As at 30 September 2019, the value of Calisen's goodwill as recorded on its balance sheet was £78.6 million, net of impairments. £78.2 million of the goodwill amount was attributable to the KKR Acquisition, which was completed on 31 January 2017, and £0.3 million of the goodwill amount was attributable to the Lowri Beck Acquisition, which completed on 16 August 2019. For the nine-month period ended 30 September 2019, the year ended 31 December 2018, the Unaudited Aggregated 2017 Results and the year ended 31 December 2016, Calisen recorded impairment charges of £nil, £nil, £nil and £nil, respectively. Calisen recognises goodwill at the acquisition date as the fair value of the consideration (excluding contingent consideration) transferred plus the fair value of the equity instruments issued plus directly attributable transaction costs less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed. Goodwill is then stated at cost less any accumulated impairment losses, and is allocated to cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. Goodwill is not amortised in accordance with IFRS, but is tested annually for impairment. As a result of such tests, Calisen could be required to book impairment charges in its statement of operations if the carrying value is in excess of the fair value. Other intangible assets, such as brands, may also be impaired, in addition to being amortised. The amount of any potential impairment is not predictable and could have a material adverse effect on Calisen's results of operations.

**32. *Changes in the accounting guidance, applicable tax rulings and taxation requirements could affect Calisen's financial results and the Reorganisation could be challenged resulting in substantial tax payments.***

Calisen is subject to corporation and other taxes in the UK. Going forward, Calisen's tax obligations may vary and can potentially increase materially due to changes in applicable tax laws, regulations or rulings. In particular, changes in the accounting and tax treatment of goodwill from the KKR Acquisition and of tax losses may have a material adverse effect on its business, financial condition and results of operations. The tax treatment of tax losses, which are recognised in Calisen's financial statements only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, is an important aspect of Calisen's business model due to its large incurrences of capital expenditure. New accounting guidance that may become applicable to Calisen from time to time, or changes in the interpretations of existing guidance, including variations to existing tax rulings, could have a significant effect on Calisen's reported results for the affected periods. Calisen often relies on generally available interpretations of tax laws and regulations. Calisen cannot be sure that these interpretations are accurate or that the tax authorities are or will remain in agreement with its views, including with respect to the Reorganisation undertaken in connection with the Offer and Admission. In addition, from time to time, Calisen may become subject to tax audits. While Calisen's previous tax audits have not resulted in any material tax reassessment, if in the future a tax authority successfully challenges Calisen's operations or tax structure, including with respect to the Reorganisation undertaken in connection with the Offer and Admission, Calisen could become subject to additional tax payments, which could be substantial.

**Risks Relating to Lowri Beck**

**33. *Calisen faces certain risks from the Lowri Beck Acquisition and the subsequent integration of Lowri Beck into Calisen.***

The Lowri Beck Acquisition, which completed on 16 August 2019, involves the integration of two companies. While the integration of Lowri Beck with Calisen's business is ongoing, the anticipated financial and

operational benefits, including increased revenue and cost savings from the Lowri Beck Acquisition, depend in part on Calisen's ability to successfully continue to combine and integrate Lowri Beck with its existing business. Since the integration is not yet complete, there can be no assurance regarding the extent to which Calisen will be able to realise these increased revenue, cost savings, or other benefits. These benefits may not be achieved within the anticipated time frame and Calisen may not realise all of these expected benefits.

Prior to the Lowri Beck Acquisition, Calisen conducted due diligence in a manner that Calisen deemed reasonable and appropriate. Due diligence entailed evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisers, accountants and other third parties were involved in the due diligence process to varying degrees, the costs of which were borne by Calisen. However, the due diligence investigation carried out with respect to the Lowri Beck Acquisition may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating the business.

The continued integration of Lowri Beck's operations, services, and personnel will continue to require the attention of Calisen's management and place demands on other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could materially adversely affect Calisen's business, financial condition and results of operations. The integration of Lowri Beck into Calisen may prove challenging and may require significant attention from Calisen's management. Similarly, the growth in Calisen's employee base by over 1,600 additional Lowri Beck employees might require significant attention from Calisen's management.

In addition, the overall continued integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of energy retailer customer relationships. The difficulties of combining the operations of the companies may generally include, among others:

- difficulties in achieving anticipated cost savings, business opportunities, and growth prospects from the combination;
- difficulties in the integration of operations and systems;
- difficulties in replacing or updating numerous systems, including those involving work allocation management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll, data privacy and security, many of which may be dissimilar;
- conforming standards, controls, procedures, accounting and other policies, business cultures, and compensation structures between the two companies;
- difficulties in the assimilation of employees, including possible culture conflicts and different opinions on technical decisions and service roadmaps;
- difficulties in managing the expanded operations of a larger and more complex company;
- difficulty in convincing energy retailer customers to enter into a MAP contract offering a combined suite of meter asset ownership and operation, including installation;
- challenges in keeping existing energy retailer customers and obtaining new energy retailer customers; and
- challenges in attracting and retaining key personnel.

While Calisen has not experienced any material difficulties to date in connection with the integration, many of these factors are outside its control and any one of them could result in increased costs, decreases in the amount of expected revenue, and further diversion of management's time and energy.

**34. *Calisen may not be able to rely on Lowri Beck's installation personnel to deliver on Calisen's MAP contractual obligations, which may affect the Group's business, financial condition and results of operations.***

Through the Lowri Beck Acquisition, Calisen gained the capability to offer integrated MAP contracts, by which not only does Calisen own and operate the meter assets, but the installation of such meters is undertaken by Lowri Beck. In order to perform its obligations on such MAP contracts, Calisen relies on Lowri Beck's installation personnel, who made up approximately 23.4% of Lowri Beck's more than 1,743 total employees for the period from 16 August 2019 to 30 September 2019. As more integrated MAP contracts are won, Calisen's reliance on such employees is expected to increase. At the same time, however, Lowri Beck does not carry out installations exclusively for MAP contracts won by Calisen. Lowri Beck's offering of installation services to other third parties allows Calisen to build installation relationships with energy retailers outside of its MAP contractual relationships, but it also means that Lowri Beck's installation personnel may not always be

available to implement Calisen's MAP contracts. The inability to fully deploy Lowri Beck's installation personnel for Calisen's MAP contracts may slow down the pace of installing meters, which may result in Calisen earning less revenue than anticipated due to having fewer revenue-generating meters, or it may take longer for Calisen to start receiving the full amount of anticipated revenue from its revenue-generating meters. Without a sufficient number of meters installed, the energy retailer customer may even put up the MAP contract for re-tender.

If the demand for qualified installation engineers increases in the MAP segment, Lowri Beck may not be able to successfully retain its installation personnel. Having fewer than the necessary number of installation personnel may lead to meters being installed at a slower pace, which may affect the Company's business, financial condition and results of operations. In order to retain its existing installation personnel (and perhaps hire additional installation personnel), and thereby mitigate the possibility of such slowdown in installations, Lowri Beck may need to offer improved pay and benefits in order to compete against employers seeking to hire such installation personnel. This may significantly increase Lowri Beck's labour costs, which represented 63% of Lowri Beck's total operating costs for the year ended 31 December 2018, and may decrease the Group's profit. There have already been sizeable increases in labour costs in recent years due to a labour shortage in the installation business, and the trend may continue in the future.

Lowri Beck's ability to provide installation, ongoing maintenance and meter reading services, including its ability to install meters for Calisen's MAP contracts, may also be negatively affected and its labour costs may increase if Lowri Beck's workers were to engage in any strikes, work stoppages or other slowdown. Such events may result in a material adverse effect on Lowri Beck's, or the Company's, business, financial condition and results of operations.

**35. *Loss of required registrations and accreditations would mean that Lowri Beck would no longer be able to operate.***

Lowri Beck holds several registrations and accreditations in connection with its meter installation and ongoing maintenance services and its services conducting manual reading of traditional meters. These include compliance with MAMCoP and MOCOPA, registration with Ofgem as an OAMI, the registration of its installation personnel on the relevant Lowri Beck entity's Gas Safe Register entry, and the registration of its meter readers with EUSR. In addition, Lowri Beck holds an Upper Tier Waste Carrier's Licence, and is registered to be compliant with the ESOS. If Lowri Beck were to fail to maintain its registrations and accreditations, or to fail assessments that take place at regular intervals in compliance with various standards, it could have a detrimental effect on Lowri Beck's ability to carry out its operations, which may have a material adverse effect on Lowri Beck's business, financial condition and results of operations.

**36. *Lowri Beck may face claims on its meter installation and ongoing maintenance work.***

Lowri Beck may face claims on the meter installation and ongoing maintenance work that it carries out. The work undertaken by Lowri Beck puts it in a position where it provides energy retailers and others with warranty and other contractual confirmations for the quality of the service. If there are faults with the service that Lowri Beck provides, an energy retailer may make claims for breach of contract or other claims in respect of the standard of installation during the applicable time period and may withhold the MPC. Providing remedies may result in increased costs and decreased profit margins for Lowri Beck, especially if there is a significant number of installations or maintenance jobs that become subject to warranty claims. Furthermore, a large number of warranty claims could lead Lowri Beck to suffer reputational harm among energy retailers, which may subsequently affect Calisen's ability to win integrated MAP contracts with existing or new energy retailer customers.

**37. *Lowri Beck has historically been loss-making and is expected to continue to be loss-making following Calisen's acquisition.***

Lowri Beck's loss after taxation and Adjusted EBITDA loss for the period from 16 August 2019 to 30 September 2019 were £1.5 million and £0.8 million, respectively. Lowri Beck competes against other installation providers for the provision of meter installation and ongoing maintenance services and its meter reading services. Such competition may come not only from other third-party providers, but from Lowri Beck's energy retailer customers undertaking those types of work themselves. There is no guarantee that Lowri Beck, as part of Calisen, will be able to compete effectively to win customer contracts, price them competitively, and maintain or increase its share of the meter installation and ongoing maintenance services and metering reading services segments. While Calisen is taking steps to improve cost discipline and efficiency within Lowri Beck, it

is expected that Lowri Beck will continue to be loss-making in the near term, and there can be no assurance that Calisen will be able to turn Lowri Beck into a profit-generating business on a stand-alone basis at all.

**38. *Lowri Beck faces health and safety risks over the course of its operations.***

Lowri Beck's core businesses are in meter installation and ongoing maintenance and in reading traditional meters. As a result of its work, Lowri Beck is subject to occupational health and safety laws and regulations with respect to its installation, maintenance and meter reading personnel. While Lowri Beck strives to maintain a strong health and safety record and is committed to high standards, issues may nevertheless arise, and it could be subject to potentially significant fines or penalties, as well as reputational damage, in the event of an incident. Moreover, Lowri Beck's reputation may be damaged if one of its workers or a consumer suffered death or an injury as a result of any installation or maintenance work undertaken by Lowri Beck. Lowri Beck has made and will continue to make capital and other expenditures in order to comply with those laws and regulations, and insurance policies are in place to cover certain employer liabilities. However, the requirements of those laws and regulations are complex and could become more stringent in the future. In particular, Lowri Beck, over the course of its operations, faces the possibility of handling unbroken asbestos meter backboards. Lowri Beck therefore holds an Upper Tier Waste Carrier's Licence and has in place procedures for handling asbestos material, and in the event of an incident involving asbestos, it could face significant regulatory action, financial liability and reputational harm.

**39. *Lowri Beck is in possession of consumer data that is subject to data protection laws and regulations.***

Data protection laws and regulations have increased in recent years. The General Data Protection Regulation (Regulation (EU) 2016/679) (the "GDPR") and the UK Data Protection Act 2018 significantly changed the data protection landscape in the European Union and the UK. Such laws and regulations strengthen the rights of individuals, impose stricter controls over the processing of personal data by both controllers and processors of personal data and impose stricter sanctions with substantial administrative fines and potential claims for damages from individuals for breach of their rights. GDPR also offers individuals the option to allow privacy organisations to litigate on their behalf, including collecting potential damages, which may result in a substantial increase in claims being brought.

Should a serious data breach occur, the GDPR provides for increased obligations to notify regulators and individuals whose personal data has been compromised and may result in the imposition of significant sanctions and penalties, which will require heightened escalation and notification processes with associated response plans.

Lowri Beck's IT systems hold certain types of installation-related and meter reading consumer data in relation to Lowri Beck's MOP, MAM, meter reading and ancillary services. As Lowri Beck undertakes more installations, ongoing meter maintenance work and meter readings in the future, its IT systems will end up holding such information regarding a larger number of meters. Lowri Beck's employee data is subject to GDPR as well, which requires Lowri Beck to comply with additional data protection laws and regulations. For example, Calisen as a whole, but also the Lowri Beck business unit, needs to appropriately protect against breaches and unauthorised or illegal access to or uses of data held by each of them. However, should Lowri Beck's current IT systems not be robust enough to provide the requisite level of protection to appropriately secure the information held by it and meet its legal requirements, Lowri Beck may need to further strengthen and upgrade its IT systems. For both Calisen and Lowri Beck, a failure to appropriately safeguard the security of the data they hold, whether as a result of their own errors or the malfeasance or errors of others, could harm their reputation or give rise to legal and/or regulatory liabilities.

If a significant or widely publicised unlawful disclosure of such data were to occur, whether as a result of a cyber-attack, the failure of their IT security systems, employee negligence or otherwise, Calisen and Lowri Beck may be subject to legal claims by individuals, fines or other enforcement action which could result in adverse regulatory and financial consequences and could harm their reputation.

**Risks Relating to the Offer and the Shares**

**40. *There is no existing market for the Shares, and an active trading market for the Shares may not develop or be sustained.***

Prior to Admission, there has been no public trading market for the Shares. Although the Company will apply to the FCA for admission of the Shares to the premium listing segment of the Official List and will apply to the London Stock Exchange for admission of the Shares to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Shares will develop or, if developed, will

be sustained following Admission. If an active trading market does not develop or is not sustained, the liquidity and trading price of the Shares could be adversely affected.

**41. *Shares in the Company may be subject to market price volatility, and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance.***

The Offer Price is not indicative of the market price of the Shares that will prevail following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in this Part II (*Risk Factors*), as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes and broader market volatility and movements. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

**42. *The Major Shareholder will retain significant interests in, and will continue to exert substantial influence over the Group following the Offer, and its interests may differ from or conflict with those of other shareholders.***

Immediately following Admission, the Major Shareholder will continue to own beneficially approximately 73.4% of the issued ordinary share capital of the Company, assuming no exercise of the Over-allotment Option, and approximately 69.8% if the Over-allotment Option is exercised in full. As a result, the Major Shareholder will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors, approval of significant corporate transactions and delay, deferral or prevention of a change of control. The interests of the Major Shareholder may not always be aligned with those of other shareholders.

The Major Shareholder has retained the right to enter into margin loan facilities following Admission. Should the Major Shareholder decide to enter into any margin loan facility, the security granted by the Major Shareholder in favour of the relevant margin loan lenders (which may involve one or more of the Underwriters and/or their respective affiliates) could potentially represent all or a significant majority of the Shares that the Major Shareholder will hold following Admission. If an enforcement of such a security by margin loan lenders was to occur this could have a significant impact on the Company's ordinary shareholding structure. The enforcement, if any, of such a security, in whole or in part, by margin loan lenders will reduce the Major Shareholder's shareholding in the Company and may potentially result in it ceasing to be a significant shareholder. It may also result in there being new significant shareholders of the Company.

In certain circumstances, the enforcement of a security granted in connection with a margin loan facility in respect of Shares which carry 30% or more of the voting rights of the Company may trigger an obligation on the relevant margin loan lenders to make a mandatory offer for the Shares they do not otherwise own. However, the Takeover Panel will not normally require such an offer from a lender enforcing security if sufficient interests in Shares are disposed of within a limited period to persons unconnected with the lender, so that the percentage of shares carrying voting rights in which the lender, together with any persons acting in concert with it, is interested is reduced to the percentage held by those persons prior to the triggering acquisition being made. Any such disposal, or the perception that such disposal may occur, may depress the market price of the Shares and could potentially impair the Group's ability to raise capital through the issue of new Shares.

**43. *Shareholders in the United States and other jurisdictions outside the UK may not be able to participate in future equity offerings.***

The Articles provide for pre-emption rights to be granted to shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the US Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Company cannot assure prospective investors that any exemption from such overseas

securities law requirements would be available to enable United States or other overseas shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

**44. *Not all rights available to shareholders under United States law will be available to holders of the Shares.***

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical United States companies. The rights of holders of the Shares are governed by English law and the Articles. In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper claimant for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, will have any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a United States company.

**45. *The market price of the Shares could be negatively affected by sales of substantial amounts of such Shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.***

Following Admission, it is expected that the Major Shareholder, the Management Shareholders and the Directors will in aggregate hold approximately 75% of the Company's issued share capital, assuming no exercise of the Over-allotment Option, and approximately 71.25% if the Over-allotment Option is exercised in full. The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sale, will have on the market price of Shares. Sales of substantial numbers of Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of the lock-up arrangements described below, could adversely affect the market price of Shares and may make it more difficult for investors to sell their Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate.

The Company, the Major Shareholder, the Management Shareholders and the Directors have agreed to certain lock-up arrangements from the date of this Prospectus until 180 days after Admission, in the case of the Company and the Major Shareholder, and from the date of this Prospectus until 365 days after Admission, in the case of the Directors and the Management Shareholders. In addition, Bert Pijls has agreed to an additional lock-up with the Company for an additional 365 days from the end of the Director lock-up arrangement referred to in this paragraph. During the periods immediately prior to, and following the end of, the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a substantial sale of Shares. Following the expiry of these lock-up arrangements, there will be no contractual restriction on the sale of the Shares owned by the shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Shares in addition to those which will be available in the Offer will be sold in the open market following the expiry or waiver of these restrictions. In particular, there can be no assurances that after the restrictions expire, or prior to such time if any such restrictions are waived, such shareholders will not reduce their holdings of the Shares.

The Major Shareholder has retained the right to enter into margin loan facilities following Admission. Should the Major Shareholder decide to enter into any margin loan facility, the security granted by the Major Shareholder in favour of the relevant margin loan lenders (which may include one or more of the Underwriters and/or their respective affiliates) could potentially represent all or a significant majority of the Shares that the Major Shareholder will hold following Admission. The terms of any margin loan facility may contain requirements for the Major Shareholder to take steps to restore the margin loan lenders' position if the Shares were to decline in value. If there were to be a significant fall in value of the Shares, and the Major Shareholder declined to, or was unable to, rectify this, then after any applicable grace period the margin loan lenders would typically be entitled to enforce their security over the Shares by disposing of them. If these circumstances were to develop and lead to an enforcement of such security within 180 days of Admission, in whole or in part, by the relevant margin loan lenders, this could result in a substantial number of Shares being sold in the open market prior to the expiry of the lock-up arrangements to which the Major Shareholder is subject.

**46. *The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements.***

There can be no guarantee that the Group's historical performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its revenue, profit and cash flow may

significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then its capacity to pay a dividend will suffer. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions on the payment of dividends in the Group's financing arrangements, the Group's financial position, the Company's distributable reserves, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

**47. *The issuance of additional Shares in the Company in connection with future ownership and management of meter assets under MAP contracts, any share incentive or share option plan or otherwise may dilute all other shareholdings.***

The Group may seek to raise financing to fund future ownership and management of meter assets under MAP contracts and other growth opportunities. Following expiry of the lock-up arrangements described above, the Company may, for these and other purposes, issue additional equity or convertible equity securities. As a result, existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

**48. *Overseas shareholders may be subject to exchange rate risk.***

The Shares are, and any dividends to be paid in respect of them will be, denominated in pound sterling. An investment in Shares by an investor whose principal currency is not pound sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pound sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

**49. *The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.***

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to shareholders.

As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to shareholders therefore depends on its future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant. The Group's distributable reserves can be affected by reductions in profitability as well as by impairment of assets.

### PART III

#### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

*Each of the following times and dates in the table below is indicative only and subject to change without further notice. References to a time of day are to London time.*

<u>Event</u>	<u>Time and Date</u>
Announcement of the Offer Price and allocation of Shares . . . . .	7:00 a.m. on 7 February 2020
Prospectus published . . . . .	7 February 2020
Commencement of conditional dealings in Shares on the London Stock Exchange <sup>(1)</sup> . . . . .	8:00 a.m. on 7 February 2020
Admission and commencement of unconditional dealings in Shares on the London Stock Exchange . . . . .	8:00 a.m. on 12 February 2020
CREST accounts credited with uncertificated Shares . . . . .	as soon as possible after 8:00 a.m. on 12 February 2020
Despatch of definitive share certificates (where applicable) for Shares in certificated form . . . . .	by 26 February 2020

(1) It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

**PART IV**  
**OFFER AND ADMISSION STATISTICS**

Offer Price (per Share) . . . . .	240 pence
Number of Shares in issue on Admission <sup>(1)</sup> . . . . .	547,980,973
Number of Shares (125,000,000 New Shares and 11,995,244 Existing Shares) included in the Offer (excluding any Over-allotment Shares) . . . . .	136,995,244
Number of Shares in the Offer as a percentage of total number of Shares in existence on Admission . . . . .	25%
Maximum number of Shares subject to the Over-allotment Option . . . . .	20,549,287
Estimated net proceeds of the Offer receivable by the Company <sup>(2)</sup> . . . . .	£275.0 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders <sup>(3)</sup> . . . . .	£27.8 million
Indicative market capitalisation of the Company at the Offer Price . . . . .	£1,315.2 million

Notes:

- (1) Represents the total number of Shares in issue following completion of the Reorganisation and after the issue of New Shares by the Company and the issue of Shares to certain Non-Executive Directors as described in section 10 of Part XVI (*The Offer*) of this Prospectus.
- (2) The estimated net proceeds receivable by the Company are stated after the deduction of underwriting commissions (including the maximum amount of any discretionary commission) and other costs and expenses of, and incidental to, Admission and the Offer payable by the Company expected to be approximately £25 million (including VAT). The Company will not receive any of the proceeds from the sale of the Existing Shares in the Offer or the sale of Existing Shares pursuant to the Over-allotment Option.
- (3) The estimated net proceeds receivable by the Selling Shareholders are stated after the deduction of underwriting commissions (including the maximum amount of any discretionary commission) and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer, expected to be approximately £1.01 million (including VAT) (assuming there is no exercise of the Over-allotment Option).

**PART V**  
**IMPORTANT INFORMATION**

**1. GENERAL**

**Prospective investors should rely only on the information in this Prospectus (and any supplementary prospectus produced to supplement the information contained in this Prospectus). No person has been authorised to give any information or to make any representation or warranty in connection with the Company, the Shares or the Offer other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of the Underwriters' respective affiliates. No representation or warranty, express or implied, is made by any of the Underwriters as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Underwriters as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor Admission nor any subsequent subscription or sale shall, under any circumstances, create any implication that there has been no change in the affairs of the Group set out in this Prospectus or that the information in it is correct as at any date subsequent to the date of this Prospectus.**

The Company and the Directors do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Offer or the Company. The Company and the Directors make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

The Company will update the information provided in this Prospectus by means of a supplement to this Prospectus if a significant new factor that may affect the evaluation by prospective investors in the Offer arises prior to Admission or if it is noted that this Prospectus contains any material mistake or material inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions and/or purchases made prior to the publication of such supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two clear Business Days after publication of such supplement).

The validity of this Prospectus will expire on 7 February 2021.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice in relation to any Shares. None of the Company, the Selling Shareholders, the Directors, any of the Underwriters or any of their respective representatives or affiliates is making any representation to any potential investor in the Shares regarding the legality of an investment by such potential investor. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Shares under applicable legal investment or similar laws or regulations.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a financial opinion or recommendation by any of the Company, the Selling Shareholders, the Directors, the Underwriters or any of their representatives or affiliates that any recipient of this Prospectus should invest in the Shares. Prior to making any decision whether to invest in the Shares, prospective investors should read this Prospectus in its entirety and, in particular, Part II (*Risk Factors*) of this Prospectus. In making an investment decision, prospective investors must rely upon their own examination of the Company, the Shares and the terms of this Prospectus, including the risks involved. Any decision to invest in the Shares should be based solely on this Prospectus. The merit and suitability of an investment in the Company should be independently evaluated and any person considering such an investment in the Company is advised to obtain independent advice as to the legal, tax, accounting, financial and credit implications and other related advice prior to making an investment.

Prospective investors who invest in the Shares in the Offer will be deemed to acknowledge that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied solely on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other

than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders, the Directors or any of the Underwriters.

In connection with the Offer, any of the Underwriters and any of their affiliates, acting as investors for their own accounts, may take up a portion of the Shares in the Offer as a principal position, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its own accounts in such Shares and other securities of the Company or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed for, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing of or dealing in the Shares by, any Underwriter and any of its affiliates acting as an investor for its own accounts. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. Neither the Underwriters nor any of their affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In addition, the Major Shareholder has retained the right to enter into margin loan facilities following Admission. Should the Major Shareholder decide to enter into any margin loan facility, the security granted by the Major Shareholder in favour of the relevant margin loan lenders could potentially represent all or a significant majority of the Shares that the Major Shareholder will hold following Admission. The relevant margin loan lenders in respect of any margin loan facility may include one or more of the Underwriters and/or their respective affiliates.

The Sponsor and the Underwriters and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company and/or its respective affiliates, for which they would have received customary fees and commissions. The Sponsor and the Underwriters and any of their respective affiliates may provide such services to the Company and any of their affiliates in the future and Barclays Bank PLC, Citicorp North America, Inc., Credit Suisse AG, London Branch, Goldman Sachs Lending Partners LLC, HSBC Bank plc, Santander UK plc and Sumitomo Mitsui Banking Corporation will be lenders under the New Facilities Agreement.

The Company intends to use the gross proceeds from the issue of the New Shares to support future growth, repay certain indebtedness and for general corporate purposes. The Company will use approximately £300 million from the gross proceeds to repay £227 million of equity bridge loans and fund £4 million of debt service reserve accounts. The remaining £69 million will be used to fund existing and new contracts relating to smart meter roll-outs in Britain and for other general corporate purposes (including costs and expenses of, and incidental to, Admission and the Offer payable by the Company).

## 2. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information presented in this Prospectus has been derived from the consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) or Calisen Group Holdings Limited (formerly CCH1 Limited), included elsewhere in this Prospectus. Calisen's financial year runs from 1 January to 31 December. The Company was recently incorporated and, as at the date of this Prospectus, has no historical operations of its own. Therefore, this Prospectus does not present any standalone, unconsolidated financial information for the Company. Furthermore, neither Evergreen Energy Limited (which is registered in Jersey) nor Evergreen HoldCo S.à r.l. (which is registered in the Grand Duchy of Luxembourg) carries out any material operations or activities, and therefore there is no material financial information to be provided to investors with respect to Evergreen Energy Limited or Evergreen HoldCo S.à r.l. For more details on the organisation structure see section 8 (*Organisational Structure*) of Part XVII (*Additional Information*) of this Prospectus.

For the period until (and including) the date of the KKR Acquisition, Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the "**CHL Group**") was the largest group in the UK for which consolidated financial statements were prepared. The consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) included in this Prospectus (denoted as that of "**Predecessor (CHL Group)**") therefore represents Calisen's trading history to 31 January 2017.

On 30 November 2016, Calisen Group Holdings Limited (formerly CCH1 Limited) was incorporated in preparation for the KKR Acquisition. Calisen Group Holdings Limited (formerly CCH1 Limited) prepared its first financial statements for the 13-month period from the time of its incorporation to 31 December 2017. However, such 13-month period only reflects eleven months of Calisen's trading history, starting from

1 February 2017 after the KKR Acquisition completed. Calisen Group Holdings Limited's (formerly CCH1 Limited) consolidated historical financial information included in this Prospectus (denoted as that of "**Successor (CGH Group)**") therefore represents Calisen's trading history since 1 February 2017.

Accordingly, the consolidated historical financial information presented in Part B of Part XIII (*Historical Financial Information*) of this Prospectus consists of the consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017 as well as Calisen Group Holdings Limited's (formerly CCH1 Limited) consolidated historical financial information for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2019 (with unaudited comparatives for the nine-month period ended 30 September 2018).

Effective 13 December 2019, CCH1 Limited was renamed Calisen Group Holdings Limited. Accordingly, beginning from the year ended 31 December 2019, Calisen Group Holdings Limited will be the reporting entity of the consolidated historical financial information of the Group.

For illustrative purposes, unaudited financial information relating to the aggregated period ended 31 December 2017 (the "**Unaudited Aggregated 2017 Results**") has been included in this Prospectus that comprises aggregated consolidated statement of profit or loss data (the "**Unaudited Aggregated 2017 Income Data**") and aggregated consolidated statement of cash flow data (the "**Unaudited Aggregated 2017 Cash Flow**"), each of which consists of the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017. The financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017 include the impact of the purchase price allocation as a result of the KKR Acquisition. Refer to Note 1 of Part B of Part XIII (*Historical Financial Information*) of this Prospectus for further information on the basis of preparation of the Historical Financial Information.

The consolidated historical financial information for Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and Calisen Group Holdings Limited (formerly CCH1 Limited) included in Part B of Part XIII (*Historical Financial Information*) of this Prospectus is covered by the accountant's report included in Part A of Part XIII (*Historical Financial Information*) of this Prospectus, which was prepared in accordance with Standards for Investment Reporting issued by the Auditing Practices Board. Such consolidated historical financial information is presented in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and has been prepared in accordance with the requirements of the Prospectus Regulation. The basis of preparation and significant accounting policies are set out within Notes 1 and 2 of the Historical Financial Information. None of the Historical Financial Information has been audited in accordance with auditing standards generally accepted in the United States ("**US GAAS**") or auditing standards of the Public Company Accounting Oversight Board (the "**PCAOB**").

The financial information presented in this Prospectus in relation to Lowri Beck for the year ended 31 December 2018 was prepared in accordance with the generally accepted accounting practice in the UK ("**UK GAAP**"). Financial information in relation to Lowri Beck for the year ended 31 December 2018 was not available in IFRS. The financial information presented in this Prospectus in relation to Lowri Beck for the period from 16 August 2019 to 30 September 2019, subsequent to consolidation into Calisen, was prepared in accordance with IFRS.

The financial information and historical consolidated financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited), Calisen Group Holdings Limited (formerly CCH1 Limited) and Lowri Beck included in this Prospectus are presented in pound sterling.

#### ***Consolidation of Lowri Beck accounts and segment reporting***

Prior to 16 August 2019, the results of operations and financial condition of Lowri Beck were not consolidated within the consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) or Calisen Group Holdings Limited (formerly CCH1 Limited). Lowri Beck's results of operations and financial condition have been consolidated into Calisen's since the completion of the Lowri Beck Acquisition on 16 August 2019. Therefore, Calisen Group Holdings Limited's (formerly CCH1 Limited) consolidated historical financial information as at and for the nine-month period ended 30 September 2019 presented in this Prospectus includes the results of operations and financial condition of Lowri Beck from the date of the Lowri Beck Acquisition on 16 August 2019 to 30 September 2019.

As a result of the Lowri Beck Acquisition, the Directors have established a new operating model in October 2019. In the view of the Directors, Lowri Beck is complementary to Calisen's historical businesses

(referred to as “**Calvin Capital**” going forward) and has limited overlap with the Calvin Capital business. Hence, it was decided to keep Lowri Beck and Calvin Capital operationally separate. The two new business units constitute Calisen’s operating segments as at the date of closing of the Lowri Beck Acquisition.

Accordingly, the historical consolidated financial and other operating information presented in this Prospectus as at 30 September 2019 and for the nine-month period ended 30 September 2019 shows the two new separate operating segments: Calvin Capital and Lowri Beck. Group functions are accounted for in the Calvin Capital operating segment.

However, Calisen’s historical consolidated financial and other operating information presented in this Prospectus as at 31 December 2016, 2017 and 2018 and for the years ended 31 December 2016, 2017 and 2018 (including the comparative historical consolidated financial and other operating information for the nine-month period ended 30 September 2018) is not divided into different operating segments.

## **2.1 Pro Forma Financial Information**

In this Prospectus, any reference to “pro forma” financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only in accordance with Annex 20 of the Delegated Regulation and should be read in conjunction with the notes set out in Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus. Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and therefore may not give a true picture of the Group’s financial position or results as at 30 September 2019 nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited *pro forma* statement of net assets has not been prepared in accordance with Regulation S-X of the US Securities Act, any other US regulatory requirements or any US generally accepted accounting standards.

## **3. ALTERNATIVE PERFORMANCE MEASURES**

This Prospectus contains financial measures that are not defined or recognised under IFRS or UK GAAP, including financial measures relating to Calisen such as Adjusted EBITDA, Underlying EBITDA, Underlying EBITDA Margin, Underlying FFO, Cash Conversion, Net Debt and Adjusted Net Debt as well as financial measures relating to Lowri Beck such as Lowri Beck Adjusted EBITDA, all of which the Company considers to be alternative performance measures (“**APMs**”). These APMs are used by the Directors and management to analyse the business and financial performance, track Calisen’s progress and help develop long-term strategic plans. The Directors present these APMs to provide additional information to investors and enhance their understanding of Calisen’s results of operations. Furthermore, the Directors believe that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue, profit before tax or cash flow from operating activities calculated in accordance with IFRS, as indications of operating performance or as measures of the Group’s profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this Prospectus. APMs are non-IFRS financial measures and have not been audited or reviewed. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the historical financial information in Part B of Part XIII (*Historical Financial Information*) of this Prospectus.

For the definition of and a reconciliation to an appropriate measure calculated in accordance with IFRS of the APMs included in this Prospectus, see the section headed “Alternative Performance Measures” in Part XI (*Operating and Financial Review*).

The Directors believe that the description of these APMs in this Prospectus follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures dated 5 October 2015.

#### 4. OTHER INFORMATION

To assist prospective investors in comparing Calisen's historical financial performance from period to period, or at a particular time, certain other operating metrics have been presented in this Prospectus. These other operating metrics are defined as follows:

- **Revenue-generating meters:** The number of smart meters and the number of traditional meters owned and managed by Calisen each refers to the number of meters that are generating monthly MPC revenue from Calisen's energy retailer customers. For both smart meters and traditional meters, such number of revenue-generating meters consists of three categories of meters. The first category is meters that are on the wall. This, in turn, includes the meters on which Calisen's energy retailer customers make MPC payments to Calisen every month at fixed rates set out in MAP contracts with such energy retailer customers and the meters that have undergone consumer churn and on which Calisen receives monthly MPC payments from the new energy retailer based on either a pre-existing churn contract with the new energy retailer or invoiced rates in the absence of a churn contract. The second category is meters that have been removed by Calisen's energy retailer customers but are still collecting MPC payments from such energy retailer customers pursuant to the terms of Calisen's MAP contracts with them. After such meters have been removed, they are returned by the relevant energy retailer customer to Calisen, which retains possession and ownership of those meters pending re-installation. The third category is meters that have been delivered, and a certain period of time has elapsed, but the meters have not yet been installed. Typically, such period of time is 90 days, and at that time, the MPC either starts to accrue or becomes payable, but the energy retailer customer is not yet billed. Therefore, the total number of Calisen's revenue-generating meters is the number of revenue-generating meters that are on the wall plus the number of revenue-generating meters that have been removed from the wall pending re-installation plus the number of revenue-generating meters that have been delivered but remain uninstalled for a period of time.
- **Contracted installation MAP pipeline:** In addition to the MAP customer contracts pursuant to which Calvin Capital has completed the procurement and installation of meters and is now owning and managing the meters in either the initial period or the secondary period of the contract, Calvin Capital has entered into, or is in advanced stages of negotiating, customer contracts for which it has not yet completed the procurement and installation steps. As a result, there are a number of meters for MAP services that are either contracted for or in advanced negotiations but not yet installed or otherwise not yet generating revenue. The expected number of such meters, or the contracted installation pipeline for MAP services, can only be estimated, and cannot be accurately counted until the procurement and installation process has been completed. This is because the volume of meters to be covered by the customer contracts that Calvin Capital has entered into can be specified in two different ways. In the first approach, the contract contains a minimum volume guarantee. This means that the energy retailer customer and Calvin Capital agree that Calvin Capital will procure, install and manage meters of at least a certain amount of capital expenditure. All of Calvin Capital's minimum volume guarantee contracts have a minimum set at 75% or above of the expected capital expenditure amounts. Under the second approach, the contract states that the energy retailer customer will utilise Calvin Capital for all of its installing MAP needs for a set period of time. Under both approaches, the contract does not specify a definitive number of meters that are covered by the contract. Because the contracts do not set out exact numbers of meters that Calvin Capital would be handling under those contracts, Calisen is only able, at any given time, to estimate the contracted installation MAP pipeline.

#### 5. ROUNDING

Certain numerical figures included in this Prospectus have been rounded. Discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. In addition, percentages in tables have been rounded and accordingly may not add up to 100%.

#### 6. MARKET AND INDUSTRY DATA

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitutes Calisen's estimates, using underlying data from independent third parties. Statistics, data, and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Calisen's business and markets in this Prospectus (together, the "**Company Market Report**", which is dated December 2019) are not based on published data obtained from independent third parties or extrapolations therefrom, but rather are based upon Calisen's analysis and best estimates, which are in turn based upon multiple third-party sources, including Ofgem, Ofcom, the Department for Business, Energy & Industrial Strategy of the British government, PA Consulting Services Limited, Smart Energy GB, the National Cyber

Security Centre of the British government, the National Audit Office of the British government, Delta Energy & Environment, World Energy Council, GO15 and Roy Morgan Research.

Whilst the Directors believe that such third-party information is reliable, Calisen has not independently verified such third-party information, and Calisen makes no representation or warranty as to the accuracy or completeness of such information as set forth in this Prospectus. Calisen confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as Calisen is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

## 7. EXCHANGE RATE AND CURRENCY INFORMATION

Unless otherwise indicated, references in this Prospectus to “pound sterling” or “£” are to the lawful currency of the UK.

## 8. FORWARD-LOOKING STATEMENTS

This Prospectus includes certain forward-looking statements, forecasts, estimates, projections and opinions (“**Forward-looking Statements**”). When used in this Prospectus, the words “anticipate”, “believe”, “estimate”, “forecast”, “expect”, “intend”, “plan”, “project”, “may”, “will” or “should” or, in each case, their negative or other variations or similar expressions, as they relate to the Company, Calisen, its management or third parties, identify Forward-looking Statements. Forward-looking Statements include statements regarding Calisen’s business strategy, its objectives (as detailed in Part VII (*The Business*) of this Prospectus), financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of the Directors (including based on their expectations arising from pursuit of Calisen’s strategy), as well as assumptions made by the Directors and information currently available to the Company.

Although the Company believes that these beliefs and assumptions are reasonable, by their nature, Forward-looking Statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. These risks, uncertainties, assumptions and other factors could cause actual outcomes and results to be materially different from those projected. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. No representation is made or will be made that any Forward-looking Statements will be achieved or will prove to be correct. These risks, assumptions, uncertainties and other factors expressly qualify all subsequent oral and written Forward-looking Statements attributable to Calisen or persons acting on its behalf.

Forward-looking Statements contained in this Prospectus speak only as at the date of this Prospectus. The Company does not assume any obligation to update any Forward-looking Statement and disclaims any obligation to update its view of any risks or uncertainties described herein or to publicly announce the result of any revisions to Forward-looking Statements made in this Prospectus, except as required by law, the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules or the Market Abuse Regulation.

In addition, this Prospectus contains information concerning Calisen’s industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and Calisen’s market and business segments, will develop. These assumptions are based on information currently available to the Company, including through the Company Market Report. If any one or more of these assumptions turns out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on Calisen’s business, if there are such differences, they could have a material adverse effect on the Company’s future results of operations and financial condition. The Company does not intend, and does not assume any obligation, to update industry or market data set forth in this Prospectus.

The Forward-looking Statements are not guarantees of future performance and involve risks and uncertainties. The Forward-looking Statements are based on the Directors’ current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the Forward-looking Statements. Calisen’s actual results may differ materially as a result of various factors including, but not limited to:

- the regulatory and legal environment in which Calisen operates;
- continued demand from energy retailers for third-party meter asset ownership and operation;

- challenges associated with the mass-scale roll-out of smart meters;
- growth in the MAP segment in Britain once the key regulatory deadlines that have been driving the growth in Calisen have passed, and Calisen's success in seeking growth in other jurisdictions or adjacent lines of business;
- nationalisation, expropriation or more onerous regulation of the energy networks and related industries in Britain, including the MAP segment, and direct regulation of MAPs;
- changes to the "supplier of last resort" regulatory framework, and the potential invoking of the Energy Supply Company Administration special administration regime;
- continued political support to help spur investments by energy retailers in smart metering, and political and regulatory responses to negative publicity, technological difficulties or logistical complications;
- difficult conditions in the British economy;
- upon the MAP contract entering into a secondary period, or in the event of the early removal of a meter, whether Calisen will be able to replace the original MPC revenue with other contracted revenue;
- issues pertaining to meter firmware updates;
- malfunctions, interruptions or security breaches of IT systems and networks, and failure of the physical infrastructure or the IT systems and networks;
- warranty or liability claims from meters and other metering equipment owned, installed and managed by Calisen developing faults;
- violations of environmental laws and regulations or future liabilities;
- risks associated with acquisitions, strategic partnerships and investments;
- successful execution of Calisen's strategy;
- actions of its current or potential competitors in bidding for new MAP contracts;
- effective management of Calisen's growth;
- accelerated demand for the implementation of MAP contracts;
- potential lack of a written contractual basis for continuing to collect MPC payments with respect to a meter in the event of consumer churn, and the possibility that the new energy retailer may choose to remove it without compensating Calisen;
- a significant portion of Calisen's revenue being generated from a limited number of energy retailer customers and MAP contracts, and the difficulty for Calisen to win MAP contracts with such customers in the future;
- 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;
- counterparty default risks;
- the limited number of manufacturers and installers, and their failure to timely deliver their products and services or to otherwise perform their contractual obligations;
- credit and market risks arising from interest rates and from related hedging activities;
- the need for additional capital in the future, and its availability on terms favourable to Calisen;
- certain risks associated with Calisen's debt financing;
- difficulties in attracting or retaining key executives, officers, managers and technical personnel;
- insufficient insurance and uninsurable losses;
- legal challenges and claims relating to intellectual property;
- actual or threatened legal, administrative and arbitration proceedings and investigations;
- impairment of goodwill from a downturn in Calisen's financial performance;
- changes in the accounting guidance, applicable tax rulings and taxation requirements and challenges to the Reorganisation resulting in substantial tax payments;

- the Lowri Beck Acquisition and the subsequent integration of Lowri Beck into Calisen;
- inability to rely on Lowri Beck’s installation personnel to deliver on Calisen’s MAP contractual obligations;
- Lowri Beck’s loss of required registrations and accreditations;
- claims that Lowri Beck may face in respect of its meter installation and ongoing maintenance work;
- expectation that Lowri Beck will continue to be loss-making;
- health and safety risks in Lowri Beck’s operations; and
- possession by Lowri Beck of consumer data that is subject to data protection laws and regulations.

The foregoing factors and others described under Part II (*Risk Factors*) of this Prospectus should not be construed as exhaustive. Due to such uncertainties and risks, investors are cautioned not to place undue reliance on the Forward-looking Statements, which speak only as at the date of this Prospectus. It is urged by the Directors that this Prospectus, including Part II (*Risk Factors*), Part XI (*Operating and Financial Review*) and Part VII (*The Business*), be read for a more complete discussion of the factors that could affect Calisen’s future performance and the industry in which it operates. Moreover, Calisen operates in a very competitive and rapidly changing environment. Calisen may face new risks from time to time, and it is not possible to predict all such risks; nor can the Directors assess the impact of all such risks on Calisen’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in the Forward-looking Statements. Given these risks and uncertainties, no undue reliance should be placed on the Forward-looking Statements as a prediction of actual results.

## 9. US SECURITIES LAW CONSIDERATIONS

The Company has agreed that, for so long as any of the Shares are “restricted securities” as defined in Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective investor in such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act. The Company expects that it will be exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

This Prospectus is being furnished by the Company in connection with an offering exempt from the registration requirements of the US Securities Act, solely for the purpose of enabling a prospective investor to consider the acquisition of Shares described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. This Prospectus is being furnished on a confidential basis only to persons reasonably believed to be QIBs in the United States and other eligible persons outside of the United States. Any reproduction or distribution of this Prospectus, in whole or in part, in the United States and any disclosure of its contents or use of any information herein in the United States for any purpose, other than in considering an investment by the recipient in the Shares offered hereby in accordance with the offer and sale restrictions described herein, is prohibited. Each prospective investor in the Shares, by accepting delivery of this Prospectus, agrees to the foregoing. The Shares are being offered in the United States through United States registered broker-dealer affiliates of the Underwriters.

## 10. SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company incorporated under English law. All of the Directors, save for Phil Nolan, are and are anticipated to continue to be residents of the UK. All of the assets of the Group are located outside the United States. Consequently, it may not be possible for investors to effect service of process upon the Company or the Directors within the United States or to enforce judgments of United States courts predicated upon the civil liability provisions of United States federal securities laws against them in the United States courts. There is doubt as to the enforceability in England and Wales, in original actions or in actions for the enforcement of judgments of the United States courts, of civil liabilities predicated upon United States federal securities laws.

## PART VI

### MARKET OVERVIEW

*Unless indicated otherwise, the information set out in this Part VI (Market Overview) constitutes the Directors' views of the market in which the Group operates. Unless indicated otherwise, all market, industry, market share and competitive position data set out in this Part VI (Market Overview) and elsewhere in this Prospectus that relate to the market in which the Group operates are estimates and should be treated with caution. The Company has obtained market data from internal surveys and studies as well as from information derived from third-party publications, studies and surveys, market interviews, market and web-based research including historical competitor annual accounts and reports assimilated by third parties. Where information from third parties has been used in this Part VI (Market Overview), the source of such information has been identified. Third-party reports, publications, studies and surveys generally state that the data contained therein has been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data.*

*The Company believes that the information provided by third parties has been accurately reproduced, and, so far as the Company is aware and has been able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nonetheless, the data on market sizes and projected growth rates should be viewed with caution. Moreover, in considering the market-wide trends and opportunities discussed below and elsewhere in this Prospectus, investors should be aware that given the Group's particular strengths and strategies, on the one hand, and its risks, on the other, the impact on the Group of such trends and opportunities may be more or less than their impact on the market as a whole. In addition, certain of the market, industry, market share and competitive position data contained in this Prospectus come from the Company's own internal research, records, data and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates (some of which may have been assimilated by third parties in their reports). While the Directors reasonably believe that such research, records, data and estimates are reasonable and reliable, they, and their underlying methodology, have not been verified by any independent source for accuracy or completeness. Additional factors which should be considered in assessing the usefulness of the market and competitive data and, in particular, the projected growth rates are described elsewhere in this Prospectus, including those set out in Part II (Risk Factors) of this Prospectus. Accordingly, undue reliance should not be placed on any of the market, industry, market share and competitive position data contained in this Prospectus.*

*This Part VI (Market Overview) provides prospective investors with an overview of the macroeconomic drivers of the Group's market and the Company's competitive landscape.*

### INDUSTRY DEVELOPMENT

#### **Moving towards a digital energy landscape**

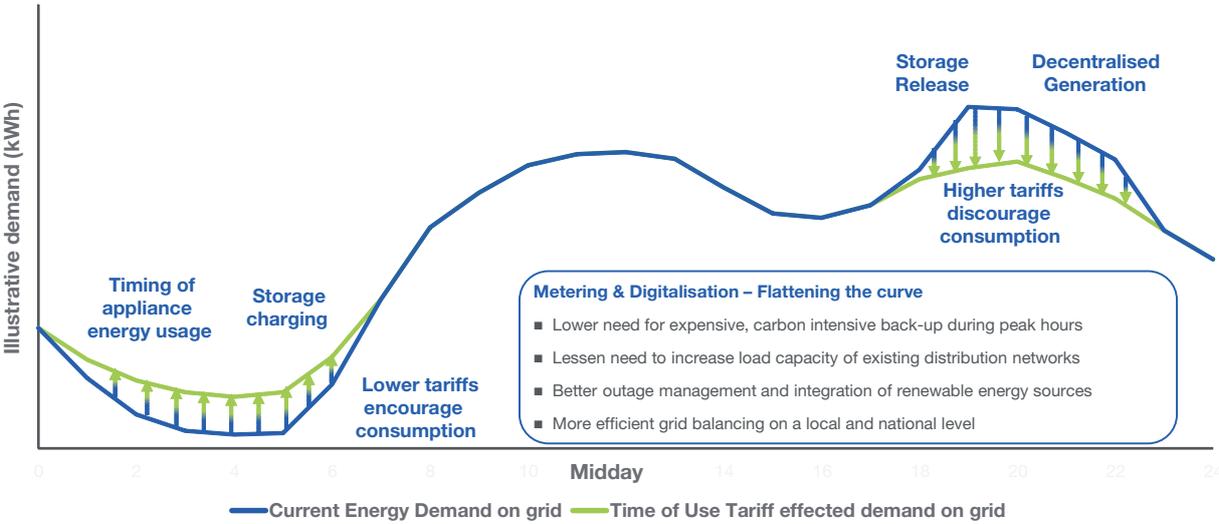
The global energy industry is undergoing significant changes. While energy demand is anticipated to continue to grow, there is increasing concern regarding the impact on the environment of carbon emissions from fossil fuel based energy production. These concerns have acted as catalysts for government and industry action, resulting in increased prioritisation of renewable sources of energy production. The changes are largely underpinned by three core trends: digitalisation, decentralisation and decarbonisation. Smart meters are believed to be a key enabler of progress in this new decentralised and digital energy landscape in Britain, and a key element of the investment required to move towards decarbonisation.

#### ***Digitalisation***

Digitalisation is critical to decarbonisation and decentralisation of generation. It comprises the increased usage of digital devices across smart grids to provide data useful both for consumers and 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. Firstly, energy used by households and small consumers 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. This results in high demand in the early mornings and early evenings and low demand during the day and late night. A more digital energy system (and specifically smart meters) allows consumers to target energy use in the lower-demand time of the day. This is likely to flatten the daily supply and demand on the energy grid, as by lowering prices at times when energy is in lower demand, consumers will be incentivised to increase usage, and by increasing prices at times when energy is in higher demand, consumers will be discouraged from high usage. Consequently, there should be less requirement for incremental available capacity in the grid to deal with these peaks in demand. This

additional generation capacity is often costly, and carbon intensive, because of the way it needs to produce power rapidly. The benefit for consumers is the ability to better manage the costs of their own energy consumption. Secondly, more digitally enabled grids are more capable of integrating renewable energy generation and storage technologies. Generation such as wind and solar power is less flexible at meeting peak demand when desired, and so currently tends to have to be supported by carbon intensive generation. Additionally, as the energy system becomes more decentralised such as through domestic wind turbines, solar panels and storage, only a more digitally capable grid will be able to keep track of these more numerous and distributed supply sources, as these further smooth the supply and demand flows. Thirdly, 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 the potential for more informed energy consumption patterns. Set forth below is a chart showing the potential impact of digitalisation on household energy grid demand.



Source: Go15.

**Decentralisation**

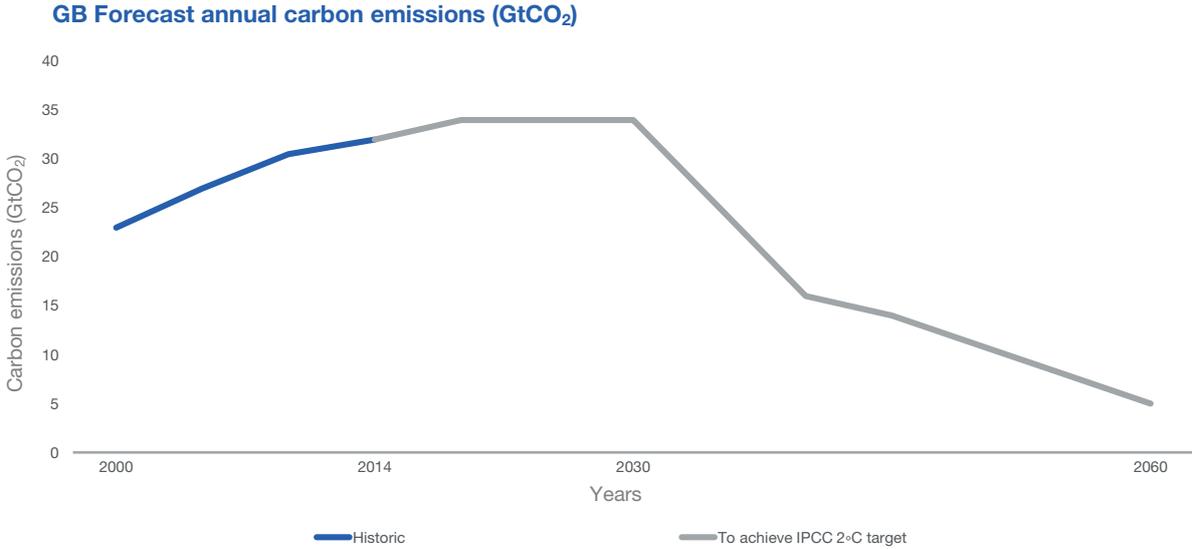
As part of the decarbonisation process, global energy grids are also beginning to transition from the traditional centralised model, by which large-scale fossil and nuclear power generation is distributed to consumers via one-directional grids, to a decentralised and more local energy generation and energy storage equivalent. This shift has created 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 segment adjacencies which include battery storage, electric vehicle charging facilities, electric heat pumps and localised renewable energy generation.

**Decarbonisation**

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 carbon emission targets implemented by most developed countries to reduce their carbon emissions. The UK government has written into law a target requiring the country to bring all greenhouse gas emissions to net zero by 2050. This follows the previous target of at least an 80% reduction in carbon emissions versus levels as compared to 1990.

Given that renewable energy generation is subject to atmospheric conditions (e.g., the level of wind and sunshine) and is therefore more intermittent and less predictable than its non-renewable counterparts, this shift to renewable energy is also expected to increase the disconnect between energy supply and energy demand. This is likely to prompt an increase in energy storage capacity, flexible power plants as back-up support and improved management of energy consumption patterns in years to come. Decarbonisation is therefore believed to be a long-term driver of energy industry growth.

Smart meters are central to this transition, facilitating the data collection and transfer necessary to digitalise and develop the grid. Set forth below is a chart showing the reduction in carbon emissions needed to achieve the IPCC’s target of the temperature increasing by no more than 2°C.



Source: World Energy Council.

**Role and benefits of smart meters**

Meters are a critical element of the British energy supply infrastructure, essential to both consumers and energy retailers through the provision of accurate consumption and billing information.

Gas and electricity meters have been instrumental in allowing energy retailers to measure the energy consumption of consumers for more than a century. The emergence of smart gas and electricity meters, which provide the opportunity for two-way communication with the meter, represents a major shift in the technology available to measure and effectively monitor consumer consumption. Historically, energy retailers have relied on manual meter readings from traditional meters. The energy retailers have billing and IT infrastructure that is designed to receive and process manual meter readings from consumers or handheld terminals used by meter reading operators. These manual meter readings result in the need to estimate energy consumption for the purpose of billing which results in additional costs for energy retailers and inaccurate bills for consumers.

As Britain moves to a more decentralised energy system, the traditional meter is inadequate. In particular, the absence of near-real-time consumption and pricing data does not allow for pricing to act as a key signal to enable decision making by consumers, such as the most efficient time to charge electric vehicles. Smart meters are a key enabler for these changes as they allow for consumption measurements in real time, with variable pricing mechanisms implemented in order to manage demand, primarily in the electricity segment.

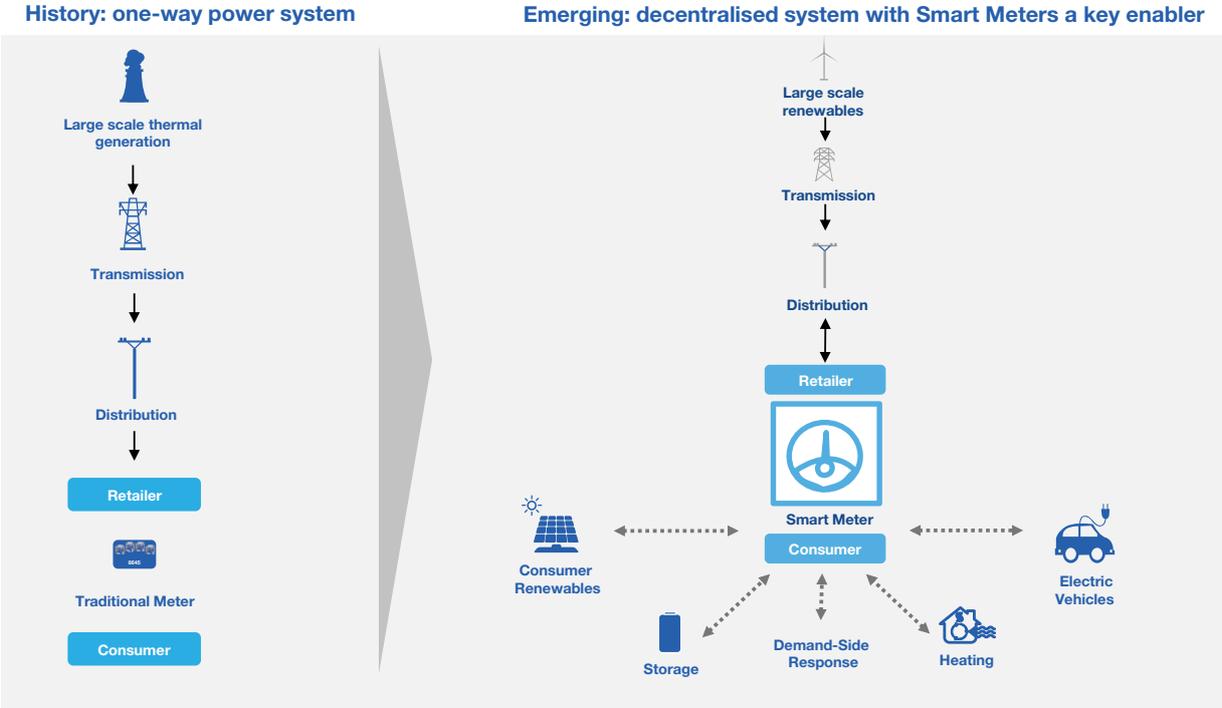
Smart meters are advanced meters and offer a range of functions, including:

- transmission of consumption data to energy retailers on a near-real-time basis, eliminating the need for manual readings;
- increased billing accuracy with consumers solely charged for the energy they use, eliminating the requirement for estimated energy bills;
- provision of real-time data regarding exact consumption levels and costs to energy retailers and consumers (through an in-home display or mobile phone);
- potential to incentivise consumers to change energy consumption patterns away from peak hours via time of use tariffs;
- improved management of distributed micro-generation and storage, such as solar panels and batteries installed at consumers’ homes; and
- facilitation of overall system demand management by network operators and energy retailers.

Increased deployment of smart metering infrastructure therefore presents positives for Calisen’s main stakeholders:

- **Society:** Load shifting (resulting in improved infrastructure use efficiency), reduced carbon emissions (approximately 25% carbon dioxide saving by 2035, 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 usage;
- **Consumers:** Increased protection via improved pricing transparency and billing accuracy through higher-quality data collection and transfer, with the potential for lower energy bills from consumption management, as well as a cheaper and simpler switching process. Smart meters currently have an approval rating of approximately 94%, according to the Smart Energy GB, based on positive and neutral views; and
- **Energy retailers:** A range of operational cost savings (net benefit of approximately £36 per annum cost savings per household by 2034, according to BEIS), improved working capital positions, theft and bad debt reduction.

Smart meters are therefore considered critical energy infrastructure and essential enablers of the transition to a low carbon, digitised energy economy. Set forth below is a diagram showing the central role played by smart meters in the energy system, as well as the change in the role played by meters as the energy sector becomes more decentralised.



Source: Calisen.

**Meters**

Traditional meters have been in existence for over a hundred years, allowing energy companies to deliver energy and measure the energy consumption of consumers. While meters have changed significantly over the course of time, in terms of both design and specification, the primary functionality of the devices has remained largely the same. Traditional meters measure and display energy usage, typically on a cumulative basis. The consumption information they accumulate must be read manually; this requires either the consumer or the energy retailer to read and record the meter digit reading on the front of the meter and provide it to the energy retailer. Provision of the meter reading is typically made by phone, website or mobile application. It is recommended that the consumer undertakes a meter reading at least four times a year in order to avoid a shock bill or debt, although the regulatory requirement on energy retailers with respect to meter readings allows for less frequent readings.

Electricity meters have been around since the requirement to measure AC kilowatt hours with early examples of metering dating back to 1889. The Electricity Act of 1989 forms the basis of the approved patterns of

construction, installation and metrology for traditional electricity meters ensuring degrees of quality and accuracy are maintained.

The first gas meters in Britain were developed in 1817 as the country transitioned to a widespread use of gas lamps. Performance and use of modern day gas meters is governed by the Gas Act of 1986 and supporting legislation in the form of statutory instruments. As with the Electricity Act of 1989 above, this ensures a standardised level of quality and accuracy.

Smart meters have all the basic metrology capabilities of traditional meters but improved communication functionality, as outlined above. Resultantly, they require a power source of their own; electricity meters receive this directly from the electricity they supply, while gas meters are fitted with long life batteries.

Historically, households have required one gas and one electricity meter. However, it is anticipated that the British government (as part of its efforts to reduce carbon emissions) will support the installation of low-carbon electric heating systems in all new homes built in Britain after 2025. Some homes may end up with two or more electricity meters to keep track of increased and diversified flows of electricity, but without any gas meters.

### **Meter industry background**

Energy meters have been a critical part of Britain's energy infrastructure since the late-19<sup>th</sup> century, serving as the main link between consumer usage and energy retailer billing.

Elements of the British energy industry have been liberalised. Provisions to support full competition in the gas and electricity retail segments were put in place in 1996 and 1999 respectively, enabling consumers to choose their energy retailer and to switch between them, leading to consumer churn between energy retailers. Since the introduction of metering competition, energy retailers have been able to use commercial meter operators offering cheaper annual rents, more advanced meters and better service levels.

Prior to liberalisation, metering was part of the Distribution Network Operators' monopoly activities but was separated when the metering segment was opened up to competition. Metering is not a separate licensable activity in the British energy segment but the energy retailer is responsible for coordinating and providing all services to a consumer, including metering. The requirements are contained within the retailer licence conditions set by Ofgem with which the energy retailers are required to comply under their respective licence conditions.

### **Meter Asset Providers**

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

- Meter provision, installation services and financing solutions;
- Collection of MPCs from energy retailers (with typical contracts of 10–15 year initial periods);
- Meter portfolio management; and
- Transfer of the MPC billing procedures to the new energy retailer in the event of churn.

Liberalisation of the energy segments resulted in energy retailers evaluating their meter procurement options, with many preferring to outsource meter investment owing to four principal reasons. Firstly, as consumers could switch energy retailers, many energy retailers preferred not to invest in assets that might provide economic benefits to their competitors. Secondly, many energy retailers may prefer instead to deploy capital in other areas. Thirdly, outsourcing meters enabled energy retailers to avoid investing in the meter tracking capability required to ensure that they could collect MPC following consumer churn. This makes MAPs a core component of the energy system. Fourthly, as the MAP segment developed, MAPs were often better placed to procure meters on better terms, including lower costs. Similarly, it also enabled the energy retailer to outsource meter installation and associated costs.

The first MAPs appeared soon after liberalisation of the metering segment, with a Big 6 Energy Retailer 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 churn in the energy retail segment.

### *MAP segment participants*

There are a number of distinct operators within the MAP segment:

- **Large independent MAPs of scale:** MAPs with large scale portfolios, such as Calisen, serving either the Big 6 Energy Retailers or the Independent Energy Retailers (or both);
- **Smaller MAPs:** Smaller MAPs (as well as divisions of certain network operators) that have won contracts with smaller energy retailers, generally not gaining substantial traction with the Big 6 Energy Retailers; and
- **Self-funding energy retailers:** Some energy retailers have retained metering services within their groups.

Currently, the MAP segment is concentrated with two MAP players of scale.

Going forward, it is anticipated that the role of MAPs will continue to grow amidst the legislated nationwide smart meter roll-out which has support from both Conservative and Labour parties. It is expected that the business models of MAPs will also present them with opportunities in adjacent segments, such as battery storage and electric vehicle charging in the medium term.

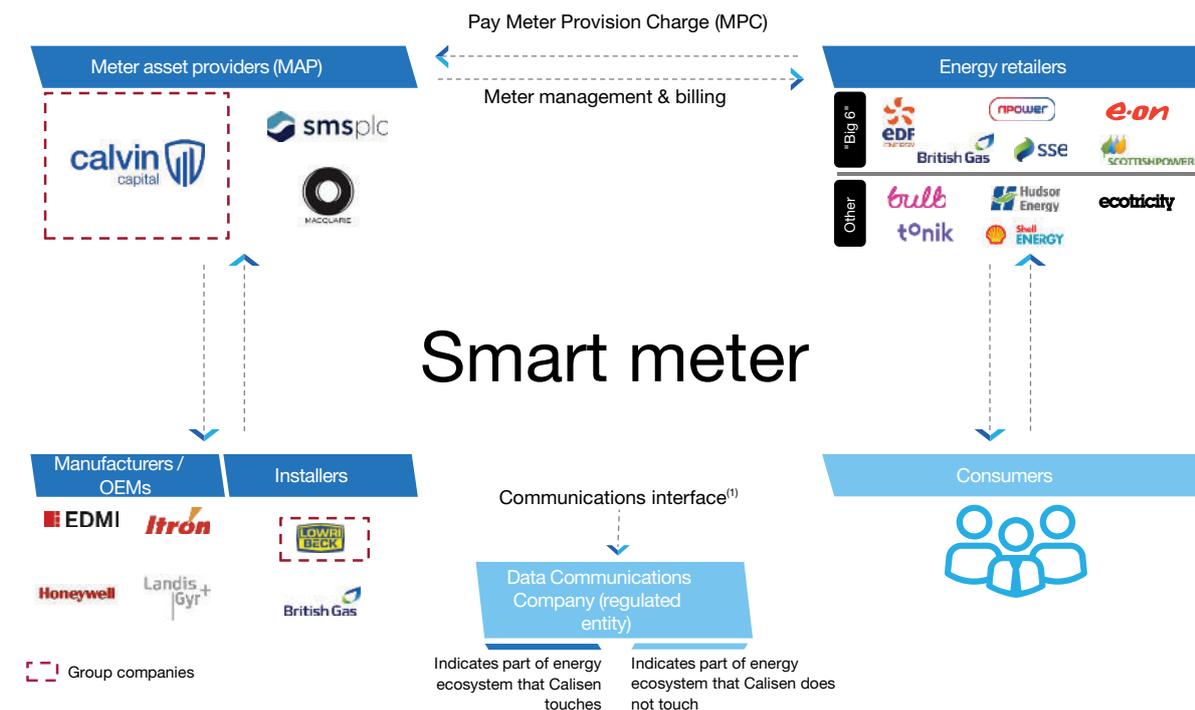
### **The smart metering ecosystem**

The key participants in the British smart metering segment include: energy retailers which are responsible for the provision of meters and the transition of traditional meters into smart meters; MAPs who procure, finance and often install smart meters for energy retailers; meter manufacturers; meter installers; MOPs and MAMs; the DCC, which is responsible for providing a data link between smart meters, energy retailers and other stakeholders; SMSOs; and consumers.

Set forth below is a diagram illustrating the relationships between these participants. MAPs procure meters from manufacturers and finance the procurement. Meters are subsequently installed by installers. MAPs either manage or monitor the installation and use it as the basis for energy retailers to pay the MAP an MPC. MOPs and MAMs are responsible for managing and servicing the meters once they are on the wall on behalf of the energy retailer. The ultimate goal of these relationships is to provide energy to the consumers. Only the energy retailers engage directly with the domestic consumer.

While the participants are separated into discrete groups in the diagram below, this is for illustrative purposes only, and one participant may hold multiple roles. For example, all of the Big 6 Energy Retailers have their own in-house installations engineers, and often choose to install meters themselves, without using a third party. Some MAPs are also installers, electing to provide services throughout the meter's lifecycle. In addition, while the nomenclature is commonly used to refer to roles, it also represents formal accreditation by the regulator of an ability to provide that particular service. For example, all installers must be certified MOPs to install electricity meters or MAMs and OAMIs to install gas meters. They may elect not to provide additional

ancillary services post installation but they must have the Ofgem certification. Set forth below is a diagram of the participants and their activities.



Source: Calisen.

Note: Energy retailers listed do not necessarily have a MAP contractual relationship with Calvin Capital.

(1) Illustrative for SMETS2 structure.

### **Energy retailers**

Under their licences, energy retailers are responsible for offering to replace traditional meters with smart meters for consumers but must also allow consumers to switch energy retailers. Consumers' ability to switch may be a key consideration for energy retailers in assessing whether to invest in meters themselves or utilise MAP services.

The MAPs' customers are energy retailers and therefore a MAP's contractual agreements do not expose it directly to consumers. The energy retailers remain responsible for meter reading, billing and debt collection from consumers.

### **Meter manufacturers**

There are a number of meter manufacturers in Britain's smart metering segment. Following consultation with the MAP, the brand of meter installed in consumers' homes is at the energy retailers' discretion, with MAPs procuring the meter on behalf of the energy retailer.

### **Meter installers**

While some of the Big 6 Energy Retailers manage installations through in-house engineering teams, some energy retailers mandate third-party firms to manage their smart meter installations.

Licensing and approval requirements are separate for electric and gas meter installations, though most meter installation engineers are dual-fuel certified. In respect of all smart meter installations, all meter installation engineers must also comply with Ofgem's Smart Metering Installation Code of Practice (SMICoP), which regulates the process that engineers must follow when installing meters in consumers' homes.

### **Meter Operator Providers (MOPs) and Meter Asset Managers (MAMs)**

MOPs and MAMs provide installation and operational services to energy retailers for electricity and gas meters respectively. They are responsible to the relevant regulatory body for ensuring that all actions during the life-cycle of a meter are performed by suitably qualified people or organisations and in accordance with industry

standards. These standards are laid out by the Meter Operation Code of Practice Agreement (MOCOPA) and the Meter Asset Manager Code of Practice (MAMCoP) respectively.

MOPs and MAMs either conduct or sub-contract various services during the life of electricity or gas meters, assuming responsibility even for processes which are sub-contracted. These services include but are not limited to planning of the installation and meter life process, design and selection of fittings, securing third-party approval and authorisation, installation, operation, maintenance, modifications, commissioning (ensuring the meter acts as it was intended to do), inspections, functionality monitoring, cessation of supply and removal and return of meter. MOPs and MAMs are expected to make sure that these processes adhere to certain requirements such as health and safety, appropriate personnel training and competency, awareness of vulnerable energy consumers, minimum standard of service provision, and application of a sufficient quality management system. Once a meter is on the wall, there is typically minimal need for intervention or attention unless there is a fault.

While not all installers will provide the full suite of MOP or MAM services, they must be certified MOPs or MAMs in order to install electricity and gas meters respectively. Gas meter installers must also be certified OAMIs. Therefore, the Big 6 Energy Retailers carrying out their own installations must be certified MOPs, MAMs or OAMIs, even if they do not provide ancillary services.

### ***DCC***

The DCC is a communications hub for electricity and gas smart meters that launched in November 2016. It is responsible for linking smart meters in homes and small businesses with energy retailers, network operators and energy service companies, providing a two-way communications channel between smart meters and a central data processing function. The DCC is operated by Capita plc under a BEIS licence, with the network mandated to:

- operate reliably for all consumers regardless of their energy retailer;
- provide smart metering data to network operators to support the digitalisation of the energy industry and development of a smart grid; and
- allow authorised third parties to provide consumers with information they have requested such as how they can reduce their energy usage.

The DCC systems are linked to localised communications hubs via the Wide Area Network (WAN), allowing each meter to receive information from, and send information to, the DCC systems, which then directs to the relevant parties. There are two Communications Service Providers (CSP). Telefonica provides the WAN using cellular technology and a proprietary wireless mesh network in Southern England and Wales, while Arqiva provides WAN network services in Scotland and the Northern regions via a proprietary communications technology.

As the SMETS1 specification was defined before the DCC was established, SMETS1 meters do not communicate with the DCC. They either communicate directly with energy retailers, or through a market agent—an SMSO. Where consumer churn occurs, they may cease to communicate. As SMETS1 meters undergo the process of “Enrolment and Adoption”, as explained below in “—*Meter specification*”, they will be transferred over to the DCC.

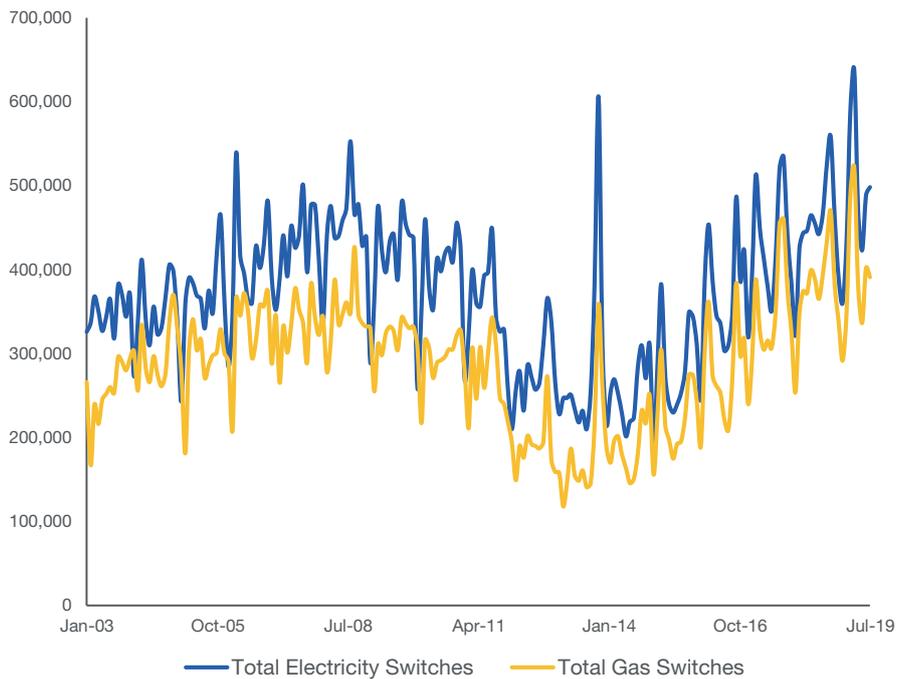
As a monopoly, the DCC is subject to an operational incentive arrangement called the “Operational Performance Regime”, which mimics competitive pressure to ensure that the DCC efficiently manages its costs while delivering an appropriate quality of service.

### **Energy retail segment dynamics**

Full competition within the electricity and gas retail segments was introduced in 1999 and 1996 respectively, with consumers free to switch energy retailers as they chose. As a result, churn has been a long-term component of the British energy retail segment, with average total monthly churn rates over the last 15 years of approximately 365,000 and 284,000 consumers per month in the electricity and gas segments, respectively. It is estimated that approximately 20% of consumers switch energy retailers per year. Set forth below is a chart showing the total monthly occurrences of consumer churn in the British electricity and gas segments over time since liberalisation.

## Churn present in GB energy markets since liberalisation

### Total monthly churn



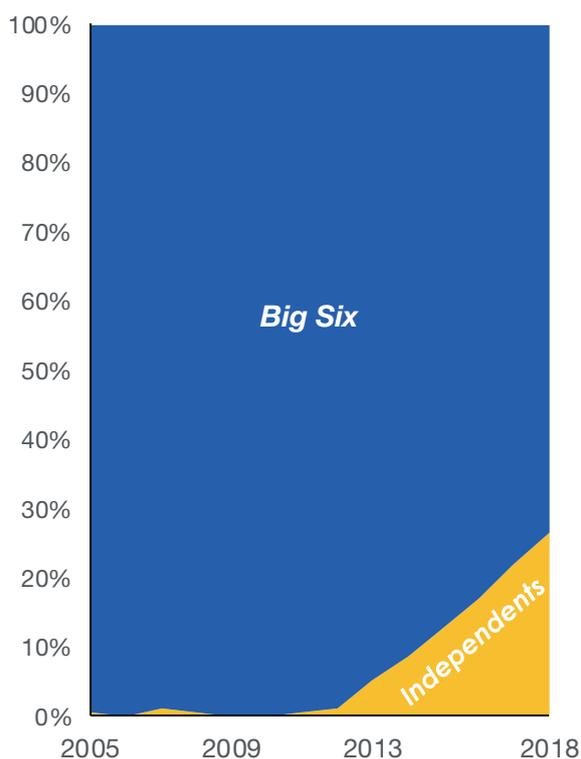
Source: Ofgem.

Historically the Big 6 Energy Retailers dominated the British energy retail segments with a near-100% market share, with switching occurring between these six energy retailers. However, Independent Energy Retailers have been gaining consumers in the domestic energy segments over the past 10 to 15 years, with their aggregate share increasing from near-zero in 2005 to approximately 26% at the end of 2018.

Therefore, Ofgem has begun to refer to larger Independent Energy Retailers as well as the Big 6 Energy Retailers when reporting market share.

There are approximately 58 Independent Energy Retailers, and according to Ofgem, the majority of consumer churn is now as a result of switches from Big 6 Energy Retailers to Independent Energy Retailers. Consequently, the Independent Energy Retail segment is playing an increasingly important role in the domestic energy segment. Set forth below are charts showing shares of the British electricity retail segment held by the Big 6 Energy Retailers and the Independent Energy Retailers over time from 2005 to 2018 and as at 31 December 2018.

## Energy supply market share evolution



Source: Ofgem.

(1) Number of gas and electricity meters as at December 2018.

## Energy supply market share<sup>(1)</sup>

Retailer	Meters (m)	Market share (%)
 British Gas	12.0	23%
 e.on	6.1	12%
 SSE	5.9	12%
 SCOTTISHPOWER	4.9	10%
 EDF	4.9	10%
 nPower	3.8	7%
<b>Independents</b>	<b>13.5</b>	<b>26%</b>
<b>Total</b>	<b>51.1</b>	

The key drivers behind the increasing significance of Independent Energy Retailers are:

- energy retailers increasingly differentiating their pricing and service offering to consumers, including offering smart metering;
- Ofgem and BEIS initiatives to encourage switching in order to drive competition;
- growing arguments as to the benefits of switching retailer as a result of political and media commentary; and
- the growth of price comparison websites, which, combined with their ability to facilitate faster switching, have encouraged a more active segment.

After the advent of competition in energy retail supply, it became apparent that possible energy retailer default could result in domestic consumers losing energy supply. As part of its remit to protect consumers, Ofgem introduced the “supplier of last resort” regulatory framework to ensure that should an energy retailer fail, Ofgem may choose to intervene, if deemed appropriate, to appoint an alternative energy retailer of last resort. This regime helps reduce the MAPs’ credit exposure to energy retailers in the event of insolvency and has successfully been implemented in recent insolvency situations, such as Toto Energy (October 2019), Extra Energy (November 2018), Spark (November 2018), and GB energy supply (November 2016). Were a large energy retailer to become insolvent, the Energy Supply Company Administration special administration regime may be invoked. As at the date of this Prospectus, all of the Big 6 Energy Retailers have debt that is rated above the investment grade threshold at the parent company level, generally implying acceptable credit risk exposure for MAPs with a large proportion of Big 6 Energy Retailer customers.

### SMIP

Government policy requires energy retailers to install gas and electricity smart meters in domestic and smaller non-domestic properties in Britain. The initial aim was to complete installation by December 2020. The SMIP targeted the replacement of approximately 53 million traditional meters across domestic and small non-domestic premises. During 2018, the British government extended the duration of its powers to 2023 through the Smart Meter Act 2018, in order to ensure oversight of the completion of the roll-out and help

consumers get the most from their smart meters. In September 2019, the British government released a consultation document, outlining its intention for a new regulatory regime for the period from 2021 to 2024. The government is proposing to introduce a new energy retailer licence obligation that would extend the monitoring framework until December 2024 with the aim of completing the bulk of the roll-out by that point.

On 15 November 2019, Energy UK, a trade association for the UK energy industry and retailers with over 100 members, issued an open letter to BEIS providing a consolidated response to the proposed framework. The letter sets out, among others, energy retailers' concerns that the proposed fines are not subject to the current "all reasonable steps" benchmark and, hence, do not take into account market challenges, in particular with respect to consumer adoption. Despite the challenge, the letter also demonstrates a commitment by the energy retailers to deliver a successful smart meter roll-out.

While managed by BEIS, the SMIP is regulated by Ofgem and is mandated by English law. Ofgem is responsible for overseeing (including monitoring, reporting and enforcement) the licence obligations which empower energy retailers to supply energy to consumers. Ofgem can (and does) impose financial penalties for non-compliance. However, the ultimate responsibility for complying with the licence conditions in respect of smart meters rests with the energy retailers themselves.

With cross-party support, the Labour party implemented the policy in 2008 through the Energy Act 2008, announcing the intention to mandate the roll-out of smart meters to all British households. This Act gave the Secretary of State for Energy and Climate Change powers to amend existing and create new energy retailer licences and industry codes to deliver smart metering. The policy was then continued by the 2010 coalition between the Conservative party and the Liberal Democrats party, during which the legal obligation to install smart meters by 2019 was introduced in 2012. This target was pushed back to the end of 2020 in 2013 and has been retained by the Conservative government since 2015. On 13 December 2019, the Conservative party won the general election in the UK.

The government-mandated roll-out of smart meters is being effected by the SMIP, which includes three stages (with the programme currently transitioning to the third phase):

1. **Policy design:** High-level design of the overall solution, as well as the appointment of the DCC;
2. **Foundation:** Two-phase process comprising: the design, development and testing of all components of the central and participant solutions; and the early installation of SMETS1 meters, to provide early consumer benefits and build an understanding of smart meter deployment; and
3. **Mass roll-out:** The main smart meter installation phase, driven by the availability of DCC systems and approved SMETS2 meters, which had originally been expected to be completed by 2020, but is now likely to be extended given the recent consultation process.

### **Meter specification**

A key principle underpinning the mass roll-out of smart meters is that the devices deployed in consumer homes should have a standardised level of functionality and conform to standard communication protocols in order to ensure the interoperability of meters in the event of consumer churn. SMETS and Great Britain Companion Specification (GBCS) are the key specifications to which smart meters must adhere. Also, these specifications are key to ensure that meters can remain on the wall and accrue charges. The functionality and communications protocols for these meters as defined by SMETS are described below:

- **SMETS1**—This specification was designated in December 2012, with the nationwide "main roll-out" intended to begin in 2014, and updated in March 2014. SMETS1 meters are the first generation of smart meters and were designed to deliver functional interoperability in smart metering equipment installed during the foundation stage prior to the go-live date of the DCC. These metering assets send readings over the 2G/3G mobile network via an SMSO. If a consumer switches energy retailer, the meter will not automatically send readings to the new energy retailer if the new SMSO does not use a compatible operating system. In this case, the meter will continue to operate, but the consumer may lose the smart functionality depending on the SMSO used by the relevant energy retailer. Currently there is an ongoing "Enrolment and Adoption" programme by which SMETS1 meters will be migrated to DCC systems. The British government confirmed in 2018 that the DCC will be required to provide a service for enrolling two thirds of SMETS1 meters, so they can be operated by all energy retailers. In May 2019, after further consultation, the government confirmed that the DCC should enrol the remaining one third of SMETS1 meters. The British government has set a backstop to ensure that all meters are made interoperable, thereby retaining smart functions when consumers switch energy retailers, by the end of 2020.

- SMETS2**— These meters began to roll out in 2018 and differ from SMETS1 meters in that they send data through the WAN provided by the DCC, which is closed and encrypted. SMETS2 meters communicate directly with the DCC, which passes the encrypted data along to the energy retailer. If a consumer switches retailers, the DCC can then share appropriate data with the new energy retailer without any changes to the meter.

	SMETS 1	SMETS 2
Half-hourly consumption data	✓	✓
Time of use tariff compatible	✓	✓
Prepayment mode switching	✓	✓
In-home display compatible	✓	✓
Connection	Direct to retailer Enrolment and adoption Direct to DCC <i>Full interoperability</i>	Direct to DCC <i>Full interoperability</i>

Source: Company Market Report, National Audit Office.

**SMIP progress and roll-out**

By the end of 2018, smart meters represented 28% of the domestic installed smart electricity and gas meter base, with approximately 15 million smart meters installed. Given the total segment size of approximately 51 million domestic meters, approximately 35 million domestic smart meters still needed to be installed before the smart meter roll-out could be completed.

Set forth below is a chart showing the progress of the smart meter roll-out through the year ended 31 December 2018, as well as the three-month period ended 31 March 2019, the three-month period ended 30 June 2019, and the three-month period ended 30 September 2019.



Source: Company Market Report (derived from actual BEIS, Ofgem and DCC data).

The SMIP has recently undergone a transition from the foundation stage to the mass roll-out. At the end of this transition, SMETS1 meters can no longer be installed and all new installations must be SMETS2. During this transition period, the installation rate has seen a modest decline given the challenges of managing the changeover from SMETS1 to SMETS2 and other minor residual technical issues, most of which have been remedied. Industry information from DCC shows that as at 4 October 2019, there were nearly 2.3 million domestic SMETS2 smart meters connected to the system. This has increased from 1.3 million domestic SMETS2 smart meters as at 30 June 2019.

Although the roll-out has been slower than initially envisaged, the rate of installations is expected to increase as short-term constraints are overcome. According to the Company Market Report, there are four core areas affecting the SMIP’s roll-out pace:

1. **Energy retailer momentum:** Energy retailers’ desire to sustain high rates of installation is a key driver of roll-out pace. While some energy retailers are installing more quickly than others, there is little evidence of energy retailers refraining from installing smart meters owing to cost reduction efforts or consumer churn concerns. Consequently, retailer momentum does not currently appear to be a significant constraint on roll-out;
2. **Consumer adoption:** Difficulties experienced retaining smart functionality by SMETS1 users on changing energy retailer resulted in this being a constraining factor. With the arrival of SMETS2, this issue should subside;
3. **Technical availability:** Short-term problems are not likely to have major implications, according to the Company Market Report. SMETS2 issues are largely being smoothed out even though there could be some supply constraints. Current communications hubs are already sufficient for the majority of households; and
4. **Installer capacity:** The ability of this base to deliver roll-out as desired by energy retailers and consumers will be a key factor in determining roll-out pace.

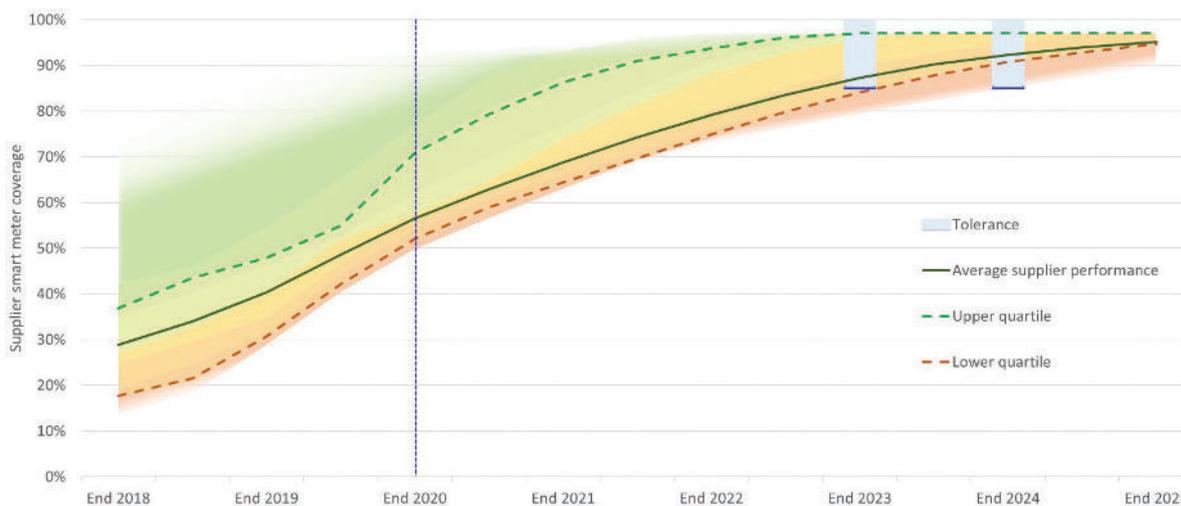
The BEIS September 2019 consultation suggests effective completion of the mass roll-out programme by the end of 2024 (*Source: BEIS consultation document*). The following table from the Company Market Report summarises the key aspects compared to the existing framework and gives an initial assessment of the proposed changes outlined in the BEIS consultation:

Existing framework	Proposed framework	Initial assessment
“All reasonable steps” obligation	Hard targets with Ofgem ability to fine	<ul style="list-style-type: none"> <li>✓ More practicable for Ofgem monitoring and fines</li> <li>x Supplier resistance to hard targets and fines</li> </ul>
All Suppliers, but only large Suppliers subject to reporting	All suppliers and all subject to monitoring – with varying targets	<ul style="list-style-type: none"> <li>✓ Extends Ofgem scrutiny across entire market</li> <li>✓ Recognises increasing significance of challenger and small Suppliers</li> </ul>
December 2020 end date	1 January 2021 to 31 December 2024, with subsequent tail for hard to install	<ul style="list-style-type: none"> <li>✓ Sufficient to complete bulk of rollout</li> <li>✓ Potential for further obligations to cover tail</li> </ul>
Supplier-defined strategies to achieve Government targets (10% tolerance)	Annual milestones based on a straight-line trajectory (3-15% tolerance)	<ul style="list-style-type: none"> <li>✓ Clear target, while allowing flexibility</li> <li>✓ Stops suppliers back-ending installations</li> </ul>
Every home and small business shall be offered a smart meter by 2020	Minimum coverage level: - 85% for suppliers - 92% anticipated in total	<ul style="list-style-type: none"> <li>✓ Maintains high overall coverage level</li> <li>✓ Allows Ofgem to reflect suppliers’ specific challenges</li> </ul>
Annual monitoring against portfolio meters	Annual monitoring against installed meters	<ul style="list-style-type: none"> <li>✓ Ensures Suppliers focus on installation, not just gaining through churn</li> </ul>

Source: Company Market Report.

The chart below sets out the range of forecast overall smart meter coverage levels based on the 13 largest energy retailers’ roll-out plans, submitted to Ofgem in 2019. BEIS forecasts a minimum penetration level of about 85% for individual energy retailers and about 92% for the segment in total.

### Range of energy retailer smart meter coverage projections



Source: BEIS.

The Directors believe that the BEIS forecasts for the periods thereafter represent a reasonable market forecast.

Set forth below is a chart showing different annualised smart meter installation scenarios for the SMIP roll-out, as indicated by the Company Market Report. The variation between the 85% and the 92% scenario is largely driven by potential changes resulting from the BEIS consultation.

#### Annual smart meter installations forecasts

Scenario	2019	2020	2021	2022	2023	2024	Total
92% Scenario	4.3	5.8	6.2	6.1	6.0	4.9	48.3m
85% Scenario	4.3	5.6	5.6	5.4	4.5	4.2	44.6m

Source: Company Market Report.

By 2027, a penetration level of 97% is expected to be reached. The 3% not covered by the 97% penetration figure reflects those households that do not adopt smart meters due to consumers electing not to have smart meters or technical issues preventing a smart meter installation.

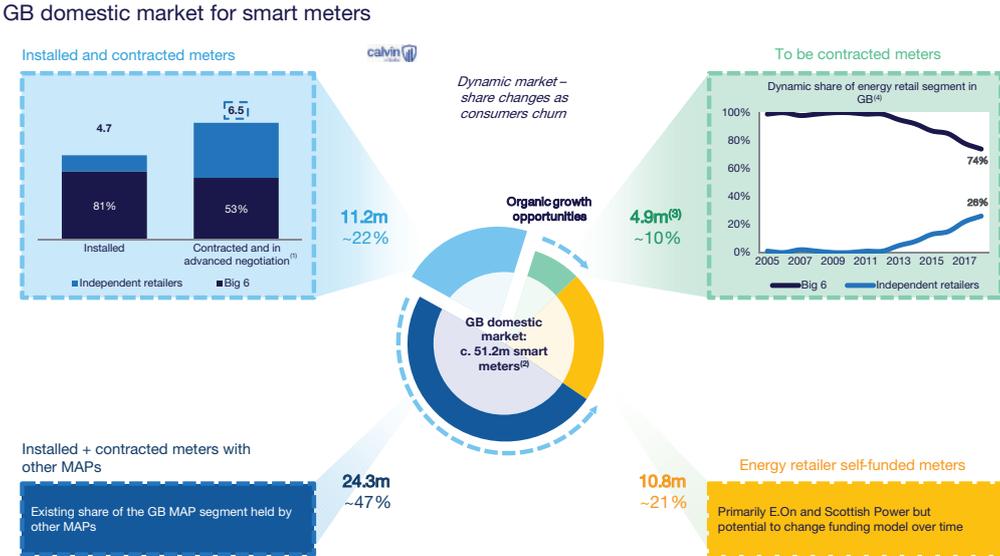
#### Addressable market

Given their future requirement to fit smart meters in all eligible properties, energy retailers currently perform forecasting procedures to inform their meter procurement policies. Where energy retailers adopt the MAP procurement route, procurement contracts are then tendered to MAPs. While many of these contracts are exclusive to a single MAP, consumer churn often results in changes to the number of meters required by each energy retailer.

Certain energy retailers, predominantly members of the Big 6 Energy Retailers but also some Independent Energy Retailers, led the way with regard to replacing traditional meters with smart meters. Due to the substantial growth of the Independent Energy Retail segment (which held a 26% share of consumers as at 31 December 2018), there are now more smaller retailers entering into smart meter procurement contracts, typically looking for MAPs to provide a suite of metering services including installations.

It is estimated that the total number of meters addressable for Calisen comprises approximately 51 million domestic meters (*Source: Calisen and Company Market Report*). Of those, it is anticipated that 97% will become smart meters, including the meters installed by energy retailers that elect to self-fund their smart meter roll-out. The 3% not covered by the 97% uptake figure reflects those households that do not adopt smart meters due to consumers electing not to have smart meters or which have WAN and HAN coverage issues. Housing

growth is estimated at approximately 150,000 new dwellings per year. There are 3.2 million non-domestic meters which are not deemed to fall within Calisen’s potential pool of future installations. Set forth below is a chart showing the total addressable number of meters.



Sources: Company Market Report, Calisen.

- (1) Estimated number of meters under existing contracts or in advanced negotiations, but not yet generating revenue, that are to be installed in addition to current revenue-generating meter portfolio; as at 30 September 2019. A portion of Calisen’s contracted installation pipeline may be uncertain. See “Risk Factors—Risks Relating to Calisen’s Business, Industry and Regulatory Environment—It may be difficult to predict 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.”
- (2) Estimated domestic energy meter market size based on December 2018 and forecast December 2019 figures of 51.0 million and 51.3 million, respectively; Assumes 100% penetration rate; as at 30 June 2019.
- (3) Estimated from December 2018 and December 2019 figures of 4.7 million and 5.2 million, respectively, assuming no seasonality.
- (4) Combined electricity and gas supply market shares.

The Directors estimate that approximately 11.2 million smart meters of the 51 million smart meters either have already been or are under contract to be installed by Calisen. Calvin Capital owned 4.7 million smart meters as at 30 September 2019 and has a visible growth profile looking forward with the remaining 6.5 million smart meters in its contracted installation MAP pipeline (of which as at 30 September 2019 6.4 million is already signed and 0.1 million is in advanced stages of negotiation) to be installed over the medium term.

As at 30 June 2019, approximately 10.8 million smart meters (or 21% of the total estimated number of smart meters to be installed) are expected to be installed and owned by Big 6 Energy Retailers (or their affiliates). It is further estimated that approximately 24.3 million smart meters (or 47% of the total estimated number of smart meters to be installed) have already been or will be installed by other MAPs. The remaining approximately 4.9 million smart meters (based on 4.7 million smart meters at the end of 2018 and 5.2 million smart meters for the end of 2019, assuming no seasonality), or 10% of the total estimated number of smart meters to be installed, are estimated to be uncontracted, thereby representing a source of organic growth opportunities for MAPs.

Due to the British government’s policy, whether under the Current Framework or the BEIS Proposal, it is expected that the smart meter roll-out will continue to progress steadily in the coming years. As a result, the number of smart meters will likely continue to increase, while the number of traditional meters will likely continue to decrease. Subsequent to the end of the smart meter roll-out, it is anticipated that there will be a gradual replacement cycle as meters reach the end of their lives.

**Other addressable markets**

A number of other countries have adopted smart meters. The responsibility for their roll-out and their regulatory frameworks vary. Two countries have been identified as having regulatory frameworks which are developing in ways comparable to Britain, making them potentially attractive for British-based MAPs to expand into. Australia’s framework for managing smart metering is mostly federally managed, with timeframe

rules being used to increase the pace of the roll-out, but the Directors believe that the pricing for MAPs in this market currently is competitive.

Germany is another jurisdiction where the government is mandating the roll-out of smart meters. There is a compulsory nationwide smart meter roll-out for all households with energy consumption of greater than 10,000 KWh. This requirement is set to reduce to 6,000 KWh in 2020, which is expected to ramp up the roll-out. The German government also has a programme ending in 2032 which provides utilities with the option to supply price-capped technology to consumers, thereby encouraging the roll-out of smart meters.

## PART VII

### THE BUSINESS

*The following Part VII (The Business) of this Prospectus should be read in conjunction with the more detailed operating and financial information included in Parts XIII (Historical Financial Information) and XIV (Unaudited Pro Forma Financial Information) of this Prospectus. The financial information included in this Part VII (The Business) has been extracted without material adjustment from the financial information in Part XIII (Historical Financial Information) of this Prospectus, or has been extracted without material adjustment from the Group's accounting records, which formed the underlying basis of the financial information contained in Part XIII (Historical Financial Information) of this Prospectus, or has been extracted without material adjustment from the consolidated audited financial statements for prior financial years of the Group. Prospective investors should read the entire Prospectus and not just rely on the information set out below.*

#### **Overview**

Calisen is a leading owner and manager of essential energy infrastructure assets, as well as a provider of installation, meter reading, maintenance and ancillary services, whose purpose is to accelerate the development of a cleaner, more efficient and sustainable energy segment. Calisen's current focus is on capturing the opportunities offered by the ongoing government-mandated roll-out of smart meters in Britain. Smart meters are believed to be a key enabler of a new decentralised and digital energy landscape in Britain, and a key element of the investment required to move towards decarbonisation.

Calisen's operations consist of two business units: Calvin Capital and Lowri Beck. Calvin Capital, the larger of the two business units, is almost exclusively a MAP that procures, installs, owns and manages a growing portfolio of domestic electricity and gas meters, with a particular focus on smart meters. As a MAP, Calvin Capital manages its revenue-generating meters by tracking them from delivery to installation and ultimately through removal. Calvin Capital's customers consist of energy retailers, including the largest energy retailers in Britain (known in the industry as the "Big 6 Energy Retailers") and smaller energy retailers in Britain that are not Big 6 Energy Retailers (the "Independent Energy Retailers").

Following the acquisition of Lowri Beck in August 2019, Calisen gained complementary capabilities to carry out installation work using in-house personnel as well as the ability to offer meter operator provision (or "MOP"), meter asset management (or "MAM") and meter reading and ancillary services to its energy retailer customers. The Directors believe that the enhanced capabilities gained through the Lowri Beck Acquisition will allow Calisen to better serve a wider range of its energy retailer customers' metering needs.

The government-mandated roll-out of smart meters requires energy retailers to take all reasonable steps to install a smart meter in all homes and small non-domestic premises in Britain. The BEIS Proposal suggests the roll-out will be substantially completed by the Roll-out Deadline. The government-mandated roll-out of smart meters in Britain has increased demand for some of Calisen's services and supports expected future growth.

Calisen provides domestic metering solutions by contracting with its energy retailer customers to procure domestic metering equipment from manufacturers, arrange for its installation and provide for its management. In return, Calisen receives ongoing MPC payments from its energy retailer customers who are using the metering equipment, while retaining ownership of the metering equipment. Calisen has MAP contracts for smart meters with three of the Big 6 Energy Retailers, as well as an increasing number of Independent Energy Retailers throughout Britain. As at 30 September 2019, Calvin Capital's revenue-generating meter portfolio consisted of approximately 4.7 million smart meters and 3.1 million traditional meters, and Calisen acquired a portfolio of traditional meters, which numbered approximately 380,000 as at 31 December 2018, as a result of the Lowri Beck Acquisition. Based on management estimates, Calvin Capital, as at 30 September 2019, had MAP contracts for approximately an additional 6.5 million smart meters, while the number of traditional meters in Calisen's portfolio is expected to decrease over time due to the government-mandated roll-out of smart meters. A portion of Calisen's contracted installation pipeline may be uncertain. See "*Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—It may be difficult to predict 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.*" As a result of the breadth of services it provides and its contractual relationships with a number of both major and Independent Energy Retailers, offering them a suite of metering services, Calisen has grown to become one of the two main large independent MAPs of scale in Britain.

Calisen's model is entirely business-to-business with energy retailers as its customers, protecting Calisen from consumer credit risk. Depending on the size, capabilities and needs of the energy retailer customer, Calisen is able to provide a customised smart meter solution. Through the Lowri Beck Acquisition, Calisen has gained in-house installation and maintenance capabilities, allowing it to provide its energy retailer customers with packages encompassing procurement, installation, ownership and management. Alternatively, it is also able to provide individual discrete services that focus on particular aspects of metering. Operationally, Calisen's services add value throughout the life of a meter by enabling energy retailers to benefit from Calisen's long-standing relationships with manufacturers, its experience in coordinating logistics and maintenance of meters as well as its well-established operations facilitated through Calvin Capital's scalable IT systems and processes. Financially, Calisen is able to assist its energy retailer customers in meeting their regulatory requirement to offer smart meters to consumers in Britain at little to no upfront cost in respect of the purchase of the metering equipment and the cost of the installation. Consequently, Calisen's outsourced operational and financial solution for its energy retailer customers plays a significant role in the government-mandated roll-out of smart meters, whether under the Current Framework or the BEIS Proposal. It is estimated as at 30 June 2019, there are as many as 51.2 million domestic meters in Britain (based on 51.0 million meters at the end of 2018 and the forecast of 51.3 million meters for the end of 2019, assuming 100% penetration rate), of which approximately 17 million are smart meters and approximately 34 million are traditional meters.

For the nine-month period ended 30 September 2019 and the year ended 31 December 2018, Calisen's consolidated revenue was £148.0 million and £162.1 million, its consolidated operating profit was £24.6 million and £25.4 million, its consolidated Adjusted EBITDA was £143.5 million and £171.5 million, its consolidated Underlying EBITDA was £131.1 million and £148.9 million, its consolidated net cash flows from operating activities were £103.3 million and £52.3 million, its consolidated Underlying FFO was £95.4 million and £117.2 million, and its consolidated capital expenditure was £213.8 million and £170.5 million, respectively. For the nine-month period ended 30 September 2019, Calisen's consolidated revenue from MAP contracts with the Big 6 Energy Retailers accounted for approximately 82% of Calisen's consolidated revenue, and its consolidated revenue from MAP contracts with Independent Energy Retailers accounted for approximately 18% of Calisen's revenue.

## **History and development**

The origins of Calisen's MAP business unit, Calvin Capital, can be traced back to Ofgem's decision in 2000 to introduce competition into the provision of gas and electricity metering. Since its first contracts in 2002, Calisen has grown into one of the largest independent MAPs in Britain. Subsequent contracts with both Big 6 Energy Retailers and Independent Energy Retailers have allowed Calisen to experience strong financial and meter growth, increasing the number of Calvin Capital's revenue-generating meters from approximately 3.5 million in 2011 (prior to the first installations of smart meters) to approximately 7.8 million as at 30 September 2019. With the advent of smart meters, Calisen's meter portfolio has gradually shifted over time from traditional meters to smart meters. All of the approximately 3.5 million meters owned by Calvin Capital in 2011 were traditional meters, but as at 30 September 2019, 3.1 million of its meters were traditional meters and 4.7 million meters were smart meters.

In August 2019, Calisen acquired Lowri Beck, which gave it complementary capabilities to carry out installation work using in-house personnel as well as the ability to offer MOP, MAM, meter reading and ancillary services. See "*—Business unit Lowri Beck*". The Lowri Beck Acquisition brings in-house a pre-existing joint marketing arrangement between Calisen and Lowri Beck. Therefore, the Lowri Beck Acquisition allows Calisen to enhance its offerings by providing its energy retailer customers with a broader range of domestic metering services throughout the life-cycle of its meters. In line with Calisen's strategy, the Lowri Beck Acquisition also provides a platform for potential future procurement, installation, ownership and management of a wider range of high-volume, small-value digital energy assets, such as energy storage and electric vehicle charging infrastructure.

## **Calisen's approach**

Calisen has a flexible business model, which allows it to offer bespoke metering solutions to its energy retailer customers. An example of this flexibility is the duration of the initial period in its MAP contracts. Calvin Capital has historically agreed to primary MAP contracts with an initial period of 10 years (MPC payments continue after the initial period generally at a reduced rate if a meter remains installed), but has more recently agreed to contracts with a lower initial MPC rate for a 15-year initial period. The initial periods of primary MAP contracts are typically 10 years for SMETS1 meters and 15 years for SMETS2 meters. This flexibility in MAP contract duration is made possible by Calvin Capital's ability to obtain product warranties and financing

arrangements that match the duration of the initial period of the MAP contract. For the various contractual underpinnings on which Calisen's ability to provide flexible outsourced operational and financial meter solution to its energy retailer customers is built, see "*—Contractual structure*".

The Directors believe that the ability to offer tailored solutions needed by Calisen's energy retailer customers, ranging from a combined suite of metering services to individual discrete services, has allowed Calisen to successfully serve both the Big 6 Energy Retailers and Independent Energy Retailers for MAP contracts. This distinguishes Calisen from its competitors, the majority of which have built up their presence in particular sub-areas of the MAP segment and whose customers are largely either Big 6 Energy Retailers or Independent Energy Retailers. The Directors believe that this positions Calisen well to continue serving both types of customers and gain a larger share of the MAP segment in Britain. Even if there are shifts in the segment dynamics in the future between the Big 6 Energy Retailers and Independent Energy Retailers, the Directors believe that Calisen's business in both sub-segments and its extensive relationships and capabilities will serve as a natural hedge to such shifts and allow Calisen to serve the needs of its energy retailer customers. Moreover, Calisen's flexible business model, as well as its in-house installation capabilities used in its smart metering operations following the Lowri Beck Acquisition, have the potential to translate into viable business models and installation capabilities to be used in energy storage, electric vehicle battery charging and other adjacent areas.

### **Business units**

Following the completion of the Lowri Beck Acquisition, Calisen's operations consist of two business units that align with Calisen's operating segments going forward:

- **Calvin Capital:** In this business unit, Calisen procures, owns and manages meter assets on behalf of its energy retailer customers, who make MPC payments to Calisen on a long-term contracted basis; and
- **Lowri Beck:** In this business unit, Calisen provides installation, meter reading and maintenance services on behalf of Calisen's energy retailer customers. In addition, the Lowri Beck business includes ancillary services, such as customer and call centre services. Lowri Beck also owns a small portfolio of traditional meters.

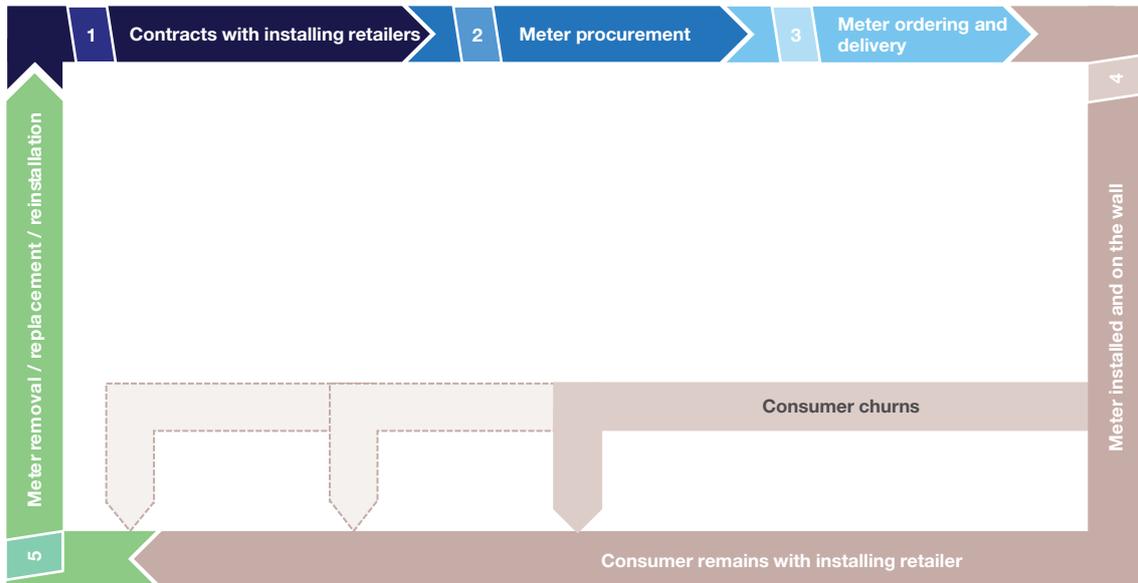
### **Business unit Calvin Capital**

Through Calvin Capital, Calisen procures, owns and manages meter assets on behalf of its energy retailer customers. After installation, Calisen receives ongoing MPC payments from its energy retailer customers, while retaining ownership of the meters. Initially, Calisen incurs capital expenditure, typically totalling approximately £165 per meter and the majority of which relates to meter procurement costs and installation costs. About 75–80% of the capital expenditure for MAP contracts is financed through third-party debt facilities. Once the meters are installed, Calisen receives MPCs during the initial period of the MAP contract that cover Calisen's costs and earn an investment return.

Calisen in its MAP contracts targets an unlevered pre-tax internal rate of return of 6-9%. This target internal rate of return follows a sophisticated bidding approach to MAP contract tenders based on the following pricing parameters:

- Energy retailer customer requirements (meter manufacturer, size of proposal, length of proposal, risk mitigation and MAP flexibility);
- Market knowledge (previous bids, energy retailer partnerships, meter manufacturers, meter installers, churn insight and meter fault and removal rates);
- Pricing dynamics (asset and installation costs, warranty conditions, initial and secondary periods, set-up and operating costs and consumer churn expectations); and
- Financing (debt (based on gearing, covenants and scenario plans) and equity (based on internal rate of return analysis and sensitivities)).

The debt facilities may be repaid over the course of the initial period of the MAP contract, and Calisen may therefore choose to re-lever during the life of the meter. After the end of the initial period, the contract enters into a secondary period, and Calisen will continue to receive MPCs pursuant to the MAP contract with respect to the meter if it remains on the wall. See "*—Calisen's approach*" and "*—Contractual structure*". Calisen's approach is to provide tailored meter ownership and management for its energy retailer customers throughout the life of a meter. Set forth below is a diagram showing each stage of the operational life of a meter from Calisen's perspective.

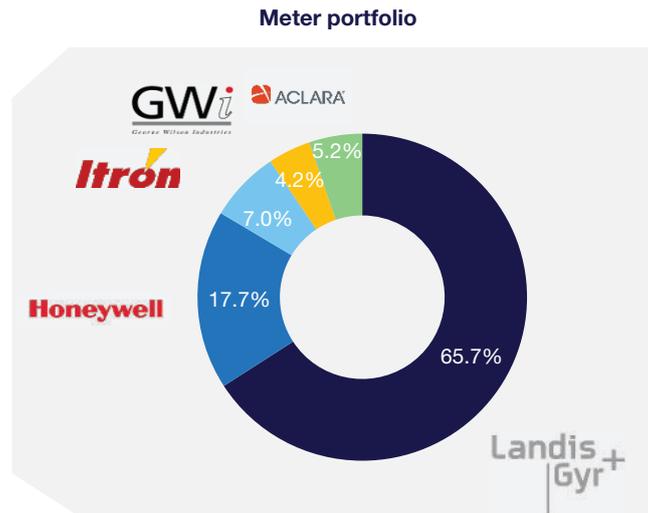


Source: Calisen.

The key elements of Calisen’s integrated approach include the selection and ordering process of meters, logistics, installation and maintenance, and operations and portfolio management.

**Selection and order process of metering equipment**

The Directors believe that Calisen’s long-standing relationships with metering equipment manufacturers assist Calisen to deliver on its contracts. Calisen was one of the MAP industry’s pioneers, and through collaboration for nearly two decades on MAP undertakings, Calisen has developed strong relationships with a number of manufacturers. These strong relationships with its manufacturing partners over the long-term and Calisen’s position among MAPs within the MAP segment in Britain, as a major purchaser of meters, help to ensure that manufacturers generally make product deliveries and provide new supplies on time and in necessary quantities to satisfy the requirements of Calisen’s energy retailer customers. Calisen engages in ongoing dialogue with energy retailers to forecast the meter volumes that will be needed in the short-term, such as the following six months. As a result, Calisen maintains control over the procurement process on Calvin Capital’s terms and procures high-quality metering equipment that meets detailed specifications. The meters are generally only purchased by Calvin Capital once they have been ordered by a Calvin Capital energy retailer customer. Set forth below is a chart showing Calvin Capital’s meter portfolio by manufacturer as at September 2019.



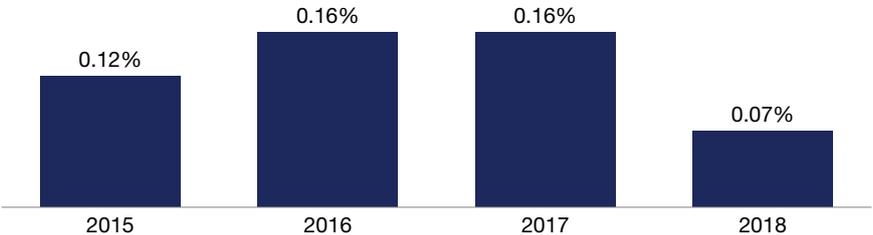
Source: Calisen.

Calvin Capital works in partnership with its energy retailer customers to select meter manufacturers for specific MAP contracts and establish supply arrangements with them, although in certain cases and with Calvin Capital’s approval, the energy retailer customer directly chooses the manufacturer. This collaboration between Calisen and the energy retailer allows both parties to develop and agree the most appropriate sourcing strategy.

Because Calisen is commercially knowledgeable about its energy retailer customers’ preferred manufacturers based on its experiences of working on MAP contracts with them, and because Calisen enjoys strong relationships with those manufacturers through years of collaboration, Calisen is well-positioned to provide meter sourcing solutions for its energy retailer customers.

Calisen is able to rely on its strong focus on quality assurance, with detailed manufacturer quality assurance requirements, to help inform the meter selection decision-making. Calisen conducts due diligence on meter manufacturers and obtains parent company guarantees from the manufacturer where required. It also conducts extensive testing, either on its own initiative or together with other MAPs, of meters with the support of its technical due diligence providers. As a result of this rigorous testing policy, Calisen’s revenue-generating smart meters have traditionally suffered low fault rates, with the Calvin Capital meter fault rate (meters that have been verified to have a fault as a percentage of revenue-generating meters) for the year ended 31 December 2018 being 0.07%. Due to the time required for a complete fault triage analysis, it is not possible to provide a fault rate for 2019. However, the Directors do not expect the fault rate for the year ended 31 December 2019 to be materially different from the fault rate for the year ended 31 December 2018. Set forth below is a chart showing the fault rates of Calvin Capital’s revenue-generating smart meters for the periods indicated.

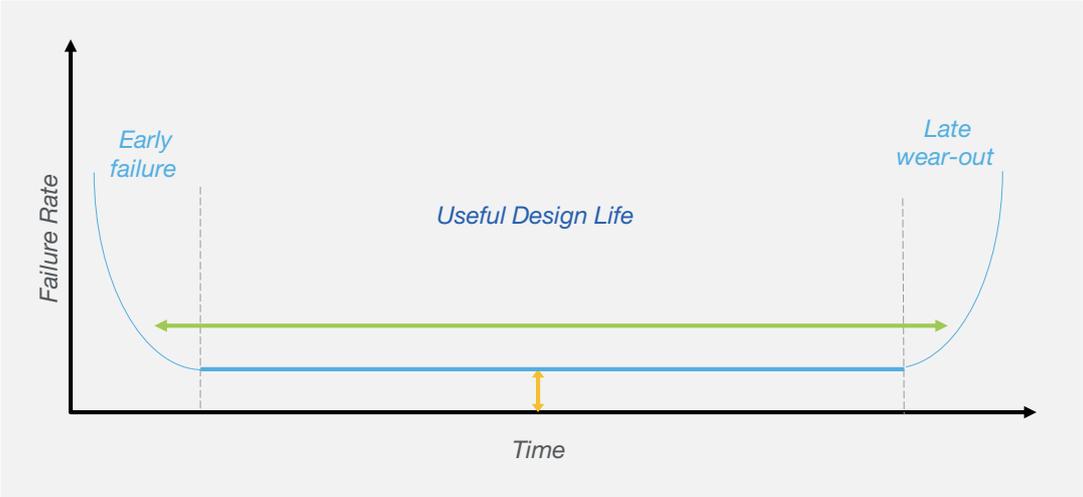
**Fault rate on meters per annum**



Source: Calisen.

The higher fault rates for smart meters in the years ended 31 December 2016 and 2017 compared to the year ended 31 December 2018 are primarily due to the elevated installation figures of SMETS1 meters in the years ended 31 December 2016 and 2017 and the higher fault rates that are typical at the beginning of a meter’s lifecycle as shown in the chart below. In the year ended 31 December 2018, the fault rates decreased in line with the greater maturity of the meters. Set forth below is a chart showing illustrative fault rates over the lifecycle of a meter. Early failure is typically due to factory issues and is typically covered by manufacturer warranty.

**Illustrative fault rates over meter lifecycle**



Source: Calisen, based on the Company Market Report.

The focus on quality assurance helps to minimise the likelihood of health and safety incidents among consumers and installation or maintenance personnel over the life of the meter, and to keep the meters

functioning for longer periods of time, which allows Calisen to continue generating revenue on such meters beyond the initial period of the relevant MAP contract.

### ***Logistics, installation and maintenance***

As part of its meter asset ownership and operation, Calisen coordinates the logistics of meter ordering, delivery and, depending on the MAP contract, also installation. Calisen liaises with the manufacturers to seek to ensure that they deliver the required volumes of meters to the energy retailer customers on time, and Calvin Capital's contracts with manufacturers generally contain contractual terms to ensure that the meters are priced at an appropriate and predictable level, are available to be delivered in the necessary quantities on time, and meet the energy retailer customer's specifications. As a MAP with over 15 years of experience in handling such matters for large metering contracts, Calisen has skilled staff and systems in place to enable it to undertake logistics and manage any risks effectively.

Once meters have been ordered and delivered, they are installed in one of three contractual ways. Most of the meters being handled through contracts with Calisen's Big 6 Energy Retailer customers have historically been delivered directly to the relevant energy retailer customer and then installed by that energy retailer customer's own installation workforce (or a mix of the energy retailer customer's own workforce supplemented by installation sub-contractors contracted directly by the energy retailer customer). This is typically the case for Big 6 Energy Retailer customers. Alternatively, some meters are installed by installers with whom the energy retailer customer contracts for specific installations. This is more common for Independent Energy Retailers. Other than installation by the energy retailer customers themselves or installers, meters can also be installed by Calisen through its in-house personnel. This approach, which became feasible through the Lowri Beck Acquisition, gives Calisen greater control over the supply chain, for a certain volume of installations, to ensure seamless logistics and delivery. Calisen is able to offer this to its energy retailer customers both as part of a combined suite of metering services and as a discrete service on its own. Calisen may, at times, also itself contract with installers for installation services.

Furthermore, the Lowri Beck Acquisition allows Calisen to offer ongoing maintenance services, such as safety inspections, battery replacements and fault investigations, acting as a so-called "MOP" for electricity meters and a "MAM" for gas meters, to its energy retailer customers. An energy retailer is required under its licence conditions to appoint a registered MOP or MAM for each relevant meter. Calisen's maintenance personnel also carry out physical meter inspections. With the capabilities gained through the Lowri Beck Acquisition, Calisen also provides manual meter reading services.

### ***Operations and portfolio management***

After a meter has been installed, Calisen tracks it for the rest of its operating life, recording events such as whether it has been removed, who its registered energy retailer is, and which firmware is operating on it. Tracking is the capability to keep updated data on the energy retailer and the status of the installed meter. Tracking the meter, therefore, is critical for Calisen to stay up-to-date on consumer churn, removals and firmware, and directly impacts Calisen's ability to collect revenue and income.

Because tracking is based on electronic data flows, IT systems and processes are vital to Calisen's operations, and Calisen has invested significantly in such systems and processes over the long term. Calvin Capital centres its operations around a modern cloud-based platform and SAP Business One. The IT systems and processes monitor the status of each asset from delivery to installation and ultimately through removal, tracking it continuously through information received from industry systems. Calisen has its own dedicated and experienced team for tracking the industry data in respect of Calvin Capital's meter portfolio.

This ability to account for its revenue-generating meters without losing them is particularly important, as it permits Calisen to consistently present itemised bills to energy retailers accurately and on a timely basis. As a result, as at 30 September 2019, Calisen was able to identify the energy retailer associated with a meter for 99.93% of Calvin Capital's meters, and there were 0.10% billing queries outstanding. For Calisen, this means that there is very little leakage from the revenue that should be generated from MPC payments on the Calvin Capital meters. Furthermore, if there was incorrect billing in the recent past with respect to a meter or a meter for which MPC payments were not being collected, Calisen's asset tracking systems and processes should allow for rectification within a reasonable period of time.

Calisen's accurate meter tracking systems and processes are especially useful in the event of consumer churn, as Calisen is able to track the date of consumer churn and the identity of the new energy retailer. Once consumer churn has taken place, the new energy retailer is invoiced in place of the original energy retailer from the day of the date of consumer churn. Even if consumer churn has not taken place, continuous tracking over

the life of the meter ensures that the meter is in the vast majority of cases accounted for to help ensure that MPC payments remain being made after the initial period of the MAP contract has ended.

The asset tracking work done by Calisen's IT systems and processes also helps to manage the stock of Calvin Capital's meters that have not yet been installed and the Calvin Capital meters that are removed following installation. The design of Calisen's IT systems anticipates faster consumer switching between energy retailers in the event of consumer churn. In addition to electronic data flows related to traditional and smart meters, Calisen's IT systems and processes can facilitate the ownership and management of differing asset types, which is another reason why the Directors believe that Calisen is prepared for future technological development in meters and for Calisen's potential future growth into adjacent business areas.

### **Contractual structure**

Calvin Capital principally has four categories of contracts:

- Primary MAP contracts with its installing energy retailer customers and churn contracts with energy retailers;
- Contracts with manufacturers;
- Installation arrangements; and
- Financing contracts.

The strategic interplay of all four types of contracts builds the foundation on which Calisen is able to provide a suite of MAP services to its energy retailer customers and flexibly tailor the solution that it provides based on the energy retailer customer's needs and objectives. The four categories of contracts also work together to reduce the risk for Calisen in carrying out MAP contracts.

#### ***Primary MAP contracts with installing energy retailer customers and churn contracts with energy retailers***

##### *Primary MAP contracts with installing energy retailer customers*

Calisen enters into MAP contracts with its customers for Calisen to procure, procure the installation of, own and manage meters. These MAP contracts define the work to be undertaken by the parties, forming the basis of the customer relationships between Calisen and the primary energy retailers.

While each of Calisen's MAP contracts with energy retailer customers is unique, such contracts generally contain certain common provisions. The primary MAP contract generally consists of an initial period of 10 to 15 years, depending on the arrangement agreed to with the energy retailer customer. Initial periods in MAP contracts are typically 10 years for SMETS1 meters and 15 years for SMETS2 meters. During the initial period, the energy retailer customer makes monthly MPC payments on the meter at a rate set out in the MAP contract. Such rate is fixed in pound sterling for the duration of the initial period and is calculated to cover all of Calvin Capital's anticipated costs and to generate a profit on the meter. At the end of the initial period, the customer relationship between Calisen and the energy retailer enters a secondary period. During this secondary period, the MPC payment with respect to a meter generally decreases to a reduced level and continues to be made by the energy retailer customer to Calisen. The MPC rates set out in the primary MAP contract, whether for the initial period or the secondary period, are not currently pegged to inflation.

The voluntary removal of a meter during the initial period results in the energy retailer incurring a premature removal charge, but there is no premature removal charge for removing a meter during the secondary period. During this secondary period, the original MAP contract may continue, or a new MAP contract may be agreed to by Calisen and the energy retailer to remove the existing meter and replace it with a new meter, which would commence a new initial period. As at the date of this Prospectus, only traditional meters were in the secondary period of their respective MAP contracts, and no smart meter had entered into a secondary period.

The MAP contracts typically set out the meter types and approved meter manufacturers. New meter types and meter manufacturers may be permitted subject to the consent of the energy retailer customer and certain criteria being satisfied. The contracts also set out maximum capital expenditure amounts for aggregate asset and installation costs. In most of the MAP contracts with Big 6 Energy Retailers, the contracts provide for the installation work to be done directly by the energy retailer customers in accordance with minimum installation standards stipulated in the contracts using their own workforce (or a mix of the energy retailer customer's own workforce supplemented by installation sub-contractors contracted directly by the energy retailer customer), with Calisen paying the energy retailer customer for verified installations. The prices paid for the installations are fixed for the duration of the initial period (but may include fixed step-up mechanics), such that the energy

retailer is restricted from breaching the agreed capital expenditure threshold, and they are not dependent on the time or number of visits required for installation. Primary MAP contracts generally provide protections for Calisen on meter fault, incorrect removal, technology replacement, customer and network damage and functionality exchange.

MPC payments with respect to a meter only begin to accrue (or in some cases become payable) at the beginning of the initial period for that meter, which covers a fixed period after the delivery of the meters by the manufacturer. In some cases, step-up provisions adjust the MPC amounts receivable from the energy retailer customer in the event of rising installation or other costs. The MAP contractual structure leaves only a short window of time between funding the MAP contract implementation and the accrual or the receipt of the MPC, and creates predictable funding requirements.

Typically, in-home displays are selected, installed and paid for by the energy retailer customer. However, for MAP contracts entered into by Calisen with energy retailer customers under joint marketing arrangement structures with installers, Calisen supplies the in-home displays and covers their cost via MPC payments. The title to the in-home displays transfers away from Calisen upon installation, and Calisen does not after that point in time own the in-home displays.

#### *Churn contracts with energy retailers*

Generally, the relationship between Calisen and its energy retailer customer with respect to a particular meter ceases when the consumer switches energy retailers. This is known as “consumer churn”. If the same consumer churns back to the original energy retailer, the terms of the MAP contract with the original energy retailer would resume for such meter. As consumers in Britain have the right to choose their preferred energy retailer, switching is a regular event. As at 30 September 2019, of Calvin Capital’s approximately 4.7 million revenue-generating smart meters, 1.0 million smart meters have undergone at least one occurrence of consumer churn. Given the possibility of consumer churn over the lifetime of a meter, it is significant that Calisen’s ownership and management of the meters allows for billing to continue even when the energy retailer changes.

When consumer churn takes place, the contractual terms agreed to between Calisen and the original energy retailer generally cease unless and until the meter churns back to the original energy retailer. While the meter is being used by a different energy retailer, Calisen maintains ownership and management of the meter, and the responsibility for making MPC payments shifts to the new energy retailer using that metering equipment. The new energy retailer may already have a churn contract with Calisen, specifying the MPC rates to be paid by the energy retailer whilst the meter is installed upon the occurrence of consumer churn, as well as other provisions regulating the billing relationship between Calisen and the churn energy retailer. Churn contracts generally provide for higher MPC rates than in MAP contracts, reflecting the different risk profiles, and typically include premature removal charges for voluntary early removal of meters other than for certain circumstances such as fault or failure for a SMETS1 meter to be enrolled and adopted into the DCC. If Calisen and the new energy retailer have a churn contract in place, the meter will be governed on the basis of that contractual relationship.

In the event that the new energy retailer does not have a churn contract with Calisen, the new energy retailer can choose to either continue making MPC payments on the meter based on Calisen’s invoiced rates or remove and return it (or make it available for collection) to Calisen. The invoiced rates are usually higher than the rates contracted for between Calisen and the original energy retailer and the rates contained in the churn contracts to compensate for the reduction in contractual protection for Calisen, since no written contractual relationship exists with respect to the meter at issue between Calisen and the new energy retailer governing matters such as compensation payments on early removal. Such compensation payments typically reflect the net present value of cash flows that would be generated by the MPC payments if no such early removal had occurred. The energy supply licence conditions require, other than in limited exceptions, an energy retailer to either enter into an agreement with a MAP, if no agreement is already in place, within 6 months of the date of churn of a SMETS1- or SMETS2-compliant meter or return (or make available for collection) the relevant meter to the MAP.

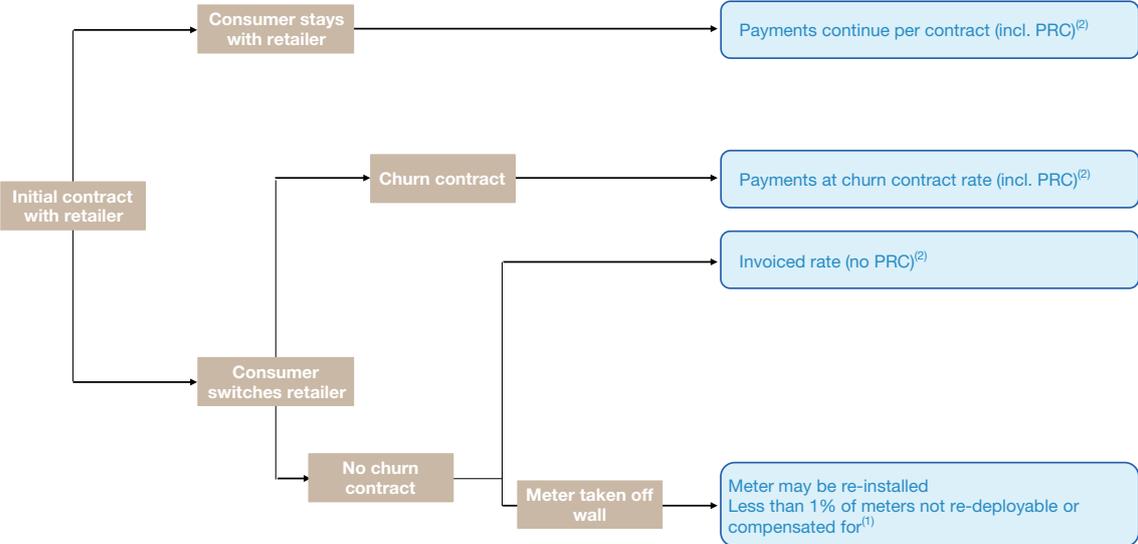
In the event of consumer churn, the new energy retailers generally choose to keep the existing meter in place. This is for a number of possible reasons, including:

- while a smart meter gained through consumer churn counts towards the energy retailer’s SMIP target, replacing an installed smart meter after the occurrence of consumer churn does not count twice towards the SMIP target;
- replacing a working smart meter requires a further visit to the consumer, potentially eroding the latter’s goodwill;

- the MPC for a replacement meter may not necessarily be less than the MPC for the meter it has replaced;
- the installation process is manual, with the possibility that the process may not always go smoothly; and
- the installation requires consumer consent and attendance.

Calisen does not have a customer relationship underpinned by a MAP contract with every energy retailer in Britain. However, because the consumer can subsequently change energy retailers and Calisen can typically bill the new energy retailer, this has created a billing relationship over nearly two decades between Calisen and all of the Big 6 Energy Retailers and a majority of the Independent Energy Retailers in Britain. This has allowed Calisen to develop working relationships and effective churn arrangements to mitigate risk and uncertainty, maintaining future revenue even where no written customer contract is in place with an energy retailer. A major factor in churn management and the development of billing relationships is Calisen’s ability, through its IT systems and processes, to continuously track assets through the churn process and provide energy retailers with accurate and timely invoices.

Set forth below is a diagram showing the possible outcomes pertaining to consumer churn once a meter has been installed.



Source: Calisen.

(1) Estimated proportion of smart meters which have been removed without compensation and without opportunity for redeployment out of Calvin Capital’s smart meter portfolio as at 30 September 2019.

(2) PRC refers to premature removal charge.

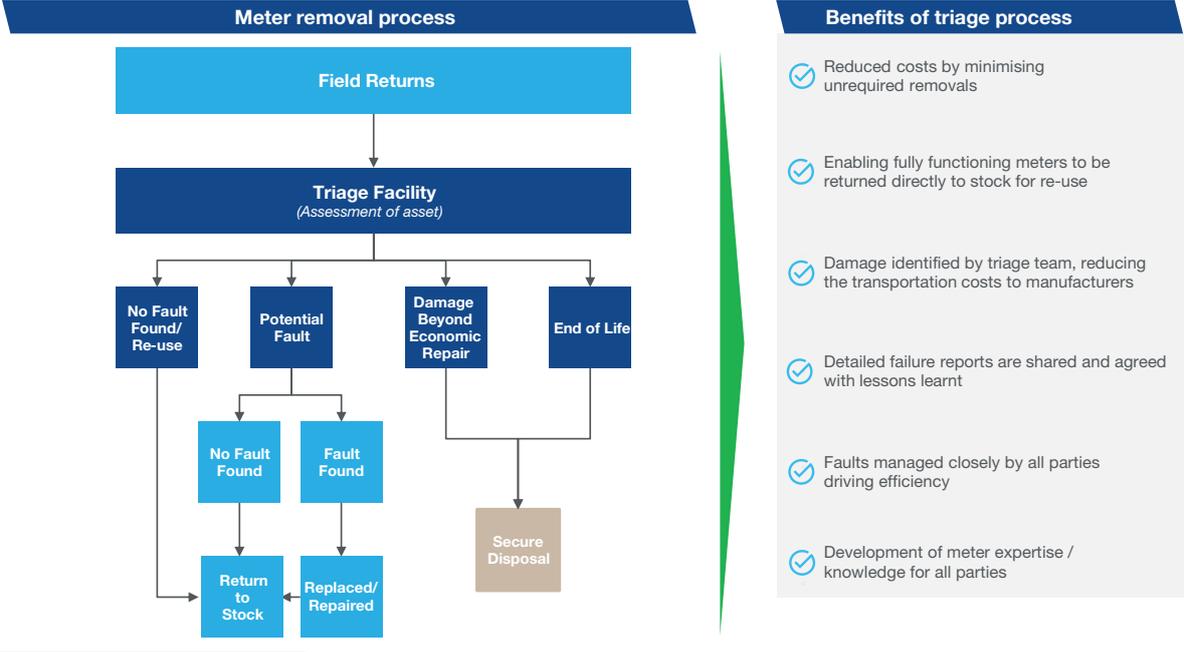
*Meter removals*

A particular circumstance in which a meter may be removed upon the occurrence of consumer churn is if the existing meter is a traditional or SMETS1 meter and the new energy retailer is replacing it with a SMETS2 meter. In some cases in respect of SMETS1-capable meters, Calisen has contractual protections in its MAP contract with the original energy retailer with respect to the removed meter. Upon the new energy retailer returning the removed SMETS1-capable meter to Calisen, Calisen typically sends the meter back to the original energy retailer. The original energy retailer would then either pay Calisen compensation for lost MPC revenue or, if possible, redeploy the removed meter elsewhere.

Once installed, Calisen’s meters generally do not need to be removed, other than at the end of their operating life. When meters are removed prior to the end of their operating life, it is because of either product fault or other reasons unrelated to fault. Such reasons unrelated to fault may include situations in which the energy retailer customer removed the meter based on an incorrect diagnosis that the meter was faulty. Calisen has developed systems and processes for the effective management of Calvin Capital’s removed assets. Once the meter has been removed, it undergoes a triage process to assess why it was removed and what needs to be done. If the meter is removed during the warranty period because it is faulty, it is generally resolved through the warranty mechanisms set out in Calisen’s contracts with the relevant manufacturer, and Calisen may have to pay the cost of re-installation with a contribution to this cost being payable by the relevant manufacturer. If a

meter is faulty after the warranty period, it can be removed by the energy retailer without any compensation being paid to Calisen.

Set forth below is a chart showing the meter removal process and the benefits of the triage process.



Source: Calisen.

**Contracts with manufacturers**

Calisen enters into contracts with manufacturers of meters and other equipment as part of carrying out its obligations under its MAP contracts. Calisen has strong, long-standing relationships with these manufacturers. Calisen is not locked into a single manufacturer for MAP contracts. The contracts with manufacturers vary based on the counterparty. However, they share certain generalisable characteristics between them, and because these contracts are entered into in order to carry out the work agreed to with Calisen’s energy retailer customers, some of the provisions reflect agreements reached in MAP contracts with the energy retailer customers.

Contracts with manufacturers typically contain no minimum volume purchase obligations for Calvin Capital, but involve a set delivery period typically of 12 weeks and in some instances further forecasting requirements. Payment is made after the delivery of the meters has been made. Meter procurement and other prices and costs are generally fixed in pound sterling for the duration of the installation period under Calvin Capital’s MAP contracts with its energy retailer customers. In cases of manufacturer delays, liquidated damages may be payable by the manufacturer. Within the delivery period and based on forecasts, Calvin Capital has some flexibility to adjust the timing of delivery upon negotiation with the applicable manufacturer. Typically, no capital expenditure is incurred before the contract is agreed.

In the manufacturer contracts, the manufacturers also provide warranty protection that the assets meet required specifications. At times, Calvin Capital may also require parent company guarantees with respect to certain meter manufacturers based on Calvin Capital’s exposure to such manufacturer. The warranties generally divide into two categories: warranties for individual product failures and warranties for batch failures. Where Calvin Capital’s MAP contract with an energy retailer customer has a 10-year initial period duration, which is typically the case for SMETS1 meters, the warranties from manufacturers are generally structured, such that there is a five-year warranty for individual product failures and a subsequent five-year warranty protection period to cover batch failures. If the MAP contract has a 15-year initial period, which is typically the case for SMETS2 meters, the warranties would typically have a duration of 10 years for individual product failures and an additional five years for batch failures.

The manufacturer contracts often require meters to be kept up to date in order for Calisen to benefit from certain warranties, so keeping track of firmware is important for Calvin Capital’s ability to rely on manufacturer warranties. The contracts set out how the warranty process works, as well as the remedies that may be available. Generally, either the meters are repaired, or a replacement meter are provided, along with

some monetary contribution by the manufacturer towards the re-installation cost. Typically, Calvin Capital's energy retailer customer bears the risk of the difference between the contribution from the meter manufacturer and the cost of re-installation after the installation period in the MAP contract.

### ***Installation arrangements***

Installation of meters under MAP contracts with Big 6 Energy Retailers has historically been carried out by the energy retailer customers themselves, using their own installation personnel, or a mix of the energy retailer customer's own workforce supplemented by installation sub-contractors contracted directly by the energy retailer customer. The installation arrangement in such cases is set out in the MAP contract between Calisen and the applicable energy retailer customer. Calisen pays the installation costs to the energy retailer customer carrying out the work after the installation is complete and has been verified via industry data. In addition to the installation price, which typically remains fixed throughout the initial period, the minimum installation standards would also be set out in the MAP contract with the energy retailer customer.

Independent Energy Retailers generally do not have their own installation personnel, and Calisen's MAP contracts with them therefore do not have the same types of installation provisions as in MAP contracts with Big 6 Energy Retailer customers. Prior to the Lowri Beck Acquisition, Independent Energy Retailers entering into a MAP contract with Calisen typically had to enter into separate contracts for installation services on their own with installation providers. However, the Lowri Beck Acquisition, which added approximately 400 installation service personnel to Calisen's capabilities and brought in-house a pre-existing joint marketing arrangement between Calvin Capital and Lowri Beck, gives Calisen the option to carry out installation work itself, rather than having to rely on others to undertake installations.

Calisen can not only offer its energy retailer customers a combined meter procurement, installation, ownership and management package in-house, but it can also offer installation as a discrete service. This offering allows Calisen to build a different set of relationships with its energy retailer customers around separate services, in addition to the relationships that Calisen maintains with its energy retailer customers through MAP contracts. These installation relationships are governed by contracts between Calisen and energy retailers that lay out the installation services to be provided by Calisen, the prices to be charged to the energy retailer and other terms governing the delivery of those services. Calisen may, at times, itself contract with installers for installation services. In all of these installation arrangements, Calisen is able to mitigate risks relating to quality, cost and deliverability.

Calvin Capital's MAP contracts with energy retailers typically require either a minimum volume of capital expenditure to have been incurred in respect of installed metering equipment or exclusive MAP appointment (subject to limited exceptions) for the duration of the installation period. If there is a minimum specified capital expenditure amount and this is not incurred by the end of the installation period due to reduced installations, Calisen would accordingly be compensated by the energy retailer customer.

### ***Financing contracts***

Calisen's ability to carry out its obligations under MAP contracts with its energy retailer customers is supported by Calisen's diverse financing structure that utilises, among other things, SPVs and funding platforms. Calisen has a sophisticated funding model, which uses flexible bank financing to obtain competitive interest rates and allows Calisen to offer its energy retailer customers tailored MAP solutions. Historically, for large MAP contracts with Big 6 Energy Retailers, Calisen has typically set up SPVs with 10- to 15-year financing periods. Each SPV would correspond to a MAP contract. These SPVs have been funded by a combination of equity, bank and non-bank debt facilities and letters of credit, and have been used to finance the procurement, installation, ownership and management of meters under the relevant MAP contract. The financing mix has tended to be made up predominantly of third-party senior debt, usually comprising approximately 75% to 80% gearing, which only has recourse to the relevant SPV and its immediate holding company. Historically, such senior debt financing amortises over a 10-year term, leading to full debt repayment with no refinancing risk. There are two SPVs that are currently active in the installation period.

In order to provide flexibility for its energy retailer customers and raise new finance, Calisen has, for some portfolios, moved from exclusively utilising SPVs for individual MAP contracts to funding platforms that can be used to pool MAP contracts and meter portfolios in some cases with various energy retailers. As at the date of this Prospectus, Calisen had two funding platforms for pooling multiple MAP contracts, one being a majority traditional meter portfolio and one for smart meters. The funding platform for smart meters pools together MAP contracts with one Big 6 Energy Retailer and several Independent Energy Retailers. This smart meter funding platform has procured its financing from a mix of equity, bank and non-bank debt facilities and

letters of credit, and bank debt has usually comprised approximately 75% to 80% gearing. Compared to the debt financing for the SPVs for individual MAP contracts, the debt facilities under the funding platforms for multiple MAP contracts have shorter maturities, typically five-year terms. Some of Calisen's debt facilities contain certain financial covenants, which Calisen believes that it will be able to comply with. In addition to the financial covenants, Calisen's debt facilities contain certain provisions that may restrict Calisen's activities. Calisen's remaining project-level debt financing is secured by, among others, the shares, assets, contracts and cash flow of the applicable SPV and its immediate holding company, and the lenders of the project-level debt financing only have recourse to the relevant SPVs and their immediate holding company. To manage interest rate risk, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts. Historically, the remaining 20–25% of Calisen's capital expenditure investment has been funded from cash flow from operations and equity bridge loans supported by letters of credit provided by or on behalf of Calisen's shareholders.

Calisen enjoys strong relationships with lenders and investors, with its recent deals typically over-subscribed and featuring competitive margins. The long relationship with lenders also gives Calisen's energy retailer customers additional comfort in Calisen's ability to execute its obligations under its MAP contracts. The flexibility of Calisen's capital structure, created by the diversity of funding types and sources and favourable borrowing conditions, allows Calisen to optimise its funding costs and finance its deals while mitigating the risk of cross-defaults between funding platforms or SPVs.

In connection with the Offer and Admission, Calisen is also undertaking a refinancing, and its capital structure is changing, such that shareholder loans will no longer be available and letters of credit and equity bridge loans are being repaid and replaced with a revolving credit facility. The revolving credit facility will be used, together with cash flow from operations and proceeds from the Offer and Admission, by Calisen to finance the equity portion of its SPVs and funding platforms. See "*Liquidity and Capital Resources—Indebtedness*" in Part XI (*Operating and Financial Review*) of this Prospectus.

### **Business unit Lowri Beck**

Lowri Beck was established in 1996 and is active in meter installations, manual readings and other ancillary services of predominantly traditional meters. The business also owns a small portfolio of traditional meters.

Lowri Beck's revenue was £71 million for the year ended 31 December 2018. As at 31 December 2018, Lowri Beck had 1,671 employees, consisting of 418 installation engineers, 757 meter readers, 280 installation support personnel and 216 back-office personnel.

### **Product lines**

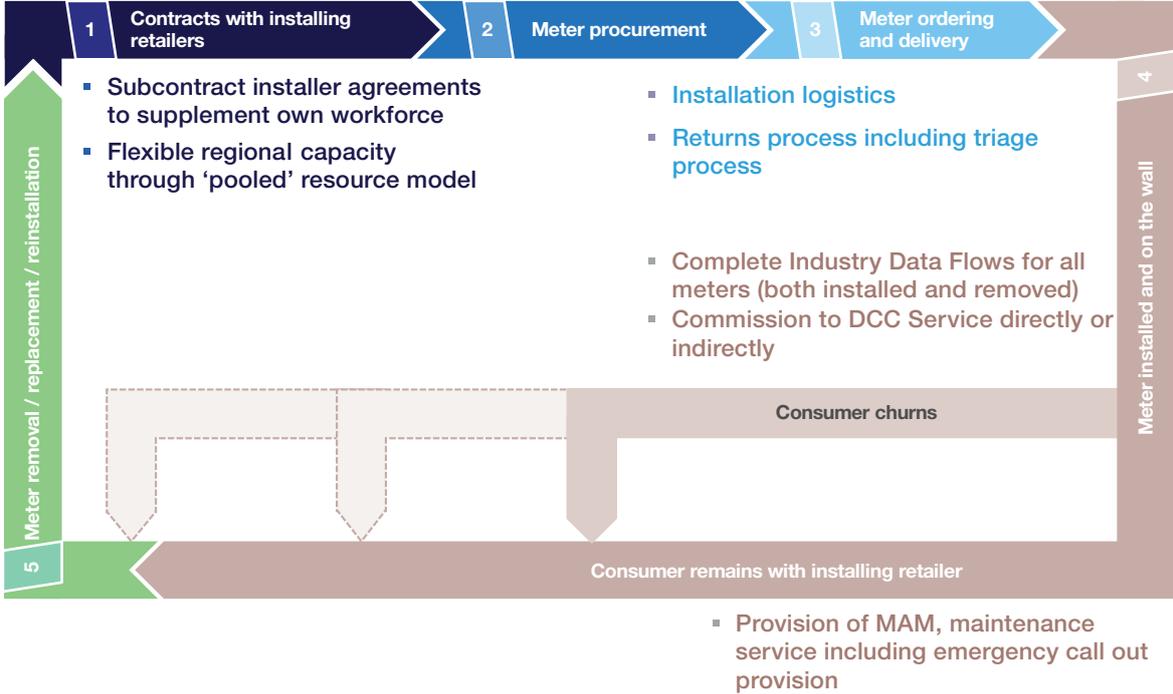
The Lowri Beck business unit has three product lines:

- *Technical services.* Lowri Beck is a leading independent meter installer in Britain. Lowri Beck has been involved in the nationwide roll-out of smart meters and, as a result, has gained significant experience in smart meter installations. As at the date of this Prospectus, Lowri Beck's highly skilled, multi-accredited engineering workforce has installed approximately 2.5 million meters across Britain, including 336,214 meters in the year ended 31 December 2018. In the year ended 31 December 2018, Lowri Beck had the capacity to install approximately 360,000 meters per year. Lowri Beck also engages in meter removal and asbestos, "redlink" and other hazardous material removal work. For the year ended 31 December 2018, this product line's revenue was £33 million.
- *Non-technical services.* As a leading independent provider of data collection services to the energy retail industry, Lowri Beck retrieves, processes and aggregates data in the course of its meter reading work, which it passes on to energy retailers for billing purposes. It has the ability to handle data from more than two million meters. Lowri Beck carried out approximately 11 million meter readings in the year ended 31 December 2018. For the year ended 31 December 2018, this product line's revenue was £31 million.
- *MAP services.* This product line is an asset ownership platform with traditional electricity and gas meters. As at 31 December 2018, Lowri Beck owned a portfolio of approximately 380,000 revenue-generating traditional meters. The meters in its portfolio are, where practicable, recycled back into service to maximise value. For the year ended 31 December 2018, this product line's revenue was £7 million.

Lowri Beck's main operating expenses consist of personnel costs, mainly associated with engineers responsible for meter installation and maintenance as well as for meter reading, and various administrative costs.

**Operations**

Lowri Beck has attractive operational fundamentals, with a nationwide presence, a strong health and safety record and long-standing customer relationships. Set forth below is a diagram showing Lowri Beck’s operational capabilities through the life of a meter.



Source: Calisen.

The company operates its own training centre, dedicated to improving the skill base of its employees. The adaptability and the transferable technical skills of Lowri Beck’s installation and engineering personnel will be important as Calisen seeks to expand into adjacent areas like energy storage and electric vehicle battery charging and to offer the same wide range and high level of service to its customers in those adjacent areas.

**Strategic objectives for Lowri Beck**

The Lowri Beck Acquisition completed on 16 August 2019 and brought in-house a pre-existing external working relationship between Calisen and Lowri Beck. Prior to the Lowri Beck Acquisition, Calisen and Lowri Beck had jointly marketed their services to energy retailers. This approach resulted in several contract wins. Following the Lowri Beck Acquisition, Lowri Beck maintains a separate brand identity, and will continue to offer its services to other MAPs and energy retailers in addition to its work on Calisen’s MAP contracts.

Since the completion of the Lowri Beck Acquisition, measures targeted at strict cost discipline and efficiency gains have been implemented. The Directors expect that Lowri Beck, as part of the Group, will improve its performance by better managing its business and utilising its workforce, increasing its data-driven efficiency, enhancing its pricing policy and optimising its capital allocation.

The Directors’ objectives with respect to Lowri Beck are to support Calisen’s strategic development, with a particular focus on increasing Calisen’s portfolio of smart meters. The Directors believe that vertical integration achieved through the Lowri Beck Acquisition will in time result in better control over a certain volume of installations, which is an important success factor for the growth of Calisen’s revenue-generating meters. Furthermore, the Directors believe that the Lowri Beck Acquisition will support Calisen’s strategy of offering a comprehensive metering package, particularly including installation services, to Independent Energy Retailers, who typically do not have their own installation workforce. As such, the technical services product line is of strategic importance, and the Directors are assessing measures to increase efficiencies in installation rates (measured as meters per day) as well as opportunities to grow the number of installation engineers. It is expected that over time, the majority of Lowri Beck’s installations will be executed for Calisen. It is envisaged that, through the Lowri Beck Acquisition, Calisen will be able to better maintain long-term relationships with energy retailers beyond the current meter cycle.

Non-technical services revenue is expected to decline significantly during the smart meter roll-out period. It is further anticipated that Lowri Beck's traditional meter portfolio will be removed at the end of the smart meter roll-out.

### **Strengths of Calisen**

The Directors believe that Calisen is well-positioned for continued leadership and expansion in its segments, benefitting from the competitive strengths set out below.

#### ***Secure ramp-up with dynamic growth***

Calisen is well-placed to take advantage of the government policy for Britain, which requires energy retailers to take all reasonable steps to install a smart meter in all homes and small non-domestic premises in Britain. By the end of 2018, there were approximately 15 million domestic smart meters in Britain, representing 28% of the total domestic meter base. Given the total segment size of approximately 51 million domestic meters, approximately 35 million domestic smart meters still needed to be installed before the smart meter roll-out is completed. The BEIS Proposal suggests the roll-out will be substantially completed by the Roll-out Deadline.

The Directors expect that Calisen will enjoy significant growth in the near term and the medium term due to the contracts that are already in place with its energy retailer customers. The Directors estimate that Calisen's contracted installation pipeline for MAP contracts as at 30 September 2019 consisted of approximately 6.5 million smart meters (6.4 million signed and 0.1 million in advanced stages of negotiation), which represents future growth that is reasonably predictable. A portion of Calisen's contracted installation pipeline may be uncertain. See *"Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—It may be difficult to predict 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."*

In addition to expected growth from MAP contracts that are already in place with its energy retailer customers, Calisen aims to win a share of the as-yet uncontracted meters for its MAP business. Based on the approximately 4.7 million revenue-generating smart meters already owned by Calvin Capital and the approximately 6.5 million smart meters in Calvin Capital's contracted installation pipeline for MAP contracts as at 30 September 2019, Calisen's share of the total number of smart meters that are estimated to be installed by the end of the government-mandated smart meter roll-out (approximately 51.2 million) is anticipated to be approximately 20–22%.

#### ***Scaled player that is well-positioned to capture share in the British MAP segment***

The Directors believe that Calisen is well-positioned to maintain and capture its share in the British MAP segment. Although Calisen started out providing meter asset ownership and operation for the Big 6 Energy Retailers, it has successfully diversified its customer base by also winning MAP contracts with Independent Energy Retailers.

As a result, Calvin Capital's pipeline of contracted meters is split between Big 6 Energy Retailers and Independent Energy Retailers. Calisen addresses both groups of energy retailers, meaning it is well-positioned to grow irrespective of market share swings between Independent Energy Retailers and Big 6 Energy Retailers. Whereas 19% of Calvin Capital's installed revenue-generating meters were with Independent Energy Retailers as at 30 September 2019, 47% of Calvin Capital's contracted installation pipeline as at the same date was attributable to Independent Energy Retailers, highlighting Calvin Capital's success in diversifying its customer base. Calisen successfully grew its base of installed revenue-generating meters attributable to Independent Energy Retailers to 19% as at 30 September 2019 from 17% as at 30 June 2019.

The Lowri Beck Acquisition brings in-house a joint marketing arrangement that already existed between Calisen and Lowri Beck. As a result, Calisen can now offer an enhanced "one-stop shop" proposition, which encompasses procurement, installation, ownership and management. This is particularly attractive for Independent Energy Retailers that do not typically have their own installation capabilities and typically seek a MAP that is able to provide installation services as well. Lowri Beck and its installation and maintenance personnel also support Calisen's medium-term strategy of entering into adjacent opportunities.

### ***Best-in-class operations at scale underpin competitive advantages***

Calisen's long history as a leading player in the British MAP segment positions the business as an established incumbent in the market. Calisen's track record of delivering on its commitments highlights its position as a trusted partner for its energy retailer customers.

With its revenue-generating base of 7.8 million revenue-generating meters as at 30 September 2019, Calvin Capital has grown to become one of the two main large independent MAPs of scale in Britain. Given the increasing occurrence of consumer churn, meter portfolios require highly efficient operations, which, in the view of the Directors, only specialised MAPs of scale can deliver for a high-volume asset base such as smart meters. For example, Calisen's operations have demonstrated superior meter tracking capabilities, resulting in a low proportion of the Calvin Capital portfolio with an unidentified energy retailer (0.07% as at 30 September 2019). Because tracking is based on electronic data flows, IT systems and processes are vital to Calisen's operations. Calisen has invested significantly in its IT systems and processes and has its own dedicated and experienced team for tracking the industry data in respect of Calvin Capital's meter portfolio. In addition, Calisen benefits from long established customer relationships, an efficient funding structure and low meter fault rates, underpinned by extensive warranties.

Calisen has been able to leverage its strengths to continue winning MAP contracts, allowing Calisen to build its position across the entire British MAP segment. Building this reputation and winning contracts has allowed it to generate scale to operate more efficiently and create a platform for further growth without significant additional cost, while helping Calisen to be invited to more tenders for MAP contracts. The Directors believe that these strengths position Calisen well for capturing a significant share of the British MAP segment across a diversified base of energy retailer customers.

### ***High-quality, contracted "annuity-like" cash flow***

Calvin Capital's revenue is reasonably predictable due to the structure of its contracts with energy retailers. The contractual nature of Calvin Capital's business produces high-quality, long-term and "annuity-like" cash flow and allows Calvin Capital to enjoy significant downside protection. Revenue is typically generated almost immediately from the capital expenditure on each meter. Calvin Capital only incurs capital expenditure after a MAP contract has been signed and installation volumes have been agreed. Additionally, Calvin Capital's contracts generally permit Calvin Capital to pass on increases in installation costs to the energy retailer.

Once a meter is installed, Calisen receives a meter procurement charge ("MPC") during the initial period of the primary MAP contract (typically 10 to 15 years). After the end of the initial period, the contract enters into a secondary period, and Calisen will continue to receive MPCs pursuant to the MAP contract with respect to the meter if it remains on the wall. Following a consumer churn event, Calisen typically continues to receive MPCs from the new energy retailer. The MPCs allow Calisen to cover its costs and earn a certain amount of investment return. Calisen targets an unlevered pre-tax internal rate of return of 6–9% for the Calvin Capital MAP contracts. This target internal rate of return follows a sophisticated approach to MAP contract tenders based on energy retailer customer requirements, market knowledge, pricing dynamics and financing. Financing costs of the MAP contracts are generally fixed and in line with the duration of the initial periods of MAP contracts. Interest rate risk is largely hedged in the way set out in Part XI (*Operating and Financial Review*) of this Prospectus.

Calisen has no consumer credit exposure. Its energy retailer customers tend to have high credit quality, with all Big 6 Energy Retailers having debt rated above the investment grade threshold at the parent company level as at the date of this Prospectus. Counterparty risk is further limited through the "supplier of last resort" regulatory framework which can be invoked when an energy retailer is in financial difficulty or goes out of business. This allows Ofgem to appoint another energy retailer as the new energy retailer to the previous consumers of the failed energy retailer.

### ***Experienced leadership team aligned with shareholders***

Calisen is led by a seasoned management team with diverse backgrounds and a strong history of operating in the finance, infrastructure and smart metering sectors. With an average of more than 20 years of experience, management has developed a deep understanding of the various aspects of the legislative and regulatory framework, segment dynamics and competition, as well as the needs and objectives of energy retailer customers and the capabilities and products supplied by manufacturers and installers.

Calisen's leadership team has demonstrated a track record of delivering growth and managing complex operations, resulting in consistently strong returns. Its track record of leading the company to growth under

diverse sets of circumstances will be especially important if Calisen seeks to replicate its business model in adjacent opportunities and in other countries.

In connection with the Offer and Admission, an equity long-term incentive programme in the form of a performance share plan as set out in more detail in section 12 of Part XII (*Additional Information*) of this Prospectus is being implemented to align the interests of Calisen's management with those of Calisen's shareholders.

## **Strategy**

Calisen currently holds a leading position in the British MAP segment as one of the two main large independent MAPs of scale in Britain, and as a pioneer with almost 20 years of history of providing meter asset ownership and operation for energy retailers. Serving the needs of its energy retailer customers has always been Calisen's strategic priority. This has led to providing meter asset ownership and operation for the Big 6 Energy Retailers as well as a growing number of Independent Energy Retailers in response to market developments. The Lowri Beck Acquisition is another step towards preparing Calisen to further benefit from the momentum driving the transformation process in the MAP segment, such as the growth in vertically diversified opportunities in the smart meter roll-out and the developments in adjacent sectors.

Calisen's strategy going forward will focus on three areas:

- Deliver contracted growth in the British MAP segment;
- Continue build-out of smart meter pipeline; and
- Expand into adjacent areas and internationally.

### ***Deliver contracted growth in the British MAP segment***

Calisen's strategy is to grow its base of revenue-generating meters and continue to provide its existing energy retailer customers with excellent services. Since Calisen started owning and operating smart meters in 2012, Calvin Capital has won contracts for the procurement, installation, ownership and management of over 11 million smart meters, of which 4.7 million were already revenue-generating. As at 30 September 2019, Calvin Capital's contracted installation pipeline for MAP contracts, based on management estimates, was 6.5 million smart meters. A portion of Calisen's contracted installation pipeline may be uncertain. See "*Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—It may be difficult to predict 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.*" As the nationwide roll-out of SMETS2 meters accelerates, Calisen continues to convert its contracted installation MAP pipeline into revenue-generating meters. Since 1 October 2018, Calvin Capital has won five new MAP contracts.

Key to executing Calisen's strategy of growing its base of revenue-generating meters is to continue providing Calisen's existing energy retailer customers with excellent service. Additionally, as a result of the Lowri Beck Acquisition in August 2019, Calisen has gained complementary capabilities to carry out installation work using in-house personnel as well as the ability to offer MOP, MAM and meter reading services to its energy retailer customers. As a result, Calisen can offer an enhanced "one-stop shop" proposition, which encompasses procurement, installation, ownership and management, to Independent Energy Retailers. Continuing to manage the supply chain efficiently is an important area of focus for Calisen. The Directors believe that Calisen has a significant track record in managing the meter procurement, ordering and delivery process in scale. In addition, Calisen's experience in managing meters that have been removed helps to reduce costs by minimising unrequired removals.

In support of Calisen's strategic development, the Lowri Beck business unit will be further integrated into the Group, building on its operational track record. Calisen has moved from one operating and reporting segment to two operating and reporting segments, led by two separate business unit heads, in order to take advantage of Lowri Beck's complementary service offerings while minimising the potential risks and disruptions in business that may arise from the integration of Lowri Beck. In addition, the Directors are focused on stabilising Lowri Beck's current trading as well as implementing strict cost discipline and efficiency gains.

In response to market developments, Calvin Capital has evolved its funding model from an exclusive use of SPVs for individual contracts to a greater utilisation of funding platforms. Such a shift has created greater flexibility for both Calvin Capital and the energy retailer customers whose MAP contracts are financed through the funding platforms. As part of Calisen's strategy to continuously optimise its funding structure, Calisen is regularly in dialogue with its existing and potential new financial institutions. These discussions include, among

other things, options to extend the maturity profile of its debt and increase the flexibility and cost of its shorter-term funding platforms that support the roll-out of new meters as a result of Calisen's multiple MAP contracts

### ***Continued build-out of Calisen's smart meter pipeline***

Calisen also seeks to increase its base of revenue-generating meters by winning more MAP contracts with Independent Energy Retailers, who have been making up a growing portion of the British energy retail segment. The contracted installation pipeline for Calvin Capital for MAP contracts with Independent Energy Retailers has grown from 0.2 million meters as at 31 December 2017 to 1.7 million as at 31 December 2018 to 3.1 million as at 30 September 2019, and the Directors believe that Calvin Capital is the fastest growing MAP among Independent Energy Retailers. Unlike the Big 6 Energy Retailers, Independent Energy Retailers typically do not have their own installation workforce, in which case they require a MAP which can provide an integrated service offering, also covering the installation of smart meters.

It is expected that the majority of the remaining potential MAP contracts will be awarded within the next 12 to 18 months. Approximately 4.9 million meters (or 10% of the total estimated number of smart meters to be installed as a result of the smart meter roll-out) are estimated to be uncontracted, representing a source of organic growth opportunity for Calisen. The Directors believe that the Big 6 Energy Retailers will continue to be an important source of growth. As a result, with respect to the Big 6 Energy Retailers, Calisen will focus on leveraging its pre-existing relationships and track record of delivery to win future contracts.

Calisen expects consolidation opportunities to arise as the SMIP progresses and the sector matures. As a result, Calisen may seek to participate in mergers and acquisitions opportunities with respect to other MAPs to accelerate the growth of its meter portfolio and benefit from operational and financial efficiencies. In particular, Calisen could capitalise on scale and funding advantages and could create additional value, as its operational platform is already scaled to handle additional volume. In addition, the Directors would also consider, where appropriate, mergers and acquisitions as a way to accelerate entry into adjacencies or new jurisdictions. Calisen already has sufficient scale to continue growing organically, both with respect to its current MAP business and with respect to entering into adjacent areas or new jurisdictions. As such, Calisen will take a disciplined approach with respect to mergers and acquisitions, only engaging in such transactions if there are clear strategic and financial advantages from such activities. The risk-adjusted returns from any proposed merger or acquisition would need to meet or exceed Calisen's return criteria.

### ***Expand into adjacent areas and internationally***

As the energy and utilities sector continues to evolve in response to market and regulatory conditions, it is expected that new growth opportunities will arise. Such opportunities may include providing electric vehicle charging infrastructure, which is a fixed energy infrastructure asset similar to meters and which may potentially enjoy a supportive regulatory environment, and owning and operating batteries, which may be transferable assets in the event of consumer churn but which do not currently have the same level of regulatory support.

As it continues to age, the energy infrastructure in Britain faces technological, political and regulatory changes that will likely support and drive the emergence of new forms of energy production, distribution or storage, which are all adjacencies to Calisen's operations as a MAP. Such changes could lead to new types of energy infrastructure assets to be developed, requiring significant amounts of capital expenditure to be deployed.

Enabling and managing such domestic energy infrastructure is a natural development of the energy retail model. If energy retailers play a key role, Calisen is well-positioned to leverage its core competencies to support its energy retailer customers. Because of Calisen's customer relationships and expertise in efficiently managing small-scale, high-volume energy infrastructure assets, expanding into adjacent infrastructure assets represents a potentially significant growth opportunity for Calisen in the medium term. Calisen has developed a number of leading IT systems and processes to support its business, and the Directors believe that the ability to track, locate and bill other infrastructure assets is an important success factor. The Lowri Beck Acquisition represents an important stepping stone into adjacencies by giving Calisen access to a skilled engineering workforce. In addition, Lowri Beck also provides Calisen with an opportunity to strengthen its relationships with energy retailers.

An early example of Calisen's ability to capture opportunities in adjacent areas is a memorandum of understanding it has entered into with a major energy retailer for a pilot programme on battery storage. Potential adjacent opportunities may even go beyond energy to include sectors such as water meters, if the legal and regulatory frameworks were to develop favourably.

Calisen’s strategy towards adjacencies and international expansion is based on a set of four principles:

- focus on jurisdictions or business segments where the regulatory regime is amenable to Calisen’s ownership and operation offerings and business model;
- focus on small-scale, high-volume energy infrastructure assets consistent with Calisen’s strategy;
- focus on a combination of both funding and managing such assets; and
- focus on an approach that emphasises partnerships with other players in the asset’s value chain, such as manufacturers or energy retailers.

An example of the application of these principles is a series of pilot programmes in Australia which Calisen entered into in 2017. Calisen’s presence in Australia was on a small scale, and Calisen exited after a short period of time as the returns available in Australia at the time did not meet its criteria. However, Calisen still views Australia as a potentially attractive target jurisdiction for future overseas growth, due to similarities in its regulatory environment with that of Britain.

Finally, Calisen continues to monitor the regulatory framework in Germany as it evolves. A compulsory nationwide smart meter roll-out was introduced in 2017 for households using more than 10,000 KWh of energy, and the requirement will be lowered to cover households using greater than 6,000 KWh in 2020 thus opening up an additional market segment.

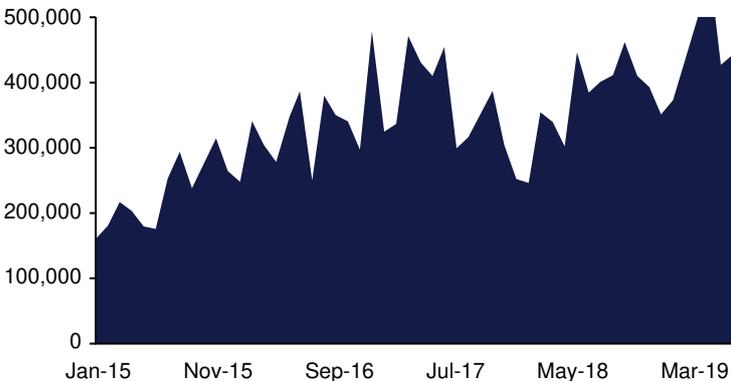
Calisen continues to monitor developments in these and other jurisdictions, but remains disciplined in its approach and will only pursue international expansion if it offers sufficient scale, profitability and regulatory stability.

**Information Technology and Systems**

Calisen relies on a number of IT systems to support its business, and its IT systems and processes are critical for tracking meters. In particular, Calvin Capital has made significant investments to create a modern cloud-based platform. Calvin Capital also operates an up-to-date business management system, namely SAP Business One. The Group’s systems already handle approximately 450,000 electronic data flows per month on average, with each flow containing a number of data items, of which certain ones are mandatory. Each of the mandatory data items, if incorrect, could risk the loss of meter. The Directors believe that Calvin Capital’s systems are sufficient to handle future increases in data flow and do not expect Calvin Capital to incur any material costs in upgrading its systems. The data that Calvin Capital holds is asset-level and supply data, allowing Calisen to bill the correct energy retailer. Lowri Beck also has access to certain installation-related and meter reading data in order for Lowri Beck to perform its MOP and MAM as well as data reading services.

Calvin Capital’s IT systems are capable of operating at volume, and currently hold two billion rows of asset data. Set forth below is a chart showing the volume of industry data flows processed by Calvin Capital per month.

Asset data processed by Calvin Capital per month



Source: Calisen.

Calisen procures IT packages from established third-party providers. Information technology is managed by in-house teams of IT personnel and through its key support partners who together are responsible for the

development and support of IT services. Calvin Capital has ISO 27001 and ISO 9001 certifications, and Lowri Beck has ISO 9001, ISO 14001, ISO 18001, ISO 22301 and ISO 27001 certifications.

### **Licences and Accreditations**

Calisen is not required to hold any licences, registrations or accreditations to carry out its work as a MAP.

Lowri Beck is required to hold certain licences, registrations and accreditations. Lowri Beck is accredited with MAMCoP, with the most recent accreditation valid until 30 September 2020, and MOCOPA, with the most recent accreditation valid until 30 September 2020. Lowri Beck is also registered with Ofgem as an OAMI. Lowri Beck's installation personnel were registered on the relevant Lowri Beck entity's Gas Safe Register entry, and its meter readers were registered with EUSR. Furthermore, Lowri Beck holds an Upper Tier Waste Carrier's Licence.

### **Insurance**

Calisen maintains insurance to cover risks associated with the ordinary operation of its business, including public and product liability, employer liability, property damage, business interruption, excess public and product liability, directors' and officers' liability, computer and cyber-security as well as terrorism insurance. All of Calisen's policies are underwritten with reputable insurance providers, and it conducts periodic reviews of its insurance coverage, in terms of both coverage limits and deductibles. The Directors believe that Calisen's insurance coverage is reasonably adequate for the risks associated with its operations.

### **Property, Plant and Equipment**

Calvin Capital's movable property is composed primarily of traditional and smart gas and electricity meters that it owns and manages, as well as gas regulators and SMETS1 communications hubs associated with such meters.

Calvin Capital's portfolio consisted of 3.1 million traditional meters, 4.7 million smart meters, 3.9 million gas regulators and 2.1 million communications hubs as at 30 September 2019. Approximately half of Calvin Capital's revenue-generating meters are gas meters, and the other approximately half are electricity meters.

Lowri Beck owned approximately 376,000 traditional meters as at 30 September 2019. Approximately 91% of Lowri Beck's revenue-generating meters are electricity meters, and the other approximately 9% are gas meters.

### **Procurement**

See "*—Contractual structure—Contracts with manufacturers*" and "*—Contractual structure—Installation arrangements*" for information on Calisen's contracts with manufacturers and installation arrangements.

In addition, several of Calisen's subsidiaries, such as Calvin Asset Management Limited, have entered into various agreements that cover ancillary tasks related to the operation of Calisen's business, such as meter refurbishment, disposal of meter devices, bulk storage of meters, escrow services, software hosting service, smart data services and software licensing.

### **Intellectual Property**

Calvin Capital Limited owns several class 36 trademarks registered in the UK. They pertain to the words "CALISEN", "CALVIN CAPITAL", "METERFIT" and "METER FIT" as well as "METERSERVE" and "METER SERVE". Calvin Capital Limited also owns several European Union class 36 trademarks pertaining to the word "CALISEN". The registration for these trademarks remains active as at the date of this Prospectus.

In addition, Lowri Beck Holdings Limited owns trademarks in the UK and the European Union, pertaining to the words "LOWRI BECK". The registration for these trademarks remains active as at the date of this Prospectus.

### **Environmental Matters**

Calvin Capital arranges, through sub-contractors, to sustainably recycle or otherwise dispose of used meters in accordance with relevant environmental regulations. Otherwise, there are no environmental regulations or laws which impact materially on Calvin Capital's activities. The Directors believe that Calisen has no material environmental compliance costs or environmental liabilities, and that there are no environmental issues that may affect the Group's utilisation of any of its tangible fixed assets.

Lowri Beck operations may impact upon the environment through the use of its buildings, vehicle fleet and field service activities. Using certified management systems, including the Environmental Management Standard ISO 14001, Lowri Beck seeks to identify all relevant environmental protection statutes, standards and licencing requirements. Lowri Beck works with in-house teams and accredited partner organisations in respect of its environment obligations.

## PART VIII

### DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b> . . . . .	Dr. Philip (Phil) Nolan ( <i>Non-Executive Chair</i> ) Henricus Lambertus (Bert) Pijls ( <i>CEO</i> ) Sean Latus ( <i>CFO</i> ) Lord Jitesh Gadhia ( <i>Senior Independent Non-Executive Director</i> ) Kathryn (Kath) Durrant ( <i>Independent Non-Executive Director</i> ) Patrick O'Donnell Bourke ( <i>Independent Non-Executive Director</i> ) James (Jim) Macdonald ( <i>Non-Executive Director</i> ) Tara Davies ( <i>Non-Executive Director</i> ) Oleg Shamovsky ( <i>Non-Executive Director</i> )
<b>Company Secretary</b> . . . . .	Sarah Blackburn ( <i>General Counsel</i> )
<b>Registered Office</b> . . . . .	5th Floor 1 Marsden Street Manchester M2 1HW
<b>Sponsor</b> . . . . .	Credit Suisse International One Cabot Square London E14 4QJ
<b>Joint Global Coordinators and Joint Bookrunners</b> . . . . .	Citigroup Global Markets Limited 33 Canada Square London E14 5LB  Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ  HSBC Bank plc 8 Canada Square London E14 5HQ  KKR Capital Markets Limited Stirling Square 7 Carlton Gardens London SW1Y 5AD
<b>Joint Bookrunners</b> . . . . .	Barclays Bank PLC 5 The North Colonnade London E14 4BB  Goldman Sachs International Plumtree Court 25 Shoe Lane London EC4A 4AU

**Legal Advisers to the Company** . . . . . Simpson Thacher & Bartlett LLP  
CityPoint  
One Ropemaker Street  
London  
EC2Y 9HU

**Legal Advisers to the Sponsor and the Underwriters** . . . . . Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

**Auditor and Reporting Accountant** . . . . . KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Registrar** . . . . . Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

## PART IX

### DIRECTORS, SENIOR MANAGERS, EMPLOYEES AND CORPORATE GOVERNANCE

#### 1. DIRECTORS

The following table lists the name and position of each Director:

<u>Name</u>	<u>Position</u>
<i>Phil Nolan</i> . . . . .	Chair
<i>Bert Pijls</i> . . . . .	CEO
<i>Sean Latus</i> . . . . .	CFO
<i>Lord Jitesh Gadhia</i> . . . . .	Senior Independent Non-Executive Director
<i>Kath Durrant</i> . . . . .	Independent Non-Executive Director
<i>Patrick O'Donnell Bourke</i> . . . . .	Independent Non-Executive Director
<i>Jim Macdonald</i> . . . . .	Non-Executive Director
<i>Tara Davies</i> . . . . .	Non-Executive Director
<i>Oleg Shamovsky</i> . . . . .	Non-Executive Director

The business address of each of the Directors (in such capacity) is 5th Floor, 1 Marsden Street, Manchester, England, M2 1HW.

A brief description of the Directors' business experience and principal business activities outside Calisen is set out below:

#### *Phil Nolan—Chair*

Phil has a wealth of experience on boards of many companies, private and public, in both executive and non-executive capacities. He is Chairman of Associated British Ports Holdings and was Chairman of John Laing from 2010 to 2018, Ulster Bank Limited and Ulster Bank Ireland Limited between July 2013 and July 2017 and Chairman of Affinity Water from 2013 to 2018. Phil has previously served as a non-executive director of Providence Resource Plc and EnQuest PLC. He was Chairman of Infinis, a then privately-held, leading renewable energy generator between 2007 and 2010, Chairman of Sepura plc, a listed global supplier of TETRA radios, between 2007 and 2010 and CEO of Eircom, Ireland's national telecommunications supplier from 2002 to 2006. Prior to that, he served as an Executive Director of BG Group plc and CEO of Transco plc from 1998 and in 2000, as CEO, led the demerger of Transco from BG, as the Lattice Group.

#### *Bert Pijls—CEO*

Bert assumed the CEO position of the Group in September 2017. He has over 25 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—CFO*

Sean joined the Group in October 2014 as Chief Investment Officer, and assumed the CFO position of the Group in February 2018. He has over 20 years' experience raising infrastructure finance and equity funding and has worked across multiple infrastructure sectors both in the UK and overseas. Sean's previous roles include Head of Investments at Costain Group, Senior Director at RBS Project and Infrastructure Finance, and Investment Director at John Laing.

#### *Lord Jitesh Gadhia—Senior Independent Non-Executive Director*

Jitesh is an investment banker and businessman and has been a Member of the House of Lords since September 2016. He is a board member of UK Government Investments, the centre of excellence for corporate finance and corporate governance for the UK Government and also serves on the boards of BGL Holdings, which owns comparethemarket.com, and Accord Healthcare Limited, a leading supplier of generic pharmaceuticals. He was a Senior Managing Director at Blackstone and has over 25 years' financial services experience, having also held senior positions at Barclays Capital, ABN AMRO and Baring Brothers. He has advised on a wide range of

high-profile M&A transactions across developed and emerging markets. He graduated from Cambridge University with a degree in economics and attended the London Business School as a Sloan Fellow.

*Kath Durrant—Independent Non-Executive Director*

Kath was a non-executive director for Renishaw plc Board between January 2015 and July 2018. She has extensive UK, US and European experience with large multinational businesses having previously been the Group HR Director and member of the Executive team at Rolls Royce plc, Ferguson Plc and CRH Plc. She has significant prior experience with AstraZeneca plc and GlaxoSmithKline plc. Kath has previously served as an Advisory Board member for the Lancaster University Management School, and is presently a Scale Up Mentor at the Royal College of Art Innovation centre.

*Patrick O'Donnell Bourke—Independent Non-Executive Director*

Patrick served as Group Finance Director for John Laing Group plc from 2011 until his retirement in 2019. He has significant international experience in infrastructure, particularly in the electricity and energy sectors. He was Group Finance Director of Viridian Group PLC, the Northern Ireland based energy group from 2000 to 2006, becoming Group Chief Executive from 2007 to 2011 after Viridian was taken private. Previously, he was Group Treasurer for Powergen plc and spent nine years in investment banking with Barclays de Zoete Wedd and Hill Samuel. Patrick graduated from Cambridge University and qualified as a chartered accountant with Peat Marwick (now KPMG). He has served as a non-executive director and Chair of the Audit Committee of Affinity Water Limited since 2013.

*Jim Macdonald—Non-Executive Director*

Jim has gained a vast amount of knowledge and experience of the metering industry, becoming Chair of Calvin Capital Limited in January 2018, having served as the Group's CEO from August 2012 to September 2017. As CEO he was fundamental in helping to build the business, leading the management team in the successful sale from Infracapital ownership to KKR. Following the KKR Acquisition he moved to be the Chair of the Group prior to Admission. He has been a Non-Executive Director of Energy Assets since January 2018. He has previously served as Distribution and Customer Director at Virgin Money from September 2011 to August 2012. He was Commercial Director of Eon from August 2006 to September 2011 and prior to this he was CEO of Tesco Personal Finance.

*Tara Davies—Non-Executive Director*

Tara joined the Group as a non-executive director in January 2017, upon the KKR Acquisition. Tara is the Head of the European Energy & Infrastructure Team at KKR. She is a member of the Infrastructure Investment Committee and Infrastructure Portfolio Management Committee. Prior to joining KKR, she was a Senior Managing Director and Head of Mergers and Acquisitions for Macquarie Group's infrastructure advisory arm in London. Tara commenced her career at Price Waterhouse (now PwC) and is a qualified Chartered Accountant. She holds a Bachelor of Commerce degree from the University of Sydney.

*Oleg Shamovsky—Non-Executive Director*

Oleg joined the Group as a non-executive director in January 2017, upon the KKR Acquisition. Oleg is a member of the Infrastructure team at KKR. Prior to joining KKR, he worked at Terra Firma Capital Partners in London, in the investment banking team at Morgan Stanley and in the Firmwide Risk department at Goldman Sachs in New York. He holds a degree in Computer Science and Engineering from the Massachusetts Institute of Technology (MIT).

**2. SENIOR MANAGERS**

The following table lists the name and position of each Senior Manager of the Group.

<u>Name</u>	<u>Position</u>
<i>Bert Pijls</i> . . . . .	CEO
<i>Sean Latus</i> . . . . .	CFO
<i>Bert Pijls—CEO</i>	
(See above)	
<i>Sean Latus—CFO</i>	
(See above)	

### **3. EMPLOYEES**

Prior to completion of the Lowri Beck Acquisition, as at 31 December 2016, 2017 and 2018, Calvin Asset Management Limited employed 36, 36 and 45 people (including directors and contractors), respectively. The average monthly number of employees (including directors and contractors) employed by Calvin Asset Management Limited for the years ended 31 December 2016, 2017 and 2018 was 34, 35 and 38, respectively.

After the Lowri Beck Acquisition, as at 30 September 2019, Calisen's subsidiaries employed 1,801 people (including directors and contractors), of which Calvin Asset Management Limited employed 48 people (including directors and contractors) and Lowri Beck Services Limited and Lowri Beck Systems Limited employed 1,743 people (including directors and contractors).

### **4. CORPORATE GOVERNANCE**

The Board is committed to the highest standards of corporate governance. Save as disclosed below, as at the date of this Prospectus and on and following Admission, the Board will comply with the Corporate Governance Code, and the Company intends to comply in full with the Corporate Governance Code in due course. The Company will report to its shareholders on its compliance with the Corporate Governance Code in accordance with the Listing Rules.

The Corporate Governance Code recommends that at least half the board of directors of a company with a premium listing on the Official List, excluding the chair, should comprise non-executive directors determined by the board to be independent. As at the date of this Prospectus, the Board consists of the Chair, the Senior Independent Non-Executive Director, two other Independent Non-Executive Directors, one Non-Executive Director, two Non-Executive Directors appointed by the Major Shareholder, the CEO and the CFO. The Company has recently appointed three Independent Non-Executive Directors, with current and/or previous experience on listed company boards. The Company is in discussions regarding the appointment of an additional independent non-executive director. However, at Admission, the Company will not comply with the Corporate Governance Code recommendations on the number of independent non-executive directors on the board of a company with a premium listing on the Official List because only three of the eight Directors (excluding, for these purposes, the Chair) are regarded by the Company as independent for the purposes of the Corporate Governance Code. The Company intends to comply with this requirement in due course.

The Corporate Governance Code recommends that the chair of a company with a premium listing on the Official List should be independent on appointment when assessed against the circumstances set out in the Corporate Governance Code. The Chair was deemed independent on appointment.

Pursuant to the Relationship Agreement, the Major Shareholder will be able to appoint two directors to the Board for so long as it (together with any of its associates) holds 20% or more of the voting rights of the Shares, and will be able to appoint one director to the Board for so long as it (together with any of its associates) holds 10% or more, but less than 20%, of the voting rights of the Shares. The Major Shareholder will consult in advance with, and take into account the reasonable representations of, the Nomination Committee regarding the identity of any director proposed to be nominated by it. In addition, for so long as the Major Shareholder (together with any of its associates) holds 10% or more of the voting rights of the Shares, the Major Shareholder is entitled to nominate a representative director to be a member of the Nomination Committee and a representative director as an observer to each of the Audit and Risk Committee and the Remuneration Committee. The Major Shareholder's first appointed representative directors are Tara Davies and Oleg Shamovsky.

The Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Lord Jitesh Gadhia has been appointed as Senior Independent Non-Executive Director with effect from Admission.

The Corporate Governance Code further recommends that directors should be subject to annual re-election. The Company intends to comply with this recommendation.

### **5. BOARD COMMITTEES**

As envisaged by the Corporate Governance Code, the Board has established an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. If the need should arise, the Board may set up additional committees as appropriate.

## **5.1 Audit and Risk Committee**

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal audit, internal controls, whistleblowing and fraud systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit and Risk Committee will give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Audit and Risk Committee is also responsible for (i) advising the Board on the Company's risk strategy, risk policies and current risk exposures; (ii) overseeing the implementation and maintenance of the overall risk management framework and systems; and (iii) reviewing the Company's risk assessment processes and capability to identify and manage new risks. When appropriate, the Audit and Risk Committee will meet without members of the executive management team in attendance. The Audit and Risk Committee will meet not less than three times a year, at least one of which will be without management present. From Admission, it is intended that the chair of the Audit and Risk Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Audit and Risk Committee.

The Corporate Governance Code recommends that an audit committee should comprise at least three members, that all members should be independent non-executive directors, that at least one member should have recent and relevant financial experience and that the committee as a whole should have competence relevant to the sector in which the company operates. The chair of the board should not be a member. At Admission, the Audit and Risk Committee will be chaired by Patrick O'Donnell Bourke and its other members will be Lord Jitesh Gadhia and Kath Durrant. In addition, pursuant to the Relationship Agreement, for so long as the Major Shareholder (together with any of its associates) holds 10% or more of the voting rights of the Shares, the Major Shareholder is entitled to nominate one representative director as an observer to the Audit and Risk Committee.

The Directors consider that Patrick O'Donnell Bourke has recent and relevant financial experience and that the Audit and Risk Committee as a whole has competence relevant to the sector in which Calisen operates, in accordance with the requirements of the Corporate Governance Code, and that the Company complies with the requirements of the Corporate Governance Code in respect of audit committees.

The Audit and Risk Committee has taken appropriate steps to ensure that the Auditor is independent of the Company and obtained written confirmation from the Auditor that it complies with guidelines on independence issued by the relevant accountancy and auditing bodies.

## **5.2 Nomination Committee**

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as directors or committee members as the need may arise. The Nomination Committee also assists the Board in the consideration and development of appropriate corporate governance principles, including, among other things, those relating to potential related party transactions. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, and retirements and appointments of additional and replacement directors and committee members, and will make appropriate recommendations to the Board on such matters. The Nomination Committee will meet not less than twice a year. From Admission, it is intended that the chair of the Nomination Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Nomination Committee.

The Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors, and that the chair of the board should not chair the committee when it is dealing with the appointment of a successor to the chairship. Pursuant to the Relationship Agreement, for so long as the Major Shareholder (together with any of its associates) holds 10% or more of the voting rights of the Shares, the Major Shareholder is entitled to nominate one representative director to be a member of the Nomination Committee. At Admission, the Nomination Committee will be chaired by Phil

Nolan and its other members will be Lord Jitesh Gadhia, Kath Durrant, Patrick O'Donnell Bourke and Tara Davies (acting as representative director of the Major Shareholder).

The Directors consider that the Company complies with the requirements of the Corporate Governance Code in respect of nomination committees.

### **5.3 Remuneration Committee**

The Remuneration Committee assists the Board in determining its responsibilities in relation to directors' remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Executive Directors, the Chair and members of the executive management team (being the first layer of management below the level of the Board and reporting to the CEO, including the Company Secretary). The Remuneration Committee will give due regard to the provisions and recommendations in the Corporate Governance Code when determining the remuneration policy. The Remuneration Committee will meet not less than three times a year. From Admission, it is intended that the chair of the Remuneration Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the activities of the Remuneration Committee.

The Corporate Governance Code recommends that a remuneration committee should comprise at least three members and that all members should be independent non-executive directors. The chair of the board should only be a member if he was independent on appointment, and cannot chair the committee. The chair of the remuneration committee should have served on a remuneration committee for at least 12 months prior to his or her appointment as such. At Admission, the Remuneration Committee will be chaired by Kath Durrant (who has previously served on a remuneration committee for at least 12 months) and its other members will be Lord Jitesh Gadhia and Patrick O'Donnell Bourke. In addition, pursuant to the Relationship Agreement, for so long as the Major Shareholder (together with any of its associates) holds 10% or more of the voting rights of the Shares, the Major Shareholder is entitled to nominate one representative director as an observer to the Remuneration Committee.

The Directors consider that the Company complies with the requirements of the Corporate Governance Code in respect of remuneration committees.

## **6. SHARE DEALING CODE**

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on the requirements of the Market Abuse Regulation. The code adopted will apply to the directors and other relevant employees of the Group.

## **7. RELATIONSHIP WITH THE MAJOR SHAREHOLDER**

The Major Shareholder will retain a significant interest in the Company following Admission, and will be deemed to be a "controlling shareholder" for the purposes of the Listing Rules. For information about the Company's relationship with the Major Shareholder, see section 16.2 (*Relationship Agreement*) of Part XVII (*Additional Information*) of this Prospectus.

## **8. REMUNERATION**

Details regarding remuneration of the Directors are set out in section 11 (*Directors' Service Contracts and Letters of Appointment*) of Part XVII (*Additional Information*) of this Prospectus.

**PART X**  
**SELECTED FINANCIAL INFORMATION**

*Except for the information which appears under the heading “Other Financial Data” below, the Selected Financial Information set out below has been extracted without material amendment from Part B of Part XIII (Historical Financial Information) of this Prospectus.*

*The consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) included in this Prospectus (denoted as that of “Predecessor (CHL Group)”) represents Calisen’s trading history to 31 January 2017. On 30 November 2016, Calisen Group Holdings Limited (formerly CCHI Limited) was incorporated in preparation for the KKR Acquisition. Calisen Group Holdings Limited (formerly CCHI Limited) prepared its first financial statements for the 13-month period from the time of its incorporation to 31 December 2017. However, such 13-month period only reflects eleven months of Calisen’s trading history, starting from 1 February 2017 after the KKR Acquisition completed. Calisen Group Holdings Limited’s (formerly CCHI Limited) consolidated historical financial information included in this Prospectus (denoted as that of “Successor (CGH Group)”) therefore represents Calisen’s trading history since 1 February 2017. See Part V (Important Information) of this Prospectus.*

*For illustrative purposes, unaudited financial information relating to the aggregated period ended 31 December 2017 (the “Unaudited Aggregated 2017 Results”) has been included in this Prospectus that comprises aggregated consolidated statement of profit or loss data (the “Unaudited Aggregated 2017 Income Data”) and aggregated consolidated statement of cash flow data (the “Unaudited Aggregated 2017 Cash Flow”), each of which consists of the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCHI Limited) for the 13-month period ended 31 December 2017. The financial results of Calisen Group Holdings Limited (formerly CCHI Limited) for the 13-month period ended 31 December 2017 include the impact of the purchase price allocation as a result of the KKR Acquisition. Refer to Note 1 of Part B of Part XIII (Historical Financial Information) of this Prospectus for further information on the basis of preparation of the Historical Financial Information.*

*This section presents historical financial information and discussion on the historical financial performance of Calisen. For the purposes of this discussion, Calisen refers to the Predecessor (CHL Group) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017 and the Successor (CGH Group) for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2019 (with unaudited comparatives for the nine-month period ended 30 September 2018).*

*This section includes certain comparisons between Calisen and Calvin Capital. For clarity, Calvin Capital refers to the Calvin Capital operating segment and excludes the performance of the Lowri Beck operating segment. For further information, refer to Note 4 of Part B of Part XIII (Historical Financial Information) of this Prospectus.*

*In addition, prior to 16 August 2019, the results of operations and financial condition of Lowri Beck were not consolidated within the consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) or Calisen Group Holdings Limited (formerly CCHI Limited). Lowri Beck’s results of operations and financial condition have been consolidated into Calisen’s since the completion of the Lowri Beck Acquisition on 16 August 2019. Therefore, Calisen Group Holdings Limited’s (formerly CCHI Limited) consolidated historical financial information as at and for the nine-month period ended 30 September 2019 presented in this Prospectus includes the results of operations and financial condition of Lowri Beck from the date of the Lowri Beck Acquisition on 16 August 2019 to 30 September 2019.*

**CONSOLIDATED HISTORICAL FINANCIAL INFORMATION (PREDECESSOR AND SUCCESSOR)**

*Consolidated statement of profit or loss*

	Predecessor (CHL Group)		Successor (CGH Group)			
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2019
	(£ in thousands)		(£ in thousands)			
<b>Total revenue</b> . . . . .	<b>132,802</b>	<b>12,196</b>	<b>141,068</b>	<b>162,146</b>	<b>119,637</b>	<b>147,968</b>
Cost of sales . . . . .	(71,369)	(6,375)	(70,607)	(82,697)	(59,783)	(74,880)
<b>Gross profit / (loss)</b> . . . . .	<b>61,433</b>	<b>5,821</b>	<b>70,461</b>	<b>79,449</b>	<b>59,854</b>	<b>73,088</b>
Administrative expenses . . . . .	(17,868)	(447)	(10,915)	(13,254)	(8,956)	(10,739)
Other expenses . . . . .	—	—	(25,448)	—	—	(6,702)
Amortisation of intangible assets . . . . .	(132)	(17)	(37,369)	(40,786)	(30,590)	(31,088)
<b>Operating profit / (loss)</b> . . . . .	<b>43,433</b>	<b>5,357</b>	<b>(3,271)</b>	<b>25,409</b>	<b>20,308</b>	<b>24,559</b>
Finance income / (expenses) . . . . .	(78,199)	4,925	(78,724)	(91,184)	(53,568)	(94,182)
<b>Profit / (loss) before tax</b> . . . . .	<b>(34,766)</b>	<b>10,282</b>	<b>(81,995)</b>	<b>(65,775)</b>	<b>(33,260)</b>	<b>(69,623)</b>
Taxation . . . . .	6,669	(181)	2,775	3,254	(1,089)	2,608
<b>Profit / (loss) for the period</b> . . . . .	<b>(28,097)</b>	<b>10,101</b>	<b>(79,220)</b>	<b>(62,521)</b>	<b>(34,349)</b>	<b>(67,015)</b>
<b>Attributable to</b>						
Equity holders of the parent . . . . .	(28,097)	10,101	(79,220)	(62,521)	(34,349)	(67,015)
<b>Earnings per share</b>						
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent . . . . .	(28.10)	10.10	(156.91)	(60.32)	(33.14)	(64.66)

*Consolidated statement of other comprehensive income*

	Predecessor (CHL Group)		Successor (CGH Group)			
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2019
	(£ in thousands)		(£ in thousands)			
<b>Profit / (loss) for the period</b> . . . . .	<b>(28,097)</b>	<b>10,101</b>	<b>(79,220)</b>	<b>(62,521)</b>	<b>(34,349)</b>	<b>(67,015)</b>
<b>Other comprehensive income</b> . . . . .						
Cash flow hedges (net of tax impact) . . . . .	2,632	—	—	—	—	—
<b>Total comprehensive income / (loss) for the period</b> . . . . .	<b>(25,465)</b>	<b>10,101</b>	<b>(79,220)</b>	<b>(62,521)</b>	<b>(34,349)</b>	<b>(67,015)</b>
<b>Total comprehensive income for the period attributable to:</b>						
Equity holders of the parent . . . . .	(25,465)	10,101	(79,220)	(62,521)	(34,349)	(67,015)

*Consolidated statement of financial position*

	Predecessor (CHL Group)		Successor (CGH Group)		
	As at 31 December 2016	As at 31 January 2017	As at 31 December 2017	As at 31 December 2018	As at 30 September 2019
	(£ in thousands)		(£ in thousands)		
<b>Non-current assets</b>					
Intangible assets . . . . .	15,880	15,891	644,033	603,254	590,986
Property, plant and equipment . . . . .	546,620	552,870	596,800	649,696	786,851
Deferred tax asset . . . . .	14	13	25	39	40
Derivative financial instruments . . . . .	—	—	1,834	5,970	909
	<b>562,514</b>	<b>568,774</b>	<b>1,242,692</b>	<b>1,258,959</b>	<b>1,378,786</b>
<b>Current assets</b>					
Trade and other receivables . . . . .	22,174	24,770	17,944	25,902	51,276
Contract assets . . . . .	15,174	13,806	14,097	14,097	23,365
Inventory . . . . .	—	—	—	—	1,451
Deferred tax asset . . . . .	6,361	909	—	—	—
Cash and cash equivalents . . . . .	50,896	52,746	81,913	71,597	71,265
	<b>94,605</b>	<b>92,231</b>	<b>113,954</b>	<b>111,596</b>	<b>147,357</b>
<b>Total assets</b>	<b>657,119</b>	<b>661,005</b>	<b>1,356,646</b>	<b>1,370,555</b>	<b>1,526,143</b>
<b>Current liabilities</b>					
Trade creditors . . . . .	23,459	26,746	2,880	14,923	37,093
Other creditors . . . . .	25,173	15,111	24,185	10,702	35,301
Interest-bearing loans and borrowings . . . . .	70,454	75,164	49,422	87,945	112,281
	<b>119,086</b>	<b>117,021</b>	<b>76,487</b>	<b>113,570</b>	<b>184,675</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings . . . . .	510,918	521,431	1,206,823	1,266,905	1,401,869
Provisions . . . . .	—	—	—	—	804
Derivative financial instruments . . . . .	51,198	42,064	37,476	22,577	42,679
Deferred tax liability . . . . .	5,529	—	96,056	90,220	85,848
	<b>567,645</b>	<b>563,495</b>	<b>1,340,355</b>	<b>1,379,702</b>	<b>1,531,200</b>
<b>Total liabilities</b>	<b>686,731</b>	<b>680,516</b>	<b>1,416,842</b>	<b>1,493,272</b>	<b>1,715,875</b>
<b>Equity</b>					
Called up share capital . . . . .	1,000	1,000	1,036	1,036	1,036
Share premium account . . . . .	—	—	17,988	17,988	17,988
Other reserves . . . . .	(3,354)	(3,354)	—	—	—
Retained earnings / (deficit) . . . . .	(27,258)	(17,157)	(79,220)	(141,741)	(208,756)
<b>Total equity</b>	<b>(29,612)</b>	<b>(19,511)</b>	<b>(60,196)</b>	<b>(122,717)</b>	<b>(189,732)</b>
<b>Total equity and liabilities</b>	<b>(657,119)</b>	<b>(661,005)</b>	<b>(1,356,646)</b>	<b>(1,370,555)</b>	<b>(1,526,143)</b>

*Consolidated statement of cash flows*

	<b>Predecessor (CHL Group)</b>		<b>Successor (CGH Group)</b>			
	<b>Year ended 31 December 2016</b>	<b>31-day period ended 31 January 2017</b>	<b>13-month period ended 31 December 2017</b>	<b>Year ended 31 December 2018</b>	<b>Nine-month period ended 30 September 2018 (unaudited)</b>	<b>Nine-month period ended 30 September 2019</b>
	<b>(£ in thousands)</b>		<b>(£ in thousands)</b>			
<b>Cash flows from operating activities</b>						
Profit / (loss) before tax	(34,766)	10,282	(81,995)	(65,775)	(33,260)	(69,623)
<b>Adjustments to reconcile profit / (loss) before tax to net cash flows:</b>						
Amortisation of intangible assets	132	17	37,369	40,786	30,590	31,088
Depreciation of property, plant and equipment	68,013	5,760	63,725	76,901	56,856	63,524
Finance income	(84)	(1)	(31)	(181)	(113)	(243)
Finance expense	78,283	(4,924)	78,755	91,365	53,681	94,425
Loss / (gain) on disposal of property, plant and equipment	3,624	638	7,175	6,096	3,147	5,233
Interest received	84	1	31	181	113	243
Interest paid	(32,604)	(43,950)	(33,950)	(93,567)	(49,742)	(30,875)
Tax (paid) / received	(512)	(23)	(1,519)	(3,177)	(1,848)	(2,950)
Transaction cost on acquisition	—	—	25,448	—	—	500
Gain on sale of subsidiary	—	—	—	(365)	—	—
Payment to obtain a contract	(1,283)	—	(1,174)	(7)	—	(395)
Working capital adjustments:						
Decrease / (increase) in trade and other receivables and contract assets	(8,756)	249	390	(8,303)	(6,623)	(23,694)
(Decrease) / increase in trade and other payables	23,306	32,522	(22,272)	8,322	20,206	36,115
<b>Net cash flows from operating activities</b>	<b>95,437</b>	<b>571</b>	<b>71,952</b>	<b>52,276</b>	<b>73,007</b>	<b>103,348</b>
<b>Cash flows from / (used in) investing activities</b>						
Proceeds from sale of property, plant and equipment	17,506	1,077	20,963	29,827	26,527	13,800
Sale / (purchase) of a subsidiary undertaking	—	—	(542,541)	5,104	—	(6,150)
Transaction costs of the acquisition	—	—	(25,448)	—	—	(500)
Net cash acquired with subsidiary undertaking	—	—	52,746	—	—	178
Purchase of property, plant and equipment	(225,610)	(13,726)	(135,771)	(170,458)	(120,669)	(213,765)
Purchase of intangibles	—	(28)	—	—	—	(94)
<b>Net cash flows from / (used in) investing activities</b>	<b>(208,104)</b>	<b>(12,677)</b>	<b>(630,051)</b>	<b>(135,527)</b>	<b>(94,142)</b>	<b>(206,531)</b>
<b>Cash flows from / (used in) financing activities</b>						
Lease payments	(84)	(21)	(63)	(84)	(62)	(127)
Proceeds from borrowings	214,613	13,977	723,835	416,022	85,961	166,243
Repayment of borrowings	(68,745)	—	(102,784)	(343,003)	(48,479)	(63,265)
Proceeds from the issue of share capital	—	—	19,024	—	—	—
<b>Net cash flows from / (used in) financing activities</b>	<b>145,784</b>	<b>13,956</b>	<b>640,012</b>	<b>72,935</b>	<b>37,420</b>	<b>102,851</b>
<b>Net movement in cash and cash equivalents</b>	<b>33,117</b>	<b>1,850</b>	<b>81,913</b>	<b>(10,316)</b>	<b>16,285</b>	<b>(332)</b>
Cash and cash equivalents at beginning of period	17,779	50,896	—	81,913	81,913	71,597
<b>Cash and cash equivalents at the end of period</b>	<b>50,896</b>	<b>52,746</b>	<b>81,913</b>	<b>71,597</b>	<b>98,198</b>	<b>71,265</b>

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION (WITH UNAUDITED AGGREGATED 2017 RESULTS)

*Consolidated statement of profit or loss (with Unaudited Aggregated 2017 Income Data)*

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Aggregated period ended 31 December 2017 (unaudited)	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
<b>Total revenue</b> . . . . .	<b>132,802</b>	<b>153,264</b>	<b>162,146</b>	<b>119,637</b>	<b>147,968</b>
Cost of sales . . . . .	(71,369)	(76,982)	(82,697)	(59,783)	(74,880)
<b>Gross profit / (loss)</b> . . . . .	<b>61,433</b>	<b>76,282</b>	<b>79,449</b>	<b>59,854</b>	<b>73,088</b>
Administrative expenses . . . . .	(17,868)	(11,362)	(13,254)	(8,956)	(10,739)
Other expenses . . . . .	—	(25,448)	—	—	(6,702)
Amortisation of intangible assets . . . . .	(132)	(37,386)	(40,786)	(30,590)	(31,088)
<b>Operating profit / (loss)</b> . . . . .	<b>43,433</b>	<b>2,086</b>	<b>25,409</b>	<b>20,308</b>	<b>24,559</b>
Finance income / (expenses) . . . . .	(78,199)	(73,799)	(91,184)	(53,568)	(94,182)
<b>Profit / (loss) before tax</b> . . . . .	<b>(34,766)</b>	<b>(71,713)</b>	<b>(65,775)</b>	<b>(33,260)</b>	<b>(69,623)</b>
Taxation . . . . .	6,669	2,594	3,254	(1,089)	2,608
<b>Profit / (loss) for the period</b> . . . . .	<b><u>(28,097)</u></b>	<b><u>(69,119)</u></b>	<b><u>(62,521)</u></b>	<b><u>(34,349)</u></b>	<b><u>(67,015)</u></b>
<b>Attributable to</b> . . . . .					
Equity holders of the parent . . . . .	(28,097)	(69,119)	(62,521)	(34,349)	(67,015)
<b>Earnings per share</b> . . . . .					
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent . . . . .	(28.10)		(60.32)	(33.14)	(64.66)

*Consolidated statement of other comprehensive income (with Unaudited Aggregated 2017 Income Data)*

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Aggregated period ended 31 December 2017 (unaudited)	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
<b>Profit / (loss) for the period</b> . . . . .	<b>(28,097)</b>	<b>(69,119)</b>	<b>(62,521)</b>	<b>(34,349)</b>	<b>(67,015)</b>
<b>Other comprehensive income</b> . . . . .					
Cash flow hedges (net of tax impact) . . . . .	2,632	—	—	—	—
<b>Total comprehensive income / (loss) for the period</b> . . . . .	<b><u>(25,465)</u></b>	<b><u>(69,119)</u></b>	<b><u>(62,521)</u></b>	<b><u>(34,349)</u></b>	<b><u>(67,015)</u></b>
<b>Total comprehensive income for the period attributable to:</b> . . . . .					
Equity holders of the parent . . . . .	(25,465)	(69,119)	(62,521)	(34,349)	(67,015)

*Consolidated statement of cash flows (with Unaudited Aggregated 2017 Cash Flow)*

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Aggregated period ended 31 December 2017 (unaudited)	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
<b>Cash flows from operating activities</b>					
Profit / (loss) before tax	(34,766)	(71,713)	(65,775)	(33,260)	(69,623)
<b>Adjustments to reconcile profit / (loss) before tax to net cash flows:</b>					
Amortisation of intangible assets	132	37,386	40,786	30,590	31,088
Depreciation of property, plant and equipment	68,013	69,485	76,901	56,856	63,524
Finance income	(84)	(32)	(181)	(113)	(243)
Finance expense	78,283	73,831	91,365	53,681	94,425
Loss / (gain) on disposal of property, plant and equipment	3,624	7,813	6,096	3,147	5,233
Interest received	84	32	181	113	243
Interest paid	(32,604)	(77,900)	(93,567)	(49,742)	(30,875)
Tax (paid) / received	(512)	(1,542)	(3,177)	(1,848)	(2,950)
Transaction cost on acquisition	—	25,448	—	—	500
Gain on sale of subsidiary	—	—	(365)	—	—
Payment to obtain a contract	(1,283)	(1,174)	(7)	—	(395)
Working capital adjustments:					
Decrease / (increase) in trade and other receivables and contract assets	(8,756)	639	(8,303)	(6,623)	(23,694)
(Decrease) / increase in trade and other payables	23,306	10,250	8,322	20,206	36,115
<b>Net cash flows from operating activities</b>	<b>95,437</b>	<b>72,523</b>	<b>52,276</b>	<b>73,007</b>	<b>103,348</b>
<b>Cash flows from / (used in) investing activities</b>					
Proceeds from sale of property, plant and equipment	17,506	22,040	29,827	26,527	13,800
Sale / (purchase) of a subsidiary undertaking	—	(542,541)	5,104	—	(6,150)
Transaction costs of the acquisition	—	(25,448)	—	—	(500)
Net cash acquired with subsidiary undertaking	—	—	—	—	178
Purchase of property, plant and equipment	(225,610)	(149,469)	(170,458)	(120,669)	(213,765)
Purchase of intangibles	—	(28)	—	—	(94)
<b>Net cash flows from / (used in) investing activities</b>	<b>(208,104)</b>	<b>(695,474)</b>	<b>(135,527)</b>	<b>(94,142)</b>	<b>(206,531)</b>
<b>Cash flows from / (used in) financing activities</b>					
Lease payments	(84)	(84)	(84)	(62)	(127)
Proceeds from borrowings	214,613	737,812	416,022	85,961	166,243
Repayment of borrowings	(68,745)	(102,784)	(343,003)	(48,479)	(63,265)
Proceeds from the issue of share capital	—	19,024	—	—	—
<b>Net cash flows from / (used in) financing activities</b>	<b>145,784</b>	<b>653,968</b>	<b>72,935</b>	<b>37,420</b>	<b>102,851</b>
<b>Net movement in cash and cash equivalents</b>	<b>33,117</b>	<b>31,017</b>	<b>(10,316)</b>	<b>16,285</b>	<b>(332)</b>
Cash and cash equivalents at beginning of period	17,779	50,896	81,913	81,913	71,597
<b>Cash and cash equivalents at the end of period</b>	<b>50,896</b>	<b>81,913</b>	<b>71,597</b>	<b>98,198</b>	<b>71,265</b>

## OTHER FINANCIAL DATA

### *Selected historical financial information of Calisen by segments*

Lowri Beck's results of operations and financial condition have been consolidated into Calisen's since the completion of the Lowri Beck Acquisition on 16 August 2019. Set forth below is selected historical financial information of Calisen for the nine-month period ended 30 September 2019, shown by segments (Calvin Capital for the nine-month period ended 30 September 2019 and Lowri Beck for the period from 16 August 2019 to 30 September 2019).

	<u>Calvin Capital</u> Nine-month period ended 30 September 2019	<u>Lowri Beck*</u> Period from 16 August 2019 to 30 September 2019 (£ in thousands)	<u>Group</u> Nine-month period ended 30 September 2019
Revenue . . . . .	141,720	6,248	147,968
Cost of sales . . . . .	(68,090)	(6,790)	(74,880)
<b>Gross profit / (loss)</b> . . . . .	<b>73,630</b>	<b>(542)</b>	<b>73,088</b>
Administrative expenses . . . . .	(10,164)	(575)	(10,739)
Other expenses . . . . .	(6,702)	—	(6,702)
Amortisation of intangible assets . . . . .	(30,899)	(189)	(31,088)
<b>Operating profit</b> . . . . .	<b><u>25,865</u></b>	<b><u>(1,306)</u></b>	<b><u>24,559</u></b>

\* Lowri Beck's financial results have been consolidated into Calisen's since the completion of the Lowri Beck Acquisition on 16 August 2019.

### *Selected historical financial information of Lowri Beck*

The selected historical financial information of Lowri Beck presented for the year ended 31 December 2018 and the period from 16 August 2019 to 30 September 2019 was prepared in accordance with UK GAAP and IFRS, respectively, and is therefore not directly comparable. The key change from UK GAAP to IFRS was the adoption of IFRS 16 in respect of the lease liabilities in place at Lowri Beck. No other significant changes to the financial statements were made as a result of the change in accounting framework.

In order to enable better assessment of Lowri Beck's financial performance, additional historical financial information of Lowri Beck is set forth below. The financial information for the period from 16 August 2019 to 30 September 2019 is consolidated within Calisen's financial information for the nine-month period ended 30 September 2019.

	<u>Lowri Beck</u>	
	<u>UK GAAP</u>	<u>IFRS</u>
	Year ended 31 December 2018	Period from 16 August 2019 to 30 September 2019
	(£ in thousands)	
Revenue . . . . .	71,045	6,248
MAP services . . . . .	7,427	926
Non-technical services . . . . .	30,688	2,761
Technical services . . . . .	32,930	2,562

### *Alternative performance measures relating to Calisen*

The following APMs are used by the Directors and management to analyse the business and financial performance of Calisen and are presented to provide additional information to investors and enhance their understanding of Calisen's results of operations. See "Alternative Performance Measures" in Part XI

(*Operating and Financial Review*) of this Prospectus for reconciliation of this financial data to the relevant IFRS financial measure.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Aggregated period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
Adjusted EBITDA . . . . .	141,511	164,164	171,541	130,544	143,472
Underlying EBITDA . . . . .	126,583	142,391	148,914	110,915	131,108
Underlying EBITDA Margin . . . . .	95.3%	92.9%	91.8%	92.7%	88.6%
Underlying FFO . . . . .	102,043	111,515	117,220	84,987	95,371
Cash Conversion . . . . .	81%	78%	79%	77%	73%
Net Debt . . . . .	552,811	1,157,941	1,238,285	N/A	1,357,240
Adjusted Net Debt . . . . .	401,196	574,816	655,159	N/A	774,067
Adjusted Net Debt / Adjusted EBITDA . . . . .	2.8x	3.5x	3.8x	N/A	4.2x <sup>(1)</sup>

(1) Calculated by the Adjusted EBITDA figure for the twelve-month period ended 30 September 2019.

***Alternative performance measure relating to Lowri Beck***

The following APM is used by the Directors and management to analyse the business and financial performance of Lowri Beck and is presented to provide additional information to investors and enhance their understanding of Lowri Beck’s results of operations. See “*Alternative Performance Measures*” in Part XI (*Operating and Financial Review*) of this Prospectus for reconciliation of this financial data to the relevant IFRS or UK GAAP (as applicable) financial measure.

	Lowri Beck UK GAAP	Lowri Beck IFRS
	Year ended 31 December 2018	Period from 16 August 2019 to 30 September 2019
	(£ in thousands)	
Lowri Beck Adjusted EBITDA . . . . .	3,298	(789)

## PART XI

### OPERATING AND FINANCIAL REVIEW

*This Part XI (Operating and Financial Review) should be read in conjunction with Part V (Important Information), Part VI (Market Overview), Part VII (The Business), Part X (Selected Financial Information) and Part XIII (Historical Financial Information) of this Prospectus. The financial information set out in this Part XI (Operating and Financial Review) is extracted without material adjustment from the financial information set out in Part XIII (Historical Financial Information) of this Prospectus.*

*For the period until (and including) the date of the KKR Acquisition, Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “CHL Group”) was the largest group in the UK for which consolidated financial statements were prepared. The consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) included in this Prospectus (denoted as that of “Predecessor (CHL Group)”) therefore represents Calisen’s trading history to 31 January 2017.*

*On 30 November 2016, Calisen Group Holdings Limited (formerly CCHI Limited) was incorporated in preparation for the KKR Acquisition. Calisen Group Holdings Limited (formerly CCHI Limited) prepared its first financial statements for the 13-month period from the time of its incorporation to 31 December 2017. However, such 13-month period only reflects eleven months of Calisen’s trading history, starting from 1 February 2017 after the KKR Acquisition completed. Calisen Group Holdings Limited’s (formerly CCHI Limited) consolidated historical financial information included in this Prospectus (denoted as that of “Successor (CGH Group)”) therefore represents Calisen’s trading history since 1 February 2017.*

*Accordingly, the consolidated historical financial information presented in Part B of Part XIII (Historical Financial Information) of this Prospectus consists of the consolidated historical financial information of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017 as well as Calisen Group Holdings Limited’s (formerly CCHI Limited) consolidated historical financial information for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2019 (with unaudited comparatives for the nine-month period ended 30 September 2018).*

*For illustrative purposes, unaudited financial information relating to the aggregated period ended 31 December 2017 (the “Unaudited Aggregated 2017 Results”) has been included in this Prospectus that comprises aggregated consolidated statement of profit or loss data (the “Unaudited Aggregated 2017 Income Data”) and aggregated consolidated statement of cash flow data (the “Unaudited Aggregated 2017 Cash Flow”), each of which consists of the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCHI Limited) for the 13-month period ended 31 December 2017. The financial results of Calisen Group Holdings Limited (formerly CCHI Limited) for the 13-month period ended 31 December 2017 include the impact of the purchase price allocation as a result of the KKR Acquisition. Refer to Note 1 of Part B of Part XIII (Historical Financial Information) of this Prospectus for further information on the basis of preparation of the Historical Financial Information.*

*This section presents historical financial information and discussion on the historical financial performance of Calisen. For the purposes of this discussion, Calisen refers to the Predecessor (CHL Group) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017 and the Successor (CGH Group) for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2019 (with unaudited comparatives for the nine-month period ended 30 September 2018).*

*This section includes certain comparisons between Calisen and Calvin Capital. For clarity, Calvin Capital refers to the Calvin Capital operating segment and excludes the performance of the Lowri Beck operating segment. For further information, refer to Note 4 of Part B of Part XIII (Historical Financial Information) of this Prospectus.*

*The following discussion of Calisen’s results of operations and financial condition contains Forward-looking Statements. Calisen’s actual results could differ materially from those that it discusses in these Forward-looking Statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under Part II (Risk Factors) and Part V (Important Information—Forward-looking Statements). In addition, certain industry issues also affect Calisen’s results of operations and are described in Part VI (Market Overview) of this Prospectus. Furthermore, the Group’s results in the periods presented contain certain areas of complexity or risk within the organisation that involve the exercise of judgment by management. Potential investors should read the whole of this Prospectus,*

including the financial statements, and the operating and financial review set out in this Part XI (Operating and Financial Review).

## OVERVIEW

Calisen is a leading owner and manager of essential energy infrastructure assets, as well as a provider of installation, meter reading and maintenance services, whose purpose is to accelerate the development of a cleaner, more efficient and sustainable energy segment. Calisen is a holding company whose operations consist of two business units: Calvin Capital and Lowri Beck.

- Calvin Capital: In this business unit, Calisen procures, owns and manages meter assets on behalf of its energy retailer customers, who make MPC payments to Calisen on a long-term contracted basis; and
- Lowri Beck: In this business unit, Calisen provides installation, meter reading and maintenance services on behalf of Calisen's energy retailer customers. In addition, the Lowri Beck business includes ancillary services, such as customer and call centre services. Lowri Beck also owns a small portfolio of traditional meters.

## RECENT DEVELOPMENTS AND OUTLOOK

Certain statements in this section, including in particular Calisen's outlook described below, constitute forward-looking statements. These forward-looking statements are subject to a number of known and unknown risks and uncertainties, many of which are beyond Calisen's control and all of which are based on Calisen's current beliefs and expectations about future events. As a result, Calisen's actual results may vary from the outlook established herein, and those variations may be material. Some of the risks and uncertainties are described in Part II (*Risk Factors*) of this Prospectus. The forward-looking statements included in this section in particular are not guarantees of future financial performance.

It is strongly urged that undue reliance should not be placed on any of the statements set forth below. Calisen can give no assurance that the outlook described below will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results of operations could differ materially from those described below. Calisen does not undertake to publish updates as to its progress towards achieving any of the objectives set out below, including as Calisen may be impacted by events or circumstances existing or arising after the date of this Prospectus or may reflect the occurrence of unanticipated events or circumstances. See also Part II (*Risk Factors*) for further information.

As at 10 January 2020 Calisen had received commitment letters from seven banks for a revolving credit facility ("**Revolving Credit Facility**"). In total, the commitment letters cover a volume of £240 million. The commitment letters have a long-stop date of 31 March 2020, if Admission has not become effective by then. See also section 16 (*Material Contracts*) in Part XVII (*Additional Information*) of this Prospectus. The Directors believe that this new Revolving Credit Facility, combined with the proceeds from the sale of New Shares in the Offer, existing senior debt and future funds from operations, will be sufficient to fund Calisen's anticipated business plan over the coming few years.

Other than the commitment letters for the Revolving Credit Facility, there are no significant changes in the financial performance of the Group since 30 September 2019, and there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Calisen's prospects for at least the current financial year.

### ***Meter portfolio update***

Since 30 September 2019, Calisen has continued to see an increase in its meter portfolio as the pace of SMETS2 meters deployed by or on behalf of Calisen for its MAP contracts accelerated slightly, in contrast to the installation pace seen earlier in the year. The Directors expect that the average rate of installations of approximately 100,000 meters per month for the nine-month period ended 30 September 2019 is likely to continue into the year beginning 1 January 2020.

In the three month-period ended 31 December 2019, Calvin Capital's portfolio of revenue-generating smart meters increased by approximately 447,000 to 5.2 million smart meters with Calvin Capital's portfolio of traditional meters decreasing from 3.1 million to 3.0 million in the same period. In addition, Lowri Beck's portfolio of traditional meters was approximately 368,000 as at 31 December 2019.

As at 15 January 2020, Calvin Capital's forecasted pipeline of meters to be installed under signed MAP contracts consisted of approximately 5.5 million meters with a further 1.0 million meters in advanced stages of

negotiation. This pipeline has taken account of management's updated view, on a bottom-up and contract by contract basis, of anticipated installation volumes and has been adjusted to conservatively remove all anticipated meters from one of its MAP contracts with an independent energy retailer as a result of a change of control of the energy supplier that took place in late November 2019 referred to in "*Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—It may be difficult to predict 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.*" The pipeline has also been adjusted to include further volumes as a result of new preferred bidder arrangements agreed by Calvin Capital since September 2019. Adding the existing portfolio of smart meters as at 31 December 2019, plus management's forecast of the total pipeline, would point to a portfolio of 11.7 million meters by the end of the roll-out. Calisen will continue to target and bid for new metering opportunities as they arise over the next few years in order to continue to build the portfolio in line with its growth strategy and business plan.

Calvin Capital's revenue per smart meter increased in the nine-month period ended 30 September 2019 to £26.2, excluding the impact of prior period income resulting from contract renegotiations completed in 2019. The Directors anticipate that during the smart meter roll-out, the average revenue per meter for Calvin Capital's smart meters will decrease by a low single digit percentage *per annum* due to longer initial periods of MAP contracts (from 10 years to 15 years) as the blend of contract types has an impact on averages which is partially compensated for by increasing churn revenues. It is anticipated that revenue per meter for Calvin Capital's traditional meters will continue at the historical level, without major MPC differences between the relevant MAP contracts or different factors counteracting each other.

Calisen expects the installation of smart meters to result in an ongoing removal of certain traditional meters already owned by Calvin Capital. These removals are assumed to follow the installation patterns *pro rata* going forward. Smart meter removal rates are currently elevated due to delayed enrolment of SMETS1 meters in the DCC, but are expected to normalise over time and become marginal.

As Calvin Capital's traditional meter portfolio ages and reduces in size, the Directors expect compensation income to gradually reduce to zero by the end of the roll-out noting that it may be in the £10 million to £15 million range in the next three years.

### ***Lowri Beck revenue***

The Directors anticipate that at the end of the smart meter roll-out, the revenue-generating traditional meters owned through the MAP services product line will be removed, such that the MAP services product line will cease to contribute to Lowri Beck's revenue. Furthermore, during the smart meter roll-out, meter reading revenue generated by the non-technical devices product line is expected to decline. Over time, the majority of the installation work undertaken by the technical services product line is expected to be executed for Calvin Capital.

### ***Profitability and cash generation***

Calisen has historically benefitted from high Underlying EBITDA Margins. Following the consolidation of Lowri Beck, the loss for the period as a percentage of revenue increased from -38.5% for the year ended 31 December 2018 to -45.3% for the nine-month period ended 30 September 2019, and the Underlying EBITDA Margin decreased from 91.8% for the year ended 31 December 2018 to 88.6% for the nine-month period ended 30 September 2019. The Directors believe that consolidating Lowri Beck for a full financial year will result in a further decline of Underlying EBITDA Margins, although for the year ended 31 December 2019, Lowri Beck's impact on consolidation will be for approximately 4.5 months given the timing of the Lowri Beck Acquisition. Afterwards, it is expected that the Underlying EBITDA Margins will either be stable or increase marginally.

It is anticipated that there will be significant flexibility to align the Lowri Beck headcount with declining revenue, such as through natural attrition or the use of agency staff while an efficiency programme for back-office and administrative functions is being finalised. However, the Lowri Beck business unit is expected to be loss-making at an operational level in the year ending 31 December 2020.

As a result of the Offer and Admission, it is anticipated that Calisen's administrative expenses will increase due to costs related to the Offer and Admission and the Reorganisation, as well as ongoing costs reflecting Calisen's status as a listed company. Cost of sales and administrative expenses are expected to remain consistent with the levels experienced during the nine-month period ended 30 September 2019.

As a result of ongoing installations and related capital allowances, Calisen's tax charge is expected to be low in 2019. The effective tax rate is anticipated to be in low single digit percentages thereafter, with the tax rate expected to normalise towards the UK corporation tax rate over the medium term once capital allowances have been fully utilised.

For Calvin Capital, the Directors expect average capital expenditure per new SMETS2 meter of approximately £165 in the medium term, which is reflective of the Directors' expectations of future capital expenditure requirements, with asset and installation costs expecting to remain stable.

### ***Funding and Adjusted Net Debt / Adjusted EBITDA leverage***

As part of Calisen's strategy to continuously optimise its funding structure, the Company is regularly in dialogue with existing, and potentially new, financial institutions. These discussions include, among other things, options to extend the maturity profile of its debt, increase the flexibility and reduce the cost of its shorter-term funding platforms that support the roll-out of new meters as a result of Calisen's multiple MAP contracts. Calisen's expected all-in cost of debt, including hedging, is approximately 3-4%. Calisen's hedging strategy is expected to remain unchanged in that it seeks to mitigate longer term exposure to interest rate volatility.

The Directors note that BEIS is undertaking a market consultation on the SMIP roll-out timing in respect of energy retailers' obligations pertaining to the installation of smart meters in 2021–2024. Should the regulatory framework change in this respect, this may lead to Calisen reviewing its depreciation policy in respect of traditional meters. Calisen does not currently expect to change its depreciation policy for smart meters. Ongoing amortisation is expected to continue at the level experienced in the year ended 31 December 2018.

Following the completion of the Offer and Admission, the Directors believe that the proceeds of the sale of loan shares from the offering and the use of proceeds as defined under section 1 (*Summary of the Offer and Use of Proceeds*) of Part XVI (*The Offer*) of this Prospectus will reduce Calisen's leverage to approximately 2.5–3.0x Adjusted Net Debt / Adjusted EBITDA. As Calisen installs additional smart meters, leverage is expected to increase, until the end of the smart meter roll-out. Thereafter, it is expected that Calisen will undergo deleveraging to achieve a long-term target leverage range of 3.0–3.5x Adjusted Net Debt / Adjusted EBITDA leverage.

## **PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS**

The Directors believe that the factors described below significantly affected Calisen's results of operations and financial condition in the period under review and/or will have a significant impact on its results of operations and financial condition in the future.

Calisen generates its revenue and income from owning and managing meters on behalf of its energy retailer customers, who make MPC payments to Calisen on a long-term contracted basis, as well as offering its energy retailer customers installation, meter reading, maintenance and ancillary services. In particular, the Calvin Capital business unit procures, owns and manages meter assets, with a particular focus on smart meters, and as at 30 September 2019, had 7.8 million revenue-generating meters. With the Lowri Beck Acquisition, Calisen also acquired a portfolio of traditional meters; as at 30 September 2019, the Lowri Beck business unit had approximately 376,000 revenue-generating meters.

In the view of the Directors, Calvin Capital and Lowri Beck are two complementary businesses with limited overlap. Following the Lowri Beck Acquisition, Calvin Capital and Lowri Beck remain separate brand identities and are expected to remain largely operationally separate. In the view of the Directors, integrating Calvin Capital's and Lowri Beck's respective MAP businesses has limited benefits operationally, given the expected removal of traditional meters in Britain.

Calisen's revenue and income streams, as well as the trends and key factors affecting them, are described by segment and on a Group level in more detail below.

### **Principal Factors Affecting Calvin Capital's Results of Operations**

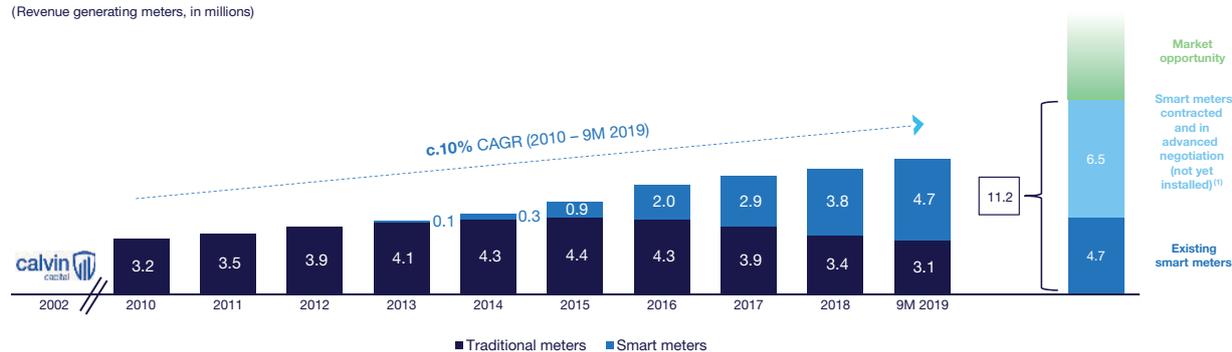
#### ***Installed base***

Calvin Capital's revenue is primarily driven by the number of revenue-generating meters. As such, its ability to grow its revenue has historically been linked to its ability to increase its installed base of revenue-generating meters. Calvin Capital has had a strong record of growing this base, with a compound annual growth rate of approximately 10% since 2010. As at 30 September 2019, Calvin Capital had approximately 4.7 million

revenue-generating smart meters and 3.1 million revenue-generating traditional meters, in comparison to approximately 3.6 million revenue-generating smart meters and 3.5 million revenue-generating traditional meters as at 30 September 2018. Set forth below is Calvin Capital's installed base of revenue-generating meters in millions:

Calvin Capital's evolution

(Revenue generating meters, in millions)



Source: Calisen.

Note: Figures are as at 31 December of each year, except for 9M 2019, which is as at 30 September 2019.

- (1) Estimated number of meters under existing MAP contracts or in advanced negotiations, but not yet generating revenue, that are to be installed in addition to the current revenue-generating meter portfolio; as at 30 September 2019. A portion of Calisen's contracted installation pipeline may be uncertain. See "Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—It may be difficult to predict 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."

Calvin Capital installed (including the re-installation of meters previously removed): approximately 122,000 SMETS1 smart meters, 151,000 SMETS2 smart meters and 4,000 traditional meters in the three-month period ended 31 March 2019, accounting for 27% of the smart meter installations undertaken in Britain in such period (comparing the approximate total number of smart meters installed by or on behalf of Calvin Capital as a percentage of the total number of smart meters installed in Britain according to industry data during the same period); approximately 75,000 SMETS1 smart meters, 267,000 SMETS2 smart meters and 3,000 traditional meters in the three-month period ended 30 June 2019, accounting for 34% of the smart meter installations (using the same methodology set out above) undertaken in Britain in such period; approximately 45,000 SMETS1 smart meters, 305,000 SMETS2 smart meters and 2,000 traditional meters in the three-month period ended 30 September 2019, accounting for 35% of the smart meter installations (using the same methodology) undertaken in Britain in such period; and approximately 21,000 SMETS1 smart meters, 427,000 SMETS2 smart meters and 3,000 traditional meters in the three-month period ended 31 December 2019.

Total meter revenue for Calvin Capital has increased alongside the installed base of revenue-generating meters during this period, from £128.2 million in the year ended 31 December 2016 to aggregated revenue of £149.0 million in the aggregated period ended 31 December 2017 and revenue of £158.2 million in the year ended 31 December 2018.

As discussed further under Part VI (*Market Overview*) of this Prospectus, this growth has been supported by the regulatory regime. Despite some delays in the roll-out of this target, Calvin Capital benefits from strong visibility of growth and underlying drivers mandated by law in the short term. It is estimated that, as at 30 June 2019, there are as many as 51.2 million domestic meters in Britain, which include approximately 17 million smart meters that have already been replaced and approximately 34 million traditional meters that have not yet been replaced. The latter includes Calvin Capital's contracted installation MAP pipeline of approximately 6.5 million meters under MAP contracts, of which 6.4 million is already signed and 0.1 million is in advanced stages of negotiation. A portion of Calisen's contracted installation pipeline may be uncertain. See "Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—It may be difficult to predict 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." Calisen expects the installation of smart meters to result in an ongoing removal of the majority of traditional meters already owned by Calvin Capital. These removals are assumed to take the place *pro rata* with the installation patterns of smart meters going forward.

### ***Customer mix***

The change in customer mix experienced in recent years represents a growth opportunity for Calvin Capital. While Calvin Capital's first energy retailer customers were some of the Big 6 Energy Retailers, over time, Calvin Capital's customer base has expanded and diversified to include a number of Independent Energy Retailers as well. This diversification is expected to continue based on the trends discussed in Part VI (*Market Overview*) of this Prospectus, as consumers continue to churn away from the Big 6 Energy Retailers in favour of Independent Energy Retailers. Thus, while Calvin Capital's total portfolio of revenue-generating meters has increased in size, the portion of its portfolio associated with the Independent Energy Retailers has particularly grown over time. This growth stems from both MAP contracts signed with Independent Energy Retailers and meters that become associated with Independent Energy Retailers as a result of consumer churn. Independent Energy Retailers therefore represent a growth opportunity for Calvin Capital going forward. Of the approximately 7.8 million revenue-generating meters owned by Calvin Capital as at 30 September 2019, approximately 6.4 million were associated with the Big 6 Energy Retailers and approximately 1.4 million were associated with Independent Energy Retailers. However, of the approximately 6.5 million smart meters in Calvin Capital's contracted installation pipeline for MAP contracts as at 30 September 2019, approximately 3.4 million are attributable to MAP contracts with the Big 6 Energy Retailers and approximately 3.1 million are attributable to MAP contracts with Independent Energy Retailers.

As at 30 September 2019, the share of Independent Energy Retailers represents 47% of the total share of Calvin Capital's contracted installation MAP pipeline, showing how the importance of the Independent Energy Retailers has grown. Given these energy retailer customers' preference for a MAP with installation capability, the Directors believe that following the Lowri Beck Acquisition, Calisen's ability to provide complementary installation and maintenance services will constitute an additional competitive advantage in serving Independent Energy Retailers, which do not possess such installation and maintenance capabilities themselves and which comprise a growing proportion of the British energy retail segment.

Calisen's ability to win additional MAP contracts for new meter procurement, installations, ownership and management will be driven by its ability to meet the needs of energy retailers. As explained under Part VII (*The Business*) of this Prospectus, the Directors believe it is well-placed to capture an appropriate share of the MAP segment in Britain, beyond growth already contracted, due to its long-standing relationships with energy retailers, reputation for quality, flexibility in meeting customer needs, demonstrated ability to own and operate a large portfolio of small-value assets and competitive pricing.

### ***Revenue per meter***

Calvin Capital's revenue is also affected by revenue per meter, which is in turn driven by a number of factors that have positive and negative impacts on revenue and largely offset each other, including, among others, the evolving mix of installing energy retailers and MPCs charged on consumer churn. Calvin Capital's revenue per meter increased from £21.9 in the year ended 31 December 2016 to aggregated revenue per meter of £22.6 in the aggregated period ended 31 December 2017, and then decreased to revenue per meter of £22.5 in the year ended 31 December 2018.

### ***Meter type***

As at 30 September 2019, Calvin Capital's meter portfolio consisted of approximately 4.7 million smart meters and 3.1 million traditional meters. As smart meters have come to make up a larger part of Calvin Capital's total portfolio of revenue-generating meters over time, largely due to the government mandated roll-out of smart meters, the proportion of Calvin Capital's revenue from traditional meters has declined while the revenue proportion from smart meters has increased. The Directors expect that this trend will continue as Calvin Capital's meter portfolio increasingly shifts towards smart meters. Set forth below are the components of Calisen's and Calvin Capital's total revenue for the periods indicated. Calvin Capital's revenue grew by a compound annual growth rate of approximately 12% between the year ended 31 December 2016 and the nine-month period ended 30 September 2019, and by 18% between the nine-month period ended 30 September 2018 and the nine-month period ended 30 September 2019, due to non-recurring income of £4.7 million from contract modifications of which £3.6 million relate to meters installed in prior periods.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		Calvin Capital
	Year ended 31 December 2016 (£ in thousands)	Aggregated period ended 31 December 2017* (£ in thousands)	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (£ in thousands)	Nine-month period ended 30 September 2019
Traditional meter revenue . . . . .	90,447	83,245	73,912	56,122	50,213
Smart meter revenue . . . . .	37,721	65,724	84,337	60,567	88,507 <sup>(2)</sup>
<b>Total meter revenue . . . . .</b>	<b>128,168</b>	<b>148,969</b>	<b>158,249</b>	<b>116,689</b>	<b>138,720</b>
Other income <sup>(1)</sup> . . . . .	4,634	4,295	3,897	2,948	3,000
<b>Total revenue . . . . .</b>	<b>132,802</b>	<b>153,264</b>	<b>162,146</b>	<b>119,637</b>	<b>141,720</b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

- (1) Other income consists primarily of meter management service fee.
- (2) Revenue from smart meters for the nine-month period to 30 September 2019 included non-recurring income of £4.7 million due to contract modifications of which £3.6 million relate to meters installed in prior periods.

Revenue per meter is calculated based on the total MPC revenue for the period divided by the average number of revenue-generating meters in Calvin Capital's portfolio through the relevant period. As the smart meter roll-out continues, traditional meters are being replaced over time by smart meters. Set forth below are Calisen's and Calvin Capital's revenue per meter for traditional meters, smart meters and the total meter portfolio for the periods indicated. The fluctuations in the revenue per meter and the decrease in the revenue per meter in the year ended 31 December 2018 reflect the roll-out of SMETS2 meters and the changing mix of traditional meters and smart meters in Calvin Capital's portfolio.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		Calvin Capital
	Year ended 31 December 2016	Aggregated period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018 <sup>(2)</sup>	Nine-month period ended 30 September 2019 <sup>(2)(3)</sup>
Revenue per meter (traditional meters) <sup>(1)</sup> . . . . .	20.6	20.3	20.3	20.4	20.8
Revenue per meter (smart meters) <sup>(1)</sup>	25.8	26.3	24.9	24.9	26.2
<b>Revenue per meter (total portfolio)<sup>(1)</sup> . . . . .</b>	<b>21.9</b>	<b>22.6</b>	<b>22.5</b>	<b>22.5</b>	<b>23.9</b>

- (1) Revenue per meter is calculated based on MPCs, and other income is not included in the calculation of revenue per meter.
- (2) Revenue per meter data for the nine-month periods ended 30 September 2018 and 2019 has been annualised by reference to prorating the number of days to match that of a full twelve-month period.
- (3) Revenue per meter data for the nine-month period ended 30 September 2019 excludes non-recurring income to the extent it relates to meters installed in prior periods.

Calvin Capital's portfolio of traditional meters acts as a partial hedge against disruptions or delays in the smart meter roll-out timeline. As such, in the event of a delay in the smart meter roll-out, Calvin Capital's revenue may not grow as quickly as is currently expected, but Calvin Capital would continue to derive steady revenue from its existing portfolio of revenue-generating traditional meters and smart meters. The MPCs received from traditional meters do not differ greatly between the relevant MAP contracts.

#### Capital expenditure

Revenue per meter is driven largely by capital expenditure. The majority of capital expenditure consists of meter procurement costs and installation costs. Meter procurement costs include the cost of meters and ancillary equipment; installation costs comprise the cost of labour incurred in connection with putting the meters on the wall. The cost of procurement for smart meters tends to be higher than that of traditional meters. Therefore, as the portfolio of Calvin Capital's revenue-generating meters increasingly shifts from traditional meters to smart meters, Calvin Capital's procurement costs will also increase. In addition to the cost of the meter, installation costs, which are generally higher than procurement costs, have risen in recent years. Higher procurement costs compounded by higher installation costs result in increased levels of capital expenditure

from Calvin Capital, which are in turn factored into higher MPCs. MPCs are set at a competitive level based on Calvin Capital's requirement to cover its costs and earn an appropriate investment return on the capital expenditure deployed.

For the years ended 31 December 2018, 2017 and 2016, Calisen spent £170 million, £150 million and £226 million on the purchase of property, plant and equipment, respectively, which equalled 170%, 98% and 105% of Calisen's revenue for those years. For the nine-month period ended 30 September 2018 and the nine-month period ended 30 September 2019, Calisen and Calvin Capital spent £121 million and £214 million on the purchase of property, plant and equipment, respectively, which equalled 101% and 144% of Calisen's and Calvin Capital's respective revenues for those periods. The growth in capital expenditure in the nine-month period ended 30 September 2019 reflected the growth in installations and the effect of a contract extension with a large energy retailer customer. For the years ended 31 December 2016, 2017 and 2018, Calisen's capital expenditure per meter, defined as total capital expenditure adjusted for trade creditors to account for inventory effects divided by total installations during the period, was £152, £158 and £167, respectively. The capital expenditure per meter rose during that time due to the changing mix of MAP contracts, from newer MAP contracts with higher installation costs. For the nine-month periods ended 30 September 2018 and 30 September 2019, Calisen's and Calvin Capital's respective capital expenditure per meter was £167 and £166, with the capital expenditure per meter for the nine-month period ended 30 September 2019 adjusted to exclude the one-off impact of a contract extension with a large energy retailer customer. The Directors expect average capital expenditure per new SMETS2 meter of around £165 in the medium term, which is reflective of the Directors' expectations of future capital expenditure requirements, with asset and installation costs expecting to remain stable. The effect of consolidating Lowri Beck on Calisen's capital expenditure per meter was limited in the nine-month period ended 30 September 2019, and is expected to continue to be limited.

#### *Initial and secondary periods*

Besides capital expenditure, another important factor driving the average revenue per meter is the mix between meters in the initial period of a MAP contract and meters in the secondary period thereafter. In many MAP contracts, Calvin Capital agrees to charge the energy retailer at a lower rate during the secondary period after the expiry of the initial period, reflecting the fact that Calvin Capital has recovered its initial outlay plus an appropriate return. As such, revenue per meter typically falls as a revenue-generating meter enters into a secondary period.

#### *Contract length*

In recent years, energy retailer customers have been seeking to sign MAP contracts with longer initial periods, most frequently of 15-year duration, rather than the historically more common 10-year periods. Initial periods in primary MAP contracts are typically 10 years for SMETS1 meters and 15 years for SMETS2 meters. As a result, the total revenue earned over the life of a primary MAP contract is spread out over a longer period of time, thereby decreasing revenue per meter on an annual basis. The trend to longer initial periods is expected to affect Calvin Capital's revenue on a year-to-year basis.

#### ***Consumer churn and degradation***

##### *Consumer churn*

When a consumer switches to a new energy retailer, Calvin Capital is informed (through standard industry electronic data flows) that its meter is now being used by the new energy retailer. The effects this has on the revenue Calvin Capital earns from that meter will vary depending on which energy retailer is chosen by the consumer, the type of contractual relationship Calvin Capital has in place with the new energy retailer and what the new energy retailer chooses to do with Calisen's meter. As described under Part VII (*The Business*) of this Prospectus, Calvin Capital generally continues to receive an MPC from the new energy retailer for its churned meter. Calvin Capital adopts a risk-based approach to the MPC it charges for churned meters. The MPC rate is set in light of the contractual protection, such as any removal fees.

##### *Degradation*

The term "degradation" refers to the removal of a meter before the end of its estimated useful life. This may take place due to either product fault or reasons unrelated to fault. Reasons unrelated to fault include property demolition and removal to provide enhanced functionality such as pre-payment (SMETS1). Calvin Capital's MAP contracts often provide for Calvin Capital to receive compensation income upon certain types of degradation. In the case of faults, Calvin Capital may receive a replacement meter under its warranty

arrangements with manufacturers. The anticipated costs of degradation of meters are included in the pricing of MAP contracts.

### ***Depreciation and loss on disposal***

A large proportion of Calvin Capital's expenditure relates to the purchase and installation of meters. These expenditures are capitalised and depreciated over the estimated useful life of a meter. The method of recording the depreciation of a meter depends on the type of meter. Traditional credit meters and traditional prepayment meters are both depreciated on a straight-line basis over a period that is the shorter of 10 years and 2021. Smart meters are depreciated on a straight-line basis over an assumed useful life of 15 years.

Depreciation is recorded under cost of sales. Calvin Capital's cost of sales also comprises write-off expenses. The amount of depreciation is mainly determined by the number of meters, such that an increase in the number of meters results in an increase in depreciation charge.

Set forth below is Calisen's and Calvin Capital's depreciation of traditional meters, smart meters and the total meter portfolio charged to the consolidated statement of profit or loss for the periods indicated.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		Calvin Capital
	Year ended 31 December 2016	Aggregated period ended 31 December 2017*	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
Depreciation (traditional meters)	45,976	46,568	40,281	30,786	27,236
Depreciation (smart meters) . . .	<u>21,769</u>	<u>22,601</u>	<u>36,270</u>	<u>25,850</u>	<u>35,711</u>
<b>Depreciation (total portfolio) . .</b>	<b><u>67,745</u></b>	<b><u>69,169</u></b>	<b><u>76,551</u></b>	<b><u>56,636</u></b>	<b><u>62,947</u></b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

In cases where it has been contractually agreed, either with the original energy retailer for whom the meter was installed or via churn contracts, Calvin Capital may be able to claim compensation income if the meter is removed during the initial period. Compensation income consists of contractually agreed-upon cash payments for premature meter removals. While depreciation increases Calvin Capital's cost of sales year-on-year, compensation income is treated as a capital receipt that offsets losses made on the underlying asset, and is similarly recorded under cost of sales. If compensation income is received with respect to the removed meter, the compensation income is recognised in the period in which it is received.

Calvin Capital often has contractual provisions in place to receive compensation income when a traditional meter is replaced with a smart meter. The cash amount received is calculated to make up for the loss of MPC revenue stream on net present value terms according to the relevant MAP contract, and, hence, will be higher if the meter is removed earlier and lower if the meter has been operating for a number of years.

Set forth below is the compensation income received by Calisen and Calvin Capital for the periods indicated. During each of these periods, compensation income was mainly driven by the replacement of traditional meters with smart meters.

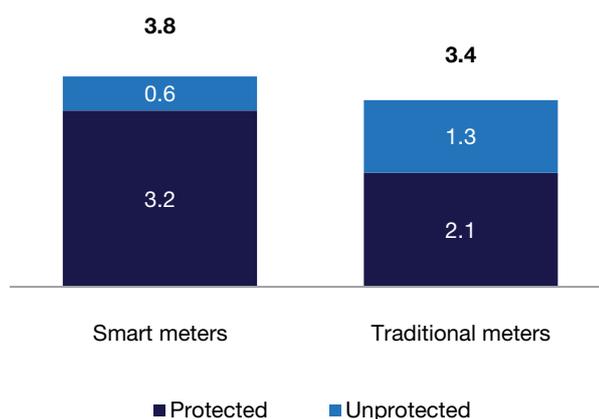
	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		Calvin Capital
	Year ended 31 December 2016	Aggregated period ended 31 December 2017*	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
Compensation income (traditional meters) . . . . .	14,919	21,283	20,396	17,659	10,472
Compensation income (smart meters) . . . . .	9	489	2,231	1,969	1,880
<b>Compensation income (total portfolio) . . . . .</b>	<b>14,928</b>	<b>21,772</b>	<b>22,627</b>	<b>19,629</b>	<b>12,352</b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

Set forth below is a chart showing the portions of Calvin Capital’s traditional meters and smart meters as at 31 December 2018 that are contractually protected to receive compensation income in the event of meter removals.

Share of protected meter portfolio<sup>(1)</sup>

(Meters in millions)



Source: Calisen.

(1) As at December 2018.

To the extent meters are not fully depreciated by the time they are taken off the wall, they are written off in full in the period in which the removal took place. As with depreciation and compensation income, write-offs are recognised under cost of sales. Meter write-offs and compensation income may be recognised in different periods. As at 31 December 2018, the write-offs in connection with Calvin Capital’s disconnected traditional and smart meters were £11.0 million and £17.7 million, respectively. Set forth below are the values of the write-offs of Calisen’s and Calvin Capital’s disconnected traditional meters, smart meters and total meter portfolio for the periods indicated.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		Calvin Capital
	Year ended 31 December 2016	Aggregated period ended 31 December 2017*	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)		
Written-off net book value of disconnected meters (traditional meters) . . . . .	15,949	23,768	17,699	14,553	8,108
Written-off net book value of disconnected meters (smart meters) . . . . .	<u>2,603</u>	<u>5,817</u>	<u>11,024</u>	<u>8,223</u>	<u>9,387</u>
<b>Written-off net book value of disconnected meters (total portfolio) . . . . .</b>	<b>18,552</b>	<b>29,585</b>	<b>28,723</b>	<b>22,776</b>	<b>17,495</b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

Unlike depreciation and write-offs, compensation income is a cash item, and therefore affects Calvin Capital's cash flow from operating activities, as well as its cost of sales.

## Principal Factors Affecting Lowri Beck's Results of Operations

### *Meter installations*

Lowri Beck's installation revenue is to a large extent driven by the fee received for meter installations multiplied by the number of installations undertaken. As such, its ability to grow its revenue has historically been linked to its ability to increase either the number of installations or the price it charges its energy retailer customers for such technical services.

The number of meter installations is dependent on the number of live contracts and consumer demand for installation of smart meters. Given the ongoing roll-out of the SMIP in Britain, demand for Lowri Beck's installation services remains strong. More recently, Lowri Beck has signed one further installation contract and agreed a geographic expansion to another contract. Whilst the installation business has continued to develop since the Lowri Beck Acquisition, it will take time for the turn-around activity to be implemented and commercial discipline to be established. As a result, Calisen expects this part of the business to remain loss-making.

Lowri Beck recognises its meter installation revenue in its technical services product line. In the year ended 31 December 2018, technical services accounted for £33 million revenue (under the UK GAAP basis of preparation).

### *Meter Reading*

Lowri Beck provides meter reading services for traditional meters, whereby it receives a service charge for every meter its employees successfully read. As such, the total number of traditional meters in the market and the number of meters visited per day are important drivers of Lowri Beck's meter reading revenue.

The Directors expect the total number of traditional meters installed in Britain to decline in parallel with the ongoing roll-out of the SMIP. However, meter reading activity and revenue have been relatively stable and this area of the business records a positive operating performance. The Directors believe that there is scope for Lowri Beck to potentially increase its service charge per meter which could partially compensate for the lower market outlook.

Lowri Beck recognises its meter reading revenue in its non-technical services product line. In the year ended 31 December 2018, non-technical services accounted for £31 million revenue (under the UK GAAP basis of preparation). Non-technical services revenue is expected to decline during the smart meter roll-out period.

## MAP revenue

In addition to providing meter installation and ancillary services, Lowri Beck also owns a small portfolio of traditional meters. As at 31 December 2018, Lowri Beck owned a portfolio of approximately 380,000 revenue-generating traditional meters. It is anticipated that Lowri Beck's traditional meter portfolio will be removed by the end of the smart meter roll-out.

Lowri Beck has historically recognised its MAP revenue in its technical services product line. In the year ended 31 December 2018, revenue from MAP services accounted for £7 million revenue (under the UK GAAP basis of preparation).

## Principal Factors Affecting the Group's Results of Operations

### Effects of Lowri Beck Acquisition

On 16 August 2019, the Lowri Beck Acquisition was completed, from which date onward Lowri Beck's results of operations and financial condition have been consolidated into the Group's consolidated historical financial information.

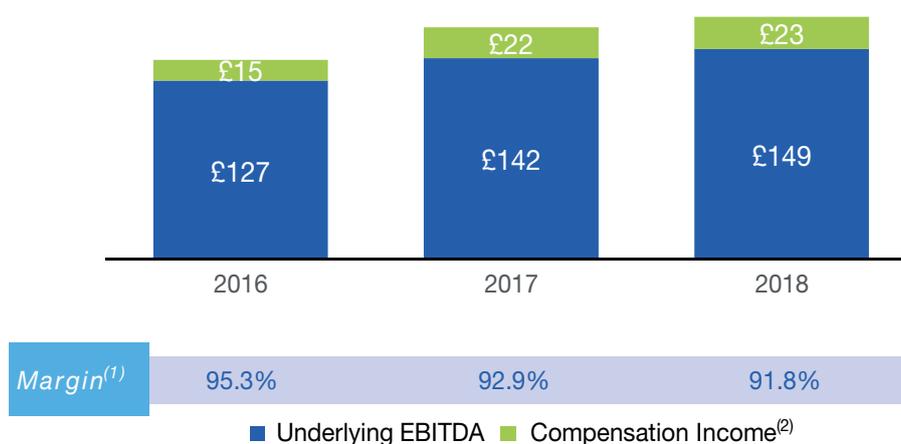
Given the characteristics of Lowri Beck's business, it is expected that the impact of consolidating Lowri Beck in Calisen's financial statements in the future will continue to result in an increase in administrative expenses, an increase in revenue and a decrease in Adjusted EBITDA and Underlying EBITDA Margins. Where Lowri Beck undertakes installation work on contracts with energy retailers whose meters are owned by Calvin Capital, the revenue earned by Lowri Beck for the installation services and paid by Calvin Capital will be eliminated on consolidation of the Group financial information. As part of the wider Group, Lowri Beck will benefit from improved access to working capital and other group funding that will support the development of Lowri Beck's business over the medium term.

Calisen's overhead costs have historically been mostly fixed in nature, consisting principally of staff costs associated with meter management, administrative functions, business development, as well as other costs related to corporate functions such as insurance and IT, and legal and professional fees and costs associated with the testing of meters. Operating expenses have also historically included letter of credit costs passed through from Calisen's shareholders that have supported Calisen's funding.

As a result of the financial characteristics of Calisen's MAP business, Calisen, prior to the consolidation of Lowri Beck's financial results with effect from 16 August 2019, has historically had low operating expenses, with operating profit margins, before other expenses, in excess of 15% and Underlying EBITDA Margins in excess of 90%. Underlying EBITDA is described in more detail under "*Alternative Performance Measures*".

## EBITDA

(£ in millions)



Source: Calisen.

(1) Underlying EBITDA Margin.

(2) Compensation income defined as contractually agreed-upon cash payments for premature meter removals. Compensation income contributes to Adjusted EBITDA.

Following the consolidation of Lowri Beck, the loss for the period as a percentage of revenue increased from –38.5% for the year ended 31 December 2018 to –45.3% for the nine-month period ended 30 September 2019, and the Underlying EBITDA Margin decreased from 91.8% for the year ended 31 December 2018 to 88.6% for the nine-month period ended 30 September 2019. Were Lowri Beck not consolidated into Calisen’s financial results, Calisen’s Underlying EBITDA Margin would have been 93.0%.

### *Finance expenses*

As Calisen expands its business and carries out an increased number of MAP contracts in its Calvin Capital business unit, it also incurs a larger amount of capital expenditure. It is expected that the smart meter roll-out will lead to an increase in Calisen’s capital expenditure, and that this in turn will lead to an increase in Calisen’s debt to finance the capital expenditure and therefore higher interest costs on bank loans and swaps, which are recorded under finance expenses. Capital expenses in the Lowri Beck business unit are not significant in the context of the Group.

### *Funding vehicles for debt*

Calisen typically seeks to finance 75% to 80% of its capital expenditure for MAP contracts with third-party debt financing. Historically, Calisen has utilised SPVs to finance the acquisition and installation of meters for specific MAP contracts. More recently, as Calisen has grown its contracted installation MAP pipeline with Independent Energy Retailers for MAP contracts, Calisen has started to use more flexible funding platforms to pool MAP contracts with various energy retailers. Debt financing raised in Calvin Capital’s SPVs to fund meter acquisition and installation has historically been amortised over 10-year terms, while the debt facilities for the funding platforms have shorter maturities, typically five-year terms.

### *Hedging strategy*

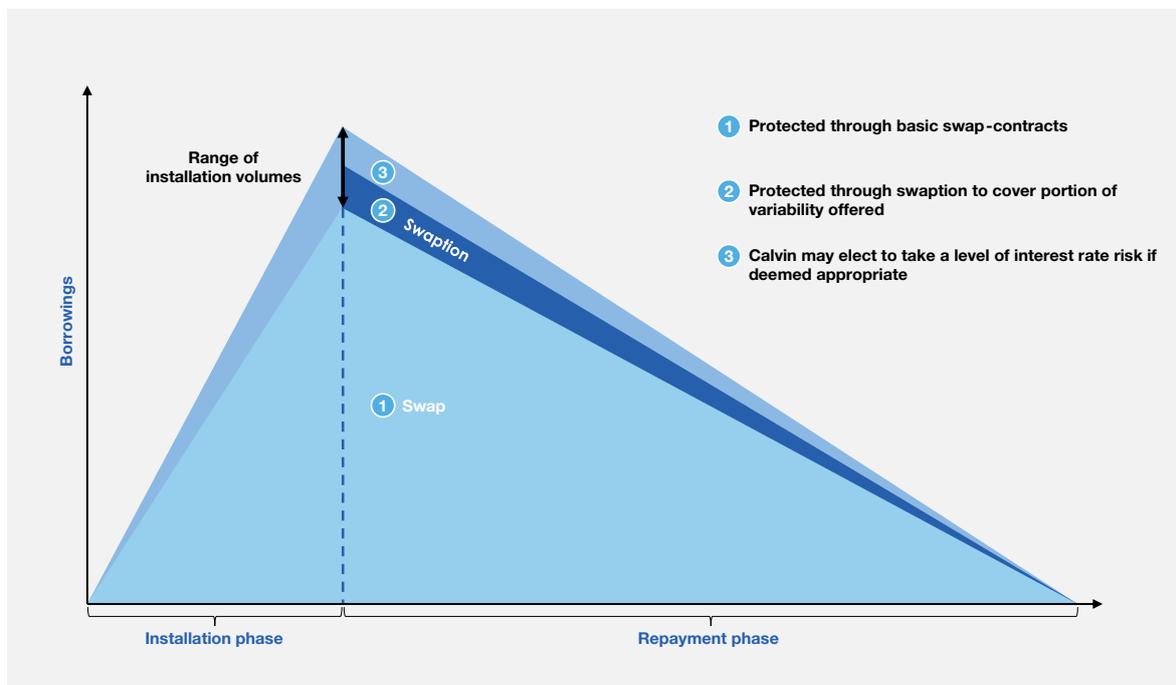
Finance expenses also incorporate the costs of derivative instruments, which Calisen uses to hedge its exposure to variable interest rates. Calisen enters into hedging arrangements at the time the debt facilities are entered into. Such hedging includes the use of a number of different derivative products, which are entered into only for non-speculative purposes and are marked to market. Such mark-to-market adjustments are non-cash items that affect finance expenses. Because the derivatives are marked to market, their notional balance fluctuates from period to period. Therefore, while hedging costs are limited, the swings in the notional balance may be significant.

Set forth below is a table summarising the outstanding debt principal and the notional balance of Calisen’s derivatives as at the dates indicated.

	Predecessor (CHL Group)	Successor (CGH Group)			
	As at 31 December		As at 30 September		
	2016	2017	2018	2018 (unaudited)	2019
	(£ in thousands)				
Outstanding debt principal <sup>(1)</sup> . . . . .	452,092	656,729	726,756	694,210	829,402
Notional balance of derivatives . . . . .	437,223	647,381	798,771	757,167	915,277
<b>(Under) / over-hedged variance . . . . .</b>	<b>(14,869)</b>	<b>(9,348)</b>	<b>72,015</b>	<b>62,957</b>	<b>85,875</b>

(1) Represents outstanding debt principal for equity bridge loan and senior debt, excluding the Lowri Beck bank loans. See “—Liquidity and Capital Resources—Indebtedness”.

Set forth below is a chart illustrating Calisen’s typical mechanisms for hedging from floating to fixed rate interest exposure for the Calvin Capital business.



Source: Calisen.

### *Funding of equity portion*

Historically, the remaining 20–25% of Calisen’s capital expenditure investment has been funded from cash flow from operations and equity bridge loans supported by letters of credit provided by or on behalf of Calisen’s shareholders. Finance expenses have also included interest payable on shareholder debt provided by Calisen’s shareholders. Therefore, subsequent to the KKR Acquisition, interest expenses increased due to the shareholder loans from Calisen’s shareholders and the interest payable on such shareholder loans. In connection with the Offer and Admission and following the Reorganisation, shareholder loans provided by Calisen’s shareholders will no longer be outstanding.

### *Refinancing options*

Calisen is refinancing the debt in its capital structure in connection with the Offer and Admission by capitalising the shareholder loan and entering into a revolving credit facility (which is expected to be unborrowed at the close of the Offer), and as a result of the refinancing, Calisen will incur less in finance expenses. The Reorganisation undertaken in connection with the Offer and Admission has led to changes in Calisen’s tax structure, positions and payments. See “—Liquidity and Capital Resources”.

Set forth below is a table showing Calisen's interest payable and expenses as at the dates indicated.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Aggregated period ended 31 December 2017*	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in millions)	(£ in millions)	(£ in millions)	(£ in millions)	
<b>Interest expense</b>					
<i>Senior debt and hedging</i>	(18.3)	(20.1)	(19.4)	(15.0)	(12.2)
<i>Senior debt interest expense</i>	(9.2)	(12.9)	(14.0)	(10.4)	(8.9)
<i>Hedging interest expense</i>	(9.1)	(7.2)	(5.4)	(4.6)	(3.3)
<i>Equity bridge loan (EBL) and hedging</i>	(1.4)	(3.9)	(4.5)	(3.4)	(3.6)
Total bank loans and swaps	(19.7)	(24.0)	(23.9)	(18.4)	(15.8)
Lease interest	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)
Senior debt commitment and associated fees	(3.5)	(3.2)	(4.2)	(3.1)	(3.0)
Interest expense sub-total	<b>(23.3)</b>	<b>(27.3)</b>	<b>(28.1)</b>	<b>(21.5)</b>	<b>(19.1)</b>
<b>Interest / derivatives</b>					
Interest on shareholder loans	(16.4)	(45.0)	(50.6)	(38.1)	(39.6)
Other (MTM and LC costs)					
<i>Mark-to-market (MTM) movements</i>	(31.8)	10.7	8.2	15.9	(26.0)
<i>Letter of credit (LC)</i>	(3.2)	(7.5)	(9.1)	(6.3)	(7.6)
<i>Debt issue costs</i>	(3.6)	(4.8)	(11.8)	(3.7)	(2.1)
	<b>(38.6)</b>	<b>(1.5)</b>	<b>(12.7)</b>	<b>5.9</b>	<b>(35.7)</b>
<b>Interest payable and expenses</b>	<b>(78.3)</b>	<b>(73.8)</b>	<b>(91.4)</b>	<b>(53.7)</b>	<b>(94.4)</b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

### Taxes

The majority of Calisen's tax position relates to the Calvin Capital business unit. The two significant factors contributing to the tax position are as follows:

- Deferred tax liability on initial recognition of the intangible assets arising from business combinations. The deferred tax liability initially recognised on the KKR Acquisition in the aggregated period ended 31 December 2017 was £102.1 million; and
- During the installation period of a MAP contract, Calvin Capital incurs significant capital expenditure on the procurement and installation of meters. This capital expenditure creates significant tax allowances and timing differences that impact the deferred tax position.

Over time, as the timing differences are utilised, any deferred tax liabilities reduce as corporation tax becomes payable.

Property, plant and equipment for Calvin Capital has a book value of approximately £650 million as at 31 December 2018, which is subject to the current annual writing down tax allowance of 18%. The overall annual writing down allowance received by Calvin Capital is expected to increase as more capital expenditure is incurred during the installation period of MAP contracts. Following the completion of the installation phase it is expected that this benefit will reduce to £nil over time. Tax payments typically start three to four years after the completion of the installation phase of MAP contracts. As such, older SPVs, which are already past the installation phase, incur tax payments. As a result of ongoing installations and related capital allowances, Calisen's tax rate is expected to be marginally positive in 2019. The effective tax rate is anticipated to be in low single digit percentages thereafter, with the tax rate expected to normalise towards the UK corporation tax rate over the medium term once capital allowances have been fully utilised.

Deferred tax liabilities may also arise on transfer pricing and mark-to-market movement in the value of Calisen's derivatives.

### *Amortisation of intangible assets*

Following the KKR Acquisition in January 2017, Calisen recognised intangible assets, such as MAP contracts with energy retailer customers and Calvin Capital's brand, which are amortised over their useful economic life, starting in 2017. Following the Lowri Beck Acquisition in August 2019, Calisen recognised intangible assets, such as MAP contracts with energy retailer customers and Lowri Beck's brand, which are amortised over their useful economic life, starting in 2019. See also "*Risk Factors—Risks Relating to Calisen's Business, Industry and Regulatory Environment—A downturn in Calisen's financial performance could result in an impairment of goodwill and other intangible assets, which would in turn further impact Calisen's operating results.*"

Set forth below is a table showing the consolidated statement of financial position value of intangible assets as at 31 December 2018 and the amount of amortisation expenses incurred in the year ended 31 December 2018.

	<b>Successor (CGH Group)</b>	
	<b>As at 31 December 2018</b>	<b>Year ended 31 December 2018</b>
	<b>Consolidated statement of financial position value</b>	<b>Amortisation per annum</b>
	<b>(£ in millions)</b>	
Goodwill . . . . .	78.2	N/A
Customer contracts . . . . .	511.1	39.1
Brand . . . . .	11.8	1.5
Software . . . . .	0.1	0.0
Costs to obtain contracts . . . . .	<u>2.0</u>	<u>0.2</u>
<b>Total . . . . .</b>	<b>603.3</b>	<b>40.8</b>

### **EXPLANATION OF KEY STATEMENT OF PROFIT OR LOSS LINE ITEMS**

Set forth below are the key line items in Calisen's historical consolidated statements of profit or loss. These line items are different from the ones historically used by Lowri Beck in its financial statements.

#### ***Revenue***

Revenue comprises revenue from MAP services, revenue from technical services and revenue from non-technical services.

Revenue from MAP services represents the MPC for meters receivable in the ordinary course of business and other income generated from meter-related services that is recharged to energy retailer customers including meter management service fees and meter procurement. MPC revenue is recognised excluding VAT. Revenue from MAP services is derived from both the Calvin Capital and Lowri Beck reporting segments.

Revenue from technical services represent fees earned from the installation of meters. Revenue from non-technical services represent fees earned from meter reading and data management services. Both revenue from technical services and revenue from non-technical services are derived from the Lowri Beck reporting segment only.

All three revenue streams are considered to have separate and distinct performance obligations. Revenue is recognised over time as the service is provided on the basis that the energy retailer customer simultaneously receives and consumes the benefits of accessing the meters and services.

#### ***Cost of sales***

Cost of sales comprises cost of sales from MAP services, cost of sales from technical services and cost of sales from non-technical services.

Cost of sales from MAP services consists primarily of the depreciation of property, plant and equipment and the write-off of property, plant and equipment. Write-offs of meters occur when a meter is removed and cannot be subsequently redeployed. Cost of sales also comprises compensation income which is treated as a capital receipt that offsets against the write-offs of the underlying asset. Compensation income therefore results in a reduction of the cost of sales. If compensation income is received with respect to the removed meter, the compensation income is recognised in the period in which it is received.

Cost of sales from technical services and cost of sales from non-technical services consist primarily of direct staff and related employment and travel costs, direct costs of delivering the services supplied by the reporting segments and costs of inventory.

#### ***Gross profit / (loss)***

Gross profit / (loss) is revenue less cost of sales.

#### ***Administrative expenses***

Administrative expenses consist of costs associated with corporate functions, such as wages and salaries for indirect employees, 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 auditors' remuneration.

#### ***Amortisation of intangible assets***

Customer contracts in relation to Calvin Capital are amortised on a straight-line basis over a 15-year period. Customer contracts in relation to Lowri Beck are amortised on a straight-line basis to 31 December 2024. Brands are amortised on a straight-line basis over a 10-year period. The intangible assets are amortised from the date they are available for use. The estimated useful lives are in line with the purchase price allocation exercise undertaken. Calisen reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the prior reporting date. It is anticipated that straight-line amortisation will continue going forward. While goodwill is not amortised, it is reviewed each year for impairments.

#### ***Operating profit / (loss)***

Operating profit / (loss) is revenue, less cost of sales, administrative expenses, other expenses and amortisation of intangible assets.

#### ***Finance income / (expenses)***

Finance expenses have historically consisted of senior debt commitment fees, agency and technical adviser fees, fair-value movement on derivative financial instruments, derivative breakage fees, ineffectiveness of cash flow hedges, recycling of cash flow hedges to profit and loss, amortisation of debt issue costs, letter of credit fees and other charges, interest payable on bank loans and unwinding of discount on lease liabilities. Interest payable on shareholder loans has also been included under this line item.

#### ***Profit / (loss) before tax***

Profit / (loss) before tax is operating profit / (loss) plus bank interest receivable and similar income and less finance expenses.

#### ***Taxation***

Taxation is recognised in the consolidated statement of profit or loss except to the extent that tax relates to items recognised directly in equity or other comprehensive income, in which case such tax is recognised directly in equity or other comprehensive income.

### **ALTERNATIVE PERFORMANCE MEASURES**

#### ***Adjusted EBITDA, Underlying EBITDA and Underlying EBITDA Margin***

Adjusted EBITDA, Underlying EBITDA and Underlying EBITDA Margin are APMs regarding profitability. Adjusted EBITDA, Underlying EBITDA and Underlying EBITDA Margin are representations of the operating profitability of the business before the costs of financing and corporate transactional activity. In the opinion of the Directors, Underlying EBITDA and Adjusted EBITDA allow Calisen to present its trading results by excluding material non-cash items such as depreciation, amortisation and certain individual transactions.

Adjusted EBITDA 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 one-off in nature. Calisen has adjusted for the costs associated with the sale of the business of £11.4 million that were contractually incurred in the year ended 31 December 2016.

Within the aggregated period ended 31 December 2017, adjustments have been made for the impact of the costs of the KKR Acquisition, which amounted to £25.4 million.

Underlying EBITDA is composed of 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 has arisen 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. Calvin Capital's Underlying EBITDA grew by a compound annual growth rate of approximately 11% between the year ended 31 December 2017 and the nine-month period ended 30 September 2019. Calisen's Underlying EBITDA in the nine-month period ended 30 September 2019 was 18% higher than Calvin Capital's Underlying EBITDA in the nine-month period ended 30 September 2018, due to non-recurring income of £4.7 million from contract modifications of which £3.6 million relate to meters installed in prior periods.

The Underlying EBITDA Margin declined from 95.3% in the year ended 31 December 2016 to 92.9% in the aggregated period ended 31 December 2017 to 91.8% in the year ended 31 December 2018, partially due to rising employee costs and rising transaction and bid costs, which led to increases in operating expenses but have supported the growth of the business. Calisen's Underlying EBITDA Margin has fallen from 92.7% for the nine-month period ended 30 September 2018 to 88.6% for the nine-month period ended 30 September 2019; this is partially due to the consolidation of Lowri Beck with effect from 16 August 2019.

Set forth below is the calculation from profit / (loss) for the period to Adjusted EBITDA and Underlying EBITDA for the periods indicated.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Year ended 31 December 2017*	Year ended 31 December 2018	Nine-month period ended 30 September	
	(£ in thousands)	(£ in thousands)	(£ in thousands)	2018	2019
<b>Profit / (loss) for the period</b> . . . . .	<b>(28,097)</b>	<b>(69,119)</b>	<b>(62,521)</b>	<b>(34,349)</b>	<b>(67,015)</b>
Taxation . . . . .	(6,669)	(2,594)	(3,254)	1,089	(2,608)
Finance (income) / expense . . . . .	78,199	73,799	91,184	53,568	94,182
Written-off net book value of disconnected meters <sup>(1)</sup> . . . . .	18,552	29,585	28,723	22,776	17,599
Cost of disposal of business <sup>(2)</sup> . . . . .	11,381	—	—	—	—
Acquisition costs <sup>(3)</sup> . . . . .	—	25,448	—	—	—
Amortisation of intangible assets . . . . .	132	37,386	40,786	30,590	31,088
Depreciation of property plant and equipment . . . . .	68,013	69,485	76,901	56,856	63,524
Other <sup>(4)</sup> . . . . .	—	173	(278)	14	6,702
<b>Adjusted EBITDA</b> . . . . .	<b>141,511</b>	<b>164,164</b>	<b>171,541</b>	<b>130,544</b>	<b>143,472</b>
Compensation income . . . . .	(14,928)	(21,772)	(22,627)	(19,629)	(12,364)
<b>Underlying EBITDA<sup>(5)</sup></b> . . . . .	<b>126,583</b>	<b>142,391</b>	<b>148,914</b>	<b>110,915</b>	<b>131,108</b>
<b>Underlying EBITDA Margin<sup>(6)</sup></b> . . . . .	<b>95.3%</b>	<b>92.9%</b>	<b>91.8%</b>	<b>92.7%</b>	<b>88.6%</b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

- (1) Write-down taken on meters that have been removed, as measured at the time of removal, as well as any compensation income received in the period with respect to removed meters. Compensation income is directly linked to the removal of meters and therefore is not shown as a component of Adjusted EBITDA.
- (2) Costs incurred by Calisen in respect of the sale of the business by Infracapital.
- (3) Adviser and equity costs relating to the KKR Acquisition.
- (4) Profit gained on the disposal of the Australian business and the effects of currency exchange in translating the financial results of the Australian business from Australian dollar to pound sterling. For the nine-month period ended 30 September 2019, "Other" also includes transaction costs incurred in the period relating to the Offer and Admission.

- (5) Underlying EBITDA for the nine-month period ended 30 September 2019 includes the non-recurring revenue of £4.7 million in relation to the contract modification that occurred during the period.
- (6) Underlying EBITDA Margin is Underlying EBITDA as a percentage of total revenue.

### ***Underlying FFO (Funds from Operations) and Cash Conversion***

Underlying FFO and Cash Conversion are APMS, which in the opinion of the Directors appropriately represent the ability of Calisen to generate cash from operations after accounting for operational and debt service costs.

Underlying FFO is defined as Underlying EBITDA less relevant finance costs, taxation and adjusted net working capital items. Relevant finance costs exclude fair-value movement in derivatives (as this is a non-cash item), shareholder loan interest and charges relating to letters of credit facilities (on the basis that they are being repaid in connection with the Offer and Admission and therefore are not expected to form part of Calisen's capital structure subsequent to the Offer and Admission) and swap break costs. Adjusted net working capital items, which are shown in the table under "*Liquidity and Capital Resources—Cash flow—Cash flow from operating activities*", include change in trade and other receivables and change in other payables, but exclude prepayments relating to the letter of credit facility, which is being repaid in connection with the Offer and Admission, any movements in payables where the creditor relates to capital expenditure, which have agreed funding arrangements in place to cover Calisen's contractual commitments, and any items to the extent they relate to non-trading items such as compensation debtors or capital expenditure creditors, including related VAT balances. Underlying FFO also does not include compensation income. Capital expenditure creditors are excluded on the basis that they are fully funded.

Cash Conversion is derived by dividing Underlying FFO by Underlying EBITDA. The Directors anticipate that at the end of the smart meter roll-out, Cash Conversion ratio will remain broadly consistent with the historical range. The Lowri Beck Acquisition is expected to have a limited effect on Cash Conversion.

Set forth below is the calculation from Underlying EBITDA to Underlying FFO as well as Cash Conversion for the periods indicated.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)	
	Year ended 31 December 2016 <u>(£ in thousands)</u>	Year ended 31 December 2017* <u>(£ in thousands)</u>	Year ended 31 December 2018 <u>(£ in thousands)</u>	Nine-month period ended 30 September <u>2018</u> <u>2019</u> <u>(£ in thousands)</u>
<b>Underlying EBITDA</b> . . . . .	<b>126,583</b>	<b>142,391</b>	<b>148,914</b>	<b>110,915</b> <b>131,108</b>
Change in working capital <sup>(1)</sup> . . . . .	(786)	(2,050)	(729)	(2,811)    (13,857)
Interest / derivatives <sup>(2)</sup> . . . . .	(23,242)	(27,285)	(27,788)	(21,269)    (18,929)
Tax . . . . .	(512)	(1,542)	(3,177)	(1,848)    (2,950)
<b>Underlying FFO</b> . . . . .	<b>102,043</b>	<b>111,515</b>	<b>117,220</b>	<b>84,987</b> <b>95,371</b>
<b>Cash Conversion</b> . . . . .	<b>81%</b>	<b>78%</b>	<b>79%</b>	<b>77%</b> <b>73%</b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

- (1) Includes change in trade and other receivables and change in other payables, but excludes any prepayments relating to the letter of credit facility, which is being repaid in connection with the Offer and Admission. It further excludes any movements in payables where the creditor relates to capital expenditure, which have agreed funding arrangements in place to cover Calisen's contractual commitments. For the calculation of change in working capital, see the table under "*Liquidity and Capital Resources—Cash flow—Cash flow from operating activities*".
- (2) Consists of interest payable to service bank borrowing and related interest swap arrangements, facility commitment and associated fees and lease interest. It excludes fair-value movement in derivatives, as it is a non-cash item, and shareholder loan interest and charges relating to letters of credit facilities, on the basis that they are being repaid in connection with the Offer and Admission and therefore are not expected to form part of Calisen's capital structure subsequent the Offer and Admission, and swap break costs.

### ***Net Debt and Adjusted Net Debt***

Net Debt consists of 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 excluding trade payables and debt issue costs. The Directors believe that Net Debt is a useful measure to show Calisen's total debt financing. Adjusted Net Debt further excludes shareholder loans. The Directors believe that Adjusted Net Debt is a useful measure of

Calisen's indebtedness because upon the occurrence of the Offer and Admission, shareholder loans (including the associated accrued interest) will be capitalised as part of the Reorganisation undertaken in connection with the Offer and Admission, and therefore shareholder loans do not represent an ongoing component of Calisen's capital structure. The Directors anticipate that the equity bridge loans will be settled utilising funds raised from the Offer and Admission. Set forth below is the calculation of Net Debt and Adjusted Net Debt for the periods indicated. The figures below exclude debt issue costs and accrued interest.

	Predecessor (CHL Group)	Successor (CGH Group)		
	As at 31 December			As at 30 September 2019
	2016	2017	2018	
	( <b>£ in thousands</b> )			
Shareholder loans <sup>(1)</sup>	151,615	583,125	583,125	583,173
Senior debt	317,522	469,687	524,258	615,857
Invoice discounting facility and hire purchase	—	—	—	7,915
Equity bridge loans	134,570	187,042	202,498	221,560
<b>Total debt</b>	<b>603,707</b>	<b>1,239,854</b>	<b>1,309,882</b>	<b>1,428,505</b>
Cash	(50,896)	(81,913)	(71,597)	(71,265)
<b>Net Debt</b>	<b>552,811</b>	<b>1,157,941</b>	<b>1,238,285</b>	<b>1,357,240</b>
Shareholder loans	(151,615)	(583,125)	(583,125)	(583,173)
<b>Adjusted Net Debt</b>	<b>401,196</b>	<b>574,816</b>	<b>655,159</b>	<b>774,067</b>

(1) Total debt, Net Debt and Adjusted Net Debt include only the principal of subordinated loan notes issued to an immediate parent entity. Total debt, Net Debt and Adjusted Net Debt exclude accrued interest of £108,633,000, £69,010,000, £43,423,000 and £nil as at 30 September 2019, 31 December 2018, 31 December 2017 and 31 December 2016, respectively. Total debt, Net Debt and Adjusted Net Debt exclude debt issue costs of £22,740,000, £24,041,000, £27,032,000 and £22,336,000 as at 30 September 2019, 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

The Directors intend to continue using these metrics, ensuring that any relevant normalisation adjustments are correctly identified and adjusted as part of the disclosure of Calisen's APMs in future periods as indications of profitability and cash generation.

#### ***Lowri Beck Adjusted EBITDA***

Lowri Beck Adjusted EBITDA consists of profit after taxation adjusted for interest, taxation, depreciation and write-off value of disposed meters and amortisation. The Directors believe that Lowri Beck Adjusted EBITDA provides an indication of the operating cashflow that Lowri Beck is able to generate. Set forth below is the calculation of Lowri Beck Adjusted EBITDA for the periods indicated.

	UK GAAP <sup>(1)</sup>	IFRS <sup>(1)</sup>
	Year ended 31 December 2018	Period from 16 August 2019 to 30 September 2019
	( <b>£ in thousands</b> )	
<b>Profit / (loss) after taxation</b>	<b>(1,657)</b>	<b>(1,523)</b>
Interest	1,537	231
Taxes	(1)	(14)
Depreciation and written-off value of disposed meters	3,225	328
Amortisation	194	189
<b>Lowri Beck Adjusted EBITDA</b>	<b>3,298</b>	<b>(789)</b>

(1) The financial information presented in respect of Lowri Beck for the year ended 31 December 2018 is presented under UK GAAP and is extracted from the statutory accounts prepared Lowri Beck Holdings Limited for the period. The financial information for the period from 16 August 2019 to 30 September 2019 has been prepared under IFRS and represents the performance of the Lowri Beck operating segment for the period from 16 August 2019 (the date of the Lowri Beck Acquisition) to 30 September 2019. Due to the difference in the basis of preparation, the financial information presented above is not comparable.

## **RESULTS OF OPERATIONS**

### ***Nine-month period ended 30 September 2019 compared with nine-month period ended 30 September 2018***

The following table sets out Calisen Group Holdings Limited's (formerly CCH1 Limited) consolidated profit or loss information, extracted from the Historical Financial Information set out in Part B of Part XIII (*Historical*

Financial Information) of this Prospectus, for the nine-month period ended 30 September 2019 (with comparatives for the nine-month period ended 30 September 2018):

	Successor (CGH Group)	
	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	(£ in thousands)	
<b>Total revenue</b>	<b>119,637</b>	<b>147,968</b>
Cost of sales	(59,783)	(74,880)
<b>Gross profit / (loss)</b>	<b>59,854</b>	<b>73,088</b>
Administrative expenses	(8,956)	(10,739)
Other expenses	—	(6,702)
Amortisation of intangible assets	(30,590)	(31,088)
<b>Operating profit / (loss)</b>	<b>20,308</b>	<b>24,559</b>
Finance income / (expenses)	(53,568)	(94,182)
<b>Profit / (loss) before tax</b>	<b>(33,260)</b>	<b>(69,623)</b>
Taxation	(1,089)	2,608
<b>Profit / (loss) for the period</b>	<b><u>(34,349)</u></b>	<b><u>(67,015)</u></b>

Lowri Beck's results of operations and financial condition financial results have been consolidated into Calisen's since the completion of the Lowri Beck Acquisition on 16 August 2019. Set forth below is selected historical financial information of Calisen for the nine-month period ended 30 September 2019, shown by segments (Calvin Capital for the nine-month period ended 30 September 2019 and Lowri Beck for the period from 16 August 2019 to 30 September 2019).

	Calvin Capital	Lowri Beck*	Successor (CGH Group)
	Nine-month period ended 30 September 2019	Period from 16 August 2019 to 30 September 2019	Nine-month period ended 30 September 2019
	(£ in thousands)		
Total revenue	141,720	6,248	147,968
Cost of sales	(68,090)	(6,790)	(74,880)
<b>Gross profit / (loss)</b>	<b>73,630</b>	<b>(542)</b>	<b>73,088</b>
Administrative expenses	(10,164)	(575)	(10,739)
Other expenses	(6,702)	—	(6,702)
Amortisation of intangible assets	(30,899)	(189)	(31,088)
<b>Operating profit / (loss)</b>	<b>25,865</b>	<b>(1,306)</b>	<b>24,559</b>
Finance income / (expenses)	(93,951)	(231)	(94,182)
<b>Profit / (loss) before tax</b>	<b>(68,086)</b>	<b>(1,537)</b>	<b>(69,623)</b>
Taxation	2,594	14	2,608
<b>Profit / (loss) for the period</b>	<b><u>(65,492)</u></b>	<b><u>(1,523)</u></b>	<b><u>(67,015)</u></b>

\* Lowri Beck's financial results have been consolidated into Calisen's since the completion of the Lowri Beck Acquisition on 16 August 2019 and therefore represent approximately six weeks of trading.

### Revenue

Revenue increased by £28.3 million, or 23.7%, from £119.6 million for the nine-month period ended 30 September 2018 to £148.0 million for the nine-month period ended 30 September 2019. This increase over the presented periods was primarily due to strong growth in the Calvin Capital business unit and the effect of the consolidation of Lowri Beck.

Calvin Capital's revenue from MAP services grew due to the continued installation of meters under existing contracts, and to a lesser extent, meters installed under new business signed in the period. Calvin Capital's smart meter portfolio enjoyed strong growth in the period that exceeded the decline in the number of revenue-generating traditional meters, with the increase in installations mainly driven by Calisen's Big 6 Energy Retailer customers, along with contributions from Calisen's Independent Energy Retailer customers. Revenue per meter, which is annualised by pro-rating the number of days in nine months to twelve months and excludes one-off income recognised in June 2019, increased by £1.4, or 6.0%, from £22.5 for the nine-month period

ended 30 September 2018 to £23.9 for the nine-month period ended 30 September 2019. Revenue per meter continued to grow in line with historical trends.

Lowri Beck's revenue from MAP services as well as technical and non-technical services was £6.2 million for the period ended 30 September 2019, which represents approximately six weeks of trading since the Lowri Beck Acquisition on 16 August 2019. Of £6.2 million, £0.9 million was from MAP services, £2.8 million was from non-technical services and £2.6 million was from technical services.

#### *Cost of sales*

Cost of sales increased by £15.1 million, or 25.3%, from £59.8 million for the nine-month period ended 30 September 2018 to £74.9 million for the nine-month period ended 30 September 2019, mainly due to higher depreciation in the Calvin Capital business unit and the effect of the consolidation of Lowri Beck.

The increase in Calvin Capital's cost of sales over the presented periods was primarily due to depreciation on the enlarged smart meter portfolio. Write-offs decreased by £5.2 million, or 22.6%, from £22.8 million for the nine-month period ended 30 September 2018 to £17.6 million for the nine-month period ended 30 September 2019. Compensation income decreased by £7.3 million, or 37.0%, from £19.6 million for the nine-month period ended 30 September 2018 to £12.4 million for the nine-month period ended 30 September 2019. Meter removal rates during the nine-month period ended 30 September 2019 continued at a comparable level to that from the nine-month period ended 30 September 2018, and compensation income was driven mainly by the aging traditional meter portfolio.

Lowri Beck's cost of sales was £6.8 million for the period ended 30 September 2019, which represents approximately six weeks of trading since the Lowri Beck Acquisition on 16 August 2019.

#### *Gross profit / (loss)*

Gross profit / (loss) increased by £13.2 million, or 22.1%, from £59.9 million for the nine-month period ended 30 September 2018 to £73.1 million for the nine-month period ended 30 September 2019. This increase over the presented periods was primarily due to the growth in revenue driven by the continued installation of smart meters. The first-time consolidation of Lowri Beck negatively affected gross profit by £0.5 million.

#### *Administrative expenses*

Administrative expenses increased by £1.8 million, or 19.9%, from £9.0 million for the nine-month period ended 30 September 2018 to £10.7 million for the nine-month period ended 30 September 2019. The increase in administrative expenses reflects the growth of the business due to the necessity to increase headcount and associated costs required to service the enlarged business.

Lowri Beck's administrative expenses were £0.6 million for the period ended 30 September 2019, which represents approximately six weeks of trading since the Lowri Beck Acquisition on 16 August 2019.

#### *Amortisation of intangible assets*

Amortisation of intangible assets increased by £0.5 million, or 1.6%, from £30.6 million for the nine-month period ended 30 September 2018 to £31.1 million for the nine-month period ended 30 September 2019. This is broadly in line with the comparative period, reflecting the continued straight-line amortisation of intangible assets. Included in the nine-month period ended 30 September 2019 is a charge of £0.3 million relating to amortisation of intangible assets arising from the Lowri Beck Acquisition and £0.2 million relating to intangible assets held directly by Lowri Beck.

#### *Operating profit / (loss)*

Operating profit / (loss) increased by £4.3 million, or 20.9%, from £20.3 million for the nine-month period ended 30 September 2018 to £24.6 million for the nine-month period ended 30 September 2019. This increase was primarily due to the increased contribution from the growth in revenue for the period. The first-time consolidation of Lowri Beck negatively affected operating profit by £1.3 million.

#### *Net finance expense*

Finance expenses increased by £40.6 million, or 75.8%, from £53.6 million for the nine-month period ended 30 September 2018 to £94.2 million for the nine-month period ended 30 September 2019. This increase over the presented periods was primarily due to fair value movements on derivatives. For the nine-month period

ended 30 September 2019, interest payable on shareholder loans and third-party debt comprised £39.6 million and £15.8 million, respectively. For the nine-month period ended 30 September 2018, interest payable on shareholder loans and third-party debt comprised £38.1 million and £18.4 million, respectively. The notional balance of Calisen's derivatives as at 30 September 2019 was £915.3 million, which resulted in an over-hedged variance of £85.9 million. The notional balance of Calisen's derivatives as at 30 September 2018 was £757.2 million, which resulted in an over-hedged variance of £63.0 million. The movement in the fair value of the derivative instruments was a loss of £25.2 million in the nine-month period ended 30 September 2019 compared to a gain of £19.5 million in the nine-month period ended 30 September 2018. The overall cost of senior debt has decreased in the nine-month period ended 30 September 2019 due to more favourable financing arrangements. The mark-to-market movements in derivatives reflect the reduction in long-term interest rates driven by economic uncertainty.

#### *Taxation*

Taxation increased by £3.7 million, from an expense of £1.1 million for the nine-month period ended 30 September 2018 to a gain of £2.6 million for the nine-month period ended 30 September 2019. This increase over the presented periods was primarily due to deferred tax arising on intangible fixed assets. The effective tax rate decreased from negative 3.3% for the nine-month period ended 30 September 2018 to positive 3.7% for the nine-month period ended 30 September 2019.

#### ***Year ended 31 December 2018 compared with aggregated period ended 31 December 2017 and year ended 31 December 2016***

The following table sets out Calisen Holdco Limited's (formerly Calvin Capital Holdco Limited) consolidated profit or loss information for the year ended 31 December 2016, the Unaudited Aggregated 2017 Income Data and Calisen Group Holdings Limited's (formerly CCH1 Limited's) consolidated profit or loss information for the year ended 31 December 2018, extracted without material adjustment from the consolidated statement of profit or loss of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the year ended 31 December 2016, the Unaudited Aggregated 2017 Income Data and the consolidated statement of profit or loss of Calisen Group Holdings Limited (formerly CCH1 Limited) for the year ended 31 December 2018:

	<b>Predecessor (CHL Group)</b>	<b>Successor (Memorandum aggregate)</b>	<b>Successor (CGH Group)</b>
	<b>Year ended 31 December 2016</b>	<b>Aggregated period ended 31 December 2017 (aggregated* / unaudited)</b>	<b>Year ended 31 December 2018</b>
	<b>(£ in thousands)</b>	<b>(£ in thousands)</b>	<b>(£ in thousands)</b>
<b>Total revenue</b> . . . . .	<b>132,802</b>	<b>153,264</b>	<b>162,146</b>
Cost of sales . . . . .	<u>(71,369)</u>	<u>(76,982)</u>	<u>(82,697)</u>
<b>Gross profit / (loss)</b> . . . . .	<b>61,433</b>	<b>76,282</b>	<b>79,449</b>
Administrative expenses . . . . .	(17,868)	(11,362)	(13,254)
Other expenses . . . . .	—	(25,448)	—
Amortisation of intangible assets . . . . .	<u>(132)</u>	<u>(37,386)</u>	<u>(40,786)</u>
<b>Operating profit / (loss)</b> . . . . .	<b>43,433</b>	<b>2,086</b>	<b>25,409</b>
Finance income / (expenses) . . . . .	<u>(78,199)</u>	<u>(73,799)</u>	<u>(91,184)</u>
<b>Profit / (loss) before tax</b> . . . . .	<b>(34,766)</b>	<b>(71,713)</b>	<b>(65,775)</b>
Taxation . . . . .	6,669	2,594	3,254
<b>Profit / (loss) for the period</b> . . . . .	<b><u>(28,097)</u></b>	<b><u>(69,119)</u></b>	<b><u>(62,521)</u></b>

\* Represents the Unaudited Aggregated 2017 Income Data. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

#### *Revenue*

The increase of £20.5 million, or 15.4%, from revenue from MAP services and associated other income of £132.8 million for the year ended 31 December 2016 to aggregated revenue from MAP services and associated other income of £153.3 million for the aggregated period ended 31 December 2017 and the increase of

£8.9 million, or 5.8%, from aggregated revenue from MAP services and associated other income of £153.3 million for the aggregated period ended 31 December 2017 to revenue from MAP services and associated other income of £162.1 million for the year ended 31 December 2018 were primarily due to an increase in revenue-generating meters in each period. The increase during the aggregated period ended 31 December 2017 was greater than the increase during the year ended 31 December 2018 because more revenue-generating meters were installed during the aggregated period ended 31 December 2017 than during the year ended 31 December 2018. Revenue per meter increased by £0.7, or 3.2%, from £21.9 for the year ended 31 December 2016 to aggregated revenue per meter of £22.6 for the aggregated period ended 31 December 2017. Revenue per meter decreased by 0.1% from aggregated revenue per meter of £22.6 for the aggregated period ended 31 December 2017 to £22.5 for the year ended 31 December 2018.

#### *Cost of sales*

The increase of £5.6 million, or 7.9%, from cost of sales of £71.4 million for the year ended 31 December 2016 to aggregated cost of sales of £77.0 million for the aggregated period ended 31 December 2017 and the increase of £5.7 million, or 7.4%, from aggregated cost of sales of £77.0 million for the aggregated period ended 31 December 2017 to cost of sales of £82.7 million for the year ended 31 December 2018 were primarily due to increases in depreciation reflecting the increase in revenue-generating meters in each period. There was an increase of £11.0 million, or 59.5%, from write-offs of £18.6 million for the year ended 31 December 2016 to aggregated write-offs of £29.6 million for the aggregated period ended 31 December 2017, and there was a decrease of £0.9 million, or 2.9%, from aggregated write-offs of £29.6 million for the aggregated period ended 31 December 2017 to write-offs of £28.7 million for the year ended 31 December 2018. There was an increase of £6.8 million, or 45.8%, from compensation income of £14.9 million for the year ended 31 December 2016 to aggregated compensation income of £21.8 million for the aggregated period ended 31 December 2017, and an increase of £0.9 million, or 3.9%, from aggregated compensation income of £21.8 million for the aggregated period ended 31 December 2017 to compensation income of £22.6 million for the year ended 31 December 2018.

#### *Gross profit / (loss)*

The increase of £14.8 million, or 24.2%, from gross profit of £61.4 million for the year ended 31 December 2016 to aggregated gross profit of £76.3 million for the aggregated period ended 31 December 2017 and the increase of £3.2 million, or 4.2%, from aggregated gross profit of £76.3 million for the aggregated period ended 31 December 2017 to gross profit of £79.4 million for the year ended 31 December 2018 were due to the increase in revenue outpacing the increase in cost of sales. Gross profit margin increased from 46.3% for the year ended 31 December 2016 to 49.8% for the aggregated period ended 31 December 2017 primarily due to the increase of £20.5 million from revenue for the year ended 31 December 2016 to aggregated revenue for the aggregated period ended 31 December 2017 in comparison to the increase of £5.6 million from cost of sales for the year ended 31 December 2016 to aggregated cost of sales for the aggregated period ended 31 December 2017, and the increase from compensation income of £14.9 million to aggregated compensation income of £21.8 million. Gross profit margin decreased from 49.8% for the aggregated period ended 31 December 2017 to 49.0% for the year ended 31 December 2018 primarily due to the increase of £5.7 million from aggregated cost of sales for the aggregated period ended 31 December 2017 to cost of sales for the year ended 31 December 2018 in comparison to the increase of £8.9 million from aggregated revenue for the aggregated period ended 31 December 2017 to revenue for the year ended 31 December 2018, and the increase of £0.9 million from aggregated compensation income for the aggregated period ended 31 December 2017 to compensation income for the year ended 31 December 2018.

#### *Administrative expenses*

The decrease of £6.5 million, or 36.4%, from administrative expenses of £17.9 million for the year ended 31 December 2016 to aggregated administrative expenses of £11.4 million for the aggregated period ended 31 December 2017 was primarily due to one-off costs incurred in 2016 in connection with the KKR Acquisition. The increase of £1.9 million, or 16.7%, from aggregated administrative expenses of £11.4 million for the aggregated period ended 31 December 2017 to administrative expenses of £13.3 million for the year ended 31 December 2018 was primarily due to an increase in headcount between 2017 and 2018.

#### *Other expenses*

Aggregated other expenses were £25.4 million for the aggregated period ended 31 December 2017, and pertained to certain costs incurred in 2017 in relation to the KKR Acquisition.

### *Amortisation of intangible assets*

The increase of £37.3 million from amortisation of intangible assets of £0.1 million for the year ended 31 December 2016 to aggregated amortisation of intangible assets of £37.4 million for the aggregated period ended 31 December 2017 and the increase of £3.4 million, or 9.1%, from aggregated amortisation of intangible assets of £37.4 million for the aggregated period ended 31 December 2017 to amortisation of intangible assets of £40.8 million for the year ended 31 December 2018 primarily reflected the commencement of the amortisation of intangible assets in each case relating to the KKR Acquisition.

### *Operating profit / (loss)*

The decrease of £41.3 million, or 95.2%, from operating profit of £43.4 million for the year ended 31 December 2016 to aggregated operating profit of £2.1 million for the aggregated period ended 31 December 2017 was due to an increase in the amortisation of intangible assets following the KKR Acquisition. The increase of £23.3 million from aggregated operating profit of £2.1 million for the aggregated period ended 31 December 2017 to operating profit of £25.4 million for the year ended 31 December 2018 reflected the acquisition-related costs recognised in the aggregated period ended 31 December 2017 in relation to the KKR Acquisition.

### *Finance income / (expenses)*

The decrease of £4.4 million, or 5.6%, from finance expenses of £78.2 million for the year ended 31 December 2016 to aggregated finance expenses of £73.8 million for the aggregated period ended 31 December 2017 was primarily due to fair-value movements on derivative instruments. The increase of £17.4 million, or 23.6%, from aggregated finance expenses of £73.8 million for the aggregated period ended 31 December 2017 to finance expenses of £91.2 million for the year ended 31 December 2018 was primarily due to an increase in debt stemming from an increase in Calisen's business. See also "*—Principal Factors Affecting Results of Operations—Finance expenses*". For the year ended 31 December 2018, finance expenses on shareholder loans and third-party debt comprised £50.6 million and £40.8 million, respectively. For the aggregated period ended 31 December 2017, aggregated finance expenses on shareholder loans and third-party debt comprised £45.0 million and £28.9 million, respectively. For the year ended 31 December 2016, finance expenses on shareholder loans and third-party debt comprised £16.4 million and £61.9 million, respectively. The notional balance of Calisen's derivatives as at 31 December 2018 was £798.8 million, which resulted in an over-hedged variance of £72.0 million. This was driven by a newly introduced fixed-rate facility of £40.0 million not being hedged, and also due to a lower amount of actual borrowings as a result of a slower pace of meter installations during the period when compared to the profile set out at financial close. The notional balance of Calisen's derivatives as at 31 December 2017 was £647.4 million, which resulted in an under-hedged variance of £9.3 million due to a £30.0 million under-hedge on the acquisition finance facility coupled with a lower amount of actual borrowings as a result of a slower pace of meter installations during the period when compared to the profile set out at financial close. The notional balance of Calisen's derivatives as at 31 December 2016 was £437.2 million, which resulted in an over-hedged variance of £14.9 million due to a lower amount of actual borrowings as a result of a slower pace of meter installations during the period when compared to the profile set out at financial close.

### *Taxation*

The decrease of £4.1 million, or 61.1%, from taxation of £6.7 million for the year ended 31 December 2016 to aggregated taxation of £2.6 million for the aggregated period ended 31 December 2017 was primarily due to deferred tax movements relating to movements in derivative valuations and a reduction in deferred tax rates. The increase of £0.7 million, or 25.4%, from aggregated taxation of £2.6 million for the aggregated period ended 31 December 2017 to taxation of £3.3 million for the year ended 31 December 2018 was primarily due to reduced taxable deduction on shareholder interest driven by the impact of transfer pricing and corporate interest restriction on corporation taxation.

## **LIQUIDITY AND CAPITAL RESOURCES**

### ***Liquidity***

Calvin Capital's liquidity requirements arise primarily from its need to fund capital expenditure for acquiring and installing additional meters, working capital and to service debt. Calvin Capital has historically funded its business primarily using cash from its operations, shareholder loans and third-party debt. Going forward,

Calisen expects to fund its business using cash from operations, third-party debt and a revolving credit facility. See “—*Indebtedness*”.

#### *Total financial debt*

Calvin Capital’s financial debt has historically included financing arrangements entered into by each funding platform and SPV, including one or more of senior debt facilities, mezzanine debt facilities and letters of credit, in addition to equity. Other financial debt has included trade creditors, shareholder loans, amounts owed to group undertakings, derivative financial instruments and lease liabilities. Derivative financial instruments are measured at fair value through profit or loss, while other financial debt is measured at amortised cost. Debt facilities and letters of credit have historically been provided by one or more commercial and public-sector lenders. Lowri Beck’s financial debt has historically included invoice discounting arrangements and senior debt facilities.

Calisen’s debt structure, excluding debt issue costs and accrued interest, as at 30 September 2019 consisted of £615.9 million in total senior debt, £221.6 million in total equity bridge loans, £583.2 million in shareholder loans (excluding accrued interest of £108.6 million) and £7.9 million in invoice discounting and hire purchase, resulting in a total of £1,428.5 million in total debt (calculated as senior debt, equity bridge loans and shareholder loans), £1,357.2 million in Net Debt (calculated as total debt less cash and cash equivalents) and £774.1 million in Adjusted Net Debt (which excludes shareholder loans). Including hedges, the total cost of debt as at 31 December 2018 was approximately 3–4%. Set forth below is a table showing Calisen’s debt figures and leverage ratios (calculated by dividing each number in the left-hand column by the Adjusted EBITDA figure to arrive at the corresponding number in the right-hand column) as at 31 December 2018. The figures below exclude debt issue costs and accrued interest.

	<u>Successor (CGH Group)</u>	
	<u>As at</u>	
	<u>31 December 2018</u>	<u>Leverage</u>
	<u>(£ in millions)</u>	
<b>Net Debt and shareholder loans<sup>(1)</sup></b>		
Shareholder loans . . . . .	583.1	3.4x
Senior debt . . . . .	524.3	3.1x
Equity bridge loan . . . . .	<u>202.5</u>	<u>1.2x</u>
<b>Total debt . . . . .</b>	<b>1,309.9</b>	<b>7.6x</b>
Cash . . . . .	<u>(71.6)</u>	<u>(0.4)x</u>
<b>Net Debt . . . . .</b>	<b>1,238.3</b>	<b>7.2x</b>
Shareholder loans . . . . .	<u>(583.1)</u>	<u>(3.4)x</u>
<b>Adjusted Net Debt . . . . .</b>	<b>655.2</b>	<b>3.8x</b>
Adjusted EBITDA . . . . .	171.5	

(1) Total debt, Net Debt and Adjusted Net Debt include only the principal of subordinated loan notes issued to an immediate parent entity. Total debt, Net Debt and Adjusted Net Debt exclude accrued interest of £69,010,000 as at 31 December 2018. Total debt, Net Debt and Adjusted Net Debt exclude debt issue costs of £24,041,000 as at 31 December 2018.

Set forth below is a table showing Calisen’s debt figures and leverage ratios (calculated by dividing each number in the left-hand column by the Adjusted EBITDA figure for the twelve-month period ended 30 September 2019 to arrive at the corresponding number in the right-hand column) as at 30 September 2019. The figures below exclude debt issue costs and accrued interest.

	Successor (CGH Group)	
	As at	
	30 September 2019	Leverage
	(£ in millions)	
<b>Net Debt and shareholder loans<sup>(1)</sup></b>		
Shareholder loans . . . . .	583.2	3.2x
Senior debt . . . . .	615.9	3.3x
Invoice discounting and hire purchase . . . . .	7.9	0.1x
Equity bridge loan . . . . .	<u>221.6</u>	<u>1.2x</u>
<b>Total debt . . . . .</b>	<b>1,428.5</b>	<b>7.8x</b>
Cash . . . . .	<u>(71.3)</u>	<u>(0.4)x</u>
<b>Net Debt . . . . .</b>	<b>1,357.2</b>	<b>7.4x</b>
Shareholder loans . . . . .	<u>(583.2)</u>	<u>(3.2)x</u>
<b>Adjusted Net Debt . . . . .</b>	<b>774.1</b>	<b>4.2x</b>
Adjusted EBITDA for the twelve-month period ended 30 September 2019 . . . . .	184.5	

(1) Total debt, Net Debt and Adjusted Net Debt include only the principal of subordinated loan notes issued to an immediate parent entity. Total debt, Net Debt and Adjusted Net Debt exclude accrued interest of £108,633,000 as at 30 September 2019. Total debt, Net Debt and Adjusted Net Debt exclude debt issue costs of £22,740,000 as at 30 September 2019.

As at 30 September 2019, Calisen's total debt (excluding accrued interest and debt issue costs) comprised £1,428.5 million. Calisen's Adjusted Net Debt as at 30 September 2019, 31 December 2018 and 31 December 2017 and Calisen Holdco Limited's (formerly Calvin Capital Holdco Limited) Adjusted Net Debt as at 31 December 2016 was £774.1 million, £655.2 million, £574.8 million and £401.2 million, respectively. In connection with the Offer and Admission, Calisen is entering into a revolving credit facility as part of the changes being made to its capital structure. See "*—Indebtedness*".

### Cash flow

The table below sets out Calisen Holdco Limited's (formerly Calvin Capital Holdco Limited) condensed consolidated statement of cash flows for the year ended 31 December 2016, the condensed Unaudited Aggregated 2017 Cash Flow and Calisen Group Holdings Limited's (formerly CCH1 Limited) condensed consolidated statement of cash flows for the other periods indicated.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	Year ended 31 December 2016	Aggregated period ended 31 December 2017 (aggregated* / unaudited)	Year ended 31 December 2018	Nine-month period ended 30 September 2018 (unaudited)	Nine-month period ended 30 September 2019
	(£ in thousands)	(£ in thousands)	(£ in thousands)	(£ in thousands)	(£ in thousands)
Net cash from operating activities . . . . .	95,437	72,523	52,276	73,007	103,348
Net cash from / (used in) investing activities . . . . .	(208,104)	(695,474)	(135,527)	(94,142)	(206,531)
Net cash from financing activities . . . . .	<u>145,784</u>	<u>653,968</u>	<u>72,935</u>	<u>37,420</u>	<u>102,851</u>
Net (decrease) / increase in cash and cash equivalents	33,117	31,017	(10,316)	16,285	(332)
<b>Cash and cash equivalents at beginning of the period . . . . .</b>	<b><u>17,779</u></b>	<b><u>50,896</u></b>	<b><u>81,913</u></b>	<b><u>81,913</u></b>	<b><u>71,597</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b>50,896</b>	<b>81,913</b>	<b>71,597</b>	<b>98,198</b>	<b>71,265</b>

\* Represents the Unaudited Aggregated 2017 Cash Flow. Please also refer to the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017, presented in Part X (*Selected Financial Information*) of this Prospectus.

### Cash flow from operating activities

Cash inflow from operating activities for the nine-month period ended 30 September 2019 increased by £30.3 million, or 41.5%, from £73.0 million for the nine-month period ended 30 September 2018 to £103.3 million for the nine-month period ended 30 September 2019, primarily as a result of reduced financing costs and improved working capital.

The decrease of £20.2 million, or 27.9%, from aggregated cash inflow from operating activities of £72.5 million for the aggregated period ended 31 December 2017 to cash inflow from operating activities of £52.3 million for the year ended 31 December 2018 was primarily as a result of an increase in debtors driven by the growth of the business, an increase in creditor payments through capital expenditures and a related increase in VAT receivable.

The decrease of £22.9 million, or 24.0%, from cash inflow from operating activities of £95.4 million for the year ended 31 December 2016 to aggregated cash inflow from operating activities of £72.5 million for the aggregated period ended 31 December 2017 was primarily as a result of a reduced level of installation activity at the end of the period, reducing the level of creditors and resulting in VAT payable.

Calvin Capital's working capital can vary from period to period depending on whether Calvin Capital is in the installation period of the primary contract, but over the long run, Calvin Capital's working capital has remained relatively stable, with limited seasonality and full funding of capital expenditure-related trade and other creditors. It is anticipated that Calvin Capital's working capital will develop stably going forward, although more pronounced changes may be observable in shorter financial periods. In the nine-month period ended 30 September 2019, contract expansion caused short-term increase in net working capital, which was reversed in July 2019. Set forth below is a table showing Calisen's net working capital as at 31 December 2016, 2017 and 2018, and as at 30 September 2018 and 30 September 2019.

	Predecessor (CHL Group)	Successor (Memorandum aggregate)	Successor (CGH Group)		
	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 30 September	
	(£ in millions)	(£ in millions)	(£ in millions)	2018	2019
				(£ in millions)	
<b>Net working capital</b>					
Trade receivables	14.8	17.2	19.0	22.2	37.8
Other receivables	0.7	0.3	0.4	0.5	1.4
Contract assets	15.2	14.1	14.1	13.2	23.4
VAT payable / receivable	6.7	(4.1)	2.5	2.4	5.7
Trade creditors	(23.5)	(2.9)	(14.9)	(30.1)	(37.1)
Other creditors	(20.1)	(10.5)	(9.9)	(7.8)	(34.3)
<b>Net working capital</b>	<b>(0.7)</b>	<b>14.1</b>	<b>11.2</b>	<b>0.4</b>	<b>(3.1)</b>
Adjusted for non-operating items:					
VAT payable / receivable <sup>(1)</sup>	(6.7)	4.1	(2.5)	(2.4)	(5.7)
Compensation related receivables <sup>(2)</sup>	—	—	—	(4.0)	(5.7)
Capital expenditure related creditors <sup>(3)</sup>	26.1	8.4	18.7	35.4	49.4
<b>Adjusted net working capital</b>	<b>24.6</b>	<b>26.6</b>	<b>27.4</b>	<b>29.5</b>	<b>41.3</b>
<b>Changes in net working capital</b>	<b>(0.8)</b>	<b>(2.0)</b>	<b>(0.8)</b>	<b>(2.8)</b>	<b>(13.9)</b>

(1) VAT adjusted on the basis that it primarily relates to capital expenditure.

(2) Adjusted to exclude compensation income-related receivables.

(3) Capital expenditure related-creditors is adjusted to the extent that the commitments are fully funded.

### Cash flow from investing activities

Cash outflow used in investing activities for the nine-month period ended 30 September 2019 was £206.5 million and primarily comprised capital expenditure incurred on property, plant and equipment in the amount of £213.8 million (which consists of capital expenditure incurred on metering equipment in the amount of £211.7 million and on other fixed assets, including leasehold improvement, fixtures and fittings and IT equipment, in the amount of £2.0 million) and capital expenditure related to the Lowri Beck Acquisition in the amount of £6.2 million. Cash inflow from compensation income relating to the removal of meters for the nine-month period ended 30 September 2019 decreased by £7.3 million, or 37.0%, from £19.6 million for the nine-month period ended 30 September 2018 to £12.4 million for the nine-month period ended 30 September 2019.

Cash outflow used in investing activities for the year ended 31 December 2018 was £135.5 million and primarily comprised capital expenditure of £170.5 million offset by the proceeds from the sale of property, plant and equipment. There was an increase of £0.9 million, or 3.9%, from aggregated cash inflow from compensation income relating to the removal of meters of £21.8 million for the aggregated period ended 31 December 2017 to cash inflow from compensation income relating to the removal of meters of £22.6 million for the year ended 31 December 2018.

Aggregated cash outflow used in investing activities of £695.5 million for the aggregated period ended 31 December 2017 primarily comprised the KKR Acquisition for £568.0 million and capital expenditure of £149.5 million. There was an increase of £6.8 million, or 45.8%, from cash inflow from compensation income relating to the removal of meters of £14.9 million for the year ended 31 December 2016 to aggregated cash inflow from compensation income relating to the removal of meters of £21.8 million for the aggregated period ended 31 December 2017.

Cash outflow used in investing activities for the year ended 31 December 2016 was £208.1 million and primarily comprised capital expenditure of £225.6 million offset by compensation income of £14.9 million.

#### *Cash flow from financing activities*

Cash inflow from financing activities for the nine-month period ended 30 September 2019 was £102.9 million and comprised net proceeds from bank borrowing, used to fund the purchasing of metering equipment.

Cash inflow from financing activities for the year ended 31 December 2018 was £72.9 million and primarily comprised the drawing of bank borrowings to fund capital expenditure.

Aggregated cash outflow used in financing activities for the aggregated period ended 31 December 2017 of £654.0 million primarily comprised the shareholder loans and acquisition finance facility introduced to fund the KKR Acquisition, and the drawing of bank borrowings to fund capital expenditure.

Cash inflow from financing activities for the year ended 31 December 2016 was £145.8 million and primarily comprised the drawing of bank borrowings to fund capital expenditure.

#### **Indebtedness**

Set forth below is a table summarising Calisen's debt facilities at the level of SPVs and funding platforms as at 30 September 2019. Each of the facilities has an interest rate based on LIBOR plus an applicable margin and any drawings are secured by, among others, charges over meter assets and contract receivables well as share pledges over the shares of the respective borrowing entities or its immediate holding company. For details on the LC Facility Agreement, the Insurance Policy and the Reimbursement Agreement, as well as the New Facilities Agreement, see section 16.4 of Part XVII (*Additional Information*) of this Prospectus.

<u>Borrower</u>	<u>Amount of drawn capital</u>	<u>Amount of undrawn capital</u>
	(£ in millions)	
Meter Fit 5 Limited . . . . .	368.3	544.2
Meter Fit 10 Limited . . . . .	49.3	—
Meter Fit 20 Limited . . . . .	191.2	310.8
Meter Serve (Holdco) Limited . . . . .	220.6	—
Lowri Beck Services Limited* . . . . .	<u>15.9</u>	<u>—</u>
<b>Total</b> . . . . .	<b>845.4</b>	<b>855.0</b>

\* Includes borrowings under a financing agreement made between Santander Bank plc and Lowri Beck Services Limited dated 24 July 2015 (as amended) of £8.0 million and invoice discounting facility of £7.7 million and hire purchase agreements of £0.2 million.

On 2 December 2015, Meter Fit 5 Limited as borrower entered into: (i) a commercial loan facility agreement (the “**MF5 Commercial Loan Facility Agreement**”) with, among others, Abbey National Treasury Services plc (trading as Santander Global Banking and Markets), Barclays Bank PLC, HSBC Bank Plc, Crédit Agricole Corporate and Investment Bank, Sumitomo Mitsui Banking Corporation and the Bank of Tokyo Mitsubishi UFJ, Ltd. (together, the “**MF5 Commercial Lenders**”) as lenders; (ii) a finance contract (the “**MF5 EIB Finance Contract**”) with, among others, European Investment Bank (“**EIB**”) as lender; and (iii) a common terms agreement (the “**MF5 Common Terms Agreement**”) with, among others, Meter Serve 5 Limited, the MF5 Commercial Lenders and EIB. Pursuant to the MF5 Commercial Loan Facility Agreement and the MF5 Common Terms Agreement, the MF5 Commercial Lenders made available to Meter Fit 5 Limited a term facility in an amount of £370.0 million (the “**MF5 Commercial Loan**”) and an equity bridge facility in

an amount of £182.5 million (the “**MF5 EBL**”). Pursuant to the MF5 EIB Finance Contract and the MF5 Common Terms Agreement, EIB made available to MF5 a term facility in an amount of £360.0 million (the “**MF5 EIB Loan**”). The purpose of the facilities under the MF5 Commercial Loan Facility Agreement, the MF5 EIB Finance Contract and the MF5 Common Terms Agreement is to finance the MF5 Project and to apply any drawn funds towards, among others, the settlement of meter installation and meter supply invoices, payment of any value added tax, development costs, financing costs and general corporate purposes. The final maturity date of the MF5 Commercial Loan is 30 September 2029. The final maturity date of the MF5 EBL is 31 March 2021. The final maturity date of the MF5 EIB Loan is 30 September 2029. Subject to certain conditions, any drawings under each of the MF5 Commercial Loan Facility Agreement, the MF5 EBL and the MF5 EIB Finance Contract may be voluntarily prepaid by giving a prior written notice to the facility agent. As at 30 September 2019, the total borrowing under the MF5 Commercial Loan Facility Agreement, the MF5 EBL and the MF5 EIB Finance Contract was £368.3 million. The availability of debt under the MF5 Commercial Loan Facility Agreement and the MF5 EIB Finance Contract remains in progress until March 2024. Meter Fit 5 is party to two interest rate swap facilities.

On 8 June 2016, Meter Fit 10 Limited as borrower entered into: (i) a commercial loan facility agreement (the “**MF10 Commercial Loan Facility Agreement**”) with, among others, Abbey National Treasury Services plc (trading as Santander Global Banking & Markets) and Sumitomo Mitsui Banking Corporation (together, the “**MF10 Commercial Lenders**”) as lenders; (ii) a finance contract (the “**MF10 EIB Finance Contract**”) with, among others, EIB as lender; and (iii) a common terms agreement (the “**MF10 Common Terms Agreement**”) with, among others, Meter Serve 10 Limited, the MF10 Commercial Lenders and EIB. Pursuant to the MF10 Commercial Loan Facility Agreement and the MF10 Common Terms Agreement, the MF10 Commercial Lenders made available to Meter Fit 10 Limited a term facility in an amount of £40.5 million (the “**MF10 Commercial Loan**”). Pursuant to the MF10 EIB Finance Contract and the MF10 Common Terms Agreement, EIB made available to MF10 a term facility in an amount of £40.5 million (the “**MF10 EIB Loan**”). The purpose of the facility under the MF10 Facility Agreement is to finance the MF10 Project and to apply any drawn funds towards, among others, the settlement of meter installation and meter supply invoices, payment of any value added tax, development costs, financing costs and general corporate purposes. The final maturity date of the MF10 Commercial Loan is 31 March 2026. The final maturity date of the MF10 EIB Loan is 31 March 2026. Subject to certain conditions, any drawings under the MF10 Facility Agreement and the MF10 EIB Finance Contract may be voluntarily prepaid by giving a prior written notice to the facility agent. As at 30 September 2019, the total borrowing under the MF10 Commercial Loan Facility Agreement and the MF10 EIB Finance Contract was £49.3 million. Meter Fit 10 Limited is party to an interest rate swap agreement.

On 20 October 2017, Meter Fit 20 Limited as borrower entered into a facilities agreement (as amended and restated on 25 April 2018 and as further amended on 16 April 2019, the “**MF20 Facility Agreement**”) with, among others, Meter Serve 20 Limited and BNP Paribas Fortis SA/NV, HSBC Bank Plc, HSBC Equipment Finance (UK) Ltd., The Royal Bank of Scotland plc and Santander UK plc (together, the “**MF20 Facility Lenders**”) as lenders. Pursuant to the MF20 Facility Agreement, the MF20 Facility Lenders made available to Meter Fit 20 Limited a term facility, an equity bridge facility and a working capital facility in an amount of £502.0 million. The purpose of the facilities under the MF20 Facility Agreement is to finance the MF20 Project and to apply any drawn funds towards, among others, capital expenditure for procuring and installing meters, development costs, operating costs, general corporate costs and for working capital purposes. The final maturity dates of each of the three facilities under the MF20 Facility Agreement is 27 October 2022. The MF20 Facility Agreement includes certain financial covenants that are tested twice a year on 30 June and 31 December, including, among others, an average debt service coverage ratio. Subject to certain conditions, any drawings under the MF20 Facility Agreement may be voluntarily prepaid by giving a prior written notice to the facility agent. As at 30 September 2019, the total borrowing under the MF20 Facility Agreement was £191.2 million. The MF20 Facilities Agreement contains an accordion feature, by which the maximum amount may grow with MAP contract wins. Meter Fit 20 Limited is party to an interest rate cap.

On 10 December 2018, Meter Serve (Holdco) Limited as borrower entered into a senior facilities agreement (the “**MSH Facility Agreement**”) with, among others, Meter Serve (North West) Limited, Meter Serve (North East) Limited, Meter Serve 2 Limited, Meter Serve 3 Limited and Meter Serve 4 Limited (as “**MSH Original Holdcos**”), Meter Fit (North West) Limited, Meter Fit (North East) Limited, Meter Fit 2 Limited, Meter Fit 3 Limited and Meter Fit 4 Limited (as “**MSH Original Projectcos**”) and Mizuho Bank, Ltd., National Australia Bank Limited, Santander UK plc, Sumitomo Mitsui Banking Corporation, National Westminster Bank plc, MUFG Bank, Ltd., Zurich Insurance Company Limited, Bermuda Branch, Daidalos Infrastructure Finance DAC and ReAssure Limited (together, the “**MSH Facility Lenders**”) as lenders. Pursuant to the MSH Facility Agreement, the MSH Facility Lenders made available to Meter Serve (Holdco) Limited a term facility, a fixed rate facility and a DSR facility in an amount of £283.5 million. The purpose of the facilities under the MSH

Facility Agreement is to apply any drawn funds towards, among others, refinancing costs, transaction costs and general corporate purposes. The final maturity dates of the term facility and the DSR facility is 10 June 2024 and the final maturity date of the fixed rate facility is 10 December 2026. The MSH Facility Agreement includes certain financial covenants that are tested twice a year on 30 June and 31 December, including, among others, a loan life cover ratios. Subject to certain conditions, any drawings under the MSH Facility Agreement may be voluntarily prepaid by giving a prior written notice to the facility agent. As at 30 September 2019, the total borrowing under the MSH Facility Agreement was £220.6 million. Meter Serve (Holdco) Limited is party to an interest rate swap agreement.

On 15 August 2017, Lowri Beck Services Limited entered into a secured receivables finance agreement (as amended on 27 December 2017, the “**Lowri Beck Receivables Finance Agreement**”) with, among others, Secure Trust Bank Plc (the “**Lowri Beck Receivables Lender**”) as lender. Pursuant to the Lowri Beck Receivables Finance Agreement, the Lowri Beck Receivables Lender made available to Lowri Beck Services Limited a receivables finance facility in an amount of up to £14.5 million (the “**Lowri Beck Receivables Finance Facility**”). The purpose of the Lowri Beck Receivables Finance Facility is to finance receivables on a recourse basis for general corporate purposes. The Lowri Beck Receivables Finance Facility is a rolling facility that may be terminated on six months’ notice. As at 30 September 2019, the total borrowing under the Lowri Beck Receivables Finance Agreement was £7.7 million.

On 22 November 2019, Lowri Beck Services Limited also entered into a secured term loan facility agreement (the “**Lowri Beck Facility Agreement**”) with, among others, HSBC UK Bank PLC (the “**Lowri Beck Lender**”) as lender. Borrowings under the Lowri Beck Facility Agreement are guaranteed by a guarantee and indemnity provided by Calisen Group Limited (formerly Calvin Capital Group Holdings Limited). See “—*Off-balance Sheet Arrangements*” for further details. Pursuant to the Lowri Beck Facility Agreement, the Lowri Beck Lender made available to Lowri Beck Services Limited a term loan facility in an amount of £10 million (the “**Lowri Beck Term Loan Facility**”). The purpose of the Lowri Beck Term Loan Facility is to refinance all amounts made available pursuant to a financing agreement made between Santander Bank plc and Lowri Beck Services Limited dated 24 July 2015 (as amended and with total borrowing as at 30 September 2019 of £8.0 million, which were repaid in full on 22 November 2019), payment of refinancing costs, and general corporate purposes. The final maturity date of the Lowri Beck Term Loan Facility is 31 December 2022. Subject to certain conditions, any drawings under the Lowri Beck Facility Agreement may be voluntarily prepaid by giving a prior written notice to the facility agent. As at 30 November 2019, the total borrowing under the Lowri Beck Facility Agreement was £10 million.

Lowri Beck Services Limited as borrower has also entered into a number of hire purchase agreements (“**HP Agreements**”). As at 30 September 2019, the total borrowing under the HP Agreements were £0.2 million.

Because the debt relating to Calisen’s SPVs is typically amortised over 10-year terms, which often match the initial period of Calisen’s MAP contracts, Calisen’s MAP contracts that are financed through SPVs tend to be fully funded. However, because the debt for Calisen’s funding platforms is generally amortised over five-year terms, Calisen’s MAP contracts that are financed through funding platforms are not fully financed and will require refinancing in due course.

In connection with the Offer and Admission, some of Calisen’s debt facilities are being refinanced, and Calisen’s capital structure therefore will be different from its structure as at the date of this Prospectus. Furthermore, the undertaking of the Offer and Admission will result in various fees and expenses, estimated to be approximately between £20 million and £25 million, being incurred in connection with the Offer and Admission and related Reorganisation, and subsequent to the Offer and Admission, Calisen will incur ongoing reporting costs in connection with being a publicly traded company. After the Offer and Admission, Calisen will no longer have access to shareholder loans from its current shareholders to help finance its business, with the existing shareholder loans capitalised into equity as part of the Reorganisation undertaken in connection with the Offer and Admission, and will no longer pay management fees to its current shareholders.

As part of a refinancing undertaken in connection with the Offer and Admission, equity bridge loans (which will increase in order to fund the equity component of financing for new meters until the occurrence of the Offer and Admission) and letters of credit will be repaid. A new revolving credit facility will be used, together with cash flow from operations and the funds raised from the Offer and Admission, by Calisen to fund the equity portion of financing its SPVs and funding platforms. For more information regarding the new revolving credit facility, see section 3 of Part XVII (*Additional Information*).

Limited-recourse SPVs and funding platforms will continue to also be funded with long-term low-margin senior debt to provide project finance, evolving towards funding platforms over time to yield portfolio benefits. Upon the completion of the Offer and Admission, the Adjusted Net Debt / Adjusted EBITDA leverage of 3.8x

as at 31 December 2018, based on Adjusted Net Debt of £655 million, will be reduced to approximately 2.5-3.0x. The Adjusted Net Debt / Adjusted EBITDA leverage would be expected to increase subsequently to fund the growth in capital expenditure as the smart meter roll-out continues, with a medium-term maximum Adjusted Net Debt / Adjusted EBITDA leverage threshold of 4.0x, before returning in the longer term to 3.0-3.5x.

If the smart meter roll-out takes place at a faster rate than expected or if Calisen gains a significantly greater share of the uncontracted meters than anticipated, the Adjusted Net Debt / Adjusted EBITDA leverage may fluctuate, and Calisen has, in the past, operated comfortably at higher levels of Adjusted Net Debt / Adjusted EBITDA leverage, reflecting the robust credit quality of its business. During the smart meter roll-out, it is expected that a nominal dividend will be paid out starting in the year beginning 1 January 2020. The Directors expect the maximum Adjusted Net Debt / Adjusted EBITDA leverage threshold to reduce after the Roll-out Deadline has passed. After the Roll-out Deadline, it is expected that Calisen would continue to be a cash-generative business, and Calisen may choose to make more substantial dividend distributions or make further investments for growth.

## **PENSIONS**

Calisen provides retirement benefits to certain of its former and current employees through defined contribution pension arrangements (the “**DC Plans**”). Under the DC Plans, Calisen pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. All Lowri Beck pension plans are defined contribution plans as well, and therefore, none of them are in deficit requiring contribution from Calisen. For further information on the pension plans, see Part XVII (*Additional Information*) of this Prospectus.

## **OFF-BALANCE SHEET ARRANGEMENTS**

In connection with the Lowri Beck Facility Agreement, Calisen Group Limited (formerly Calvin Capital Group Holdings Limited) provided a guarantee and indemnity, guaranteeing, among others, all present and future obligations and liabilities of Lowri Beck Services Limited under the Lowri Beck Facility Agreement. The maximum liability under this parent company deed of guarantee is £11 million. See “*Liquidity and Capital Resources—Indebtedness*” for further details.

In connection with the Group’s sale of its Australian subsidiary in November 2018, Calisen Group Limited (formerly Calvin Capital Group Holdings Limited) entered into a parent company deed of guarantee, unconditionally and irrevocably guaranteeing, among others, the due and punctual payment of all monies under the related share sale agreement. The purchase price under the related share sale agreement was received by Calvin Capital Australia Pty Limited on behalf of Calvin MS Australia 1 Pty Ltd on 16 November 2018. The maximum liability under this parent company deed of guarantee amounts to AU\$9.3 million.

## **QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK, CREDIT RISK AND LIQUIDITY RISK**

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. The Group’s senior management identifies, evaluates and, where appropriate, hedges financial risk. All derivative activities for risk management purposes are carried out by specialist teams that 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 Directors review and agree 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 position as at 31 December 2016, 2017 and 2018 and 30 September 2019.

The sensitivity analyses have been prepared on the basis that the amount of Net Debt, and the ratio of fixed to floating interest rates of debt and derivatives are all constant.

### *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 LIBOR, thereby exposing the Group to fluctuations in LIBOR and the consequent impact on interest cost.

As at 30 September 2019, 31 December 2018, 31 December 2017, 31 January 2017 and 31 December 2016, interest on these loans was charged at LIBOR plus a margin which has a range of 0.9% to 2.7%, 0.9% to 1.55%, 0.9% to 3.50%, 0.9% to 3.50% and 0.9% to 2.75%, respectively.

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. For the nine-month period ended 30 September 2019, year ended 31 December 2018, the 13-month period ended 31 December 2017, 31-day period ended 31 January 2017 and the year ended 31 December 2016, the derivative instruments in place were sufficient to fix the interest rate on 76%, 86%, 72%, 94% and 95%, respectively, of the senior debt facilities and equity bridge loans. As at 30 September 2019, 31 December 2018, 31 December 2017, 31 January 2017 and 31 December 2016, the swap arrangements fixed the interest rate at 1.0%–2.1%, 1.2%–5.9%, 0.9–5.3%, 1.1%–5.9% and 1.1%–5.9%, respectively.

In addition, the Group has entered into interest rate caps whereby the floating rate is capped at a fixed percentage of 2%. As at 30 September 2019, 31 December 2018, 31 December 2017, 31 January 2017 and 31 December 2016, 17%, 12%, 22%, nil% and nil%, respectively, of the Group's borrowings was subject to this cap on the variable rate.

During the year ended 31 December 2016, the CHL Group designated its interest swaps as cash flow hedges. For the year ended 31 December 2016, a net gain of £382,000 was recognised in other comprehensive income in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges. However, on 9 May 2016, the CHL Group discontinued hedge accounting for its cash flow hedges. The cumulative amount recorded in the cash flow hedge reserve of £3,354,000 remained in accumulated other comprehensive income to be recycled to profit and loss once the previously expected hedged cash flows occur. As such, hedge accounting has not been applied to the hedging instruments in place as at 31 December 2016 and the 31-day period ended 31 January 2017. Hedge accounting has not been applied by the Group. As such, no derivatives were designated as hedges in the aggregated period ended 31 December 2017, the year ended 31 December 2018, the nine-month period ended 30 September 2018 or the nine-month period ended 30 September 2019.

### *Interest rate sensitivity*

The following table demonstrates the sensitivity to a change in interest rates on the Group's floating rate bank loans. The Group's profit before tax is affected through the impact on floating rate borrowings as below:

	<b>Increase / decrease in basis points</b>	<b>Effect on profit before tax (£ in thousands)</b>
Nine-month period ended 30 September 2019 . . . . .	100	1,459
Year ended 31 December 2018 . . . . .	100	1,036
13-month period ended 31 December 2017 . . . . .	100	1,860
31-day period ended 31 January 2017 . . . . .	100	25
Year ended 31 December 2016 . . . . .	100	245

The Directors believe that a movement in interest rates of 100 basis points 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 before tax.

### *Price risk*

The Group is not exposed to any significant price risk in relation to its financial instruments.

### *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) from outstanding receivables. The Group trades with a limited 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 at investment grade financial institutions. With regard to energy retailer customers, the Group assesses the credit quality of the energy retailer customer, considering its financial position, past experience and other factors. The Group does not expect, in the normal course of events, that debts due from energy retailer 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 energy retailer customers is the carrying value of trade receivables as disclosed within trade and other receivables in Note 25 of the Historical Financial Information set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus. 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 83%) is generated from the Big 6 Energy Retailers. However, the Group evaluates the associated credit risk as low despite its energy retailer customers operating in one industry, as these are investment grade energy retailer customers (based on parent company ratings), meaning that the risks associated with trade receivables are relatively low. The remaining balance has a more diversified customer base.

### ***Impairment of financial assets***

The Group applies the IFRS 9 simplified approach to measuring forward-looking expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the 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 consolidated statement of financial position date, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information that might affect the ability of energy retailer customers to settle the receivables, including macroeconomic factors as relevant. In calculating the provision on trade receivables as at 31 December 2018, an adjustment was made to increase the historical loss rates in recognition of the number of Independent Energy Retailers that have gone into administration during the year for which outstanding invoices are unlikely to be recoverable.

On that basis, the loss allowances as at 30 September 2019, 31 December 2018, 31 December 2017, 31 January 2017 and 31 December 2016 were determined as £1,193,000, £1,323,000, £147,000, £107,000 and £107,000, respectively, as follows:

	<b>Loss Allowance— Trade receivables (£ in thousands)</b>
<b>CHL Group as at 1 January 2016</b> . . . . .	—
Increase in loss allowance recognised in profit or loss during the period . . . . .	107
Receivables written off during the year as uncollectable . . . . .	—
<b>CHL Group as at 31 December 2016</b> . . . . .	<b>107</b>
Increase in loss allowance recognised in profit or loss during the period . . . . .	—
Receivables written off during the year as uncollectable . . . . .	—
<b>CHL Group as at 31 January 2017</b> . . . . .	<b>107</b>
<b>Group as at 30 November 2016</b> . . . . .	—
Increase in loss allowance recognised in profit or loss during the period . . . . .	206
Receivables written off during the year as uncollectable . . . . .	(59)
<b>Group as at 31 December 2017</b> . . . . .	<b>147</b>
Increase in loss allowance recognised in profit or loss during the period . . . . .	1,346
Receivables written off during the year as uncollectable . . . . .	(170)
<b>Group as at 31 December 2018</b> . . . . .	<b>1,323</b>
Acquired in business combination . . . . .	960
Increase in loss allowance recognised in profit or loss during the period . . . . .	158
Receivables written off during the year as uncollectable . . . . .	(1,248)
<b>Group as at 30 September 2019</b> . . . . .	<b>1,193</b>

The increase in the loss allowance on trade receivables in the year ended 31 December 2018 arose due to the number of new, typically smaller, Independent Energy Retailers that went into administration during the year ended 31 December 2018, for which amounts are considered unrecoverable. For details as to the aging of trade receivables, refer to Note 25 of the Historical Financial Information set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus.

### **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 strategic plans. The Group will finance operations and growth from its existing cash resources and the £855.0 million portion of the Group's committed banking facilities. As at 30 September 2019, 31 December 2018, 31 December 2017, 31 January 2017 and 31 December 2016, 94%, 93%, 96%, 87% and 88%, respectively, 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.

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. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than one year</u>	<u>Between one and two years</u>	<u>Between two and five years</u>	<u>Over five years</u>
	(£ in thousands)			
<b>As at 30 September 2019</b>				
Shareholder loans including accrued interest . . . . .	—	—	—	691,806
Bank borrowings . . . . .	104,616	87,365	506,575	116,123
Liability to factoring company . . . . .	7,665	—	—	—
Trade and other payables . . . . .	37,094	—	—	—
Derivatives . . . . .	—	2,228	—	40,391
<b>As at 31 December 2018</b>				
Shareholder loans including accrued interest . . . . .	—	—	—	652,135
Bank borrowings . . . . .	87,945	85,324	346,504	182,942
Trade and other payables . . . . .	25,625	—	—	—
Derivatives . . . . .	—	—	1,494	21,083
<b>As at 31 December 2017</b>				
Shareholder loans including accrued interest . . . . .	—	—	—	626,548
Bank borrowings . . . . .	49,422	49,327	358,003	172,944
Trade and other payables . . . . .	27,066	—	—	—
Derivatives . . . . .	—	—	4,768	32,708
<b>As at 31 January 2017</b>				
Shareholder loans . . . . .	—	—	—	153,161
Bank borrowings . . . . .	75,164	55,216	273,871	39,183
Trade and other payables . . . . .	41,857	—	—	—
Derivatives . . . . .	—	—	9,514	32,549
<b>As at 31 December 2016</b>				
Shareholder loans . . . . .	—	—	—	151,615
Bank borrowings . . . . .	70,454	55,243	266,941	37,119
Trade and other payables . . . . .	48,632	—	—	—
Derivatives . . . . .	—	—	11,769	39,429

#### SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND ASSUMPTIONS

Preparation of the Historical Financial Information requires management to make significant judgements and estimates. For information on certain critical accounting judgements in applying Calisen's accounting policies, see Notes 2 and 3 of Part B of Part XIII (*Historical Financial Information*) of this Prospectus.

**PART XII**  
**CAPITALISATION AND INDEBTEDNESS**

*The information below should be read together with Calisen's consolidated financial information, as well as the information under Part XI (Operating and Financial Review) of this Prospectus. The tables below are prepared for illustrative purposes only.*

**CAPITALISATION**

The capitalisation information as at 30 September 2019 set out below has been extracted without material adjustment from Calisen Group Holdings Limited's (formerly CCH1 Limited) historical financial information set out in Part XIII (*Historical Financial Information*) of this Prospectus:

	As at 30 September 2019 (£ in thousands)
<b>Shareholders' equity</b>	
Share capital . . . . .	1,036
Share premium . . . . .	17,988
Total capitalisation . . . . .	<u>19,024</u>

There has been no material change in the Company's capitalisation since 30 September 2019.

The following table sets out the Company's indebtedness as at 30 November 2019:

	As at 30 November 2019 (unaudited) (£ in thousands)
<b>Total current debt</b>	
Guaranteed . . . . .	—
Secured . . . . .	102,005
Unguaranteed/Unsecured . . . . .	<u>—</u>
<b>Total non-current debt (excluding current portion of long-term debt)</b>	
Guaranteed . . . . .	10,000
Secured . . . . .	739,289
Unguaranteed/Unsecured . . . . .	<u>705,728</u>

**NET FINANCIAL INDEBTEDNESS**

The following table sets out the Group's net financial indebtedness as at 30 November 2019:

	As at 30 November 2019 (unaudited) (£ in thousands)
Cash . . . . .	82,837
Cash equivalents . . . . .	—
Trading securities . . . . .	<u>—</u>
<b>Liquidity</b> . . . . .	<b><u>82,837</u></b>
Current bank debt . . . . .	—
Current portion of non-current debt . . . . .	(95,788)
Other current financial debt . . . . .	<u>(11,284)</u>
<b>Current financial debt</b> . . . . .	<b><u>(107,073)</u></b>
<b>Net current financial indebtedness</b> . . . . .	<b><u>(24,236)</u></b>
Non-current bank loans . . . . .	(749,289)
Bonds issued . . . . .	—
Other non-current loans . . . . .	<u>(700,660)</u>
<b>Non-current financial indebtedness</b> . . . . .	<b><u>(1,449,948)</u></b>
<b>Net financial indebtedness</b> . . . . .	<b><u>(1,474,184)</u></b>

The Company had no other indirect or contingent liabilities, or any contingent commitments as at 30 November 2019.

The information presented above in respect of net financial indebtedness includes the net financial indebtedness of Lowri Beck Holdings Limited that was acquired by Calisen on 16 August 2019.

## PART XIII

### HISTORICAL FINANCIAL INFORMATION

#### PART A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION



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The Directors  
Calisen plc  
1 Marsden Street  
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M2 1HW

7 February 2020

Dear Directors

#### **Calisen plc**

We report on the financial information set out in Part B of Part XIII (Historical Financial Information) for (i) Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiary undertakings for the year ended 31 December 2016 and the 31 days ended 31 January 2017; and (ii) Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiary undertakings for the 13 months ended 31 December 2017, the year ended 31 December 2018 and the nine months ended 30 September 2019. This financial information has been prepared for inclusion in the prospectus dated 7 February 2020 of Calisen plc on the basis of the accounting policies set out in Note 1 to Part B of Part XIII (Historical Financial Information). This report is required by Item 18.3.1 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 ('the PR Regulation') and is given for the purpose of complying with that item and for no other purpose. We have not audited or reviewed the financial information for the nine months ended 30 September 2018 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

#### **Responsibilities**

The Directors of Calisen plc are responsible for preparing the financial information on the basis of preparation set out in Note 1 to Part B of Part XIII (Historical Financial Information) and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the prospectus.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the prospectus dated 7 February 2020, a true and fair view of the state of affairs Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiary undertakings as at 31 December 2016 and as at 31 January 2017 and of its consolidated profits/losses, cash flows, other comprehensive income and changes in equity for the year ended 31 December 2016 and for the 31 days ended 31 January 2017 in accordance with the basis of preparation set out in Note 1 to Part B of Part XIII (Historical Financial Information) and in accordance with International Financial Reporting Standards as adopted by the European Union as described in Note 1 to Part B of Part XIII (Historical Financial Information).

In our opinion, the financial information gives, for the purposes of the prospectus dated 7 February 2020, a true and fair view of the state of affairs Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiary undertakings as at 31 December 2017, 31 December 2018 and 30 September 2019 and of its consolidated profits/losses, cash flows, other comprehensive income and changes in equity for the 13 months ended 31 December 2017, the year ended 31 December 2018 and the nine months ended 30 September 2019 in accordance with the basis of preparation set out in Note 1 to Part B of Part XIII (Historical Financial Information) and in accordance with International Financial Reporting Standards as adopted by the European Union as described in Note 1 to Part B of Part XIII (Historical Financial Information).

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

**PART B: HISTORICAL FINANCIAL INFORMATION**

Calisen Group Holdings Limited (formerly CCH1 Limited)

Historical Financial Information

Consolidated Statement of Profit or Loss

	Notes	Predecessor		Successor				
		CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
		Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5	132,802	12,196	141,068	153,264	162,146	119,637	147,968
<b>Total revenue*</b>		<b>132,802</b>	<b>12,196</b>	<b>141,068</b>	<b>153,264</b>	<b>162,146</b>	<b>119,637</b>	<b>147,968</b>
Cost of sales	6	(71,369)	(6,375)	(70,607)	(76,982)	(82,697)	(59,783)	(74,880)
<b>Gross profit</b>		<b>61,433</b>	<b>5,821</b>	<b>70,461</b>	<b>76,282</b>	<b>79,449</b>	<b>59,854</b>	<b>73,088</b>
Administrative expenses	7	(17,868)	(447)	(10,915)	(11,362)	(13,254)	(8,956)	(10,739)
Other expenses	12	—	—	(25,448)	(25,448)	—	—	(6,702)
Amortisation of intangible assets		(132)	(17)	(37,369)	(37,386)	(40,786)	(30,590)	(31,088)
<b>Group operating profit/(loss)</b>		<b>43,433</b>	<b>5,357</b>	<b>(3,271)</b>	<b>2,086</b>	<b>25,409</b>	<b>20,308</b>	<b>24,559</b>
Finance income/(expense)	11	(78,199)	4,925	(78,724)	(73,799)	(91,184)	(53,568)	(94,182)
<b>Profit/(loss) before tax</b>		<b>(34,766)</b>	<b>10,282</b>	<b>(81,995)</b>	<b>(71,713)</b>	<b>(65,775)</b>	<b>(33,260)</b>	<b>(69,623)</b>
Taxation	14	6,669	(181)	2,775	2,594	3,254	(1,089)	2,608
<b>Profit/(loss) for the period</b>		<b>(28,097)</b>	<b>10,101</b>	<b>(79,220)</b>	<b>(69,119)</b>	<b>(62,521)</b>	<b>(34,349)</b>	<b>(67,015)</b>
<b>Attributable to</b>								
Equity holders of the parent		(28,097)	10,101	(79,220)	(69,119)	(62,521)	(34,349)	(67,015)
<b>Earnings per share</b>	13							
Basic and diluted, profit/(loss) for the period attributable to ordinary equity holders of the parent		(28.10)	10.10	(156.91)	(69.12)	(60.32)	(33.14)	(64.66)

All activities of the Group are from continuing operations. The notes on pages 141 to 186 form an integral part of these financial statements.

As described in Note 1, the financial information presented above comprise:

- the consolidated statement of profit and loss of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or “CHL Group”) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017; and
- the consolidated results of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month periods ended 30 September 2018 (unaudited) and 30 September 2019. Calisen Group Holdings Limited (formerly CCH1 Limited) acquired Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and subsidiaries on 31 January 2017, prior to which Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) had no trading activity. The unaudited memorandum aggregated information for the period ended 31 December 2017 represents the addition of the 31 days of financial information of the CHL Group for the period ended 31 January 2017 to the 13 months of financial information of the CGH Group, which includes the trading results of CGH Group from 1 February 2017 which had no trading operations prior to this date. No earnings per share has been disclosed as part of the memorandum aggregate information.

See Note 1 for full details.

\* Revenue for the period to 30 September 2019 includes non-recurring income of £4,726,000 due to a contract modification.

## Consolidated Statement of Other Comprehensive Income

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
Notes	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
<b>Profit/(loss) for the period . . . . .</b>	(28,097)	10,101	(79,220)	(69,119)	(62,521)	(34,349)	(67,015)
<b>Other comprehensive income</b>							
Cash flow hedges (net of tax impact) . . . . .	30 2,632	—	—	—	—	—	—
<b>Total comprehensive profit/(loss) for the period . . . . .</b>	<u>(25,465)</u>	<u>10,101</u>	<u>(79,220)</u>	<u>(69,119)</u>	<u>(62,521)</u>	<u>(34,349)</u>	<u>(67,015)</u>
Total comprehensive income/(loss) attributable to: Equity holders of the parent company . . . . .	(25,465)	10,101	(79,220)	(69,119)	(62,521)	(34,349)	(67,015)

As described in Note 1, the financial information presented above comprise:

- the consolidated results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or “CHL Group”) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017;
- the consolidated results of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month periods ended 30 September 2018 (unaudited) and 30 September 2019. Calisen Group Holdings Limited (formerly CCH1 Limited) acquired Calisen Group Holdings Limited (formerly CCH1 Limited) and subsidiaries on 31 January 2017, prior to which Calisen Group Holdings Limited (formerly CCH1 Limited) had no trading activity. The unaudited memorandum aggregated information for the period ended 31 December 2017 represents the addition of the 31 days of financial information of the CHL Group for the period ended 31 January 2017 to the 13 months of financial information of the CGH Group, which includes the trading results of CGH Group from 1 February 2017 which had no trading operations prior to this date.

See Note 1 for full details.

## Consolidated Statement of Financial Position

	Notes	Predecessor		Successor		
		CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
		31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
		£'000	£'000	£'000	£'000	£'000
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets . . . . .	19	15,880	15,891	644,033	603,254	590,986
Property, plant and equipment . .	20	546,620	552,870	596,800	649,696	786,851
Deferred tax asset . . . . .	15	14	13	25	39	40
Derivative financial instruments .	23	—	—	1,834	5,970	909
		<u>562,514</u>	<u>568,774</u>	<u>1,242,692</u>	<u>1,258,959</u>	<u>1,378,786</u>
<b>Current assets</b>						
Trade and other receivables . . .	25	22,174	24,770	17,944	25,902	51,276
Contract assets . . . . .	5	15,174	13,806	14,097	14,097	23,365
Inventory . . . . .	26	—	—	—	—	1,451
Deferred tax asset . . . . .	15	6,361	909	—	—	—
Cash and cash equivalents . . . .	27	<u>50,896</u>	<u>52,746</u>	<u>81,913</u>	<u>71,597</u>	<u>71,265</u>
		<u>94,605</u>	<u>92,231</u>	<u>113,954</u>	<u>111,596</u>	<u>147,357</u>
<b>Total assets . . . . .</b>		<b><u>657,119</u></b>	<b><u>661,005</u></b>	<b><u>1,356,646</u></b>	<b><u>1,370,555</u></b>	<b><u>1,526,143</u></b>
<b>Current liabilities</b>						
Trade creditors . . . . .	28	23,459	26,746	2,880	14,923	37,093
Other creditors . . . . .	28	25,173	15,111	24,185	10,702	35,301
Interest bearing loans and borrowings . . . . .	23	<u>70,454</u>	<u>75,164</u>	<u>49,422</u>	<u>87,945</u>	<u>112,281</u>
		<u>119,086</u>	<u>117,021</u>	<u>76,487</u>	<u>113,570</u>	<u>184,675</u>
<b>Non-current liabilities</b>						
Interest bearing loans and borrowings . . . . .	23	510,918	521,431	1,206,823	1,266,905	1,401,869
Provisions . . . . .	29	—	—	—	—	804
Derivative financial instruments .	23	51,198	42,064	37,476	22,577	42,679
Deferred tax liability . . . . .	15	<u>5,529</u>	<u>—</u>	<u>96,056</u>	<u>90,220</u>	<u>85,848</u>
		<u>567,645</u>	<u>563,495</u>	<u>1,340,355</u>	<u>1,379,702</u>	<u>1,531,200</u>
<b>Total liabilities . . . . .</b>		<b><u>686,731</u></b>	<b><u>680,516</u></b>	<b><u>1,416,842</u></b>	<b><u>1,493,272</u></b>	<b><u>1,715,875</u></b>
<b>Equity</b>						
Called up share capital . . . . .	30	1,000	1,000	1,036	1,036	1,036
Share premium account . . . . .	30	—	—	17,988	17,988	17,988
Other reserves . . . . .	30	(3,354)	(3,354)	—	—	—
Retained deficit . . . . .		<u>(27,258)</u>	<u>(17,157)</u>	<u>(79,220)</u>	<u>(141,741)</u>	<u>(208,756)</u>
<b>Total equity . . . . .</b>		<b><u>(29,612)</u></b>	<b><u>(19,511)</u></b>	<b><u>(60,196)</u></b>	<b><u>(122,717)</u></b>	<b><u>(189,732)</u></b>
<b>Total equity and liabilities . . . .</b>		<b><u>657,119</u></b>	<b><u>661,005</u></b>	<b><u>1,356,646</u></b>	<b><u>1,370,555</u></b>	<b><u>1,526,143</u></b>

The notes on pages 141 to 186 are an integral part of these financial statements.

As described in Note 1, the financial information presented above comprise:

- the consolidated statement of financial position of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or “CHL Group”) as at 31 December 2016 and 31 January 2017; and
- the consolidated statement of financial position of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) as at 31 December 2017, 31 December 2018 and 30 September 2019.

## Consolidated Statement of Changes in Equity

	Called up share capital	Share premium account	Retained earnings	Other reserves	Total Equity
	£'000	£'000	£'000	£'000	£'000
<i>Predecessor</i>					
<b>CHL Group At 1 January 2016</b>	<b>1,000</b>	—	<b>839</b>	<b>(5,986)</b>	<b>(4,147)</b>
Loss for the year	—	—	(28,097)	—	(28,097)
Other comprehensive income	—	—	—	2,632	2,632
<b>CHL Group At 31 December 2016</b>	<b>1,000</b>	—	<b>(27,258)</b>	<b>(3,354)</b>	<b>(29,612)</b>
Profit for the period	—	—	10,101	—	10,101
Other comprehensive income	—	—	—	—	—
<b>CHL Group At 31 January 2017</b>	<b>1,000</b>	—	<b>(17,157)</b>	<b>(3,354)</b>	<b>(19,511)</b>
<i>Successor</i>					
<b>CGH Group At 30 November 2016</b>	—	—	—	—	—
Loss for the period and total comprehensive loss	—	—	(79,220)	—	(79,220)
<b>Transactions with owners recorded directly in equity</b>					
Issue of share capital	1,036	17,988	—	—	19,024
<b>CGH Group At 31 December 2017</b>	<b>1,036</b>	<b>17,988</b>	<b>(79,220)</b>	—	<b>(60,196)</b>
Loss for the period and total comprehensive loss	—	—	(62,521)	—	(62,521)
<b>CGH Group At 31 December 2018</b>	<b>1,036</b>	<b>17,988</b>	<b>(141,741)</b>	—	<b>(122,717)</b>
Loss for the period and total comprehensive loss	—	—	(67,015)	—	(67,015)
<b>CGH Group At 30 September 2019</b>	<b>1,036</b>	<b>17,988</b>	<b>(208,756)</b>	—	<b>(189,732)</b>

The notes on pages 141 to 186 are an integral part of these financial statements.

As described in Note 1, the financial information presented above comprise:

- the consolidated statement of financial position of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or “CHL Group”) as at 31 December 2016 and 31 January 2017; and
- the consolidated statement of financial position of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) as at 31 December 2017, 31 December 2018 and 30 September 2019.
- the consolidated results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or “CHL Group”) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017;
- the consolidated results of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2019. Calisen Group Holdings Limited (formerly CCH1 Limited) acquired Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and subsidiaries on 31 January 2017, prior to which Calisen Group Holdings Limited (formerly CCH1 Limited) had no trading activity.

See Note 1 for full details.

## Consolidated Statement of Cash Flows

Notes	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
<b>Cash Flows from Operating Activities</b>							
	(34,766)	10,282	(81,995)	(71,713)	(65,775)	(33,260)	(69,623)
19	132	17	37,369	37,386	40,786	30,590	31,088
20	68,013	5,760	63,725	69,485	76,901	56,856	63,524
11	(84)	(1)	(31)	(32)	(181)	(113)	(243)
11	78,283	(4,924)	78,755	73,831	91,365	53,681	94,425
6	3,624	638	7,175	7,813	6,096	3,147	5,233
11	84	1	31	32	181	113	243
	(32,604)	(43,950)	(33,950)	(77,900)	(93,567)	(49,742)	(30,875)
14	(512)	(23)	(1,519)	(1,542)	(3,177)	(1,848)	(2,950)
	—	—	25,448	25,448	—	—	500
	—	—	—	—	(365)	—	—
	(1,283)	—	(1,174)	(1,174)	(7)	—	(395)
25	(8,756)	249	390	639	(8,303)	(6,623)	(23,694)
28	23,306	32,522	(22,272)	10,250	8,322	20,206	36,115
	<b>95,437</b>	<b>571</b>	<b>71,952</b>	<b>72,523</b>	<b>52,276</b>	<b>73,007</b>	<b>103,348</b>
<b>Cash Flows from/(used in) Investing Activities</b>							
	17,506	1,077	20,963	22,040	29,827	26,527	13,800
16	—	—	(542,541)	(542,541)	5,104	—	(6,150)
	—	—	(25,448)	(25,448)	—	—	(500)
	—	—	52,746	—	—	—	178
20	(225,610)	(13,726)	(135,771)	(149,497)	(170,458)	(120,669)	(213,765)
	—	(28)	—	(28)	—	—	(94)
	<b>(208,104)</b>	<b>(12,677)</b>	<b>(630,051)</b>	<b>(695,474)</b>	<b>(135,527)</b>	<b>(94,142)</b>	<b>(206,531)</b>
<b>Cash Flows from/(used in) Financing Activities</b>							
21	(84)	(21)	(63)	(84)	(84)	(62)	(127)
	214,613	13,977	723,835	737,812	416,022	85,961	166,243
	(68,745)	—	(102,784)	(102,784)	(343,003)	(48,479)	(63,265)
	—	—	19,024	19,024	—	—	—
	<b>145,784</b>	<b>13,956</b>	<b>640,012</b>	<b>653,968</b>	<b>72,935</b>	<b>37,420</b>	<b>102,851</b>
	33,117	1,850	81,913	31,017	(10,316)	16,285	(332)
	17,779	50,896	—	50,896	81,913	81,913	71,597
	<b>50,896</b>	<b>52,746</b>	<b>81,913</b>	<b>81,913</b>	<b>71,597</b>	<b>98,198</b>	<b>71,265</b>

The notes on pages 141 to 186 are an integral part of these financial statements

As described in Note 1, the financial information presented above comprise:

- the consolidated statement of financial position of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or CHL Group”) as at 31 December 2016 and 31 January 2017; and
- the consolidated statement of financial position of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) as at 31 December 2017, 31 December 2018 and 30 September 2019.
- the consolidated results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries (the “Predecessor Group” or “CHL Group”) for the year ended 31 December 2016 and the 31-day period ended 31 January 2017;
- the consolidated results of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries (the “Successor Group” or “CGH Group”) for the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month periods ended 30 September 2018 (unaudited) and 30 September 2019. Calisen Group Holdings Limited (formerly CCH1 Limited) acquired Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and subsidiaries on 31 January 2017, prior to which Calisen Group Holdings Limited (formerly CCH1 Limited) had no trading activity. The unaudited memorandum aggregated information for the period ended 31 December 2017 represents the addition of the 31 days of financial information of the CHL Group for the period ended 31 January 2017 to the 13 months of financial information of the CGH Group, which includes the trading results of CGH Group from 1 February 2017 which had no trading operations prior to this date.

See Note 1 for full details.

## Notes to the Consolidated Financial Statements

### 1. Basis of preparation

Calisen Group Holdings Limited (formerly CCH1 Limited) (the “Successor Company” or “CGH”) is a private company incorporated in the UK on 30 November 2016 and prepared its first financial statements for the 13-month period ended 31 December 2017. Its registered office is at 5th Floor 1 Marsden Street, Manchester, England, M2 1HW. CGH was incorporated for the purposes of acquiring the share capital of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited and prior to that, Calvin Capital Group Holdings Limited) (“CHL”). Calisen Group Holdings Limited (formerly CCH1 Limited) will be indirectly acquired by Calisen plc through Calisen plc’s acquisition of a parent of CGH.

On 31 January 2017, CGH acquired 100% of the issued share capital of CHL. CHL at the time was the ultimate parent company of the subsidiaries detailed in note 17. CGH is the new parent entity within the corporate structure and did not trade prior to the acquisition of CHL.

The historical financial information presented as at and for the year ended 31 December 2016 and as at and for the 31-day period ended 31 January 2017 comprises the consolidated statements of profit or loss, other comprehensive income, financial position, changes in equity and cash flows of CHL and its subsidiaries (together referred to as the “Predecessor Group” or “CHL Group”). The historical financial information presented as at and for the 13-month period ended 31 December 2017, as at and for the year ended 31 December 2018, as at and for the nine-month period ended 30 September 2018 (unaudited) and as at and for the nine-month period ended 30 September 2019 comprises the consolidated statements of profit or loss, other comprehensive income, financial position, changes in equity and cash flows of CGH and its subsidiaries (together referred to as the “Successor Group” or “CGH Group”). This financial information is collectively referred to as the “Historical Financial Information”.

The unaudited memorandum aggregated information for the period ended 31 December 2017 represents the addition of the financial information of the CHL Group for the 31-day period ended 31 January 2017 to the financial information of the CGH Group for the 13-month period ended 31 December 2017, which reflects the trading results of CGH Group from 1 February 2017 which had no trading operations prior to this date. These results are combined to provide additional information on the annualised trading results and no consolidation adjustments have been included. The consolidated statement of profit and loss, and the consolidated statement of comprehensive income of the CGH Group for the 13-month period ended 31 December 2017 includes the effects of acquisition accounting performed on the acquisition of CHL by CGH as described in Note 16. As such, the results of the Predecessor Group are not directly comparable to those of the Successor Group.

Accordingly references to “Predecessor Group” and “Predecessor Company” in the historical financial information refer to CHL Group and CHL for the year ended 31 December 2016 and 31-day period ended 31 January 2017. In relation to the 13-month period ended 31 December 2017, the year ended 31 December 2018 and the nine-month period ended 30 September 2018 (unaudited) and nine-month period ended 30 September 2019, references to the “Successor Group” and “Successor Company” refer to the CGH Group and CGH respectively. References throughout the historical financial information to “the Group” and “the Company” relate to both the Predecessor and Successor Group and Company. The Group is a Meter Asset Provider (“MAP”) that procures, installs, owns and manages a growing portfolio of domestic electricity and gas meters, with a particular focus on smart meters.

The historical financial information has been prepared for the purposes of the Prospectus in accordance with the requirements of the Listing Rules, the Prospectus Regulation and this basis of preparation, including the accounting policies set out below. The financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”). IFRS comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) as adopted in the EU that are in effect as at 30 September 2019. The policies set out below have been applied consistently throughout all the periods presented to items considered material to the consolidated financial information. The historical financial information does not constitute statutory accounts within the meaning of section 434(30) of the Companies Act 2006. Consolidated statutory accounts relating to CGH for the 13-month period ended 31 December 2017 and the year ended 31 December 2018 have been filed with the Registrar of Companies. Both of the relevant audit reports were unmodified.

In preparing the historical financial information, the Predecessor Group’s opening statement of financial position was prepared as at 1 January 2016, the Group’s date of transition to IFRS.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. The following exemptions have been applied.

#### *Business Combinations*

IFRS 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2016. Use of this exemption means that the carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed costs at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Predecessor Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the carrying amount of goodwill at the date of transition must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Predecessor Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2016.

#### *Leases*

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.

#### **(a) Going concern**

Notwithstanding net liabilities of £189,732,000 as at 30 September 2019, and a loss for the nine-month period then ended of £67,015,000, the Directors consider the going concern basis of preparation for the Company to be appropriate for the following reasons. The Group generated net cash flows from operating activities for the nine months ended 30 September 2019 of £103,348,000. Within the Group's long-term liabilities at 30 September 2019 are £583,173,000 in subordinated loan notes due to an intermediate parent entity, Evergreen Holdco S.a.r.l, with a mandatory redemption date of December 2027. Related to these loan notes is accrued interest of £108,633,000. In accordance with the loan note agreement, interest accrues on the outstanding loan balance and any unpaid interest. The timing of interest payments is at the discretion of the Group and therefore cannot be called in by the loan note holders within 12 months from the date of approval of this historical financial information.

The Group has prepared cash flow forecasts for a period of at least 12 months from the date of approval of the historical financial information which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, through access to resources derived from its long-term contractual revenue streams, funding from its existing facilities which include undrawn funds totaling £855,013,000 at 30 September 2019 and cash resources, to meet its liabilities as they fall due for that period. In preparing these cashflows the Group has considered the possibility of both completing and not completing the Offer and Admission.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of issue of the historical financial information and therefore have prepared the historical financial information 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 thousand except where otherwise indicated.

The preparation of historical financial information requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the historical financial information 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 historical financial information, are disclosed in Note 3.

The historical financial information is prepared on the historical and amortised cost bases, except certain financial assets and financial liabilities, which are stated at their fair value.

**(c) Standards issued but not yet effective**

IFRS 3 (amendment) . . . . .	Definition of a Business	1 January 2020
IAS 1 and IAS 8 (amendment) . .	Definition of Material	1 January 2020
CF . . . . .	Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17 . . . . .	Insurance Contracts	1 January 2021

No material impact is expected on the adoption of these standards.

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

**(d) Presentation of financial statements in accordance with IAS 1**

The historical financial information is prepared in accordance with IAS 1 *Presentation of Financial Statements*. The Group has elected to present a separate consolidated statement of profit or loss and consolidated statement of other comprehensive income.

**(e) Basis of consolidation**

The historical financial information consolidates the CHL Group and all of its subsidiary undertakings for the year-ended 31 December 2016 and period ended 31 January 2017, and consolidates the CGH Group and all of its subsidiary undertakings for the 13-month period ended 31 December 2017, year-ended 31 December 2018 and nine-month period ended 30 September 2018 (unaudited) and nine-month period ended 30 September 2019.

The consolidated historical financial information is based on the historical financial information of subsidiaries whose year ends are coterminous with those of the Company and whose accounting policies have been consistently applied throughout the Group.

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 historical financial information.

**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, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

Any contingent consideration that is 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 statement of profit or loss.

## 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 historical financial information 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 historical financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 the 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 re-assessed 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

### (i) MAP services

Revenue from MAP services represents the meter provision charge (or "MPC") which is the monthly payment the Group receives 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.

The provision of the MAP services is considered a single performance obligation as outlined in section (iii) of "significant judgements" 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.

(ii) Technical services

Revenues from technical services represent fees earned from energy retailers for installation of meters by the Lowri Beck operating segment.

The provision of the installation services is considered a separate performance obligation. Revenue is recognised at a point in time on completion of the services.

(iii) Non-technical services

Revenues from non-technical services represent meter reading and data management services provided to the 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 these are separately identifiable services which are not necessary to bring the meter asset into use.

Other income

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

CGH monitors the number of meters installed and the MAP services revenue per meter split between smart and traditional meters. No warranties are offered and the transaction price is the contracted price with no other adjustment or assumptions being required for the calculation.

***Significant judgements***

(i) Classification of meter income

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

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

(ii) Contract with the customer and contract term

The Group's arrangements with the energy retailers for MAP services include the general terms and conditions by which the arrangement is 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 the individual orders are considered to be the contract under IFRS 15. The customer can terminate the contract at any time without substantive penalty. As such the contracts are treated as month-to-month contracts for accounting purposes. When the 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 will either receive compensation income or the meter will be returned.

(iii) Performance obligations

Over the course of the 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 promise 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.

(iv) Costs to obtain a contract

The Group incurs sales commissions to employees that are contingent on successfully securing the MAP service arrangements with customers. As such these commissions are considered incremental costs of obtaining the contracts 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, the capitalised contracts 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 the 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 will be 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 statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *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;
- 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, and 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;
- 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 re-assessed 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 to 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 that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) 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 set off current tax assets and current tax liabilities, 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 statement of profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments 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 statement of profit or loss.

## **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 re-assesses 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 cash-generating unit.

### ***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 are comprised primarily of 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
- The ability to measure reliably the expenditure during development

Following initial recognition of the 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 statement of profit or loss 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 . . . . .	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 the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (“CGU”) 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 10 years or straight line to 2021
Prepayment meters . . . . .	The period which is shorter of 10 years and 2021
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 20.

Computer hardware, fixtures and fittings office equipment, motor vehicles and leasehold improvements are disclosed within “Other Fixed Assets” within Note 20.

Depreciation and profits/(losses) on the disposal of equipment are disclosed within cost of sales in the consolidated statement of profit or loss.

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

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**

Leases in which 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 re-measurement 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
- re-measuring 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 statement of profit or loss in “Administrative Expenses” and “Finance Costs” 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 balance sheet.

## **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 other comprehensive income (“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, 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 refers to how it manages 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.

#### **Subsequent measurement**

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

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

#### **Financial assets at amortised cost (trade 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 on specified dates 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.

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 statement of profit or loss.

### **Derecognition**

A financial asset (or, where applicable, a 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 uses an invoice discounting facility with a third party factoring company. 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 on the consolidated balance sheet and the amount due to the factoring company is included in Other creditors.

### **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 all 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 in calculating ECLs. Therefore, 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 that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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.

### **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.

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 payables 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 statement of profit or loss.

### **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 re-measured at fair value.

Where hedging is to be undertaken, the Group documents the relationship between the hedged item and the hedging instrument at the inception of the transaction, as well as the risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Hedge accounting is only applicable for the year ended 31 December 2016 as hedge accounting was discontinued in this period.

## **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 schemes for employees. A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have 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 statement of profit or loss in the periods during which services are rendered by employees. The assets of the plan are held separately from the Group in independently administrated 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. The provisions arise principally in connection with estimated obligations under property leases to restore leased properties to the original pre-rental condition. The 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. Also, the following parties are related parties: shareholders, subsidiaries of shareholders, directors and other key management of Calisen Group Holdings Limited (formerly CCH1 Limited). Transactions between Group companies are eliminated in the consolidation. Related party transactions are disclosed in note 29.

## **2.19 Interest income and expense**

Interest income and interest payable are recognised in the consolidated statement of profit or loss as they accrue, using the effective interest method.

## **3. Significant accounting judgements and estimates**

### ***Critical accounting judgements in applying the Company's accounting policies***

Preparation of the historical financial information 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).

### ***Estimation uncertainty in applying the Company's accounting policies***

#### ***Development Costs***

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 September 2019, the carrying amount of capitalised development costs was £6,658,000 (30 September 2018: £nil).

## **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.

## **Valuation of intangible assets arising as a result of a business combination**

Following the acquisitions in 2017 and 2019, management undertook a purchase price allocation exercise to identify the separable identifiable intangibles. Management made judgements relating to the fair value of the assets and liabilities acquired. Refer to Note 16 for further details.

## **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 22.

## **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 20 for the carrying amount of the property, plant and equipment, and note 2.10 for the accounting policy for fixed assets including the useful economic lives for each class of assets.

## **4. Segmental reporting**

The Directors consider there to be two operating and reportable segments, as follows:

- Calvin Capital, which provides MAP services; and
- Lowri Beck, which provides MAP services and also provides meter installation, reading and maintenance services.

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

The Chief Executive Officer (CEO) 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 the operating segment is primarily assessed on operating profit.

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

	<u>Calvin Capital</u> £'000	<u>Lowri Beck</u> £'000	<u>Total Operations</u> £'000
<b>9 months ended 30 September 2019</b>			
<b>Segment Revenue</b>			
MAP Services			
Traditional Meter Revenue . . . . .	50,213	925	51,138
Smart Meter Revenue . . . . .	88,507	—	88,507
Non Technical Services . . . . .	—	2,761	2,761
Technical Services . . . . .	—	2,562	2,562
Other Income . . . . .	3,000	—	3,000
<b>Total Revenue from External Customers . . . . .</b>	<b>141,720</b>	<b>6,248</b>	<b>147,968</b>
Cost of Sales . . . . .	—	(6,522)	(6,522)
Depreciation of property, plant and equipment . . . . .	(62,947)	(268)	(63,215)
Loss on disposal of fixed assets . . . . .	(5,143)	—	(5,143)
<b>Segment gross profit . . . . .</b>	<b>73,630</b>	<b>(542)</b>	<b>73,088</b>
Depreciation of property, plant and equipment . . . . .	(257)	(60)	(317)
Net foreign exchange gain . . . . .	(1)	—	(1)
Other expense . . . . .	(6,702)	—	(6,702)
Overheads . . . . .	(9,906)	(515)	(10,421)
Amortisation . . . . .	(30,899)	(189)	(31,088)
<b>Segment operating profit . . . . .</b>	<b>25,865</b>	<b>(1,306)</b>	<b>24,559</b>
Finance income/(expense) . . . . .	(93,951)	(231)	(94,182)
<b>Loss before tax . . . . .</b>	<b>(68,086)</b>	<b>(1,537)</b>	<b>(69,623)</b>
Tax . . . . .	2,594	14	2,608
<b>Loss for the period . . . . .</b>	<b>(65,492)</b>	<b>(1,523)</b>	<b>(67,015)</b>
<b>Capital Expenditure . . . . .</b>	<b>213,765</b>	<b>—</b>	<b>213,765</b>

Capital expenditure consists of additions of property, plant and equipment.

### Geographic information

Revenue from external customers by geographic market is disclosed in note 5. Set out below is the breakdown of non-current operating assets by geographic market.

	<u>Predecessor</u>		<u>Successor</u>		
	<u>CHL Group</u>	<u>CHL Group</u>	<u>CGH Group</u>	<u>CGH Group</u>	<u>CGH Group</u>
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
<b>Geographical markets</b>					
UK . . . . .	562,501	568,761	1,236,692	1,252,950	1,377,837
Australia . . . . .	—	—	4,142	—	—
<b>Total . . . . .</b>	<b>562,501</b>	<b>568,761</b>	<b>1,240,834</b>	<b>1,252,950</b>	<b>1,377,837</b>

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Prior to the acquisition of Lowri Beck in August 2019 (Note 16) all activities were in the Calvin Capital segment. As such for the nine-month period ended 30 September 2018 and for the years ended 31 December 2018, 2017 and 2016 no further segment disclosure is required.

## 5. Revenue from contracts with customers

### 5.1 Disaggregated revenue information

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

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000		Unaudited £'000	
<b>Revenue from contracts with customers</b>							
MAP services	128,168	11,916	137,052	148,969	158,249	116,689	139,645
Non-Technical Services	—	—	—	—	—	—	2,761
Technical Services	—	—	—	—	—	—	2,562
Other income	4,634	280	4,016	4,295	3,897	2,948	3,000
Total revenue	<u>132,802</u>	<u>12,196</u>	<u>141,068</u>	<u>153,264</u>	<u>162,146</u>	<u>119,637</u>	<u>147,968</u>
<b>Geographical markets</b>							
UK	132,802	12,196	140,637	152,833	161,613	119,153	147,968
Australia	—	—	431	431	533	484	—
Total revenue	<u>132,802</u>	<u>12,196</u>	<u>141,068</u>	<u>153,264</u>	<u>162,146</u>	<u>119,637</u>	<u>147,968</u>
<b>Timing of revenue recognition</b>							
Transferred over time	132,802	12,196	141,068	153,264	162,146	119,637	142,645
Transferred at a point in time	—	—	—	—	—	—	5,323
Total revenue	<u>132,802</u>	<u>12,196</u>	<u>141,068</u>	<u>153,264</u>	<u>162,146</u>	<u>119,637</u>	<u>147,968</u>
Contract assets	15,174	13,806	14,097	14,097	14,097	—	23,365
Trade receivables (Note 25)	14,834	18,065	17,235	17,235	19,030	—	37,757
Costs to obtain contracts with customers	1,219	1,208	2,226	2,226	2,019	—	2,247

On 27 June 2019 the group entered into a contract modification with a major customer. As a result of this contract modification non-recurring income of £4,726,000 arises in the period to 30 September 2019.

*The Group bills monthly in arrears based on the services provided. As such, at the period ending 30 September 2019, £23,365,000 (year ended 31 December 2018: £14,097,000, year ended 31 December 2017: £14,096,000; 31-day period ended January 2017: £13,806,000; year ended 31 December 2016 £15,174,000) of contract assets 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 2018, £213,000 of amortisation was recorded in administrative expenses (for the year ended 31 December 2017 £167,000; 31-day ended 31 January 2017 £11,000; year ended 31 December 2016 £64,000; nine-month period ended 30 September 2018: £160,000; nine-month period ended 30 September 2019: £167,000).

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. In the year ended 31 December 2018, £1,323,000 (year ended 31 December 2017: £147,000; 31-day period ended January 2017: £107,000; year ended 31 December 2016 £107,000; nine-month period ended September 2019: £1,193,000) was recognised as provision for expected credit losses on trade receivables.

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.

## 6. Cost of sales

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Depreciation of property, plant and equipment (meters) . . . .	(67,745)	(5,737)	(63,432)	(69,169)	(76,551)	(56,636)	(63,215)
Loss on disposal of property, plant and equipment (meters) net of compensation income	(3,624)	(638)	(7,175)	(7,813)	(6,146)	(3,147)	(5,143)
Employee benefits expense and other direct costs . . . . .	—	—	—	—	—	—	(6,522)
<b>Total cost of sales . . . . .</b>	<b><u>(71,369)</u></b>	<b><u>(6,375)</u></b>	<b><u>(70,607)</u></b>	<b><u>(76,982)</u></b>	<b><u>(82,697)</u></b>	<b><u>(59,783)</u></b>	<b><u>(74,880)</u></b>

## 7. Administrative expenses

Included in administrative expenses are the following:

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Depreciation of property, plant and equipment . . . .	(268)	(25)	(321)	(346)	(350)	(220)	(317)
Net foreign exchange loss . . . .	—	—	(173)	(173)	(87)	(15)	(1)
Short-term lease expense . . . .	(60)	—	—	—	—	—	—
Auditors' remuneration (Note 8) . . . . .	(85)	—	(154)	(154)	(130)	(131)	(159)
Employee benefits expense (Note 9) . . . . .	(15,318)	(288)	(5,902)	(6,190)	(6,065)	(3,939)	(5,236)
Overheads . . . . .	<u>(2,137)</u>	<u>(134)</u>	<u>(4,365)</u>	<u>(4,499)</u>	<u>(6,622)</u>	<u>(4,651)</u>	<u>(5,026)</u>
<b>Total administrative expenses . . . . .</b>	<b><u>(17,868)</u></b>	<b><u>(447)</u></b>	<b><u>(10,915)</u></b>	<b><u>(11,362)</u></b>	<b><u>(13,254)</u></b>	<b><u>(8,956)</u></b>	<b><u>(10,739)</u></b>

Overheads are predominantly made up of legal and professional fees. Employee benefits expense in the year-ended 31 December 2016 includes bonuses payable on the sale of the business to CGH.

## 8. Auditors' Remuneration

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Audit of the Group financial statements							
Auditor of CHL	(85)	—	—	—	—	—	—
Auditor of CGH	—	—	(154)	(154)	(130)	(131)	(159)
<b>Amounts payable to Group's auditor and its associates in respect of:</b>							
Taxation compliance services	(30)	—	(15)	(15)	(49)	—	(34)
Other services relating to taxation	(74)	—	(120)	(120)	—	—	(328)
Services relating to corporate finance transactions	—	—	(1,163)	(1,163)	—	—	(1,312)
Other services not covered above	(85)	—	(16)	(16)	(15)	—	—
	<u>(189)</u>	<u>—</u>	<u>(1,314)</u>	<u>(1,314)</u>	<u>(64)</u>	<u>—</u>	<u>(1,674)</u>

Services relating to corporate finance transactions are included within other operating expenses in the consolidated statement of profit or loss.

## 9. Employee benefits expense

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

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
<b>Included in cost of sales</b>							
Wages and salaries	—	—	—	—	—	—	(4,861)
Social security costs	—	—	—	—	—	—	(411)
Defined contribution costs	—	—	—	—	—	—	(95)
<b>Included in administrative expenses</b>							
Wages and salaries	(12,920)	(264)	(4,794)	(5,058)	(4,894)	(3,233)	(4,260)
Social security costs	(1,846)	(1)	(754)	(755)	(668)	(333)	(537)
Defined contribution costs	(552)	(23)	(354)	(377)	(503)	(373)	(439)
<b>Total employee benefits expense</b>	<u>(15,318)</u>	<u>(288)</u>	<u>(5,902)</u>	<u>(6,190)</u>	<u>(6,065)</u>	<u>(3,939)</u>	<u>(10,603)</u>

Employee benefits expense in the year-ended 31 December 2016 includes bonuses payable on the sale of the business to CGH.

Employee benefits expense for the nine-month period ended 30 September 2019 includes, within cost of sales, the expense for the Lowri-Beck subsidiary from the date of acquisition.

The average monthly number of employees during the periods set out below was made up as follows:

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	No.	No.	No.	Unaudited No.	No.	Unaudited No.	No.
Management and Administration . . . . .	34	35	35	35	38	43	197
Operational Staff . . . . .	—	—	—	—	—	—	1,509
	<u>34</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>38</u>	<u>43</u>	<u>1,706</u>

## 10. Compensation of key management personnel

The following amounts were recognised as an expense during the reporting period related to compensation of key management personnel being the Directors of the Company.

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Salaries and short-term benefits	(9,073)	(63)	(2,122)	(2,185)	(1,776)	(865)	(1,000)
Contributions to money purchase pension plans . . . . .	—	(3)	(62)	(65)	(114)	(86)	(86)
	<u>(9,073)</u>	<u>(66)</u>	<u>(2,184)</u>	<u>(2,250)</u>	<u>(1,890)</u>	<u>(951)</u>	<u>(1,086)</u>

The highest paid Director received total compensation of £701,129 in the year ended 31 December 2018 (year ended 31 December 2017: £616,110; 31-day period ended 31 January 2017: £28,300; year ended 31 December 2016: £4,903,000; nine-month period ended September 2018: £301,805; nine-month period ended September 2019: £412,375).

## 11. Finance income/(expense)

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Bank interest receivable . . . . .	84	1	31	32	181	113	126
Senior debt commitment fees . . .	(3,474)	(296)	(2,876)	(3,172)	(3,846)	(2,848)	(2,859)
Agency and technical advisor fees . . . . .	—	(63)	(495)	(558)	(797)	(546)	(230)
Fair value movement on derivative financial instruments . . . . .	(27,201)	9,134	6,423	15,557	17,605	19,500	(25,163)
Derivative breakage fees . . . . .	(839)	—	(4,845)	(4,845)	(9,419)	(3,577)	(840)
Ineffectiveness of cash flow hedge . . . . .	(2,468)	—	—	—	—	—	—
Recycling of cash flow hedge to profit and loss . . . . .	(1,333)	—	—	—	—	—	—
Amortisation of debt issue costs . . .	(3,613)	(334)	(4,433)	(4,767)	(11,777)	(3,730)	(2,136)
Letter of credit fees and other charges . . . . .	(3,173)	(363)	(6,601)	(6,964)	(8,601)	(5,989)	(7,504)
Interest payable on bank loans . . .	(19,695)	(1,603)	(22,438)	(24,041)	(23,871)	(18,367)	(15,952)
Interest payable on shareholder loans . . . . .	(16,413)	(1,545)	(43,423)	(44,968)	(50,587)	(38,071)	(39,507)
Unwinding of discount on lease liabilities . . . . .	(74)	(6)	(67)	(73)	(72)	(53)	(117)
Total finance cost . . . . .	<u>(78,199)</u>	<u>4,925</u>	<u>(78,724)</u>	<u>(73,799)</u>	<u>(91,184)</u>	<u>(53,568)</u>	<u>(94,182)</u>

## 12. Other operating expenses

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Acquisition-related transaction costs . . . . .	—	—	(25,448)	(25,448)	—	—	(6,702)
	—	—	(25,448)	(25,448)	—	—	(6,702)

## 13. Earnings per share (“EPS”)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	Predecessor		Successor			
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	£'000	Unaudited £'000	£'000
Profit/(loss) attributable to ordinary equity holders of the parent . . . . .	(28,097)	10,101	(79,220)	(62,521)	(34,349)	(67,015)
Weighted average number of ordinary shares for basic EPS . . . . .	1,000	1,000	505	1,036	1,036	1,036
EPS . . . . .	(28.10)	10.10	(156.91)	(60.32)	(33.14)	(64.66)

## 14. Taxation

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
<b>Current tax</b>							
Current tax on Profit/(loss) for the year	—	(530)	(2,122)	(2,652)	(2,466)	(3,370)	(2,203)
Adjustment in respect of prior periods	—	—	—	—	(120)	(120)	—
<b>Total current tax</b>	<u>—</u>	<u>(530)</u>	<u>(2,122)</u>	<u>(2,652)</u>	<u>(2,586)</u>	<u>(3,490)</u>	<u>(2,203)</u>
<b>Deferred tax</b>							
Origination and reversal of timing differences	7,572	349	4,897	5,246	6,565	2,605	8,516
Tax rate changes	(903)	—	—	—	(707)	274	(877)
Adjustment in respect of prior periods	—	—	—	—	(18)	(478)	(2,828)
<b>Total deferred tax</b>	<u>6,669</u>	<u>349</u>	<u>4,897</u>	<u>5,246</u>	<u>5,840</u>	<u>2,401</u>	<u>4,811</u>
<b>Tax on profit on ordinary activities</b>	<u>6,669</u>	<u>(181)</u>	<u>2,775</u>	<u>2,594</u>	<u>3,254</u>	<u>(1,089)</u>	<u>2,608</u>

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
<b>Deferred tax related to items recognised in OCI during the year:</b>							
Net gains / (losses) on revaluation of cash flow hedges	1,040	—	—	—	—	—	—
<b>Income tax recognised in other comprehensive income</b>	<u>1,040</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

## Reconciliation of tax charge for the period

A reconciliation between tax expense and the product of accounting profit multiplied by the standard rate of corporation tax in the UK of 19% (2017—19.25%; 2016 20%) as set out below:

	Predecessor		Successor				
	CHL Group Year ended 31 December 2016	CHL Group 31-day period ended 31 January 2017	CGH Group 13-month period ended 31 December 2017	Memorandum aggregate Year ended 31 December 2017	CGH Group Year ended 31 December 2018	CGH Group Nine-month period ended 30 September 2018	CGH Group Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Accounting gain/(loss)							
before tax	<u>(34,766)</u>	<u>10,282</u>	<u>(81,995)</u>	<u>(71,713)</u>	<u>(65,775)</u>	<u>(33,260)</u>	<u>(69,623)</u>
At the UK's standard rate of corporation tax of 19% (2017—19.25%, 2016—20%)	6,953	(2,056)	16,032	13,976	12,497	6,321	13,228
<b>Effects of:</b>							
Effect of tax rates in foreign jurisdictions	—	—	(11)	(11)	(11)	—	—
Reduction in tax rate on deferred tax balances	(903)	—	(176)	(176)	(707)	274	(877)
Adjustments in respect of prior periods	—	—	—	—	(138)	(598)	(2,828)
Non-deductible expenses	(1,294)	—	218	218	318	(7,176)	(6,756)
Income not subject to taxation	1,449	—	—	—	19	—	—
Acquisition costs (not deductible for tax)	—	—	(4,899)	(4,899)	—	—	—
Other adjustments, reliefs and transfers	222	1,875	(1,347)	528	875	111	171
Current period losses for which no deferred tax asset was recognised	156	—	(3,798)	(3,798)	—	—	(341)
Transfer pricing adjustments	—	—	(3,244)	(3,244)	(9,599)	—	—
Group relief surrendered/ (claimed)	(561)	—	—	—	—	—	—
Other	647	—	—	—	—	(21)	11
<b>Total tax charge/(credit)</b>	<u><b>6,669</b></u>	<u><b>(181)</b></u>	<u><b>2,775</b></u>	<u><b>2,594</b></u>	<u><b>3,254</b></u>	<u><b>(1,089)</b></u>	<u><b>2,608</b></u>

## Factors that may affect future tax charges

The UK corporation tax rate has reduced to 19% for financial years beginning 1 April 2018 and will reduce to 17% for financial years beginning 1 April 2020. Deferred tax balances have been calculated at a rate of 17% as this is the rate at which the majority of the timing differences are expected to reverse.

## 15. Deferred tax

	Predecessor		Successor			
	CHL Group Year ended 31 December 2016	CHL Group 31-day period ended 31 January 2017	CGH Group 13-month period ended 31 December 2017	Memorandum aggregate Year ended 31 December 2017	CGH Group Year ended 31 December 2018	CGH Group Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	£'000
<b>Opening deferred tax asset/(liability)</b>	(6,863)	846	—	—	(96,031)	(90,181)
Increase in provision through consolidated income statement	6,669	349	4,897	4,897	5,840	4,811
Increase in provision through consolidated statement of other comprehensive income	1,040	—	—	—	—	—
Deferred tax on business combination	—	—	(101,197)	(101,197)	—	(438)
Other deferred tax movements	—	(273)	269	269	10	—
<b>Closing deferred tax asset/(liability)</b>	<u><b>846</b></u>	<u><b>922</b></u>	<u><b>(96,031)</b></u>	<u><b>(96,031)</b></u>	<u><b>(90,181)</b></u>	<u><b>(85,808)</b></u>

The following table provides details of the temporary differences and unused tax losses for which deferred tax has not been recognised:

	Predecessor		Successor			
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	£'000	Unaudited £'000	£'000
Unused tax losses—UK** . . . . .	16,559	16,559	16,559	16,559	16,559	22,412
Interest restriction carried forward . . . . .	—	—	15,112	36,538	31,241	59,324
Other temporary differences . . . . .	—	—	—	—	—	30

\*\* The unused tax losses have no fixed expiry date.

The Group's provision for deferred taxation consists of the tax effect of temporary differences in respect of:

	Predecessor		Successor			
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	£'000
Excess of taxation allowances over depreciation on property, plant and equipment . . . . .	(7,316)	(7,316)	(18,294)	(18,294)	(23,097)	(26,948)
Tax losses available . . . . .	730	—	10,683	10,683	16,630	19,748
Short term timings differences . . . . .	7,418	8,224	6,255	6,255	2,869	7,165
Deferred tax arising on intangible fixed assets . . . . .	—	—	(94,700)	(94,700)	(86,622)	(85,271)
Other taxable temporary differences . . . . .	—	—	—	—	—	(542)
Deferred tax on IFRS 16 lease adjustments . . . . .	14	14	25	25	39	40
	<u>846</u>	<u>922</u>	<u>(96,031)</u>	<u>(96,031)</u>	<u>(90,181)</u>	<u>(85,808)</u>

The recognition of deferred tax assets arising on tax losses in entities which have suffered a loss in either the current or preceding period is supported by the existing taxable temporary differences which support that sufficient future taxable profits will be available to utilise such assets.

The deferred tax included in the consolidated statement of comprehensive income is as follows:

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13-month period ended 31 December 2017	Year ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Accelerated capital allowances . . . . .	4,605	—	(4,538)	(4,538)	(4,803)	(3,052)	(4,414)
Tax losses . . . . .	(3,255)	—	4,935	4,935	5,947	3,178	2,573
Short term timings differences . . . . .	5,305	349	(2,750)	(2,401)	(3,396)	(3,538)	4,264
Deferred tax arising on intangible fixed assets . . . . .	—	—	7,236	7,236	8,078	5,953	2,931
Other taxable temporary differences . . . . .	—	—	—	—	—	(151)	(544)
Deferred tax on IFRS 16 lease adjustments . . . . .	14	—	14	14	14	11	1
	<u>6,669</u>	<u>349</u>	<u>4,897</u>	<u>5,246</u>	<u>5,840</u>	<u>2,401</u>	<u>4,811</u>

The standard rate of UK Corporation Tax on ordinary activities was 19% in the year ended 31 December 2018 (19.25% in the year ended 31 December 2017). This follows a reduction from 20% to 19% on 1 April 2017 following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015. The Spring Budget on 16 March 2016 announced a further reduction in the corporation tax rate to 17% for the Financial Year beginning 1 April 2020. This change was substantively enacted in Finance Act 2016 on 15 September 2016.

These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. The closing UK deferred tax balances at each balance sheet date have been calculated at the tax rates at which the deferred tax balance is expected to be reversed in future periods based on the substantively enacted tax rates at each balance sheet date.

## 16. Business combinations

### Acquisitions in 2017

#### Calisen Holdco Limited (formerly Calvin Capital Holdco Limited and prior to that Calvin Capital Group Holdings Limited)

On 31 January 2017, the Group acquired 100% the share capital of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited and prior to that Calvin Capital Group Holdings Limited), a non-listed company based in the UK, and therefore the other subsidiaries in the Calvin Group which were owned by Calisen Holdco Limited (formerly Calvin Capital Holdco Limited and prior to that Calvin Capital Group Holdings Limited). The shares were purchased for cash, and there was no deferred consideration.

## Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited and prior to that Calvin Capital Group Holdings Limited) as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b>
	<b>£'000</b>
<b>Assets</b>	
Customer contracts . . . . .	586,022
Brand . . . . .	14,600
Software . . . . .	160
Costs to obtain contracts . . . . .	1,208
Property, plant and equipment . . . . .	552,892
Cash and cash equivalents . . . . .	52,746
Trade and other receivables . . . . .	37,121
Deferred tax assets . . . . .	909
	<u>1,245,658</u>
<b>Liabilities</b>	
Trade payables . . . . .	(82,444)
Interest-bearing loans and borrowings . . . . .	(596,805)
Total identifiable net assets at fair value . . . . .	<u>566,409</u>
Deferred tax liability on acquisition . . . . .	(102,106)
Purchase consideration transferred . . . . .	(542,541)
Goodwill . . . . .	<u>(78,238)</u>

As a result of the intangibles arising on acquisition, there was also a deferred tax liability recognised of £102.1 million.

The fair value of the trade receivables amounts to £18.065 million. The gross amount of trade receivables is £18.172 million and it is expected that the full contractual amounts can be collected.

The goodwill of £78.2 million comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

	<b>£'000</b>
Purchase consideration	
Cash consideration relating to business combination . . . . .	<u>542,541</u>
Total consideration . . . . .	<u>542,541</u>
	<u>£'000</u>

### Analysis of cash flows on acquisition

Transaction costs of the acquisition (included in cash flows from investing activities) . . . . .	(25,448)
Net cash acquired with the subsidiary (included in cash flows from investing activities) . . . . .	<u>52,746</u>
<b>Net cash flow on acquisition</b> . . . . .	<u>27,298</u>

## Acquisitions in 2019

### Lowri Beck Holdings Limited

On 16 August 2019, the Group acquired 100% the share capital of Lowri Beck Holdings Limited (“Lowri Beck”) a non-listed company based in the UK. The shares were purchased for cash.

Lowri Beck’s activities mainly comprise providing meter installation, reading and maintenance services. The acquisition was to complement the Group’s capabilities to carry out installation work using in-house personnel as well as the ability to offer traditional meter reading services to its customers.

Goodwill of £324,000 was recognised on the acquisition, being the excess of the purchase consideration over the fair value of net assets acquired as set out below. The net asset fair values were determined in line with accounting standards.

The cash consideration transferred on the acquisition date was £6,150,000. Under the ongoing negotiations of the amounts recorded in the accounts of Lowri Beck at the completion date completion accounts there may be a further transfer of economic benefits to or from the vendor. Management consider the current estimate of fair-value of this potential transfer to be immaterial and for the purposes of the information disclosed in this Part B of Part XIII (*Historical Financial Information*) have assumed this to be zero.

Included in the purchase consideration was an amount of £4,900,000, which is the effective settlement of a pre-existing loan provided by the Group to Lowri Beck.

The amounts of revenue and profit or loss of Lowri Beck since the acquisition date of 16 August 2019 included in the consolidated statement of comprehensive income for the period to 30 September 2019 amounts to £6,248,000 and a loss of £1,523,000 respectively.

The revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for the Lowri Beck business combinations had been as of 1 January 2019 amounts to £44,781 and a loss of £6,544,000 respectively.

### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Lowri Beck Holdings Limited as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b>
	<b>£'000</b>
<b>Assets</b>	
Customer contracts . . . . .	9,614
Brand . . . . .	1,290
Development costs . . . . .	6,851
Software . . . . .	251
Property, plant and equipment . . . . .	5,947
Inventory . . . . .	1,451
Cash and cash equivalents . . . . .	178
Trade and other receivables . . . . .	13,411
Deferred tax assets . . . . .	15
	<u>39,008</u>
<b>Liabilities</b>	
Trade and other payables . . . . .	(19,187)
Interest-bearing loans and borrowings . . . . .	(8,014)
Provisions . . . . .	(628)
Deferred Tax . . . . .	(453)
Total identifiable net assets at fair value . . . . .	<u>10,726</u>
Purchase consideration transferred . . . . .	<u>(11,050)</u>
Goodwill . . . . .	<u>(324)</u>
	<b>£'000</b>
<b>Purchase consideration</b>	
Cash consideration relating to business combination . . . . .	6,150
Receivable owing from Lowri Beck to the Group as at the date of acquisition . . . . .	4,900
Total consideration . . . . .	<u>11,050</u>
	<b>£'000</b>
<b>Analysis of cash flows on acquisition</b>	
Cash consideration relating to business combination . . . . .	(6,150)
Transaction costs of the acquisition (included in cash flows from investing activities) . . . . .	(500)
Net cash acquired with the subsidiary (included in cash flows from investing activities) . . . . .	178
<b>Net cash flow on acquisition</b> . . . . .	<u>(6,472)</u>

## 17. Group information

The historical financial information is the consolidation of the below subsidiaries:

All entities incorporated in the UK have the same registered office address of 5th Floor, 1 Marsden Street, Manchester, UK, M2 1HW.

<u>Company</u>	<u>Proportion of shares and voting rights</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
Calisen Group Limited (formerly Calvin Capital Group Holdings Limited) . . . . .	100%	UK	Holding company
Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) (“CHL”) . . . . .	100%	UK	Holding company
Calisen Holdco 2 Limited (formerly Calvin Capital Group Limited) (“CH2”) . . . . .	100%	UK	Holding company
Calisen Holdco 3 Limited (formerly Calvin Capital UK Holdings Limited) (“CH3”) . . . . .	100%	UK	Holding company
Calvin Capital UK Limited (“CCUKL”) . . . . .	100%	UK	Holding company
Calvin Capital Limited (“CCL”) . . . . .	100%	UK	Holding company
Meter Serve (Holdco) Limited (“MSH”) . . . . .	100%	UK	Holding company
Meter Serve (North West) Limited (“MS(NW)”) . . . . .	100%	UK	Holding company
Meter Fit (North West) Limited (“MF(NW)”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve (North East) Limited (“MS(NE)”) . . . . .	100%	UK	Holding company
Meter Fit (North East) Limited (“MF(NE)”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve 2 Limited (“MS2”) . . . . .	100%	UK	Holding company
Meter Fit 2 Limited (“MF2”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve 3 Limited (“MS3”) . . . . .	100%	UK	Holding company
Meter Fit 3 Limited (“MF3”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve 4 Limited (“MS4”) . . . . .	100%	UK	Holding company
Meter Fit 4 Limited (“MF4”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve 5 Limited (“MS5”) . . . . .	100%	UK	Holding company
Meter Fit 5 Limited (“MF5”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve 10 Limited (“MS10”) . . . . .	100%	UK	Holding company
Meter Fit 10 Limited (“MF10”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Serve 20 Limited (“MS20”) . . . . .	100%	UK	Holding company
Meter Fit 20 Limited (“MF20”) . . . . .	100%	UK	Procurement of gas and electricity meters
Meter Fit Assets Limited (“MFA”) . . . . .	100%	UK	Procurement of gas and electricity meters
Calvin Metering Limited (“CML”) . . . . .	100%	UK	Agent
Calvin Asset Management Limited (“CAML”) . . . . .	100%	UK	Group management company
Calvin Capital Australia Holdings Limited (“CCAH”) . . . . .	100%	UK	Holding company
Lowri Beck Holdings Limited . . . . .	100%	UK	Holding company
Lowri Beck Meters Limited . . . . .	100%	UK	Dormant
Lowri Beck Services Limited . . . . .	100%	UK	Nationwide metering and data collection services
Lowri Beck Software Limited . . . . .	100%	UK	Dormant
Lowri Beck Direct Limited . . . . .	100%	UK	Dormant
Lowri Beck Systems Limited . . . . .	100%	UK	Computer systems development
Lowri Beck Solutions Limited . . . . .	100%	UK	Provision of call centre services

The following entities are registered in Australia. All Australian registered entities have the same registered office address of 181 William Street, Melbourne, VIC 3000.

Calvin Capital Australia Pty Limited (“CCAP”) . . . . .	100%	Australia	Holding company
Calvin MS Australia 1 Pty Limited (“CMSA”) . . . . .	100%	Australia	Procurement of gas and electricity meters

In 2018 the Group sold CMSA, an entity listed in Australia, recognising a gain on disposal of £365,000. This gain on disposal is included within administrative expenses.

## 18. 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 determined 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 the end of each reporting period. During the year ended 31 December 2018 there were no transfers into or out of Level 2 fair value measurements (year ended 31 December 2017: none, 31-day period ended 31 January 2017: none; year ended 31 December 2016: none; nine-month period ended 30 September 2019: none).

## 19. Intangible assets

	Goodwill	Brand	Customer contracts	Software	Costs to obtain contracts with customers	Development costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
<i>Predecessor</i>							
CHL Group at 1 January 2016 . . . . .	14,523	—	—	351	—	—	14,874
Additions . . . . .	—	—	—	—	1,283	—	1,283
Disposals . . . . .	—	—	—	—	—	—	—
CHL Group at 31 December 2016 . . . . .	14,523	—	—	351	1,283	—	16,157
Additions . . . . .	—	—	—	28	—	—	28
Disposals . . . . .	—	—	—	—	—	—	—
CHL Group at 31 January 2017 . . . . .	14,523	—	—	379	1,283	—	16,185
<i>Successor</i>							
CGH Group at 30 November 2016 . . . . .	—	—	—	—	—	—	—
Additions . . . . .	—	—	—	—	1,174	—	1,174
Disposals . . . . .	—	—	—	—	—	—	—
Revaluations through business combinations . . . . .	78,238	14,600	586,022	160	1,208	—	680,228
CGH Group at 31 December 2017 . . . . .	78,238	14,600	586,022	160	2,382	—	681,402
Additions . . . . .	—	—	—	—	7	—	7
Disposals . . . . .	—	—	—	—	—	—	—
CGH Group at 31 December 2018 . . . . .	78,238	14,600	586,022	160	2,389	—	681,409
Additions . . . . .	—	—	—	94	395	—	489
Disposals . . . . .	—	—	—	—	—	—	—
Acquisitions through business combinations . . . . .	324	1,290	9,615	251	—	6,851	18,331
CGH Group at 30 September 2019 . . . . .	78,562	15,890	595,637	505	2,784	6,851	700,229

	<u>Goodwill</u>	<u>Brand</u>	<u>Customer contracts</u>	<u>Software</u>	<u>Costs to obtain contracts with customers</u>	<u>Development costs</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Accumulated amortisation</b>							
<i>Predecessor</i>							
CHL Group at 1 January 2016	—	—	—	(145)	—	—	(145)
Amortisation	—	—	—	(68)	(64)	—	(132)
CHL Group at 31 December 2016	—	—	—	(213)	(64)	—	(277)
Amortisation	—	—	—	(6)	(11)	—	(17)
CHL Group at 31 January 2017	—	—	—	(219)	(75)	—	(294)
<i>Successor</i>							
CGH Group at 30 November 2016	—	—	—	—	—	—	—
Amortisation	—	(1,338)	(35,813)	(62)	(156)	—	(37,369)
CGH Group at 31 December 2017	—	(1,338)	(35,813)	(62)	(156)	—	(37,369)
Amortisation	—	(1,460)	(39,069)	(44)	(213)	—	(40,786)
CGH Group at 31 December 2018	—	(2,798)	(74,882)	(106)	(369)	—	(78,155)
Amortisation	—	(1,111)	(29,576)	(41)	(167)	(193)	(31,088)
CGH Group at 30 September 2019	—	(3,909)	(104,458)	(147)	(536)	(193)	(109,243)
Net book value							
<i>Predecessor</i>							
CHL Group at 1 January 2016	14,523	—	—	206	—	—	14,729
CHL Group at 31 December 2016	14,523	—	—	138	1,219	—	15,880
CHL Group at 31 January 2017	14,523	—	—	160	1,208	—	15,891
<i>Successor</i>							
CGH Group at 31 December 2017	78,238	13,262	550,209	98	2,226	—	644,033
CGH Group at 31 December 2018	78,238	11,802	511,140	54	2,020	—	603,254
CGH Group at 30 September 2019	78,562	11,981	491,179	358	2,248	6,658	590,986

## 20. Property, plant and equipment

	<u>Equipment</u>	<u>Other fixed assets</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Cost or valuation</b>			
<i>Predecessor</i>			
CHL Group at 1 January 2016	595,911	2,931	598,842
Additions	225,197	413	225,610
Disposals	(38,536)	—	(38,536)
CHL Group at 31 December 2016	782,572	3,344	785,916
Additions	13,724	2	13,726
Disposals	(3,671)	(29)	(3,700)
CHL Group at 31 January 2017	792,625	3,317	795,942
<i>Successor</i>			
CGH Group at 30 November 2016	—	—	—
Additions	135,725	52	135,777
Disposals	(62,102)	—	(62,102)
Acquisitions through business combinations	551,456	1,436	552,892
CGH Group at 31 December 2017	625,079	1,488	626,567
Additions	170,682	52	170,734
Disposals	(71,071)	—	(71,071)
Disposal of a subsidiary	(5,802)	—	(5,802)
CGH Group at 31 December 2018	718,888	1,540	720,428
Additions	211,728	2,037	213,765
Disposals	(44,370)	—	(44,370)
Acquisitions through business combinations	2,614	3,333	5,947
CGH Group at 30 September 2019	888,860	6,910	895,770

	<u>Equipment</u> £'000	<u>Other fixed assets</u> £'000	<u>Total</u> £'000
<b>Accumulated depreciation</b>			
<i>Predecessor</i>			
CHL Group at 1 January 2016	187,078	1,610	188,688
Depreciation for period	67,745	268	68,013
Disposals	<u>(17,405)</u>	<u>—</u>	<u>(17,405)</u>
CHL Group at 31 December 2016	237,418	1,878	239,296
Depreciation for period	5,735	25	5,760
Disposals	<u>(1,984)</u>	<u>—</u>	<u>(1,984)</u>
CHL Group at 31 January 2017	<u>241,169</u>	<u>1,903</u>	<u>243,072</u>
<i>Successor</i>			
CGH Group at 30 November 2016	—	—	—
Depreciation for period	63,404	321	63,725
Disposals	<u>(33,958)</u>	<u>—</u>	<u>(33,958)</u>
CGH Group at 31 December 2017	29,446	321	29,767
Depreciation for period	76,551	350	76,901
Disposals	<u>(35,426)</u>	<u>—</u>	<u>(35,426)</u>
Disposal of a subsidiary	<u>(510)</u>	<u>—</u>	<u>(510)</u>
CGH Group at 31 December 2018	70,061	671	70,732
Depreciation for period	63,215	309	63,524
Disposals	<u>(25,337)</u>	<u>—</u>	<u>(25,337)</u>
CGH Group at 30 September 2019	<u>107,939</u>	<u>980</u>	<u>108,919</u>
<b>Net book value</b>			
<i>Predecessor</i>			
CHL Group at 1 January 2016	<u>408,833</u>	<u>1,321</u>	<u>410,154</u>
CHL Group at 31 December 2016	<u>545,154</u>	<u>1,466</u>	<u>546,620</u>
CHL Group at 31 January 2017	<u>551,456</u>	<u>1,414</u>	<u>552,870</u>
<i>Successor</i>			
CGH Group at 31 December 2017	<u>595,633</u>	<u>1,167</u>	<u>596,800</u>
CGH Group at 31 December 2018	<u>648,827</u>	<u>869</u>	<u>649,696</u>
CGH Group at 30 September 2019	<u>780,921</u>	<u>5,930</u>	<u>786,851</u>

Within other fixed assets are right-of-use assets with a carrying amount of £693,000 as at 31 December 2018 (31 December 2017 £789,000; 31 January 2017 £855,000; 31 December 2016 £863,000, September 2019 £4.9m). Details of the right-of-use assets are provided in Note 21.

The gains and losses on disposal of equipment is included in cost of sales net of compensation income received.

## 21. Leases

### *Right-of-use assets*

Within property, plant and equipment, the Group has right-of-use assets held under lease agreements as follows:

	<b>Right-of-use asset Buildings</b>	<b>Right-of-use asset Vehicles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
<i>Predecessor</i>			
CHL Group at 1 January 2016 . . . . .	959	—	959
CHL Group at 31 December 2016 . . . . .	959	—	959
CHL Group at 31 January 2017 . . . . .	<u>959</u>	<u>—</u>	<u>959</u>
<i>Successor</i>			
CGH Group at 30 November 2016 . . . . .	—	—	—
Acquisitions through business combinations . . . . .	<u>877</u>	<u>—</u>	<u>877</u>
CGH Group at 31 December 2017 . . . . .	877	—	877
CGH Group at 31 December 2018 . . . . .	877	—	877
Additions . . . . .	1,556	—	1,556
Disposals . . . . .	—	—	—
Acquisitions through business combinations . . . . .	<u>1,760</u>	<u>1,134</u>	<u>2,894</u>
CGH Group at 30 September 2019 . . . . .	<u>4,193</u>	<u>1,134</u>	<u>5,327</u>
<b>Accumulated Depreciation</b>			
<i>Predecessor</i>			
CHL Group at 1 January 2016 . . . . .	—	—	—
Depreciation . . . . .	<u>96</u>	<u>—</u>	<u>96</u>
CHL Group at 31 December 2016 . . . . .	96	—	96
Depreciation . . . . .	<u>8</u>	<u>—</u>	<u>8</u>
CHL Group at 31 January 2017 . . . . .	104	—	104
<i>Successor</i>			
CGH Group at 30 November 2016 . . . . .	—	—	—
Depreciation . . . . .	<u>88</u>	<u>—</u>	<u>88</u>
CGH Group at 31 December 2017 . . . . .	88	—	88
Depreciation . . . . .	<u>96</u>	<u>—</u>	<u>96</u>
CGH Group at 31 December 2018 . . . . .	184	—	184
Depreciation . . . . .	<u>150</u>	<u>76</u>	<u>226</u>
CGH Group at 30 September 2019 . . . . .	<u>334</u>	<u>76</u>	<u>410</u>
<b>Net book value</b>			
<i>Predecessor</i>			
CHL Group at 1 January 2016 . . . . .	959	—	959
CHL Group at 31 December 2016 . . . . .	863	—	863
CHL Group at 31 January 2017 . . . . .	<u>855</u>	<u>—</u>	<u>855</u>
<i>Successor</i>			
CGH Group at 31 December 2017 . . . . .	789	—	789
CGH Group at 31 December 2018 . . . . .	693	—	693
CGH Group at 30 September 2019 . . . . .	3,859	1,058	4,917

The right of use asset relates to twelve leases for office and industrial space in addition to approximately 330 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. Management do not anticipate utilising these break clauses.

### Lease-related income and expenses

	Predecessor		Successor				
	CHL Group	CHL Group	CGH Group	Memorandum aggregate	CGH Group	CGH Group	CGH Group
	Year ended 31 December 2016	31-day period ended 31 January 2017	13 months period ended 31 December 2017	Period ended 31 December 2017	Year ended 31 December 2018	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2019
	£'000	£'000	£'000	Unaudited £'000	£'000	Unaudited £'000	£'000
Interest expense on lease liabilities . . . . .	(74)	(6)	(67)	(73)	(72)	(53)	(117)
Expense relating to short-term leases . . . . .	(60)	—	—	—	—	—	—

The total cash outflow for the Group's lease arrangements in the year ended 31 December 2018 was £84,000 (year ended 31 December 2017: £84,000; 31-day ended 31 January 2017: £21,000; year ended 31 December 2016: £84,000, nine-month ended 30 September 2018: £62,000, nine-month ended 30 September 2019: £224,000, of which £97,000 related to the repayment of interest accrued). Amounts relating to lease liabilities whereby the Group is a lessee are disclosed below:

### Lease liabilities

	CGH Group 30 September 2019 £'000
Maturity analysis—Contractual undiscounted cash flows	
Less than 1 year . . . . .	1,674
Between 1 and 5 years . . . . .	3,247
More than 5 years . . . . .	1,781
Total undiscounted lease liabilities at 30th September 2019 . . . . .	6,702
Lease liabilities included in the statement of financial position at 30th September 2019 . . . . .	5,532

## 22. Goodwill

The goodwill acquired in business combinations is allocated, at acquisition, to a CGU. Management consider the business to be a single CGU and goodwill is monitored at this level.

Carrying amount of goodwill:

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
Goodwill . . . . .	<u>14,523</u>	<u>14,523</u>	<u>78,238</u>	<u>78,238</u>	<u>78,562</u>

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 budgets approved by the Board covering a five-year period. These budgets and forecasts take into account historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. Cash flows beyond this period are extrapolated using the estimated growth rates stated below.

The annual impairment test was performed at each 31 December date of the consolidated statement of financial position and no evidence of impairment was found at the relevant date of the consolidated statement of financial position.

The key assumptions used in the value in use are as follows:

- **Perpetual growth rate**—The terminal cash flows are extrapolated in perpetuity using a growth rate of 2% for the year ended 31 December 2018 (year ended 31 December 2017: 2%; year ended 31 December

2016: 2%). This is prudently aligned with the rate of inflation and is not considered to be higher than the average long-term industry growth rate.

- **Discount rate**—The discount rate is based on the weighted average cost of capital (“WACC”) which would be anticipated for a market participant investing in the Group. This rate reflects the time value of money, the Group’s risk profile and the impact of the current economic climate. The pre-tax discount rate is 8.72% for the year ended 31 December 2018 (year ended 31 December 2017: 8.72%; year ended 31 December 2016: 8.72%) and the post-tax discount rate is 7.24% for the year ended 31 December 2018 (year ended 31 December 2017: 7.24%; year ended 31 December 2016: 7.24%).

The headroom, based on the assumptions above was £200,938,000 as at 31 December 2018 (31 December 2017: £474,784,000). A sensitivity analysis has been performed assuming a 0.5% reduction in the long-term growth rate and a 0.5% increase in the discount rate in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. A 0.5% reduction in the long-term growth rate would result in headroom of £22,594,000 as at 31 December 2018 (31 December 2017: £257,230,000) and a 0.5% increase in the discount rate would result in headroom of £7,627,000 as at 31 December 2018 (31 December 2017: £241,497,000). If the adjusted EBITDA growth assumed for the year ended 31 December 2020 and future periods did not materialise then an impairment could result.

Adjusted EBITDA is defined as profit before tax adjusted by adding back net finance costs; write-off of property, plant and equipment on disposal; amortisation and depreciation.

### 23. Financial instruments

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. The Group’s principal financial assets other than derivatives include trade receivables, and cash deposits that derive directly from its operations. The Group also enters into derivative transactions.

#### 23.1 Financial assets

	Predecessor		Successor		
	CHL Group 31 December 2016 £'000	CHL Group 31 January 2017 £'000	CGH Group 31 December 2017 £'000	CGH Group 31 December 2018 £'000	CGH Group 30 September 2019 £'000
<b>Derivatives not designated as hedging instruments</b>					
Interest rate swap . . . . .	—	—	533	4,633	909
Interest rate cap . . . . .	—	—	1,301	1,337	—
<b>Total financial assets at fair value through the P&amp;L . . . . .</b>	<u>—</u>	<u>—</u>	<u>1,834</u>	<u>5,970</u>	<u>909</u>
<b>Financial assets at amortised cost</b>					
Trade receivables (note 25) . . . . .	14,834	18,065	17,235	19,030	37,757
Total financial assets . . . . .	<u>14,834</u>	<u>18,065</u>	<u>19,069</u>	<u>25,000</u>	<u>38,666</u>
Total current . . . . .	<u>14,834</u>	<u>18,065</u>	<u>17,235</u>	<u>19,030</u>	<u>37,757</u>
<b>Total non-current . . . . .</b>	<u>—</u>	<u>—</u>	<u>1,834</u>	<u>5,970</u>	<u>909</u>

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 the level of interest rate risk on debt instruments.

## 23.2 Interest bearing loans and borrowings

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
<b>Current interest-bearing loans and borrowings</b>					
Bank loans	—	—	—	—	8,016
Senior debt facilities	71,657	76,378	51,745	89,507	97,026
Liability to factoring company	—	—	—	—	7,665
Equity bridge loan	(1,203)	(1,214)	(2,323)	(1,562)	(426)
<b>Total current interest-bearing loans and borrowings</b>	<b>70,454</b>	<b>75,164</b>	<b>49,422</b>	<b>87,945</b>	<b>112,281</b>
<b>Non-current interest-bearing loans and borrowings</b>					
Shareholder loan notes including accrued interest	151,615	153,161	626,548	652,135	691,806
Bank loans	—	—	—	—	—
Senior debt facilities	238,847	240,355	396,370	413,776	491,785
Equity bridge loan	120,456	127,915	183,905	200,994	218,278
<b>Total non-current interest-bearing loans and borrowings</b>	<b>510,918</b>	<b>521,431</b>	<b>1,206,823</b>	<b>1,266,905</b>	<b>1,401,869</b>
<b>Total interest-bearing loans and borrowings</b>	<b>581,372</b>	<b>596,595</b>	<b>1,256,244</b>	<b>1,354,850</b>	<b>1,514,150</b>

### Shareholder loan notes

The unsecured loan notes are listed on the International Stock Exchange. They bear a fixed rate of interest of 8.123%. The maturity date of the loan notes is 30 January 2027, therefore all due after five years.

### Bank loans

Bank borrowings relate to a number of equity bridge loan facilities and senior debt facilities for a total available amount of £1,675,500,000 as at 31 December 2018 (31 December 2017: £1,822,909,000; 31 December 2016: £1,672,909,000, 30 September 2019: £1,775,500,000).

### Senior debt facilities

Borrowings totaling £503,283,000 were outstanding under these facilities as at 31 December 2018 (31 December 2017: £448,115,000; 31 January 2017: £316,734,000; 31 December 2016: £310,504,000; 30 September 2019: £588,810,000) and are repayable on an agreed or forecast repayment profile of quarterly instalments which commenced on 30 June 2007, with full repayment to be made by 30 September 2029 for all interest-bearing loans and borrowings. Issue costs totalling £20,975,000 for the year ended 31 December 2018 (year ended 31 December 2017: £16,596,000; 31-day period ended 31 January 2017: £6,788,000; year ended 31 December 2016: £7,019,000; nine-month period ended 30 September 2019: £19,032,000) have been offset against the loans and are amortised over the duration of the facilities.

Interest on £40,000,000 of the amount outstanding at 31st December 2018 (31 December 2017: £Nil; 31 January 2017: £Nil; 31 December 2016: £Nil; 30 September 2019: £40,000,000) is charged at a rate of 2.706% per annum. Interest charges on the remaining amounts drawn are based on floating LIBOR rates. The Company has entered into interest rate swaps as set out in Note 23.6.

### Equity bridge loan

Borrowings totalling £199,432,000 were outstanding under these facilities as at 31 December 2018 (31 December 2017: £181,582,000; 31 January 2017: £126,701,000; 31 December 2016: £119,254,000; 30 September 2019: £217,852,000). Of the amount outstanding at 31 December 2018, £180,156,000 is repayable in March 2021 (31 December 2017: £179,901,000, January 2017: £127,915,000, 31 December

2016: £120,456,000, 30 September 2019: £180,327,000). The remaining balance is repayable in 2022. Issue costs totalling £3,066,000 for the year ended 31 December 2018 (year ended 31 December 2017: £10,436,000; January 2017: £15,420,000; year ended 31 December 2016: £15,317,000; nine-month period ended 30 September 2019: £3,708,000) have been offset against the loans. The issue costs are amortised over the duration of the facilities and this results in an element of the debt issue costs that is classified as current in each period whilst the associated liability is not repayable until the end of the term. Interest charges on amounts drawn are based on floating LIBOR rates. The Company has entered into interest rate swaps as set out in Note 23.6.

### ***Liability to factoring company***

The Group has entered into an invoice discounting factoring arrangement in respect of Lowri Beck's trade receivables. Under the arrangement, Lowri Beck has transferred the relevant receivables but retains late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in the consolidated statement of financial position. The amount repayable under the factoring agreement is presented within other creditors. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	<b>30 September 2019</b>
	<b>£'000</b>
Transferred receivables . . . . .	6,812
Associated secured borrowings (Loan from factoring company) . . . . .	(7,665)

### ***2018 refinancing***

In the year ended 31 December 2018, the Group refinanced a large portion of its debt by repaying the loans held by CCGH, MF(NE), MF(NW), MF2, MF3 and MF4 totalling £286,230,000. This was done by obtaining new debt held by MSH for an available amount of £280,000,000. As a result of the refinance, debt issues costs of £9,756,000 were written off and the associated derivative instruments were terminated resulting in a charge of £5,407,000.

### **23.3 Other financial liabilities**

	<b>Predecessor</b>		<b>Successor</b>		
	<b>CHL Group</b>	<b>CHL Group</b>	<b>CGH Group</b>	<b>CGH Group</b>	<b>CGH Group</b>
	<b>31 December 2016</b>	<b>31 January 2017</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 September 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Derivatives not designated as hedging instruments</b>					
Interest rate swaps . . . . .	51,198	42,064	37,476	22,577	42,664
Interest rate caps . . . . .	—	—	—	—	15
<b>Total financial liabilities at fair value through Profit and Loss . . . . .</b>	<b><u>51,198</u></b>	<b><u>42,064</u></b>	<b><u>37,476</u></b>	<b><u>22,577</u></b>	<b><u>42,679</u></b>
<b>Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings</b>					
Trade payables . . . . .	<u>23,459</u>	<u>26,746</u>	<u>2,880</u>	<u>14,923</u>	<u>37,093</u>
<b>Total other financial liabilities . . . . .</b>	<b><u>74,657</u></b>	<b><u>68,810</u></b>	<b><u>40,356</u></b>	<b><u>37,500</u></b>	<b><u>79,773</u></b>
<b>Total current . . . . .</b>	<b><u>23,459</u></b>	<b><u>26,746</u></b>	<b><u>2,880</u></b>	<b><u>14,923</u></b>	<b><u>37,093</u></b>
<b>Total non-current . . . . .</b>	<b><u>51,198</u></b>	<b><u>42,064</u></b>	<b><u>37,476</u></b>	<b><u>22,577</u></b>	<b><u>42,679</u></b>

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 the level of interest rate risk for debt instruments.

### 23.4 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 of interest rates 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 regularly resets to the current market rates.

The fair value of the shareholder loans compared to the carrying value is disclosed below:

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
Fair Value . . . . .	323,524	320,230	951,417	886,900	1,019,700
Carrying amount . . . . .	151,615	153,161	626,548	652,135	691,806

The fair value of the senior debt facilities subject to fixed interest rate compared to the carrying value is disclosed below:

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
Fair Value . . . . .	—	—	—	38,609	41,435
Carrying amount . . . . .	—	—	—	40,000	40,000

### 23.5 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 that 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 position as at 31 December 2016, 2017 and 2018 and 30 September 2019.

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 derivatives are all constant.

#### *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 LIBOR, thereby exposing the Group to fluctuations in LIBOR and the consequent impact on interest cost.

As at 31 December 2018, interest on these loans was charged at LIBOR plus a margin which has a range of 0.9% to 1.55% (31 December 2017: 0.9% to 3.50%; 31 January 2017: 0.9% to 3.50%; 31 December 2016: 0.9% to 2.75%; 30 September 2019: 0.9% to 2.7%).

To manage this risk, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts. For the period ended 31 December 2018 the derivative instruments in place are sufficient to fix the interest rate on 86% of the senior debt facilities and equity bridge loans (2017: 72%, Jan 2017: 94%, 2016: 95%, September 2019 76%). As at 31 December

2018, the swap arrangements fixed the interest rate at 1.2%–5.9% (31 December 2017: 0.9%–5.3%; 31 January 2017: 1.1%–5.9%; 31 December 2016: 1.1%–5.9%; 30 September 2019: 1.0%–2.1%).

In addition, the Group has entered into interest rate caps whereby the floating rate is capped at a fixed percentage of 2%. As at 31 December 2018, 12% (31 December 2017: 22%; 31 January 2017: nil%; 31 December 2016: nil%; 30 September 2019: 17%) of the Group's borrowings was subject to this cap on the variable rate.

During the year ended 31 December 2016, the CHL Group designated its interest swaps as cashflow hedges. For the year ended 31 December 2016, a net gain of £382,000 was recognised in other comprehensive income in the hedging reserve as a result of fair value movements on interest rate swaps designated as cashflow hedges. However, on 9 May 2016 the CHL Group discontinued hedge accounting for its cashflow hedges. The cumulative amount recorded in the cashflow hedge reserve of £3,354,000 remained in accumulated other comprehensive income to be recycled to profit and loss once the previously expected hedged cash flows occur. As such, hedge accounting has not been applied to the hedging instruments in place at 31 December 2016 and the 31-day period ended 31 January 2017. Hedge accounting has not been applied by the CGH Group. As such no derivatives were designated as hedges in the year ended 31 December 2018, 31 December 2017, the nine-month period ended 30 September 2018 or the nine-month period ended 30 September 2019.

### ***Interest rate sensitivity***

The following table demonstrates the sensitivity to a change in interest rates on the Group's floating rate bank loan. The Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	<u>Increase/decrease in basis points</u>	<u>Effect on profit before tax</u>
		<u>£'000</u>
Nine-month period ended 30 September 2019 . . . . .	100	1,459
Year end 31 December 2018 . . . . .	100	1,036
Year ended 31 December 2017 . . . . .	100	1,860
31-day period ended 31 January 2017 . . . . .	100	25
Year ended 31 December 2016 . . . . .	100	245

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 before tax.

### ***Price risk***

The Group is not exposed to any significant price risk in relation to its financial instruments.

### ***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 (our customers) from outstanding receivables. The Group trades with a limited 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 at 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 debts 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 25. 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 83%) is generated from the Big Six energy retailers. However, the Group evaluates the associated credit risk as low despite its customers operating in one industry as these are investment grade customers meaning that the risks associated with trade receivables are relatively low. The remaining balance has a more diversified customer base.

### ***Impairment of financial assets***

The Group applies the IFRS 9 simplified approach to measuring forward-looking ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has established a provision matrix based on the payment profiles of sales over a period of twelve months before each balance sheet date respectively and the corresponding historical credit losses experienced within this period. The 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 2018, an adjustment was made to increase the historical loss rates in recognition of the number of independent energy retailers that have gone into administration during the year for which outstanding invoices are unlikely to be recoverable.

On that basis, the loss allowances as at 31 December 2018 were determined as £1,323,000 (31 December 2017 £147,000; 31 January 2017: £107,000; 31 December 2016 £107,000; 30 September 2019: £1,193,000) as follows:

	<u>Loss Allowance— Trade receivables</u>
<i>Predecessor</i>	
CHL Group as at 1 January 2016 . . . . .	—
Increase in loss allowance recognised in profit or loss during the year . . . . .	107
Receivables written off during the year as uncollectable . . . . .	—
CHL Group as at 31st December 2016 . . . . .	<u>107</u>
Increase in loss allowance recognised in profit or loss during the period . . . . .	—
Receivables written off during the year as uncollectable . . . . .	—
CHL Group as at 31st January 2017 . . . . .	<u>107</u>
<i>Successor</i>	
CGH Group as at 30 November 2016 . . . . .	—
Increase in loss allowance recognised in profit or loss during the period . . . . .	206
Receivables written off during the year as uncollectable . . . . .	<u>(59)</u>
CGH Group as at 31st December 2017 . . . . .	147
Increase in loss allowance recognised in profit or loss during the period . . . . .	1,346
Receivables written off during the year as uncollectable . . . . .	<u>(170)</u>
CGH Group as at 31 December 2018 . . . . .	<u>1,323</u>
Acquired in business combination . . . . .	960
Increase in loss allowance recognised in profit or loss during the period . . . . .	158
Receivables written off during the year as uncollectable . . . . .	<u>(1,248)</u>
CGH Group as at 30 September 2019 . . . . .	<u><u>1,193</u></u>

The increase in the loss allowance on trade receivables in 2018 has arisen due to the number of new, typically smaller, independent energy retailers that have gone into administration during the year ended 31 December 2018, for which amounts are considered unrecoverable. For detail as to the ageing of trade receivables, refer to Note 25.

### ***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 strategic plans. The Group will finance operations and growth from its existing cash resources and the £855.0 million portion of the Group's committed banking facilities. As at 31 December 2018, 93% (31 December 2017: 96%; 31 January 2017: 87%; 31 December 2016 88%; 30 September 2019: 94%) 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.

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. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
As at 30 September 2019				
Shareholder Loans	—	—	—	691,806
Bank Borrowings	104,616	87,365	506,575	116,123
Liability to factoring company	7,665	—	—	—
Trade and other payables	37,094	—	—	—
Derivatives	—	2,228	—	40,391
As at 31 December 2018				
Shareholder Loan	—	—	—	652,135
Bank Borrowings	87,945	85,324	346,504	182,942
Trade and other payables	25,625	—	—	—
Derivatives	—	—	1,494	21,083
As at 31 December 2017				
Shareholder Loans	—	—	—	626,548
Bank Borrowings	49,422	49,327	358,003	172,944
Trade and other payables	27,066	—	—	—
Derivatives	—	—	4,768	32,708
As at 31 January 2017				
Shareholder Loans	—	—	—	153,161
Bank Borrowings	75,164	55,216	273,871	39,183
Trade and other payables	41,857	—	—	—
Derivatives	—	—	9,514	32,549
As at 31 December 2016				
Shareholder Loans	—	—	—	151,615
Bank Borrowings	70,454	55,243	266,941	37,119
Trade and other payables	48,632	—	—	—
Derivatives	—	—	11,769	39,429

## 24. 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 CGH. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in 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.

	Predecessor		Successor		
	CHL Group 31 December 2016	CHL Group 31 January 2017	CGH Group 31 December 2017	CGH Group 31 December 2018	CGH Group 30 September 2019
	£'000	£'000	£'000	£'000	£'000
Interest bearing loans and borrowings	581,372	596,595	1,256,244	1,354,850	1,514,150
Trade creditors	23,459	26,746	2,880	14,923	37,094
Cash	(50,896)	(52,746)	(81,913)	(71,597)	(71,265)
	<b>553,935</b>	<b>570,594</b>	<b>1,177,211</b>	<b>1,298,176</b>	<b>1,479,979</b>
Share capital and share premium	1,000	1,000	19,024	19,024	19,024
<b>Total capital</b>	<b>554,935</b>	<b>571,594</b>	<b>1,196,235</b>	<b>1,317,200</b>	<b>1,499,003</b>
Gearing ratio	99.8%	99.8%	98.4%	98.6%	98.7%

In order to achieve the overall objective of maximising shareholder value, the Group's capital management, among other things, aims to ensure that it maintains a sufficient credit rating in order to support the business and to maximise value for the stakeholders.

No changes were made in the objectives, policies or processes for managing capital during the periods covered above.

## 25. Trade and other receivables

	Predecessor		Successor		
	CHL Group 31 December 2016	CHL Group 31 January 2017	CGH Group 31 December 2017	CGH Group 31 December 2018	CGH Group 30 September 2019
	£'000	£'000	£'000	£'000	£'000
Trade receivables	14,834	18,065	17,235	19,030	37,757
Other receivables	658	202	334	396	1,436
VAT recoverable	6,682	5,026	0	2,540	5,709
Finance receivables	0	0	32	3,012	4,703
Tax receivable	0	1,476	343	924	1,671
	<b>22,174</b>	<b>24,770</b>	<b>17,944</b>	<b>25,902</b>	<b>51,276</b>

The carrying value of the Group's trade and other receivables approximates 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 allowance. The total loss allowance for trade receivables as at 31 December 2018 was £1,323,000 (31 December 2017: £147,000; 31 January 2017: £107,000; 31 December 2016: £107,000; 30 September 2019: £1,193,000). See Note 23 for further details. The ageing profile of trade receivables past due date is shown below:

	Predecessor		Successor		
	CHL Group 31 December 2016	CHL Group 31 January 2017	CGH Group 31 December 2017	CGH Group 31 December 2018	CGH Group 30 September 2019
	£'000	£'000	£'000	£'000	£'000
Expected loss rate	0.3–36.9%	0.3–36.9%	0–86%	0.1–68.9%	0.1–52.1%
Not yet due	14,775	17,970	15,544	14,360	33,539
0–30 days	142	173	1,827	4,300	4,011
31–60 days	(15)	(18)	(107)	1,030	787
61–90 days	24	29	73	413	207
Over 90 days	15	18	45	250	406
Gross carrying amount	14,941	18,172	17,382	20,353	38,950
Loss allowance	(107)	(107)	(147)	(1,323)	(1,193)
Net carrying amount	<b>14,834</b>	<b>18,065</b>	<b>17,235</b>	<b>19,030</b>	<b>37,757</b>

Trade receivables are non-interest bearing and are generally on 30–45 day terms. Trade receivables due from related parties as at 31 December 2018 amounted to £nil (31 December 2017: £nil; 31 January 2017: £nil; 31 December 2016: £nil, 30 September 2019: £nil).

Receivables are all in pound sterling denominations.

## 26. Inventories

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
Finished Goods . . . . .	—	—	—	—	1,451
	—	—	—	—	1,451
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,451</u>

During the period to 30 September 2019, £102,000 (30 September 2018: £nil) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

## 27. Cash and cash equivalents

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
Cash at banks and on hand . . . . .	50,896	52,746	81,913	71,597	71,265
	<u>50,896</u>	<u>52,746</u>	<u>81,913</u>	<u>71,597</u>	<u>71,265</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 28. Trade and other payables

	Predecessor		Successor		
	CHL Group	CHL Group	CGH Group	CGH Group	CGH Group
	31 December 2016	31 January 2017	31 December 2017	31 December 2018	30 September 2019
	£'000	£'000	£'000	£'000	£'000
Trade creditors . . . . .	23,459	26,746	2,880	14,923	37,093
Other taxation and social security . . . . .	5,074	—	4,119	—	—
Other creditors . . . . .	20,099	13,314	10,465	9,855	35,301
Finance creditors . . . . .	—	1,797	9,601	847	—
	<u>48,632</u>	<u>41,857</u>	<u>27,065</u>	<u>25,625</u>	<u>72,394</u>

## 29. Provisions

	Dilapidations	Total
	£'000	£'000
CGH Group at 1 January 2019 . . . . .	—	—
Acquired through business combination . . . . .	628	628
Arising during the year . . . . .	176	176
CGH Group at 30 September 2019 . . . . .	<u>804</u>	<u>804</u>

## 30. Issued capital and reserves

On 27 January 2017, 9,999 ordinary £1 shares were issued at a subscription price of £1,799.93 per share and £17,987,547.98 was transferred to share premium. On 23 August 2017, a further 1,026,412 ordinary £1 shares were issued at a subscription price of £1.00.

	Predecessor		Successor			
	CHL Group 31 December 2016	CHL Group 31 January 2017	CGH Group 31 December 2017	CGH Group 31 December 2018	CGH Group 30 September 2018	CGH Group 30 September 2019
<b>Authorised shares</b>						
Class A shares . . . . .	1,000,000	1,000,000	1,036,411	1,036,411	1,036,411	1,036,411
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,036,411</u>	<u>1,036,411</u>	<u>1,036,411</u>	<u>1,036,411</u>
<b>Ordinary shares issued and fully paid</b>						
At start of the period . .	1,000,000	1,000,000	—	1,036,411	1,036,411	1,036,411
Issued capital . . . . .	—	—	1,036,411	—	—	—
At end of the period . . .	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,036,411</u>	<u>1,036,411</u>	<u>1,036,411</u>	<u>1,036,411</u>

**OCI items, net of tax:**

The disaggregation of changes of OCI by each type of reserve in equity is shown below:

Cash flow hedge reserve

	<b>CHL Group 31 December 2016 £'000</b>
Fair value gain on equity instruments designated at fair value through other comprehensive income . . . . .	382
Reclassification to statement of profit or loss . . . . .	1,210
Tax relating to components of other comprehensive income . . . . .	<u>1,040</u>
	<u>2,632</u>

**31. Related party disclosures**

**Group**

Identity of related parties with which the Group has transacted:

Prior to the acquisition in 2017 detailed below, Infracapital Partners LP (“Infracapital”) was a related party by definition as it is deemed to have had control and significant influence over the Group. The transactions with this and other relevant related parties are as described below.

During the year ended 31 December 2016, director’s fees totalling £97,000 were paid to Infracapital, with none being paid in the 31-day period ended 31 January 2017.

Interest was paid to Calvin Capital Investments LLP (“CCI”) totalling £1,545,000 in the period ended 31 January 2017 (year ended 31 December 2016: £16,414,000) and repayments of the loan principal were also made totalling £151,615,000 in the 31-day period ended 31 January 2017 (year ended 31 December 2016: £4,902,000). CCI provided additional loans to CHL during the year ended 31 December 2016 totalling £11,315,000. The outstanding balance on the loans were £151,615,000 as at 31 December 2016 before being paid off in full in the period ended 31 January 2017.

Following the acquisition of the Group on 31 January 2017, KKR became a related party by definition as it is deemed to have control and significant influence over the Group. Infracapital and CCI ceased to be related parties. The transactions with this related party are as described below. We note that the transactions below have been transacted with both KKR Capital Markets Limited and Kohlberg Kravis Roberts & Co. L.P. collectively classed as “KKR”.

During the year ended 31 December 2017, equity was issued to Evergreen Energy Limited, the immediate parent undertaking of CGH, totalling £19,024,000. In the year ended 31 December 2018 and for the nine-month period ended 30 September 2019 no new equity was issued. As at 31 December 2018, the balance of £19,024,000 (31 December 2017: £19,024,000; 30 September 2019: £19,024,000) is included within Group shareholders’ funds.

In the 13-month period ended 31 December 2017 loan notes totalling £583,125,000 were issued to Evergreen Holdco S.a.r.l which is an intermediate parent entity. These loan notes carry a fixed rate of interest of 8.123%, included within long-term interest bearing loans and borrowings as at 31 December 2018 is an amount of

£69,010,000 (31 December 2017: £43,423,000; 30 September 2019: £108,633,000) in relation to loan note interest payable. The loan note value as at 31 December 2018 of £652,135,000 (31 December 2017: £626,548,000; 30 September 2019: £691,806,000) is included within interest bearing loans and borrowings due in over one year within the statement of financial position. The loans are repayable on 30 January 2027.

Included within administrative expenses for the year ended 31 December 2018 is £617,000 (year ended 31 December 2017: £609,000; nine-month period ended 30 September 2019: £512,000) of shareholder advisory services and reimbursable expenses. Of this, as at 31 December 2018 £150,000 (31 December 2017: £171,000; 30 September 2019: £5,000) is included within other creditors due within one year as these have not yet been paid.

Included within other expenses for the year ended 31 December 2018 is £nil (year ended 31 December 2017: £17,009,000, nine-month period ended 30 September 2019: £nil) in relation to acquisition-related expenses paid to KKR.

#### ***Transactions with key management personnel***

There is not considered to be any key management personnel other than the statutory directors whose remuneration during the normal course of business has been disclosed within Note 10 to the historical financial information.

During the period ended 31 December 2017, the directors purchased equity in Evergreen Energy Limited (the immediate parent undertaking) for a value of £1,220,100 and loan notes in the company for £813,400. The details surrounding the equity and loan notes has been described above.

### 32. First time adoption opening statement of financial position

In preparing the historical financial information, the Predecessor Group's opening statement of financial position was prepared as at 1 January 2016, the Predecessor Group's date of transition to IFRS, as disclosed below.

	<b>CHL As at 1 January 2016</b>
	<b>£'000</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Investments . . . . .	292
Intangible assets . . . . .	14,729
Property, plant and equipment . . . . .	410,186
	<u>425,207</u>
<b>Current assets</b>	
Trade and other receivables . . . . .	28,592
Deferred tax asset . . . . .	751
Cash and cash equivalents . . . . .	17,779
	<u>47,122</u>
<b>Total assets</b> . . . . .	<u><u>472,329</u></u>
<b>Current liabilities</b>	
Trade creditors . . . . .	3,228
Other creditors . . . . .	22,628
Interest bearing loans and borrowings . . . . .	33,358
	<u>59,214</u>
<b>Non-current liabilities</b>	
Other creditors . . . . .	794
Interest bearing loans and borrowings . . . . .	386,168
Derivative financial instruments . . . . .	24,233
	<u>411,195</u>
Deferred tax liability . . . . .	6,067
<b>Total liabilities</b> . . . . .	<u><u>476,476</u></u>
<b>Equity</b>	
Called up share capital . . . . .	1,000
Share premium account . . . . .	—
Other reserves . . . . .	(5,986)
Retained earnings . . . . .	839
<b>Total equity</b> . . . . .	<u><u>(4,147)</u></u>
<b>Total equity and liabilities</b> . . . . .	<u><u>472,329</u></u>

The Group did not present consolidated financial statements for the year ended 31 December 2016 or the 31-day period ended 31 January 2017. The Group previously presented consolidated financial statements for the 13-month period ended 31 December 2017 and 31 December 2018 under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The impact of the adoption of IFRS on

the total comprehensive income and equity of the Successor Group for the 13-month period ended and as at 31 December 2017 and 31 December 2018 is disclosed below.

	CGH 13-month period ended 31st December 2017
	<u>£'000</u>
Equity previously reported . . . . .	(42,184)
Adjustment 1 . . . . .	6,410
Adjustment 2 . . . . .	(17)
Adjustment 3 . . . . .	25
Adjustment 4 . . . . .	(25,448)
Adjustment 5 . . . . .	<u>1,018</u>
Equity under IFRS . . . . .	(60,196)
	CGH 13-month period ended 31 December 2017
	<u>£'000</u>
Total comprehensive loss previously reported . . . . .	(61,209)
Adjustment 1 . . . . .	6,410
Adjustment 2 . . . . .	(17)
Adjustment 3 . . . . .	25
Adjustment 4 . . . . .	(25,448)
Adjustment 5 . . . . .	<u>1,018</u>
Total comprehensive loss under IFRS . . . . .	(79,221)
	CGH Year ended 31 December 2018
	<u>£'000</u>
Equity previously reported . . . . .	(111,487)
Adjustment 1 . . . . .	13,403
Adjustment 2 . . . . .	(35)
Adjustment 3 . . . . .	39
Adjustment 4 . . . . .	(25,448)
Adjustment 5 . . . . .	<u>811</u>
Equity under IFRS . . . . .	(122,717)
	CGH Year ended 31 December 2018
	<u>£'000</u>
Total comprehensive loss previously reported . . . . .	(69,303)
Adjustment 1 . . . . .	6,993
Adjustment 2 . . . . .	(18)
Adjustment 3 . . . . .	14
Adjustment 4 . . . . .	—
Adjustment 5 . . . . .	<u>(207)</u>
Total comprehensive loss under IFRS . . . . .	(62,521)

### Adjustments

#### (i) Adjustment 1—Goodwill amortisation

Under FRS 102 goodwill is amortised over its useful economic life. However, under IFRS, goodwill is not amortised but instead assessed annually for impairment. The adjustment reflects the reversal of the goodwill amortisation recognised under FRS 102. No impairment has been recognised in the year under IFRS.

(ii) Adjustment 2—Adoption of IFRS 16

Under FRS 102 the charge incurred under operating leases is expensed over the period of the lease. Under IFRS, a right-of-use asset and related liability are recognised on the consolidated statement of financial position based on the discounted cashflows payable under the lease. The right-of-use-asset is then depreciated over its useful economic life, and the liability is adjusted over time for interest and payments. The adjustments made from FRS 102 to IFRS were to remove the expense under FRS 102, record the fair value of the right-of-use asset and lease liability on the consolidated statement of financial position, and make adjustments for depreciation and interest over time.

(iii) Adjustment 3—Deferred tax impact of IFRS 16

Due to the asset and liability in Adjustment 2 reducing at different rates, a deferred tax asset is recognised, being 17% of the divergence between the asset and liability as at the date of each consolidated statement of financial position. The adjustment made was to recognise an asset and the impact on the consolidated statement of profit or loss.

(iv) Adjustment 4—Write-off of transaction costs capitalised as goodwill under FRS 102

Under FRS 102 transaction costs relating to acquisitions are capitalised as goodwill, but under IFRS, they are expensed as incurred. The adjustment made is to remove the costs from goodwill and expense them through the consolidated statement of profit or loss.

(v) Adjustment 5—Capitalisation of contract commissions

Under FRS 102, costs to obtain contracts are expensed but under IFRS these can be capitalised and amortised over the period of the customer relationship. The adjustment made is to reverse out expense posted under FRS 102, capitalises it as part of intangible assets and record the amortisation for the period.

(vi) Software Reclassification

Under FRS 102 software is classified as a tangible asset, whereas under IFRS, software is classified as an intangible asset. An adjustment has been made to reclassify the amount, but there is no impact on equity or comprehensive loss, as the useful economic life of the asset has not changed. As such, this has not been shown in the above reconciliation.

### **33. Post balance sheet events**

Effective 13 December 2019, CCH1 Limited was renamed to Calisen Group Holdings Limited. In addition, a number of wholly owned subsidiaries changed their name as outlined in note 17.

**PART XIV**  
**UNAUDITED PRO FORMA FINANCIAL INFORMATION**  
**SECTION A: ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL**  
**INFORMATION**



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The Directors  
Calisen plc  
1 Marsden Street  
Manchester  
M2 1HW  
7 February 2020

Ladies and Gentlemen

**Calisen plc**

We report on the pro forma statement of net assets (the 'Pro forma financial information') set out in Section B of Part XIV (*Unaudited Pro Forma Financial Information*) of the prospectus dated 7 February 2020 which has been prepared on the basis described in Section B of Part XIV (*Unaudited Pro Forma Financial Information*), for illustrative purposes only, to provide information about how the issue of new ordinary shares by Calisen plc pursuant to its initial public offering might have affected the financial information presented on the basis of the accounting policies to be adopted by Calisen plc in preparing the financial statements for the period ending 31 December 2020. This report is required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 (the 'PR Regulation') and is given for the purpose of complying with that Section and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of Calisen plc to prepare the Pro forma financial information in accordance with Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the prospectus.

**Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the UK. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Calisen plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Calisen plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Calisen plc.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

## **SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS**

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact of the issue of ordinary shares in Calisen plc on the net liabilities of Calisen Group Holdings Limited (formerly CCH1 Limited), as if the issue of ordinary shares in Calisen plc had taken place on 30 September 2019. The unaudited pro forma statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma statement of net assets of the Group is based on the consolidated net assets of Calisen Group Holdings Limited as at 30 September 2019 and has been prepared on the basis that the issue of ordinary shares in Calisen plc was effective as of 30 September 2019 and in a manner consistent with the accounting policies to be adopted by Calisen plc in preparing the audited financial statements for the period ending 31 December 2020.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and in accordance with Annex 20 of the PR Regulation. Because of its nature the unaudited pro forma statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma statement of net assets does not constitute a statutory account within the meaning of section 434 of the Companies Act 2006. Prospective investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part XIV (*Unaudited Pro Forma Financial Information*).

**UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP**

	Consolidated net assets of CGH Group as at 30 September 2019	Adjustments				<i>Pro forma</i> Note 6 £'000
		Adjustment for issue of ordinary shares	Adjustments in respect of IPO related costs	Adjustment for debt restructuring	Adjustment for shareholder loan recapitalisation	
		Note 1 £'000	Note 2 £'000	Note 3 £'000	Note 4 £'000	
<b>Non-current assets</b>						
Intangible assets	590,986	—	—	—	—	590,986
Property, plant and equipment	786,851	—	—	—	—	786,851
Deferred tax asset	40	—	—	—	—	40
Derivative financial instruments	909	—	—	—	—	909
	<u>1,378,786</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,378,786</u>
<b>Current assets</b>						
Trade and other receivables	51,276	—	—	—	—	51,276
Contract assets	23,365	—	—	—	—	23,365
Inventory	1,451	—	—	—	—	1,451
Deferred tax asset	—	—	—	—	—	—
Cash and cash equivalents	71,265	300,000	(25,000)	(223,848)	—	122,417
	<u>147,357</u>	<u>300,000</u>	<u>(25,000)</u>	<u>(223,848)</u>	<u>—</u>	<u>198,509</u>
<b>Total assets</b>	<u><b>1,526,143</b></u>	<u><b>300,000</b></u>	<u><b>(25,000)</b></u>	<u><b>(223,848)</b></u>	<u><b>—</b></u>	<u><b>1,577,295</b></u>
<b>Current liabilities</b>						
Trade creditors	(37,093)	—	—	—	—	(37,093)
Other creditors	(35,301)	—	—	—	—	(35,301)
Interest bearing loans and borrowings	(112,281)	—	—	—	—	(112,281)
	<u>(184,675)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(184,675)</u>
<b>Non-current liabilities</b>						
Interest bearing loans and borrowings	(1,401,869)	—	—	217,852	691,806	(492,211)
Provisions	(804)	—	—	—	—	(804)
Derivative financial instruments	(42,679)	—	—	2,288	—	(40,391)
Deferred tax liability	(85,848)	—	—	—	—	(85,848)
	<u>(1,531,200)</u>	<u>—</u>	<u>—</u>	<u>220,140</u>	<u>691,806</u>	<u>(619,254)</u>
<b>Total liabilities</b>	<u><b>(1,715,875)</b></u>	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>220,140</b></u>	<u><b>691,806</b></u>	<u><b>(803,929)</b></u>
<b>Net (liabilities)/assets</b>	<u><b>(189,732)</b></u>	<u><b>300,000</b></u>	<u><b>(25,000)</b></u>	<u><b>(3,708)</b></u>	<u><b>691,806</b></u>	<u><b>773,366</b></u>

*Notes*

- The net liabilities of CGH Group Limited as at 30 September 2019 have been extracted without material adjustment from Part B of Part XIII (*Historical Financial Information*).
- The adjustment in Note 2 reflects the gross proceeds from the issue of ordinary shares in Calisen plc pursuant to the Offer.
- The adjustment in Note 3 reflects costs directly attributable to the transaction of £25,000,000.
- The adjustment in Note 4 reflects the impact of the restructuring of debt owed to the lenders of Meter Fit 5 Limited and Meter Fit 20 Limited. The adjustment to interest bearing loans and borrowings of £217,852,000 represents the loan repayment of £221,560,000 net of the release of associated debt issue costs of £3,708,000. The adjustment to derivative financial instruments of £2,288,000 represents the settlement of related interest rate swap hedging instruments. The balances above represent the financial position as at 30 September 2019. The values of the outstanding principal, associated debt issue costs and related derivative financial instruments may differ as at the date of this Prospectus.
- The adjustment in Note 5 reflects the recapitalisation of amounts owed in respect of the Shareholder Loan Notes. The balance represents the outstanding principal of £583,173,000 combined with associated accrued interest of £108,633,000. The total balance of £691,806,000 will be recapitalised into share capital and share premium on completion of the transaction.

No adjustment has been made to reflect the trading results of the Group since 30 September 2019 or any change in its financial position in this period.

**PART XV**  
**TAXATION**

**A. UK TAX CONSIDERATIONS**

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK law as applied in England and Wales and what is understood to be the current practice of HMRC as at the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to shareholders who are resident and, in the case of individuals domiciled or deemed domiciled, for tax purposes in (and only in) the UK and to whom “split year” treatment does not apply (except (i) insofar as express reference is made to the treatment of non-UK residents and (ii) in relation to the statements on stamp duty and stamp duty reserve tax in section 1.3 below, which apply to all shareholders), who hold their Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The discussion does not address all possible tax consequences relating to an investment in the Shares. The tax position of certain categories of shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

**The statements summarise the current position and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.**

**1. TAXATION OF DIVIDENDS**

The Company is not required to withhold tax when paying a dividend.

Liability to tax on dividends will depend upon the individual circumstances of a shareholder. No UK tax credit attaches to any dividend paid by the Company.

**1.1 UK resident individual shareholders**

Under current UK tax rules specific rates of tax apply to dividend income. These include a nil rate of tax (the “**nil rate band**”) for the first £2,000 of dividend income in any tax year from 6 April 2018 and different rates of tax for dividend income that exceeds the nil rate band. For these purposes “dividend income” includes UK and non UK source dividends and certain other distributions in respect of shares received by a UK resident individual.

An individual shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the shareholder in the same tax year) that dividend falls within the nil rate band.

To the extent that (taking account of any other dividend income received by the shareholder in the same tax year) the dividend exceeds the nil rate band and cannot be sheltered by the unused part of that shareholder’s personal allowance, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a shareholder’s income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

**1.2 UK resident corporate shareholders**

Shareholders within the charge to UK corporation tax which are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received provided certain conditions are met (including an anti-avoidance condition).

A UK resident shareholder within the charge to UK corporation tax that is not a “small company” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will be liable to UK corporation tax (currently at a rate of 19%) on any dividend received unless the dividend falls within one of the potentially

exempt classes set out in Chapter 3 of Part 9A of the Corporation Tax Act 2009. Examples of exempt classes include: i) dividends paid on shares that are “ordinary shares” (that is, shares that do not carry any present or future preferential right to dividends or to the Company’s assets on its winding up) and which are not “redeemable”; and ii) dividends paid to a person which holds less than 10% of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made), which is entitled to less than 10% of the profits available for distribution to holders of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made), and which would be entitled on a winding up to less than 10% of the assets of the company available for distribution to holders of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made). However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

### **1.3 Non-UK resident shareholders**

A non-UK resident shareholder will generally not be liable to pay any UK tax on dividends paid by the Company. However, a shareholder resident outside the UK may be subject to non-UK taxation on dividend income under local law. Any such shareholder should consult his or her own tax adviser concerning his or her tax position on dividends received from the Company.

An individual shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty (“Treaty non-resident”) for a period of five years or less and who receives or becomes entitled to dividends from the Company during that period of temporary non-residence may, if the Company is treated as a close company for UK tax purposes and certain other conditions are met, be liable for income tax on those dividends on his or her return to the UK.

## **2. TAXATION OF DISPOSALS**

A disposal or deemed disposal of Shares by a shareholder who is resident in the UK for tax purposes may, depending upon the shareholder’s circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

### **2.1 UK resident individual shareholders**

For an individual shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on disposal of shares is generally 10% for individuals who are subject to income tax at the basic rate and 20% for individuals who are subject to income tax at the higher or additional rates. An individual shareholder is entitled to realise an annual exempt amount of gains (£12,000 for the tax year 6 April 2019 to 5 April 2020) without being liable to UK capital gains tax.

### **2.2 UK resident corporate shareholders**

For a shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Shares may give rise to a chargeable gain subject to corporation tax (currently at a rate of 19%) or an allowable loss for the purposes of UK corporation tax.

### **2.3 Non-UK resident shareholders**

Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK tax resident shareholders may be subject to non-UK taxation on any gain under local law.

An individual shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as Treaty non-resident for a period of five years or less and who disposes of all or part of his or her Shares during that period may be liable to capital gains tax on his or her return to the UK, subject to any available exemptions or reliefs.

### **3. STAMP DUTY AND STAMP DUTY RESERVE TAX (“SDRT”)**

#### **3.1 The Offer**

The stamp duty and SDRT treatment of the subscription or purchase of Shares under the Offer will be as follows:

- (a) The issue of Shares direct to persons acquiring Shares pursuant to the Offer will not generally give rise to stamp duty or SDRT. In the case of Shares issued to a clearance service or depositary receipt system, this is as a result of EU case law which has been accepted by HMRC (as referred to further below).
- (b) The transfer of, or agreement to transfer, Shares sold by the Selling Shareholders under the Offer will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5% of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5).

#### **3.2 Subsequent transfers**

Stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. A charge to SDRT will also arise on an unconditional agreement to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

#### **3.3 Shares transferred through paperless means including CREST**

Paperless transfers of Shares, such as those occurring within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money’s worth, in which case a liability to SDRT (usually at a rate of 0.5%) will arise.

#### **3.4 Shares held through Clearance Systems or Depositary Receipt Arrangements**

Special rules apply where Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts or a person providing a clearance service, under which SDRT or stamp duty may be charged at a rate of 1.5%, with subsequent transfers within the clearance service or transfers of depositary receipts then being free from SDRT or stamp duty (except in relation to clearance service providers that have made an election under section 97A(1) of the Finance Act 1986 (to which the special rules outlined below apply)). In light of EU case law, HMRC accept that this charge is in breach of EU law so far as it applies to new issues of shares or transfers that are an integral part of a share issue, and it was confirmed in the Autumn 2017 Budget that the Government intend to continue this approach following the UK’s withdrawal from the EU.

### **4. INHERITANCE TAX**

The Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled in the UK (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold Shares, bringing them within the charge to inheritance tax. A charge to inheritance tax may also arise if the Shares are transferred to a trust during the lifetime of the transferor. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any Shares through trust arrangements. They should

also seek appropriate tax advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

## 5. CLOSE COMPANIES

There is a risk that the Company is and will continue to be a close company for UK tax purposes. This can mean that in some circumstances shareholders would be subject to UK tax anti-avoidance provisions by reference to their shareholding and any dealings with the Company. However, the provisions would not generally be expected to apply to shareholders who hold their shares as investments and do not otherwise deal with the Company, unless they have a shareholding in excess of 5% and in some cases, 25%.

## B. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion describes certain United States federal income tax consequences of the purchase, ownership and disposition of Shares as at the date hereof. This discussion deals only with Shares that are held as capital assets by a United States Holder (as defined below). In addition, the discussion set forth below is applicable only to United States Holders: (i) who are residents of the United States for purposes of the current United States—UK Income Tax Treaty (the “**Treaty**”), (ii) whose Shares are not, for purposes of the Treaty, effectively connected with a permanent establishment in the UK and (iii) who otherwise qualify for the full benefits of the Treaty.

As used herein, the term “**United States Holder**” means a beneficial owner of Shares that is, for United States federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it: (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended (the “**IR Code**”), and regulations, rulings and judicial decisions thereunder as at the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarised below.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to a United States Holder subject to special treatment under the United States federal income tax laws, such as:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organisation;
- a person holding Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for its securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of the Company’s stock (by vote or value);
- a partnership, S corporation or other pass-through entity for United States federal income tax purposes;

- a person required to accelerate the recognition of any item of gross income with respect to the Shares as a result of such income being recognised on an applicable financial statement; or
- a person whose “functional currency” is not the United States dollar.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding Shares should consult their own independent tax advisers.

This discussion does not contain a detailed description of all the United States federal income tax consequences to a United States Holder of Shares in light of the United States Holder’s particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. **Any persons considering the purchase of Shares should consult with their own independent tax advisers concerning the particular United States federal income tax consequences of the purchase, ownership and disposition of Shares, as well as the consequences arising under other United States federal tax laws and the laws of any other taxing jurisdiction.**

## 1. TAXATION OF DIVIDENDS

The gross amount of distributions on the Shares will be taxable as dividends to the extent paid out of current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of any distribution exceeds the Company’s current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the tax basis of the Shares, and to the extent the amount of the distribution exceeds a United States Holder’s tax basis, the excess will be taxed as capital gain recognised on a sale or exchange. However, the Company does not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, United States Holders of the Shares should expect that a distribution will generally be treated as a dividend.

Any dividends received (including any withheld taxes) should be included in a United States Holder’s gross income as ordinary income on the day actually or constructively received by the United States Holder. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the IR Code. With respect to non-corporate United States investors, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that Treaty meets these requirements, and the Company believes it is eligible for the benefits of the Treaty. However, non-corporate holders that do not meet certain minimum holding period requirements or that elect to treat the dividend income as “investment income” will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. United States Holders should consult their own tax advisers regarding the application of these rules to their particular circumstances.

The amount of any dividend paid in pound sterling will equal the United States dollar value of the pound sterling received calculated by reference to the exchange rate in effect on the date the dividend is received by you, regardless of whether the pound sterling are converted into United States dollars. If the pound sterling received as a dividend are converted into United States dollars on the date they are received, you generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the pound sterling received as a dividend are not converted into United States dollars on the date of receipt, a United States Holder will have a basis in the pound sterling equal to their United States dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the pound sterling will be treated as United States source ordinary income or loss.

Distributions of common shares or rights to subscribe for common shares that are received as part of a *pro rata* distribution to all of the Company’s shareholders generally will not be subject to United States federal income tax.

## 2. PASSIVE FOREIGN INVESTMENT COMPANY

The Company does not believe that it is, for United States federal income tax purposes, a passive foreign investment company (a “PFIC”), and it expects to operate in such a manner so as not to become a PFIC. If, however, the Company is or becomes a PFIC, a United States Holder could be subject to additional United

States federal income taxes on gain recognised with respect to the Shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. In addition, dividends received by non-corporate United States investors will not be eligible for the reduced rate of taxation discussed under “Taxation of Dividends” above if the Company is a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

### **3. TAXATION OF CAPITAL GAINS**

For United States federal income tax purposes, a United States Holder of the Shares will recognise taxable gain or loss on any sale or exchange of the Shares in an amount equal to the difference between the amount realised for the Shares and the United States Holder’s tax basis in the Shares. Such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if the United States Holder has held the Shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognised by a United States Holder will generally be treated as United States source gain or loss.

United States Holders should note that any UK stamp duty or SDRT, if any, will not be treated as a creditable foreign tax for United States federal income tax purposes, although United States Holders may be entitled to deduct such taxes, subject to applicable limitations under the IR Code.

### **4. INFORMATION REPORTING AND BACKUP WITHHOLDING**

In general, information reporting will apply to dividends in respect of Shares and the proceeds from the sale, exchange or other disposition of Shares that are paid to a United States Holder within the United States (and in certain cases, outside the United States), unless the United States Holder is a corporation or other exempt recipient. A backup withholding tax may apply to such payments if a United States Holder fails to provide a taxpayer identification number or certification of exempt status or fails to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a United States Holder’s United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Certain United States Holders are required to report information relating to the Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained by certain financial institutions), by attaching a complete Internal Revenue Service Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold the Shares. United States Holders are urged to consult their own tax advisers regarding information reporting requirements relating to their ownership of the Shares.

**PART XVI**  
**THE OFFER**

**1. SUMMARY OF THE OFFER AND USE OF PROCEEDS**

The Offer comprises an offer of 136,995,244 Shares comprising 125,000,000 New Shares and 11,995,244 Existing Shares (assuming that there is no exercise of the Over-allotment Option). The New Shares will represent approximately 22.8% of the expected issued ordinary share capital of the Company immediately following Admission. In addition, a further 20,549,287 Over-allotment Shares are being made available by the Selling Shareholders pursuant to the Over-allotment Option.

All Shares issued or sold pursuant to the Offer are being issued or sold at the Offer Price.

Through the issue of 125,000,000 New Shares pursuant to the Offer, the Company expects to raise proceeds of approximately £275 million, net of underwriting commissions (including the maximum amount of any discretionary commission) and other costs and expenses of, and incidental to, Admission and the Offer which are expected to be approximately £25 million (including VAT) and which the Company intends to pay out of the proceeds of the Offer it receives.

The Company intends to use the gross proceeds from the issue of the New Shares to support future growth, repay certain indebtedness and for general corporate purposes. The Company will use approximately £300 million from the gross proceeds to repay £227 million of equity bridge loans and fund £4 million of debt service reserve accounts. The remaining £69 million will be used to fund existing and new contracts relating to smart meter roll-outs in Britain and for other general corporate purposes (including costs and expenses of, and incidental to, Admission and the Offer payable by the Company).

Through the sale of 11,995,244 Existing Shares pursuant to the Offer, the Company expects the Selling Shareholders to raise proceeds of approximately £27.78 million, in aggregate, net of underwriting commissions (including the maximum amount of any discretionary commission) and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer which are expected to be approximately £1.01 million (including VAT) (assuming there is no exercise of the Over-allotment Option).

Pursuant to the Offer, the Existing Shareholders will experience a 22.8% dilution as a result of the issue of the 125,000,000 New Shares (that is, its, his or her proportionate interest in the Company will decrease by 22.8%).

The Offer is being made to certain institutional and professional investors in the UK and elsewhere outside the United States in accordance with Regulation S and in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A of the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The Offer is, subject to certain conditions, fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement summarised in section 16.1 (*Underwriting Agreement*) of Part XVII (*Additional Information*) of this Prospectus.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being issued or sold in jurisdictions outside the UK are described in section 10 (*Transfer and Selling Restrictions*) of this Part XVI (*The Offer*) of this Prospectus.

The Offer is conditional on, among other things:

- (a) the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- (b) Admission having occurred by not later than 8.00 a.m. (London time) on 12 February 2020 (or such later time and/or date as the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and the Company may agree, being not later than 25 February 2020).

When admitted to trading, the Shares will be registered with ISIN number GB00BKKX9C181 and SEDOL number BKKX9C18, and will trade under the symbol “CLSN”. Conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 7 February 2020. Admission is expected to take place and unconditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 12 February 2020.

Immediately following Admission, it is expected that in excess of 25% of the Company’s issued ordinary share capital will be held in public hands.

The Company, the Major Shareholder and the Underwriters expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to investors without interest. The Offer cannot be terminated after Admission.

The rights attaching to the Shares issued or sold pursuant to the Offer, including any Shares sold pursuant to the Over-allotment Option, will be uniform in all respects, including the right to vote and the right to receive all dividends and other distributions declared, made or paid in respect of the Company's share capital after Admission. The Shares will be freely transferable and there will be no restrictions on transfer. The Shares will not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The Shares will rank *pari passu* in all respects.

No expenses will be charged by the Company or the Selling Shareholders to any subscribers or purchasers of Shares pursuant to the Offer.

## **2. REASONS FOR THE OFFER**

The Directors believe that the Offer and Admission will position the Group for the next stage of its development, by further raising the profile of the Group and providing an appropriate capital structure for future growth, including the funding of existing and new contracts relating to smart meter roll-outs in Britain and increasing financial flexibility.

The sale of Existing Shares will provide the Selling Shareholders with an opportunity for a partial realisation of their shareholding in the Company.

## **3. ALLOCATIONS UNDER THE OFFER**

Participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. Upon notification of any allocation, prospective investors will be contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

## **4. DEALING ARRANGEMENTS**

Application will be made to the FCA for all of the Shares issued and to be issued in connection with the Offer to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 7 February 2020. The earliest date for settlement of such dealings will be 12 February 2020. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. on 12 February 2020. All dealings in Shares prior to the commencement of unconditional dealings will be on a "when issued basis" and will be of no effect if the Offer does not become unconditional in all respects and Admission does not take place, and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.

Pricing information will be published on the Company's website at [www.calisen.com](http://www.calisen.com) on 7 February 2020.

Each investor will be required to undertake to pay the Offer Price for the Shares sold or issued to such investor in such manner as shall be directed by the Joint Global Coordinators.

It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

In connection with the Offer, any of the Underwriters and any of their affiliates, acting as investors for their own accounts, may take up a portion of the Shares in the Offer as a principal position, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its own accounts in such Shares and other securities of the Company or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed for, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing of or dealing in the Shares by, any Underwriter and any of its affiliates acting as an investor for its own accounts. In addition, certain of the Underwriters or their affiliates may enter into

financing arrangements (including swaps) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. Neither the Underwriters nor any of their affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In addition, the Major Shareholder has retained the right to enter into margin loan facilities following Admission. Should the Major Shareholder decide to enter into any margin loan facility, the security granted by the Major Shareholder in favour of the relevant margin loan lenders could potentially represent all or a significant majority of the Shares that the Major Shareholder will hold following Admission. The relevant margin loan lenders in respect of any margin loan facility may include one or more of the Underwriters and/or their respective affiliates.

## **5. OVER-ALLOTMENT AND STABILISATION**

In connection with the Offer, Citi (as Stabilising Manager), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law and for stabilisation purposes, on behalf of the Underwriters, over-allot Shares up to a total of 15% of the total number of Shares included in the Offer or effect other transactions with a view to supporting the market price of the Shares or any options, warrants or rights with respect thereto, or other interest in the Shares or other securities of the Company, in each case at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. Stabilisation transactions aim at supporting the market price of the securities during the stabilisation period. Such stabilisation, if commenced, may be discontinued at any time without prior notice. If such stabilisation occurs, it will be undertaken at the London Stock Exchange. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotment and/or from sales of Shares effected by it during the stabilising period, the Stabilising Manager has been granted the Over-allotment Option by the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) under the Underwriting Agreement, pursuant to which it may purchase, or procure purchasers for, Over-allotment Shares (representing up to 15% of the total number of Shares included in the Offer) at the Offer Price. The Over-allotment Option may be exercised in whole or in part upon notice by the Stabilising Manager at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will be made available on the same terms and conditions as Shares being offered pursuant to the Offer, will rank *pari passu* in all respects with all other Shares (including with respect to pre-emption rights) and will form a single class with all other Shares for all purposes, including with respect to voting and for all dividends and distributions thereafter declared, made or paid on the ordinary share capital of the Company.

## **6. STOCK LOAN AGREEMENT**

In connection with the arrangements detailed in section 5 (*Over-allotment and Stabilisation*) of this Part XVI (*The Offer*) of this Prospectus, the Stabilising Manager has entered into a Stock Loan Agreement with the Major Shareholder pursuant to which the Stabilising Manager will be able to borrow, from the Major Shareholder free of charge, Shares on Admission up to an amount equal to 15% of the total number of Shares included in the Offer for the purposes, among other things, of allowing the Stabilising Manager to settle, at Admission, over allocations, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the Stock Loan Agreement it will be required to return equivalent securities to the Major Shareholder by no later than three Business Days following the Stabilisation End Date.

## **7. CREST**

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. With effect from Admission, the Articles will permit the holding of Shares under the CREST system. Application has been made

for the Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

## **8. UNDERWRITING ARRANGEMENTS**

The Company (for itself and as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election), the Directors, the Major Shareholder, the Sponsor and the Underwriters have entered into the Underwriting Agreement pursuant to which the Underwriters have agreed, subject to certain terms and conditions, severally (and not jointly or jointly and severally) to (i) use reasonable endeavours to procure subscribers or purchasers, as the case may be, or, failing which, to (ii) subscribe for or purchase, as the case may be, for themselves, at the Offer Price, the Shares (in such proportions as are set out in the Underwriting Agreement) to be issued or sold pursuant to the Offer.

The Offer is conditional on, among other things, Admission occurring not later than 8.00 a.m. (London time) on 12 February 2020 (or such later time and/or date as the Company may agree with the Joint Global Coordinators (for themselves and on behalf of the other Underwriters), being not later than 25 February 2020) and the Underwriting Agreement becoming unconditional in all respects. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain customary circumstances. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to investors without interest.

Under the terms and conditions of the Underwriting Agreement, the Sponsor has agreed to provide certain assistance to the Company in connection with Admission.

Further details of the terms of the Underwriting Agreement are set out in section 16.1 (Underwriting Agreement) of Part XVII (*Additional Information*) of this Prospectus.

## **9. LOCK-UP ARRANGEMENTS**

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain customary exceptions, for a period from the date of this Prospectus until 180 days after Admission, neither it nor any member of the Group will, without the prior written consent of a majority in number of the Joint Global Coordinators, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. The lock-up restrictions described in this paragraph shall not apply to (i) the issue of New Shares pursuant to the Offer, (ii) the issue of Shares to certain of the Non-Executive Directors as described in section 10 (*Subscription of Shares by Directors*) of Part XVI (*The Offer*) of this Prospectus (iii) the issue of Shares pursuant to the grant, exercise or vesting of options or awards under the employee share schemes described in section 12 (*Share-based Incentive Arrangements*) of Part XVII (*Additional Information*) of this Prospectus or (iv) the grant of any options or awards under such employee share schemes.

Pursuant to the Underwriting Agreement, the Major Shareholder has agreed that, subject to the paragraph below in relation to margin loan facilities and certain customary exceptions, for a period from the date of this Prospectus until 180 days after Admission, it will not, without the prior written consent of a majority in number of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing other than pursuant to the Offer or in connection with the Over-allotment Option in the manner described in this Prospectus.

The lock up restrictions described in the preceding paragraph shall not apply to any of the following:

- (a) any disposal for the purpose of pledging or charging any Share to or for the benefit of a lender in connection with any margin loan facility made available to the Major Shareholder; or
- (b) any disposal for the purposes of transferring any Shares pursuant to any enforcement of the security over Shares granted by the Major Shareholder to or for the benefit of a lender in connection with any margin loan facility made available to the Major Shareholder.

The Major Shareholder has retained the right to enter into margin loan facilities following Admission. Should the Major Shareholder decide to enter into any margin loan facility, the security granted in favour of the relevant margin loan lenders could potentially represent all or a significant majority of the Shares held by the Major Shareholder at Admission. Ordinarily under such arrangements, the Major Shareholder will continue to be able to vote Shares over which security has been granted unless and until a default occurs under a margin loan facility. In the event that an event of default occurs under a margin loan facility, the margin loan lenders may enforce the security granted by the Major Shareholder over its Shares and sell those Shares.

Pursuant to the Deeds of Election, each of the Management Shareholders has agreed that, subject to the provisions of this paragraph and certain customary exceptions, for a period from the date of this Prospectus until 365 days after Admission, he or she will not, without the prior written consent of a majority in number of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares held by him or her immediately after Admission and any Shares which accrue to him or her as a result of such holding or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing other than pursuant to the Offer or in connection with the Over-allotment Option in the manner described in this Prospectus. The lock up restrictions described in this paragraph shall not apply to any sale or disposal of Shares where the proceeds of such disposal are used to raise monies to discharge any tax liability (including income tax liabilities, PAYE and employee's national insurance contributions) and any interest, surcharges or penalties connected therewith arising in relation to such Management Selling Shareholder's acquisition, holding or disposal of Shares and/or the acquisition of or the disposal of or holding of any Shares or securities of any current or former member of the Group. The lock-up restrictions described in this paragraph shall not apply in respect of Shares issued pursuant to the grant, exercise or vesting of options or awards under the employee share schemes described in section 12 of Part XVII (*Additional Information*) of this Prospectus or the grant of any options or awards under such employee share schemes.

Pursuant to the Underwriting Agreement, each of the Directors has agreed that, subject to certain customary exceptions, for a period from the date of this Prospectus until 365 days after Admission, he or she will not, without the prior written consent of a majority in number of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares held by him or her immediately after Admission and any Shares which accrue to him or her as a result of such holding or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. The lock-up restrictions described in this paragraph shall not apply in respect of Shares issued pursuant to the grant, exercise or vesting of options or awards under the employee share schemes described in section 12 of Part XVII (*Additional Information*) of this Prospectus or the grant of any options under such employee share schemes. In addition, in the case of the Executive Directors and Jim Macdonald only, the lock-up restrictions described in this paragraph shall not apply in respect of any Shares sold by them pursuant to the Offer or in connection with the Over-allotment Option in accordance with the terms of their respective Deeds of Election or to the sale or disposal of Shares where the proceeds of such disposal are used to raise monies to discharge any tax liability (including income tax liabilities, PAYE and employee's national insurance contributions) and any interest, surcharges or penalties connected therewith arising in relation to such Director's acquisition, holding or disposal of Shares and/or the acquisition of or the disposal of or holding of any Shares or securities of any current or former member of the Group.

Pursuant to an additional lock-up agreement, Bert Pijls has agreed that, for an additional period of 365 days following the expiry of his 365 day lock-up period set out above, subject to certain customary exceptions, he will not, without the prior written consent of the Company, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares held by him immediately after Admission and any Shares which accrue to him as a result of such holding or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. The lock-up restrictions described in this paragraph shall not apply in respect of Shares issued pursuant to the grant, exercise or vesting of options or awards under the employee share schemes described in section 12 of Part XVII (*Additional Information*) of this Prospectus or the grant of any options under such employee share schemes, nor shall they apply to the sale or disposal of Shares where the proceeds of such disposal are used to raise monies to discharge any tax liability (including income tax liabilities, PAYE and employee's national insurance contributions) and any interest,

surcharges or penalties connected therewith arising in relation to his acquisition, holding or disposal of Shares and/or the acquisition of or the disposal of or holding of any Shares or securities of any current or former member of the Group.

## **10. SUBSCRIPTION OF SHARES BY DIRECTORS**

On Admission, 104,166 Shares will be issued by the Company to Phil Nolan for a total price of £249,998, 12,500 Shares will be issued by the Company to Kath Durrant for a total price of £30,000, 20,833 Shares will be issued by the Company to Patrick O'Donnell Bourke for a total price of £49,999 and 31,250 Shares will be issued by the Company to Lord Jitesh Gadhia for a total price of £75,000. These Shares will be issued at the Offer Price but will not form part of the Offer.

## **11. TRANSFER AND SELLING RESTRICTIONS**

The distribution of this Prospectus and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction (other than the UK) that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offer. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No Shares have been marketed to, or are available for purchase in whole or in part by, the public in the UK and elsewhere in connection with the Offer. This document does not constitute a public offer in the UK to subscribe for or purchase any securities in the Company or any other entity.

### **11.1 United States**

This Prospectus is not a public offering (within the meaning of the US Securities Act) of securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and applicable state or other securities laws. Accordingly, the Company and the Selling Shareholders may offer Shares: (a) in the United States only to persons reasonably believed to be QIBs as defined in and pursuant to Rule 144A; and (b) outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

#### ***Rule 144A transfer restrictions***

Each acquirer of Shares in the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) It is, and at the time of its purchase of any Shares will be, a QIB within the meaning of Rule 144A.
- (b) The Shares have not been, nor will they be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, that sellers of the Shares may be relying on the exemption from the registration requirements of the US Securities Act provided by

Rule 144A, and that the Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with section 10.1 (*United States*) of this Part XVI (*The Offer*) of this Prospectus.

- (c) It is purchasing the Shares: (i) for its own account; or (ii) for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements wherein with respect to each such account (in which case it hereby makes such acknowledgments, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such Shares in violation of United States securities laws.
- (d) Offers and sales of the Shares are being made in the United States only to QIBs in transactions not involving a public offering or which are exempt from, or not subject to, the registration requirements of the US Securities Act, and that if in the future it or any such other QIB for which it is acting or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, pledge or otherwise transfer any Shares, it or any such other QIB and any such fiduciary or agent will do so only: (i) to a person that the seller and any person acting on its behalf reasonably believe is a QIB within the meaning of Rule 144A purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act; (iii) in accordance with Rule 144 under the US Securities Act; or (iv) pursuant to an effective registration statement under the US Securities Act, and in each case in accordance with any applicable securities law of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the US Securities Act for the resale of the Shares.
- (e) For so long as the Shares are “restricted securities” within the meaning of Rule 144A(a)(3) of the US Securities Act, no such shares may be deposited into any unrestricted depositary receipt facility established or maintained by a depositary bank.
- (f) The Shares will not settle or trade through the facilities of DTCC or any other United States clearing system.
- (g) The Shares (to the extent they are in certified form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

“THE SHARES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT: (I) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT; (III) IN ACCORDANCE WITH RULE 144 UNDER THE US SECURITIES ACT; OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OR TERRITORY OF THE UNITED STATES AND OF ANY OTHER JURISDICTION. NO REPRESENTATIONS CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.”

- (h) These representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Selling Shareholders, the Underwriters, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company.
- (i) Any resale made other than in compliance with the above stated restrictions shall not be recognised by the Company.

- (j) It represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain “restricted securities” within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

### ***Regulation S transfer restrictions***

Each acquirer of Shares outside the United States in accordance with Regulation S, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) It is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations;
- (b) The Shares have not been, nor will they be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (c) It is acquiring such Shares in an offshore transaction meeting the requirements of Regulation S;
- (d) It is not an affiliate of the Company as defined in Rule 405 under the US Securities Act or a person acting on behalf of such an affiliate; and
- (e) The Company, the Selling Shareholders, the Underwriters, their affiliates and others will rely upon truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

### **11.2 Australia**

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Shares, each purchaser or subscriber of Shares represents and warrants to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Shares each purchaser or subscriber of Shares undertakes to the Company, the Selling Shareholders and the Underwriters that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Shares, offer, transfer, assign or otherwise alienate those Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

### **11.3 Japan**

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the “**FIEL**”) and disclosure under the FIEL has not been, and will not

be, made with respect to the Shares. Neither the Shares nor any interest therein may be offered, sold, resold, or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### **11.4 EEA and the UK**

In relation to each Member State of the European Economic Area and the UK, an offer to the public of any Shares may not be made in that Member State or, as the case may be, in the UK, except that an offer to the public in that Member State or the UK of any Shares may be made at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a “qualified investor” as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Underwriters and the Company that it is a qualified investor.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 1(4) of the Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public, other than their offer or resale in a Member State or the UK to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and agreements. Notwithstanding the above, a person who is not a “qualified investor” and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Shares in the Offer.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Member State or the UK means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares.

#### **11.5 DIFC**

This Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“**DFSA**”). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for the Prospectus. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

#### **11.6 Switzerland**

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

### **11.7 Hong Kong**

This document has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Shares may only be offered or sold in Hong Kong (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance and (b) in other circumstances which do not result in this document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong.

### **11.8 Canada**

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **11.9 Singapore**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined under Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person under Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise under, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (A) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 2(1) of the SFA) or Securities-based Derivatives Contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares under an offer made under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time, including by such of its subsidiary legislation as may be applicable at the relevant time.

#### **11.10 South Africa**

In South Africa, the Offer will only be made by way of private placement to, and be capable of acceptance by, persons falling within the exemptions set out in Section 96(1)(a) of the South African Companies Act and to whom the Offer will be specifically addressed (“**Qualifying Investors**”) and this Prospectus is only being made available to such Qualifying Investors. The Offer and the Prospectus do not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and to subscribe for, shares to the public as defined in the South African Companies Act and will not be made or distributed, as applicable, to any person in South Africa in any manner which could be construed as an offer to the public in terms of the South African Companies Act. Should any person who is not a Qualifying Investor receive this Prospectus they should not and will not be entitled to acquire any Offer Shares or otherwise act thereon. This Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act.

## **12. TERMS AND CONDITIONS OF THE OFFER**

These terms and conditions apply to investors agreeing to subscribe for New Shares and/or purchase Existing Shares under the Offer. Each investor agrees with each of the Company, the Selling Shareholders and the Underwriters to be bound by these terms and conditions as being the terms and conditions upon which Shares will be issued and/or sold under the Offer.

### **12.1 Agreement to acquire Shares**

Conditional on (i) Admission occurring on or prior to 8.00 a.m. on 12 February 2020 (or such later date as the Joint Global Coordinators (on behalf of themselves and the other Underwriters) and the Company may agree), and (ii) the investor being allocated Shares, each investor agrees to become a member of the Company and agrees to acquire Shares at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Shares in the Offer, or otherwise to withdraw from, such commitment.

### **12.2 Payment for Shares**

Each investor undertakes to pay the Offer Price for the Shares issued to or acquired by such investor in such manner as shall be directed by the Joint Global Coordinators (on behalf of themselves and the other Underwriters). In the event of any failure by any investor to pay as so directed by the Joint Global Coordinators, the relevant investor will be deemed thereby to have appointed the Joint Global Coordinators or any nominee of the Joint Global Coordinators to sell (in one or more transactions) any or all of the Shares in respect of which payment will not have been made as directed by the Joint Global Coordinators and indemnifies on demand the Joint Global Coordinators and/or any relevant nominee of the Joint Global Coordinators in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales.

Liability for stamp duty and SDRT is described in section A.3 (*Stamp Duty and Stamp Duty Reserve Tax*) of Part XV (*Taxation*) of this Prospectus.

### **12.3 Supply and disclosure of information**

If the Company or the Joint Global Coordinators (on behalf of themselves and the other Underwriters) or any of their agents request any information about an investor's agreement to subscribe for and/or purchase Shares, such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

### **12.4 Miscellaneous**

- (a) The rights and remedies of the Company, the Selling Shareholders and the Underwriters under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- (b) All documents sent by, to, from or on behalf of the investor will be sent at the investor's risk. They may be sent by post to such investor at an address notified to the Joint Global Coordinators (on behalf of themselves and the other Underwriters).
- (c) Each investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such investor has agreed to subscribe for and/or purchase have been issued or transferred to such investor.
- (d) The contract to subscribe for and/or purchase Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and the Underwriters, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.
- (e) In the case of a joint agreement to subscribe for and/or purchase Shares, references to an investor in these terms and conditions are to each of such investors and any investors' liability is joint and several.

### **13. WITHDRAWALS**

If the Company is required to publish any supplementary prospectus, applicants who have applied for Shares in the Offer shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Shares in the Offer in its entirety. The right to withdraw an application to acquire Shares in the Offer in these circumstances will be available to all investors in the Offer. If the application is not withdrawn within the stipulated period, any application to apply for Shares in the Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus is published.

### **14. FTSE ELIGIBILITY**

Subject to satisfying the appropriate criteria, the Company may be eligible following completion of the Offer for inclusion in the UK's FTSE 250 Index at the quarterly review in June 2020. The Company is expected to qualify for the London Stock Exchange's Green Economy Mark at Admission, which recognises companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy. The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent, transparent data and indexes.

### **15. OTHER RELATIONSHIPS**

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, the Major Shareholder and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

**PART XVII**  
**ADDITIONAL INFORMATION**

**1. RESPONSIBILITY STATEMENT**

The Directors, whose names appear in Part IX (*Directors, Senior Managers, Employees and Corporate Governance*) of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

**2. INCORPORATION AND ACTIVITY OF THE COMPANY**

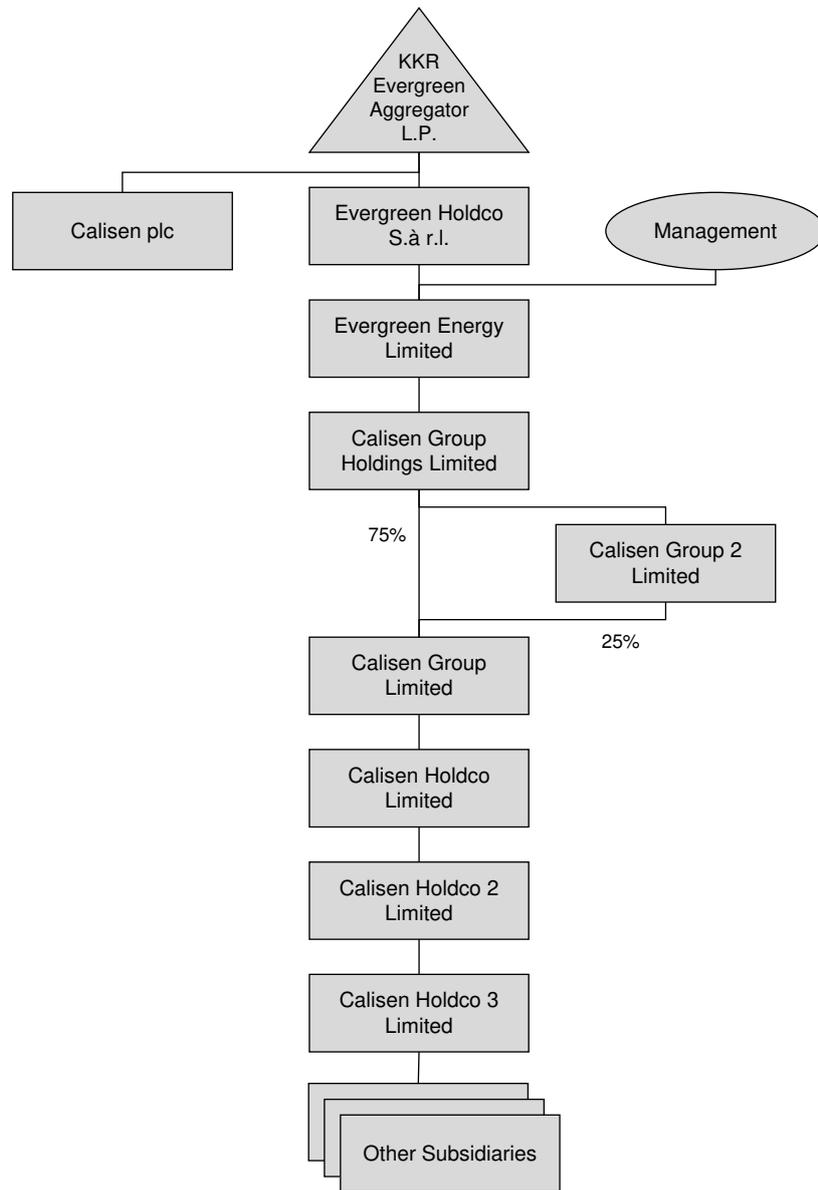
On 2 January 2020, the Company was incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company under the name Arthur FloatCo plc with registered number 12383518. The Company was renamed Calisen plc on 7 January 2020. The commercial name of the Company (and the Group as a whole) is ‘Calisen’. The Company’s LEI is 213800RI3193ZQDEA191. The liability of the members of the Company is limited.

The principal activity of the Company is to act as the holding company of the Group. The principal legislation under which the Company operates is the Companies Act 2006 and regulations made thereunder. The Company operates in conformity with its articles of association. On 7 January 2020, the Company was issued with a trading certificate under section 761 of the Companies Act 2006, entitling it to commence business.

The Company is domiciled in England and Wales with its registered and head office at 5th Floor, 1 Marsden Street, Manchester, England, M2 1HW. The telephone number of the Company’s registered office is +44 (0)161 220 1900.

**3. REORGANISATION**

**3.1** The diagram below sets out the simplified Group structure as at the date of this Prospectus. The Company is controlled by the Major Shareholder, which holds 50,000 Shares in the Company. On 17 January 2020, Calisen Group Holdings Limited incorporated Calisen Group 2 Limited with a nominal share capital and contributed 430,172 ordinary shares (representing approximately 25% of its shareholding) in Calisen Group Limited (a wholly-owned subsidiary) to Calisen Group 2 Limited in exchange for the issue of one share. Further details of the share capital structure are set out in section 4 (*Share Capital of the Company*) of this Part XVII (*Additional Information*) below and in the remainder of this section 3 (*Reorganisation*) of this Part XVII (*Additional Information*).



**3.2** On 7 February 2020, the Company, the Major Shareholder, Evergreen Holdco S.à r.l., Evergreen Energy Limited, Calisen Group Holdings Limited and the Management Shareholders entered into a Reorganisation Agreement which is effective as of the date of publication of this Prospectus and pursuant to which the parties agree and undertake to effect the following reorganisation steps in the order set out below, with each step taking place on the date stated in the Reorganisation Agreement.

*(a) Pre-Admission steps under the Reorganisation*

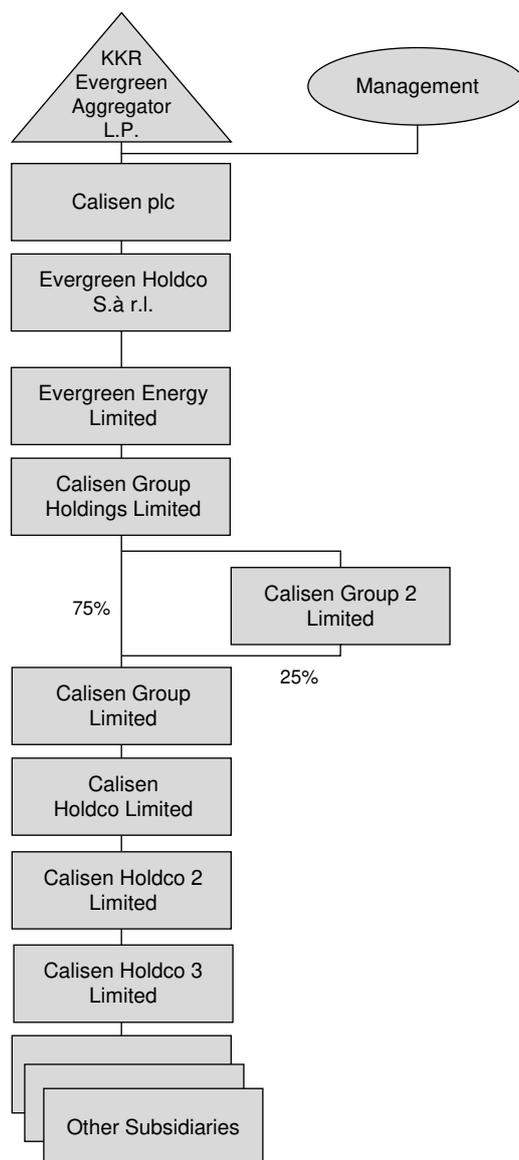
Pursuant to contractual obligations set out in the Reorganisation Agreement:

- (i) On the date of publication of this Prospectus, the Major Shareholder shall transfer all the cPECs (being the principal amount of £581,920,694 and the accrued but unpaid interest of £126,838,646) issued by, and all the shares in, Evergreen Holdco S.à r.l. to the Company in exchange for the allotment and issue by the Company of 404,706,291 Shares credited as fully paid;
- (ii) at least one Business Day after the step set out in 3.2(a)(i) above, the holders of the cPECs shall waive the yield accruing on the cPECs for a period of approximately two weeks with effect from the date of publication of the Prospectus, until the cPECs are redeemed in accordance with the Post-IPO Reorganisation steps described below;
- (iii) on the same Business Day as the step set out in 3.2(a)(ii) above, the Management Shareholders shall transfer their shares in Evergreen Energy Limited and the Management Shareholder Loan

Notes issued by Calisen Group Holdings Limited to the Company in exchange for the allotment and issue by the Company of 13,105,933 Shares credited as fully paid;

- (iv) certain historical intercompany balances of £130,000 between Evergreen Holdco S.à r.l. and Evergreen Energy Limited and between Evergreen Energy Limited and Calisen Group Holdings Limited, in each case resulting from historic intercompany transactions, shall be settled in cash; and
- (v) the Company shall or shall procure that Calvin Asset Management Limited shall pay a bonus to each Management Shareholder in an amount sufficient to fund costs incurred by each Management Shareholder in connection with the Reorganisation and the Offer,

each of the foregoing steps comprising and being the “**Pre-IPO Reorganisation**”. On and with effect from the Admission, all pre-Admission shareholder agreements and arrangements shall be automatically terminated. Following the Pre-IPO Reorganisation, immediately prior to Admission the Company shall be the holding company of Evergreen Holdco S.à r.l., Evergreen Energy Limited and the CGH Group and a diagram of the structure at such time is set out below:



*(b) Post Admission steps under the Reorganisation*

- (i) the Company shall use the proceeds raised from the Offer to repay existing debt facilities, fund future meter installations and fund costs associated with the Offer and Admission. In order to facilitate the repayment of existing debt facilities by the relevant Group companies, an amount of approximately £239 million from the proceeds raised from the Offer shall be funded through

the Group structure by way of equity subscriptions and intercompany loans. As a consequence of the repayment of existing debt facilities (including third party financing arrangements in place at Evergreen Holdco S.à r.l. and Evergreen Energy Limited), no third party consents shall be required pursuant to such financing arrangements to effect the Reorganisation steps;

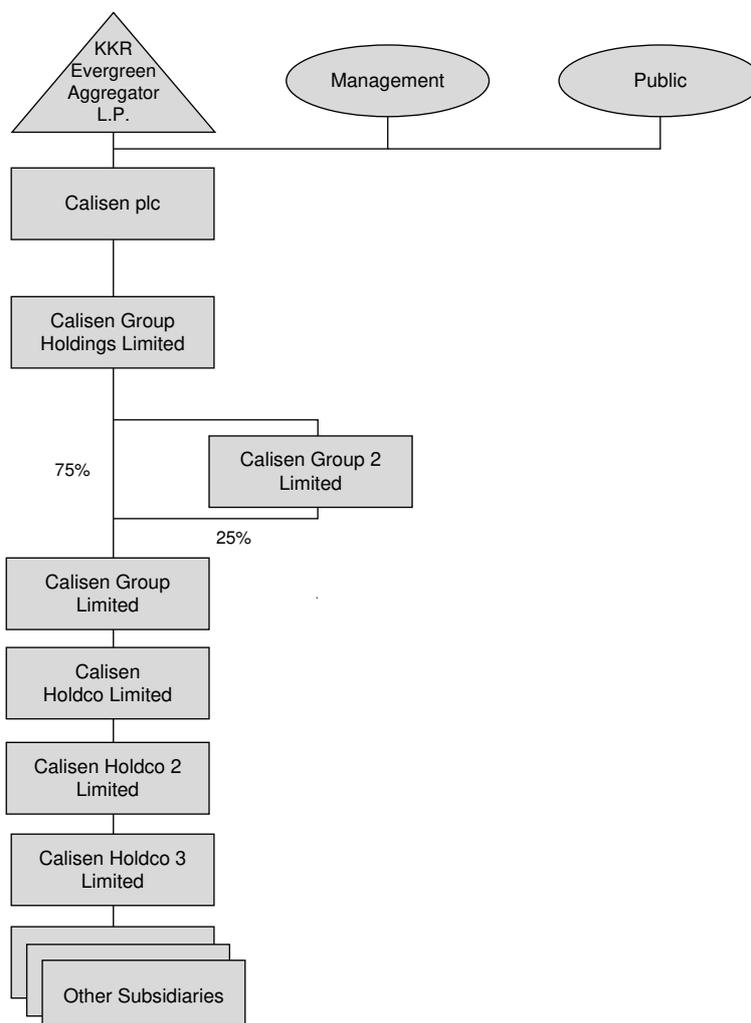
Pursuant to contractual obligations set out in the Reorganisation Agreement:

- (ii) the Shareholder Loan Note holders shall waive the interest accruing on the Shareholder Loan Notes for a period of approximately two weeks with effect from the date of publication of the Prospectus, until the Shareholder Loan Notes are redeemed in accordance with the Post-IPO Reorganisation steps described below;
- (iii) Evergreen Holdco S.à r.l. shall transfer the receivable comprising such outstanding amounts and accrued interest owing pursuant to the Evergreen Loan Notes in an amount equal to the principal of and accrued but unpaid interest on the cPECs at that date (being the principal amount of £581,920,694 and accrued but unpaid interest of £126,838,646) to the Company in settlement of cPECs held by the Company. The balance of the Evergreen Loan Notes equal to £1,047,906 shall continue to be held by Evergreen Holdco S.à r.l. (the “**Balance**”);
- (iv) the Company shall pass all relevant shareholder’s resolutions to place Evergreen Holdco S.à r.l. in a members’ voluntary (or equivalent) liquidation and the Company shall give Evergreen Holdco S.à r.l. and/or the liquidator an indemnity in a customary form including in respect of any tax liabilities and liquidation distributions;
- (v) Evergreen Energy Limited shall transfer the shares in Calisen Group Holdings Limited to the Company for approximately £100,000.00, such consideration to be left outstanding as an interest free intercompany loan (the “**Intercompany Loan**”). This transfer is expected to take place on or around 5 Business Days following Admission;
- (vi) Evergreen Holdco S.à r.l. shall distribute the Balance to the Company as an advance distribution on liquidation;
- (vii) the Company shall transfer the receivable comprising the Shareholder Loan Notes at that date (principal of £583,172,969 plus accrued but unpaid interest of £127,078,153) (“**Shareholder Loan Notes Receivable**”) to Calisen Group Holdings Limited in exchange for the allotment and issue by Calisen Group Holdings Limited of 1,220,821 Shares credited as fully paid. The Shareholder Loan Notes shall be deemed to have been redeemed as a result of such transfer. Following the redemption of the Shareholder Loan Notes, Calisen Group Holdings Limited shall apply for their delisting from The International Stock Exchange;
- (viii) subject to the Company passing the appropriate resolutions as shareholder and the board of director of Calisen Group Holdings Limited approving a solvency statement, Calisen Group Holdings Limited shall undertake a capital reduction and reduce all amounts standing to the credit of the Company’s share premium account;
- (ix) Evergreen Energy Limited shall assign the receivable owed by the Company pursuant to the Intercompany Loan to Calisen Group Holdings Limited.
- (x) the Company and Evergreen Holdco S.à r.l. shall pass all relevant shareholders’ resolutions to place Evergreen Energy Limited in a members’ voluntary (or equivalent) liquidation. Evergreen Energy Limited’s liquidation is anticipated to be closed within 20 Business Days from the date it is opened. It is expected that at the time of liquidation of Evergreen Energy Limited, the assets of this entity will be equal to or exceed the expected outstanding liabilities; and
- (xi) it is anticipated that twelve months after it opened, the liquidation of Evergreen Holdco S.à r.l. shall be closed and that at the time of liquidation of Evergreen Holdco S.à r.l., the expected cash balances of this entity will exceed the expected outstanding liabilities (including reserves, amounts owed for taxation, audit fees, D&O insurance and telecommunication services). Any amount distributed to the Company as part of any final liquidation distribution is expected to be de minimis in the context of the Group’s balance sheet,

each of the foregoing steps comprising and being the “**Post-IPO Reorganisation**” and the Pre-IPO Reorganisation and the Post-IPO Reorganisation together being the “**Reorganisation**”. The Reorganisation has been divided into two stages because of the third party financing arrangements in place at Evergreen Holdco S.à r.l. and Evergreen Energy Limited more particularly described in the section headed “LC

Facility Agreement, Insurance Policy and Reimbursement Agreement” which support the Group’s debt facilities at the level of SPVs and funding platforms. The Post-IPO Reorganisation steps are being carried out after Admission to avoid having to obtain third party consents in the context of these financing arrangements given that these are being terminated shortly after Admission.

**3.3** The diagram below sets out the Group structure following completion of the Reorganisation:



**3.4** The Company has not traded since incorporation and lacks distributable reserves. This could restrict the Company’s ability to pay future dividends. Therefore, the Company intends to undertake a court-confirmed capital reduction following Admission in accordance with the Companies Act 2006 and the Companies (Reduction of Share Capital) Order 2008 in order to provide it with the distributable reserves required to support the dividend policy described in section 6 (*Dividend Policy*) of this Part XVII (*Additional Information*). The proposed capital reduction will reduce all amounts standing to the credit of the Company’s share premium account following Admission. The capital reduction has been approved by a special resolution passed at the general meeting of the Company on 6 February 2020 and will require court confirmation after Admission.

## **4. SHARE CAPITAL OF THE COMPANY**

### **4.1 Issued share capital of the Company**

As at the date of this Prospectus, the issued share capital of the Company is £50,000 comprising 5,000,000 Shares (which are paid or credited as fully paid). Immediately following Admission, the issued share capital of the Company is expected to be £5,479,809.73 comprising 547,980,973 Shares (all of which shall be fully paid or credited as fully paid).

The Company has no convertible securities, exchangeable securities or securities with warrants in issue.

## 4.2 History of the share capital

The share capital history of the Company is as follows:

- (a) on incorporation, one Share was allotted and issued, fully paid, as a subscriber share to Maples Fiduciary Services (UK) Limited and subsequently transferred to the Major Shareholder; and
- (b) on 7 January 2020, 49,999 Shares were allotted and issued to the Major Shareholder.

## 4.3 Confirmations

As at the date of this Prospectus and save as otherwise disclosed in section 3 (*Reorganisation*) of this Part XVII (*Additional Information*) of this Prospectus:

- (a) no share or loan capital of the Company has, since its incorporation, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;
- (b) there has been no change in the amount of the issued share or loan capital of the Company since its incorporation;
- (c) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company, since its incorporation;
- (d) no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option; and
- (e) the Company holds no treasury shares (as defined in the Companies Act 2006).

## 4.4 Authorisations relating to the share capital of the Company

The authorisations relating to the share capital of the Company are as follows:

- (a) by resolution passed at a general meeting of the Company on 6 February 2020, it was resolved that with effect from the passing of this resolution 50,000 ordinary shares of £1 each in the issued share capital of the Company be sub-divided into 5,000,000 ordinary shares of £0.01 each, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £1 each in the capital of the Company; and conditional on and with effect from Admission the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to allot shares or grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £5,429,809.73 (as if section 561 of the Companies Act 2006 did not apply to such allotment) and on 7 February 2020, 404,706,291 Shares were and on 10 February 2020 13,105,933 Shares would be allotted credited as fully paid up, as consideration for the acquisition of certain securities in Evergreen Holdco S.à r.l., Evergreen Energy Limited and Calisen Group Holdings Limited (formerly CCH1 Limited) by the Company pursuant to the Reorganisation Agreement;
- (b) by resolutions passed at general meetings of the Company on 6 February 2020, it was resolved that:
  - (i) conditional on and with effect from Admission the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to allot Shares or grant rights to subscribe for or to convert any security into Shares:
    - (A) following Admission, up to an aggregate nominal amount of £1,826,603.24, approximately equal to one-third of the Company's share capital on Admission; and
    - (B) following Admission, up to an aggregate nominal amount of £3,653,206.49, approximately equal to two-thirds of the Company's share capital on Admission (such amount to be reduced by the extent the authority granted by paragraph 4.4(b)(i)(A) is utilised) in connection with an offer by way of a rights issue to ordinary shareholders in proportion to their existing shareholdings (and holders of any equity securities entitled to participate or as the directors otherwise consider necessary),

such authorities to expire on the earlier of the conclusion of the first annual general meeting of the Company and the close of business on 30 June 2020 (save that the Company may, before the expiry of such periods, make offers or agreements which would or might require shares to be allotted or rights to be granted after expiry of these authorities, and the directors may allot shares or grant rights in pursuance of any such offer or agreement notwithstanding the authorities conferred have expired);

(ii) conditional on and with effect from Admission, the directors be generally empowered to allot equity securities (within the meaning of section 560 of the Companies Act 2006) as if section 561 of the Companies Act 2006 did not apply to any such allotment:

- (A) pursuant to the authorities granted as described in paragraphs 4.4(b)(i)(A) and 4.4(b)(i)(B), in connection with a pre-emptive offer; and
- (B) up to an aggregate nominal amount of £547,980.97 equal to 10% of the Company's share capital on Admission,

such powers to expire on the earlier of the conclusion of the first annual general meeting of the Company and the close of business on 30 June 2020 (save that the Company may, before the expiry of such periods, make offers or agreements which would or might require equity securities to be allotted or rights to be granted after expiry of these powers and the directors may allot equity securities or grant rights in pursuance of any such offer or agreement to subscribe for or convert any security into a share notwithstanding the powers conferred have expired). For the purposes of this paragraph 4.4(b)(ii), a "pre-emptive offer" means an offer of equity securities to ordinary shareholders in proportion to their existing holdings, but subject to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

(iii) conditional on and with effect from Admission, the Company be authorised to make market purchases of ordinary shares pursuant to section 701 of the Companies Act 2006, subject to the following conditions:

- (A) the maximum number of ordinary shares authorised to be purchased is 5,479,810, equal to 10% of the Company's shares in issue on Admission;
- (B) the minimum price which may be paid for an ordinary share is the nominal value of an ordinary share at the time of such purchase;
- (C) the maximum price which may be paid for an ordinary share shall be the higher of: (i) an amount equal to 105% of the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which an ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venues where the trade is carried out, in each case exclusive of expenses;
- (D) the authority shall expire on the earlier of the conclusion of the first annual general meeting of the Company and the close of business on 30 June 2020;
- (E) a contract to purchase ordinary shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after expiry of this authority; and
- (F) any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the directors to be in the best interests of shareholders at the time;

(iv) a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice;

(v) conditional on and with effect from Admission, the Articles be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association;

(vi) conditional on Admission and subject to confirmation by the High Court of Justice of England and Wales (the "**Court**"), the entire amount standing to the credit of the share premium account of the Company as at 5.00 p.m. (London time) on the day immediately preceding the day on which the Court makes an order confirming the reduction of capital described in section 3.4 (*Reorganisation*) of this Part XVII (*Additional Information*) be cancelled; and

(vii) the Reorganisation Agreement and the matters set out therein, including the transactions with the Directors, be approved.

The Board considers the authorities and powers set out above to be appropriate in order to allow the Group flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to

comply with the strict requirements of the statutory pre-emption provisions. The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company for the duration of this authority and 7.5% of the total issued ordinary share capital of the Company within a rolling three-year period (in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotments) without prior consultation with shareholders.

The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. As at the date of this Prospectus, the Company does not hold any shares in treasury. There are no present plans to undertake a rights issue or to allot new Shares other than in connection with employee share and incentive plans.

The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Companies Act 2006 (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in Section 1166 of the Companies Act 2006) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied (as set out in this section 4.4).

## **5. ARTICLES OF ASSOCIATION**

The Company's objects are not restricted by its Articles. Accordingly, pursuant to section 31 of the Companies Act 2006, the Company's objects are unrestricted. The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them. The Articles (which have been adopted by the Company conditional upon and with effect from Admission) include provisions to the following effect:

### **5.1 Shares**

#### ***Respective rights of different classes of shares***

Without prejudice to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the directors. The Company may also issue shares which are, or are liable to be, redeemed at the option of the Company or the holder.

#### ***Variation of rights***

- (a) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding shares held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up.
- (b) The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking in priority to, *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares.

#### ***Transfer of shares***

- (a) Transfers of certificated shares may be effected in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if any of the shares are not fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. Transfers of uncertificated shares shall be effected by means of a relevant system (i.e. CREST) unless The Uncertificated Securities Regulations 2001 provide otherwise.
- (b) The directors may decline to register any transfer of a certificated share unless (i) the instrument of transfer is in respect of only one class of share; (ii) the instrument of transfer is lodged at the place where

the register of members is situated, and accompanied by the relevant share certificate(s) or other evidence reasonably required by the directors to show the transferor's right to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so; (iii) the certificated share is fully paid; (iv) it is for a share upon which the Company has no lien; and (v) it is duly stamped or duly certificated or otherwise shown to the satisfaction of the directors to be exempt from stamp duty (if so required).

- (c) The directors may also refuse to register an allotment or transfer of shares in favour of more than four persons jointly.
- (d) When a transfer of shares has been lodged with the Company, the Company must either register the transfer, or give the transferee notice of refusal to register the transfer, together with its reasons for the refusal (as soon as practicable and in any event within two months after the date on which the transfer is lodged with it).

***Restrictions where notice not complied with***

- (a) If any member, or any person appearing to be interested in shares (within the meaning of Part 22 of the Companies Act 2006) held by such member, has been duly served with a notice under section 793 of the Companies Act 2006 (which confers upon public companies the power to require information as to interests in its voting shares) and is in default for a period of 14 days in supplying to the Company the information required by that notice then (unless the directors otherwise determine):
  - (i) the holder of those shares shall not (for so long as the default continues) be entitled to attend or vote (in person or by proxy) at any general meeting; and
  - (ii) the directors may in their absolute discretion, where those shares represent 0.25% or more of the issued shares of the class in question, by notice to the holder, direct that:
    - (A) any dividend or part of a dividend (including shares issued in lieu of a dividend) or other money which would otherwise be payable on the shares will be retained by the Company without any liability for interest; and/or
    - (B) (subject to various exceptions set out in the Articles) transfers of the shares will not be registered.

***Forfeiture and lien***

- (a) If a member fails to pay in full any sum which is due in respect of a share on or before the due date for payment, then, following notice by the directors requiring payment of the unpaid amount with any accrued interest and any expenses incurred, such share may be forfeited by a resolution of the directors to that effect (including all dividends declared in respect of the forfeited share and not actually paid before the forfeiture).
- (b) A share forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of to any person (including the person who was, before such forfeiture or surrender, the holder of that share or entitled to it) on such terms and in such manner as the directors think fit.
- (c) A member whose shares have been forfeited will cease to be a member in respect of those shares, but will remain liable to pay the Company all monies which at the date of forfeiture or surrender were payable, together with interest at a rate of 15% per annum (or such lower rate as the directors may decide). The directors may in their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or for any consideration received on their disposal, or waive payment in whole or part.
- (d) The Company shall have a lien on every share that is not fully paid for all moneys in respect of the share's nominal value, or any premium at which it was issued, that have not been paid to the Company and are payable immediately or at a fixed time in the future, whether or not a call has been made. The Company's lien over a share takes priority over the rights of any third party and extends to any dividends or other sums payable by the Company in respect of that share. The directors may waive any lien which has arisen and may resolve that any share shall be exempt from such a lien, either wholly or partially, for such period as the directors decide.
- (e) The Company may deliver an enforcement notice in respect of any share if a sum in respect of which a lien exists is due and has not been paid. The Company may sell any share in respect of which an

enforcement notice, delivered in accordance with the Articles, has been given if such notice has not been complied with. The net proceeds of sale (after payment of the costs of the sale and of enforcing the lien) shall first be applied towards payment of the amount in respect of which the lien exists to the extent that amount was due on the date of the enforcement notice and then, on surrender of the share certificate for cancellation or compliance with such conditions as to evidence and indemnity as the directors think fit, to the person entitled to the shares immediately prior to the sale.

## **5.2 General meetings**

### ***Annual general meeting and convening of general meetings***

Annual general meetings will be held in accordance with the Companies Act 2006. The directors may, whenever they think fit, convene a general meeting once the Company has received requests from its members to do so in accordance with the Companies Act 2006. The Articles permit the directors to take advantage of section 360A of the Companies Act 2006 to hold general meetings by electronic means, provided that any such meetings shall be 'hybrid' general meetings (i.e. they may be attended by electronic means as well as in person).

### ***Notice of general meetings, etc.***

- (a) An annual general meeting shall be called by not less than 21 clear days' notice. All other general meetings shall be called by not less than 14 clear days' notice in writing. As the Company is a traded company (as defined in the Companies Act 2006), the provisions of section 307A of the Companies Act 2006 must be complied with if the meeting is to be called by less than 21 clear days' notice, unless the meeting is of holders of a class of shares.
- (b) Notices of general meetings shall include all information required to be included by the Companies Act 2006 and shall be given to all members and every director, subject to the Companies Act 2006, the provisions of the Articles and any restrictions imposed on any shares. The Company may determine that only those persons entered on the register of members at the close of business on a day decided by the Company, such day being no more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice.
- (c) For the purposes of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the meeting, by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting.

### ***Quorum and voting***

- (a) No business other than the appointment of a chair shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy shall be a quorum.
- (b) At any general meeting any resolution put to the vote shall be decided on a show of hands unless the meeting is a hybrid general meeting, in which case it shall be decided on a poll, or otherwise the directors have decided in advance that it will be decided as a poll or a poll is (before the resolution is put to the vote on a show of hands, or on the declaration of the result of the show of hands) demanded by:
  - (i) the chair of the meeting;
  - (ii) not less than five members present in person or by proxy and entitled to vote;
  - (iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting (excluding the rights attaching to any shares held as treasury shares); or
  - (iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right (excluding any such shares held as treasury shares).
- (c) At a general meeting, subject to any special rights or restrictions attached to any shares or class of shares:
  - (i) on a show of hands, every member present in person and every duly appointed proxy present shall have one vote;

- (ii) on a show of hands, a proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution and the proxy has been instructed:
  - (A) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or
  - (B) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his/her discretion as to how to vote; and
- (iii) on a poll, every member present (either in person, electronically or by proxy) has one vote for every share of which such member is the holder.
- (d) A proxy shall not be entitled to vote on a show of hands or on a poll where the member appointing the proxy would not have been entitled to vote on the resolution had such member been present in person or electronically.
- (e) Unless the directors resolve otherwise, no member shall be entitled in respect of any share held by such member to vote either personally or by proxy or to exercise any other right in relation to general meetings if any call or other sum due from such member to the Company in respect of that share remains unpaid.

### ***Conditions of admission***

- (a) The directors may put in place such arrangements or restrictions as they think fit to ensure the safety and security of attendees at a general meeting and the orderly conduct of the meeting, including requiring attendees to submit to searches. Any member, proxy or other person who fails to comply with such arrangements or restrictions may be refused entry into, or removed from, the general meeting.

## **5.3 Directors**

### ***General powers***

The directors shall manage the business and affairs of the Company and may exercise all powers of the Company other than those that are required by the Companies Act 2006 or by the Articles to be exercised by the Company in a general meeting.

### ***Number of directors***

The directors shall not be less than two and not more than 20 in number, save that the Company may, by ordinary resolution, from time to time vary the minimum number and/or maximum number of directors.

### ***Share qualification***

A director shall not be required to hold any shares of the Company by way of qualification. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

### ***Directors' fees***

- (a) Non-executive directors' fees are determined by the directors from time to time, except that they may not exceed £1.5 million per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the shareholders.
- (b) Any director who holds any executive office (including, for this purpose, the office of chair, deputy chair or senior independent director, whether or not such office is held in an executive capacity), or who serves on any committee of the directors, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the directors may determine.

### ***Executive directors***

The directors may from time to time appoint one or more of their number to be the holder of any executive office and may confer upon any director holding an executive office any of the powers exercisable by them as directors upon such terms and conditions, and with such restrictions, as they think fit. The directors may from time to time revoke, withdraw, alter or vary the terms of any such appointment or all or any of such delegated powers.

### ***Directors' retirement***

- (a) At each annual general meeting, each director then in office shall retire from office with effect from the conclusion of the meeting.
- (b) When a director retires at an annual general meeting in accordance with the Articles or otherwise, the Company may, by ordinary resolution at the meeting, fill the office being vacated by electing the retiring director. In the absence of such a resolution, the retiring director shall nevertheless be deemed to have been re-elected, except in certain cases identified by the Articles.

### ***Removal of a director by resolution of Company***

The Company may, by ordinary resolution of which special notice has been given, remove any director from office in accordance with the Companies Act 2006, and elect another person in place of a director so removed from office. Such removal may take place notwithstanding any provision of the Articles or of any agreement between the Company and such director, but is without prejudice to any claim the director may have for damages for breach of any such agreement.

### ***Proceedings of the Board***

- (a) Subject to the provisions of the Articles, the directors may meet for the despatch of business and adjourn and otherwise regulate their proceedings as they think fit.
- (b) The quorum necessary for the transaction of business of the directors may be fixed from time to time by the directors and unless so fixed at any other number shall be two directors. A Board meeting may be adjourned for a lack of quorum to a specified time and place not less than one day after the original date. The quorum necessary for such adjourned Board meeting may be fixed from time to time by the directors and unless so fixed at any other number shall be two.
- (c) The directors may elect from their number a chair, a deputy chair (or two or more deputy chairs) and a senior independent director and decide the period for which each is to hold office.
- (d) Questions arising at any meeting of the directors shall be determined by a majority of votes. The chair of the meeting shall not have a casting vote.

### ***Directors' interests***

- (a) For the purposes of section 175 of the Companies Act 2006, the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- (b) Any such authorisation will be effective only if:
  - (i) the matter in question was proposed for consideration at a meeting of the directors, in accordance with the directors' normal procedures or in such other manner as the directors may resolve;
  - (ii) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and
  - (iii) the matter was agreed to without such interested directors voting or would have been agreed to if their votes had not been counted.
- (c) The directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to such conditions or limitations as they may resolve. The directors may also terminate any such authorisation at any time.

### ***Restrictions on voting***

- (a) Except as provided below, a director may not vote in respect of any contract, transactions, arrangement or any other proposal in which the director, or a person connected with the director, is interested. Any vote of a director in respect of a matter where the director is not entitled to vote shall be disregarded.

- (b) Subject to the provisions of the Companies Act 2006, a director is entitled to vote and be counted in the quorum in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal (among other things):
- (i) in which the director has an interest, of which the director is not aware or which cannot reasonably be regarded as likely to give rise to a conflict of interest;
  - (ii) in which the director has an interest only by virtue of interests in the Company's shares, debentures or other securities or otherwise in or through the Company;
  - (iii) which involves the giving of any security, guarantee or indemnity to the director or any other person in respect of obligations incurred by the director or by any other person at the request of (or for the benefit of) the Company or any of its subsidiary undertakings;
  - (iv) concerning an offer of securities by the Company or any of its subsidiary undertakings in which the director is or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;
  - (v) concerning any other body corporate, provided that the director together with the director's connected persons do not own or have a beneficial interest in 1% or more of any class of equity share capital of such body corporate, or of the voting rights available to the members of such body corporate;
  - (vi) relating to an arrangement for the benefit of employees or former employees of the Company or any of its subsidiary undertakings which does not award the director any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;
  - (vii) concerning the purchase or maintenance of insurance for any liability for the benefit of directors;
  - (viii) concerning the giving of indemnities in favour of the directors;
  - (ix) concerning the funding of expenditure by any director or directors:
    - (A) on defending criminal, civil or regulatory proceedings or actions against the director or directors;
    - (B) in connection with an application to the court for relief; or
    - (C) on defending the director or directors in any regulatory investigations; or concerning doing anything to enable any director or directors to avoid incurring such expenditure; or
  - (x) in respect of which the director's interest has been authorised by ordinary resolution.

### ***Confidential information***

If a director, otherwise than by virtue of the director's position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, the director shall not be required to disclose such information to the Company or its directors, officers or employees or otherwise use or apply such confidential information for the purpose of or in connection with the performance of the director's duties as a director, provided that such duty of confidentiality arises out of an actual or potential conflict of interest which is or has been permitted or authorised under the Articles. This is without prejudice to any equitable principle or rule of law which may excuse or release the director from disclosing the information, in circumstances where disclosure may otherwise be required under the Articles.

### ***Delegation of powers of the directors***

- (a) The directors may delegate any of their powers or discretions (including those involving the payment of remuneration or the conferring of any other benefit to the directors) to such person or committee and in such manner as they think fit. Any such person or committee shall, unless the directors otherwise resolve, have the power to sub-delegate any of the powers or discretions delegated to them. The directors may make regulations in relation to the proceedings of committees or sub-committees.
- (b) The directors may establish any local boards or appoint managers or agents to manage any of the affairs of the Company, either in the UK or elsewhere, and may:
  - (i) appoint persons to be members or agents or managers of such local board and fix their remuneration;
  - (ii) delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the directors, with the power to sub-delegate;
  - (iii) remove any person so appointed, and may annul or vary any such delegation; and

- (iv) authorise the members of any local boards, or any of them, to fill any vacancies on such boards, and to act notwithstanding such vacancies.
- (c) The directors may appoint any person or fluctuating body of persons to be the attorney of the Company with such purposes and with such powers, authorities and discretions and for such periods and subject to such conditions as they may think fit.

#### ***Directors' liabilities***

- (a) So far as may be permitted by the Companies Act 2006 and subject to various exceptions set out in the Articles, every director and secretary (a “**Relevant Officer**”) of the Company or of an Associated Company (as defined in the Companies Act 2006) of the Company may be indemnified by the Company out of its own funds against any liability incurred by the Relevant Officer in connection with any negligence, default, breach of duty or breach of trust or otherwise by the Relevant Officer or any other liability incurred by the Relevant Officer in connection with the Relevant Officer’s duties, powers or office. The Company may also purchase and maintain insurance for or for the benefit of:
  - (i) any person who is or was a director or secretary of a Relevant Company (as defined in the Articles); or
  - (ii) any person who is or was at any time a trustee of any pension fund or employees’ share scheme in which employees of any Relevant Company are interested,including insurance against any liability (including all related costs, charges, losses and expenses) incurred by or attaching to such persons in relation to such person’s duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees’ share scheme.
- (b) So far as may be permitted by the Companies Act 2006, the Company may provide a Relevant Officer with defence costs in relation to any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by the Relevant Officer in relation to the Company or an Associated Company of the Company, or in relation to an application for relief under section 205(5) of the Companies Act 2006. The Company may do anything to enable such Relevant Officer to avoid incurring such expenditure.

#### **5.4 Dividends**

- (a) The Company may, by ordinary resolution, declare final dividends to be paid to its shareholders. However, no dividend shall be declared unless it has been recommended by the directors and does not exceed the amount recommended by the directors.
- (b) If the directors believe that the profits of the Company justify such payment, they may pay the fixed dividends on any class of share where the dividend is payable on fixed dates. They may also pay interim dividends on shares of any class in amounts and on such dates and in respect of such periods as they think fit. Provided the directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the payment of dividends on any other class of shares having rights ranking after or equal with those shares.
- (c) Unless the share rights otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, and apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (d) Any unclaimed dividends may be invested or otherwise applied for the benefit of the Company until they are claimed. Any dividend unclaimed for 12 years from the date on which it was declared or became due for payment shall be forfeited and may be kept by the Company.
- (e) The directors may, if authorised by ordinary resolution, offer to ordinary shareholders the right to elect to receive, in lieu of the whole or part of a dividend, an allotment of new ordinary shares credited as fully paid.

#### **5.5 Failure to supply an address**

A shareholder who has no registered address within the UK and has not supplied to the Company an address within the UK or an electronic address for the service of notices will not be entitled to receive notices from the Company.

## **5.6 Electronic communications**

Subject to complying with the requirements of the Company Communications Provisions, as defined in section 1143 of the Companies Act 2006, the Company may send documents, notices and information to shareholders by electronic means.

## **6. DIVIDEND POLICY**

The Company's primary objective is to seek to achieve capital growth for its shareholders. It is the Directors' intention during the current phase of the Smart Meter Implementation Programme (the "SMIP") to retain the majority of the Group's cash flow to finance growth and to focus on the installation of smart meters.

Consequently, during this installation phase, which is expected to continue to December 2024, the Group intends to pay a nominal dividend. The dividend for the year ending 31 December 2020 is expected to be approximately £7 million, pro rated for the number of days for which the Company is listed in the year ending 31 December 2020. It is expected to remain at that level in the medium term. Once this installation phase has finished, the Group intends to propose more substantial dividends with a dividend policy that will take into account the mature nature of the smart meter portfolio at that point and future investment opportunities that may be funded from the Group's cash flow.

The Directors intend to review the Group's dividend policy on an ongoing basis and will consider amendments as and when appropriate, depending on the pace of the smart meter roll-out, the Group's free cashflow, financial condition, future prospects and any other factors deemed by the Directors to be relevant at the time.

The current intention of the Board is that the first dividend to be declared following Admission will be the interim dividend in respect of the year ending 31 December 2020, which is expected to be paid around October 2020. Thereafter, dividends will be paid semi-annually. There are no guarantees as to the level of any dividends or that the Company will pay any dividends at all.

## **7. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE SHARES**

The City Code on Takeovers and Mergers (the "City Code") is issued and administered by The Panel on Takeovers and Mergers (the "Takeover Panel"). The Company is subject to the City Code and therefore its shareholders are entitled to the protections afforded by the City Code.

### **7.1 Mandatory bids**

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares of that company which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person (and possibly each of the principal members of a group of persons acting in concert with him) is normally required to extend offers in cash, or accompanied by a cash alternative, at the highest price paid by him (or any persons acting in concert with him) for shares of that company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

If any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry more than 50% of the voting rights of a company, such person, or any person acting in concert with him, may acquire further interests in shares of that company without incurring any obligation under Rule 9 of the City Code to extend any offers.

Following Admission, the minimum and maximum percentages of the Major Shareholder's shareholding in the Company following the operation of the stock lending and over allotment arrangements are 69.8% and 73.4%, respectively.

## 7.2 Squeeze-out

Under the Companies Act 2006, if a “takeover offer” (as defined in Section 974 of the Companies Act 2006) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which the takeover offer relates (the “**Takeover Offer Shares**”) and not less than 90% of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

## 7.3 Sell-out

The Companies Act 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the Shares to which the offer relates, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on shareholders notifying them of their sell-out rights. If a shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

## 7.4 Stabilisation arrangements in connection with the Offer

Under the stabilisation arrangements described in Part XVI (*The Offer*) of this Prospectus, Citi, as Stabilising Manager, has been granted the Over-allotment Option by the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election), under the Underwriting Agreement, pursuant to which it may purchase, or procure purchasers for, additional Shares up to a maximum of 20,549,287 Shares (representing up to 15% of the total number of Shares included in the Offer) at the Offer Price. The Over-allotment Option may be exercised in whole or in part upon notice by the Stabilising Manager at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange.

As a result of the combined effect of lending Shares pursuant to the Stock Loan Agreement and granting the Over-allotment Option, the Major Shareholder’s shareholding in the Company can only remain the same or decrease from what its shareholding would be if it were not party to any stabilisation arrangements. In particular, the Major Shareholder’s shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Shares from it pursuant to utilisation of the Over-allotment Option. Following Admission, the minimum and maximum percentages of the Major Shareholder’s shareholding in the Company following the operation of the stock lending and over allotment arrangements are 69.8% and 73.4%, respectively.

The Takeover Panel has confirmed to the Company that no mandatory offer for the Company need be made as a result of the arrangements and transactions described above. In particular, the Takeover Panel has confirmed that, pursuant to Note 4 to the definition of “interests in securities” in, and Notes 17 and 18 to Rule 9.1 of, the City Code, the Major Shareholder will not be treated as having disposed of an interest in any Shares when it lends Shares to the Stabilising Manager under the Stock Loan Agreement and will not therefore be treated as having increased its interest in Shares upon the repayment of such loan.

An announcement will be made by the Company or by the Stabilising Manager on its behalf following any utilisation of the Over-allotment Option, not later than one week after the end of the stabilisation period, and a further announcement will be made in accordance with the Disclosure Guidance and Transparency Rules to record the movements that have taken place in the Major Shareholder’s shareholding in the Company consequent upon the arrangements referred to above.

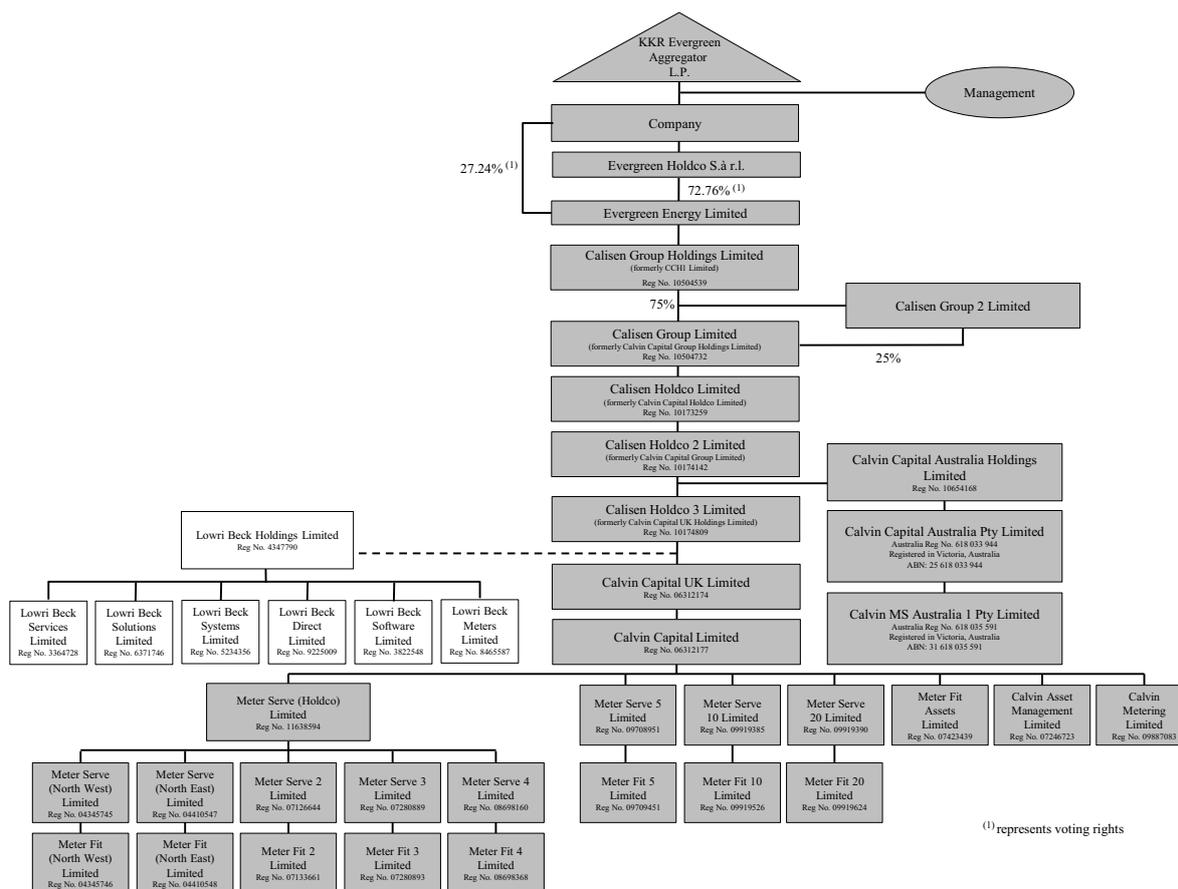
## 8. ORGANISATIONAL STRUCTURE

Following the Pre-IPO Reorganisation, the Company will be the holding company of the Group. The significant subsidiaries of the Company will be as follows. Each company is or will be directly or indirectly wholly-owned by the Company.

<u>Company name</u>	<u>Place of incorporation</u>	<u>Principal activity</u>
<i>Evergreen Holdco S.à r.l.</i>	Luxembourg	Holding company.
<i>Evergreen Energy Limited</i>	Jersey	Holding company.
<i>Calisen Group Holdings Limited (formerly CCHI Limited)</i>	England and Wales	Holding company.
<i>Calisen Group 2 Limited</i>	England and Wales	Holding company.
<i>Calisen Group Limited (formerly Calvin Capital Group Holdings Limited)</i>	England and Wales	Holding company.
<i>Calisen Holdco Limited (formerly Calvin Capital Holdco Limited)</i>	England and Wales	Holding company.
<i>Calisen Holdco 2 Limited (formerly Calvin Capital Group Limited)</i>	England and Wales	Holding company.
<i>Calisen Holdco 3 Limited (formerly Calvin Capital UK Holdings Limited)</i>	England and Wales	Holding company.
<i>Calvin Capital UK Limited</i>	England and Wales	Holding company.
<i>Calvin Capital Limited</i>	England and Wales	Holding company.
<i>Meter Serve (North West) Limited</i>	England and Wales	Holding company of Meter Fit (North West) Limited.
<i>Meter Serve (North East) Limited</i>	England and Wales	Holding company of Meter Fit (North East) Limited.
<i>Meter Serve 2 Limited</i>	England and Wales	Holding company of Meter Fit 2 Limited.
<i>Meter Serve 3 Limited</i>	England and Wales	Holding company of Meter Fit 3 Limited.
<i>Meter Serve 4 Limited</i>	England and Wales	Holding company of Meter Fit 4 Limited.
<i>Meter Serve 5 Limited</i>	England and Wales	Holding company of Meter Fit 5 Limited.
<i>Meter Serve 10 Limited</i>	England and Wales	Holding company of Meter Fit 10 Limited.
<i>Meter Serve 20 Limited</i>	England and Wales	Holding company of Meter Fit 20 Limited.
<i>Meter Fit Assets Limited</i>	England and Wales	To provide meter asset provision for gas and electricity meters for various energy retailers. To provide metering equipment to certain customers of the Group and certain entities within the Group.
<i>Calvin Asset Management Limited</i>	England and Wales	To act as the asset manager and employing entity for Calvin Capital (excluding Lowri Beck).
<i>Calvin Metering Limited</i>	England and Wales	To act as a collection agent for churn revenue for certain entities within Calvin Capital in their dealings with churn retailers.
<i>Meter Fit (North West) Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of traditional gas and electricity metering equipment for a certain customer of the Group under the MF1 Project.

<u>Company name</u>	<u>Place of incorporation</u>	<u>Principal activity</u>
<i>Meter Fit (North East) Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of traditional gas and electricity metering equipment for a certain customer under the MF1 Project.
<i>Meter Fit 2 Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of traditional gas and electricity metering equipment for a certain customer under the MF2 Project.
<i>Meter Fit 3 Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of traditional gas and electricity metering equipment for a certain customer under the MF3 Project.
<i>Meter Fit 4 Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of traditional gas and electricity metering equipment for a certain customer under the MF4 Project.
<i>Meter Fit 5 Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of traditional gas and electricity metering equipment for a certain customer under the MF5 Project.
<i>Meter Fit 10 Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of smart gas and electricity metering equipment for a certain customer under the MF10 Project.
<i>Meter Fit 20 Limited</i>	England and Wales	To provide meter asset ownership and operation in respect of smart gas and electricity metering equipment on behalf of certain customers of the Group.
<i>Calvin Capital Australia Holdings Limited</i>	England and Wales	Holding company.
<i>Calvin Capital Australia Pty Limited</i>	Victoria, Australia	Holding company.
<i>Calvin MS Australia 1 Pty Limited</i>	Victoria, Australia	Holding company (previously a holding company of a disposed operating company).
<i>Lowri Beck Holdings Limited</i>	England and Wales	Holding company.
<i>Lowri Beck Services Limited</i>	England and Wales	The key operating entity within Lowri Beck.
<i>Lowri Beck Solutions Limited</i>	England and Wales	To provide call centre services.
<i>Lowri Beck Systems Limited</i>	England and Wales	To develop computer systems.
<i>Lowri Beck Direct Limited</i>	England and Wales	Dormant.
<i>Lowri Beck Software Limited</i>	England and Wales	Dormant.
<i>Lowri Beck Meters Limited</i>	England and Wales	Dormant.

A structure chart showing the Company and its subsidiaries following the Pre-IPO Reorganisation is shown below:



## 9. INTERESTS OF SIGNIFICANT SHAREHOLDERS AND SELLING SHAREHOLDERS

### 9.1 Significant Shareholders

As at the date of this Prospectus and insofar as it is known to the Company, the Major Shareholder is the only person or entity who is, or will be immediately following Admission, directly or indirectly, interested in 3% or more of the voting rights of the Company (being the threshold for notification of voting rights that will apply to the Company and shareholders as at Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules). The Major Shareholder's expected interests both immediately prior to and immediately following Admission are set out in the table below.

	Immediately prior to Admission <sup>(1)</sup>		Immediately following Admission <sup>(2)</sup>	
	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
<i>KKR Evergreen Aggregator L.P.</i> . . . . .	409,706,291	96.9%	402,254,159	73.4%

<sup>(1)</sup> The interests in Shares have been stated on the basis that the Pre-IPO Reorganisation steps described in section 3 (*Reorganisation*) of this Part XVII (*Additional Information*) have been completed in full.

<sup>(2)</sup> Assuming no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, it is expected that the Major Shareholder will beneficially hold 382,335,744 Shares, representing 69.8% of the Company's issued ordinary share capital.

Save as disclosed above, in so far as is known to the Directors, there is no other person who (i) is, or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or (ii) can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent

date result in a change of control of the Company. The Major Shareholder does not have, and will not have, different voting rights attached to the Shares it holds in the Company.

Certain investors are expected to acquire interests of more than 5% of the Shares available in the Offer (assuming the Over-allotment Option is exercised in full) through one or more funds.

## 9.2 Selling Shareholders

In addition to the New Shares that will be issued by the Company pursuant to the Offer, Existing Shares will be sold by the Selling Shareholders pursuant to the Offer. The Selling Shareholders comprise the Major Shareholder and the Management Selling Shareholders. The interests in Shares of the Selling Shareholders immediately prior to Admission and immediately following Admission are set out below.

	Immediately prior to Admission <sup>(1)</sup>		Number of Shares to be sold in the Offer <sup>(2)</sup>		Immediately following Admission	
	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
<i>KKR Evergreen</i>						
<i>Aggregator L.P.</i> <sup>(3)</sup>	409,706,291	96.9%	7,452,132	1.8%	402,254,159	73.41%
<i>Bert Pijls</i> <sup>(4)</sup>	5,441,386	1.3%	1,904,486	0.5%	3,536,900	0.65%
<i>Sean Latus</i> <sup>(4)</sup>	1,704,594	0.4%	596,608	0.1%	1,107,986	0.20%
<i>Jim Macdonald</i> <sup>(4)</sup>	110,987	0.0%	38,846	0.0%	72,141	0.01%
<i>Other Management Selling Shareholders</i> <sup>(4)(5)</sup>	5,848,966	1.4%	2,003,172	0.5%	3,845,794	0.70%
<b>Total</b>	<b>422,812,224</b>	<b>100%</b>	<b>11,995,244</b>	<b>2.8%</b>	<b>410,816,980</b>	<b>74.97%</b>

<sup>(1)</sup> The interests in Shares have been stated on the basis that the Pre-IPO Reorganisation steps described in section 3 (*Reorganisation*) of this Part XVII (*Additional Information*) have been completed in full.

<sup>(2)</sup> Assuming no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Major Shareholder and the Management Selling Shareholders will sell in aggregate a further 20,549,287 Shares, representing approximately 15% of the total number of Shares included in the Offer.

<sup>(3)</sup> The business address of KKR Evergreen Aggregator L.P. is c.4100-1155 boulevard René-Lévesque Ouest, H3B 3V2, Montreal, Québec, Canada.

<sup>(4)</sup> For the purposes of the Offer, the business address of each of Bert Pijls, Sean Latus, Jim Macdonald and the other Management Selling Shareholders is 5th Floor, 1 Marsden Street, Manchester, England, M2 1HW.

<sup>(5)</sup> There are 17 additional individual Management Selling Shareholders.

## 10. DIRECTORS AND SENIOR MANAGERS

### 10.1 Directorships and partnerships outside the Group

Set out below are the details of those companies and partnerships outside the Group of which the Directors and Senior Managers are currently directors, partners or members of any administrative, management or supervisory body, or have been directors, partners or members of any administrative, management or supervisory body at any time during the five years prior to the publication of this Prospectus:

Name	Current directorships and partnerships	Previous directorships and partnerships
<i>Phil Nolan</i>	ABPA Holdings Limited Associated British Ports Holdings Limited	ABP Subholdings UK Limited ABP Finance Plc ABP Bonds UK Limited ABP Acquisitions UK Limited ABP Mezzanine Holdco UK Limited John Laing Group Plc Affinity Water Limited Affinity Water Acquisitions (Investments) Limited Enquest Plc Ulster Bank, Limited John Laing Limited Providence Resources Public Limited Company
<i>Bert Pijls</i>	—	Hellenic Bank Public Company Ltd Hellenic Alico Life Insurance Company Ltd Pancyprian Insurance Company Ltd

<u>Name</u>	<u>Current directorships and partnerships</u>	<u>Previous directorships and partnerships</u>
<i>Sean Latus</i>	—	—
<i>Lord Jitesh Gadhia</i>	The British Asian Trust Accord Healthcare Limited BGL (Holdings) Limited UK Government Investments Limited	Compare the Market Limited Third Energy Onshore Limited UK Financial Investments Limited BGL Group Limited
<i>Kath Durrant</i>	—	Renishaw Plc CRH Group Limited
<i>Patrick O'Donnell Bourke</i>	Affinity Water Limited	John Laing Investments Limited John Laing Limited John Laing Group Plc Laing Investments Management Services Limited Laing Property Holdings Limited John Laing Holdco Limited John Laing Services Limited
<i>Jim Macdonald</i>	Energy Assets Financing Limited	—
<i>Tara Davies</i>	Glide Capital Limited Atlanta Renewables S.à r.l. KKR Infrastructure III AIV S.à r.l. KKR Infrastructure III S.à r.l. KKR Beyond Aggregator GP Limited KKR Evergreen Aggregator GP Limited KKR Infrastructure III Holdings AIV Limited KKR Infrastructure III Holdings Limited Aurora Energy Holding, S.L. Rainier Co-Investments GP Limited Global Infrastructure Investor Association Palliser Property Management Ltd Kohlberg Kravis Roberts & Co. Partners LLP Telxius Telecom S.A. Acciona Energia Internacional S.A. Acciona Global Renewables S.A. X-Elio Energy S.L. ADNOC Oil Pipelines LLC	Nero BidCo Limited Nero HoldCo Limited Nero MidCo Limited
<i>Oleg Shamovsky</i>	Glide Capital Limited KKR Alberta Midstream Aggregator Limited Aurora Solar Finco S.à r.l. Aurora Solar Holdco S.à r.l. Aurora Solar S.à r.l. Solar Eos S.à r.l. Kohlberg Kravis Roberts & Co. Partners LLP	Nero BidCo Limited Nero HoldCo Limited Nero MidCo Limited Aquainvest Holding Company Limited South Staffordshire Water Plc Aquainvest Acquisitions Limited Aquainvest Ventures Limited Hydriades IV Limited Hydriades Limited Hydriades V Limited

## 10.2 Conflicts of interest

Save as set out below, there are no actual or potential conflicts of interest between the duties owed by the Directors, the Senior Managers, or members of any administrative, management or supervisory body of the Company to the Group, and the private interests and/or other duties that they may also have.

Tara Davies and Oleg Shamovsky are members of Kohlberg Kravis Roberts & Co. Partners LLP, an affiliate of KKR, and directors of other entities in which funds advised by KKR have an interest, details of which are set out in section 10.1 (*Directorships and partnerships outside the Group*) of this Part XVII (*Additional Information*). The Major Shareholder is indirectly controlled by funds advised by KKR. Although the positions set out in this paragraph are considered by the Board to represent potential conflicts of interest, as at the date of this Prospectus they are not considered by the Board to represent actual conflicts of interest. The Board has approved those potential conflicts of interest in accordance with the Companies Act 2006.

The Company and the Major Shareholder have entered into the Relationship Agreement to regulate their ongoing relationship following Admission. The Relationship Agreement restricts the Directors appointed by the Major Shareholder from voting at any Board meeting on any matter giving rise to a conflict of interest. Further details of the Relationship Agreement are set out at section 16.2 (*Relationship Agreement*) of this Part XVII (*Additional Information*) of this Prospectus.

There are no arrangements or understandings with the Major Shareholder, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected other than the terms of the Relationship Agreement (see section 16.2 (*Relationship Agreement*) of this Part XVII (*Additional Information*) of this Prospectus) in relation to the appointment of Tara Davies and Oleg Shamovsky.

### 10.3 Directors and Senior Managers' confirmations

- (a) As at the date of this Prospectus, no Director or Senior Manager has during the last five years:
- (i) been convicted in relation to fraudulent offences;
  - (ii) been associated with any bankruptcy, receivership or liquidation, or any company being put into administration, while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company;
  - (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or
  - (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of any company.
- (b) There are no family relationships between any of the Directors and/or the Senior Managers.
- (c) Save as set out below, there are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors, Senior Managers or members of any administrative, management or supervisory body of the Company.

Bert Pijls, as borrower, and Evergreen Holdco S.à r.l., as lender, have entered into a loan agreement dated 25 October 2017, pursuant to which Evergreen Holdco S.à r.l. agreed to lend to Bert Pijls a term loan in an amount of £650,000. It is intended that the loan will be fully repaid immediately following Admission.

### 10.4 Interests of Directors and Senior Managers in the share capital of the Company

The interests in the share capital of the Company of the Directors and Senior Managers (all of which, unless otherwise stated, are beneficial and include interests of persons connected with a Director or a Senior Manager) immediately prior to Admission will be, and immediately following Admission are expected to be, as set out in the table below. Save as disclosed in this section 10.4, none of the Directors or Senior Managers have any interest in the share capital of the Company.

Director/Senior Manager	Immediately prior to Admission <sup>(1)</sup>		Number of Shares to be sold in the Offer		Immediately following Admission	
	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
<i>Phil Nolan</i> <sup>(2)</sup>	—	—	—	—	104,166	0.02%
<i>Bert Pijls</i>	5,441,386	1.3%	1,904,486	0.5%	3,536,900	0.65%
<i>Sean Latus</i>	1,704,594	0.4%	596,608	0.1%	1,107,986	0.20%
<i>Lord Jitesh Gadhia</i> <sup>(2)</sup>	—	—	—	—	31,250	0.01%
<i>Kath Durrant</i> <sup>(2)</sup>	—	—	—	—	12,500	0.00%
<i>Patrick O'Donnell Bourke</i> <sup>(2)</sup>	—	—	—	—	20,833	0.00%
<i>Jim Macdonald</i>	110,987	0.0%	38,846	0.0%	72,141	0.01%
<i>Tara Davies</i> <sup>(3)</sup>	—	—	—	—	—	—
<i>Oleg Shamovsky</i> <sup>(4)</sup>	—	—	—	—	—	—

<sup>(1)</sup> The interests in Shares have been stated on the basis that the Pre-IPO Reorganisation steps described in section 3 (*Reorganisation*) of this Part XVII (*Additional Information*) have been completed in full.

<sup>(2)</sup> On Admission, 104,166 Shares will be issued by the Company to Phil Nolan for a total price of £249,998, 12,500 Shares will be issued by the Company to Kath Durrant for a total price of £30,000, 20,833 Shares will be issued by the Company to Patrick O'Donnell Bourke for a total price of £49,999 and 31,250 Shares will be issued by the Company to Lord Jitesh Gadhia for a total price of £75,000. These Shares will be issued at the Offer Price but will not form part of the Offer.

<sup>(3)</sup> Tara Davies holds a limited partnership interest of US\$100,000 in the capital of KKR Partners II (International) LP (the "**KKR Feeder**"), a feeder limited partnership in the Major Shareholder. The KKR Feeder holds a *de minimis* interest in the Major Shareholder.

<sup>(4)</sup> Oleg Shamovsky holds a limited partnership interest of US\$25,000 in the capital of the KKR Feeder.

Save as set out in section 9 (*Lock-up arrangements*) of Part XVI (*The Offer*) of this Prospectus and section 11.4 (*Overview of remuneration policy*) of Part XVII (*Additional information*) of this Prospectus, there are no restrictions agreed by any Director or Senior Manager on the disposal within a certain time of their holdings in the Company's securities.

## **11. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT**

### **11.1 Executive Directors**

On 27 January 2020, the Company entered into new service contracts with Henricus Lambertus Pijls, who has been employed by the Group as CEO since September 2017, and Sean Latus, who has been employed by the Group since October 2014 (and as CFO since February 2018). The new service contracts will take effect from Admission. The principal terms of these new service contracts are set out below.

#### *General terms*

Bert Pijls will continue as the Group's CEO. Bert Pijls is entitled to receive a salary of £550,000 per annum under his service contract and is eligible for an annual discretionary bonus of an amount up to 150% of annual salary. He is entitled to employer pension contributions of up to 3% of annual salary and participates in the Group's private medical, life assurance, income protection and critical illness insurance schemes. He is entitled to 27 days of paid holiday per year (increasing by one additional day for each year of employment up to a maximum of 30 days) plus bank and public holidays.

Sean Latus will continue as the Group's CFO. Sean Latus is entitled to receive a salary of £350,000 per annum under his service contract and is eligible for an annual discretionary bonus of an amount up to 135% of annual salary. He is entitled to employer pension contributions of up to 3% of annual salary and participates in the Group's private medical, life assurance, income protection and critical illness insurance schemes. He is entitled to 30 days of paid holiday per year plus bank and public holidays.

#### *Termination provisions*

Bert Pijls's service contract is terminable by either party on 12 months' notice. The Company has the ability to terminate the service contract with immediate effect by making a payment in lieu of notice which shall consist of basic salary and the cost to the Company of providing contractual benefits for the unexpired period of notice. This payment can be made as a lump sum or by monthly instalments over the unexpired period of notice. If the Company elects to make such payment in instalments, Bert Pijls will be under a duty to seek alternative employment or engagement and the payment of the instalments referred to above will cease at such time as alternative employment or engagement is found. The Company is entitled to put Bert Pijls on garden leave during any period of notice. During such period of garden leave Bert Pijls will be entitled to receive his salary and all contractual benefits.

Bert Pijls is subject to post termination of employment restrictions on certain competitive activities.

Sean Latus's service contract is terminable by either party on 12 months' notice. The Company has the ability to terminate the service contract with immediate effect by making a payment in lieu of notice which shall consist of basic salary and the cost to the Company of providing contractual benefits for the unexpired period of notice. This payment can be made as a lump sum or by monthly instalments over the unexpired period of notice. If the Company elects to make such payment in instalments, Sean Latus will be under a duty to seek alternative employment or engagement and the payment of the instalments referred to above will cease at such time as alternative employment or engagement is found. The Company is entitled to put Sean Latus on garden leave during any period of notice. During such period of garden leave Sean Latus will be entitled to receive his salary and all contractual benefits.

Sean Latus is subject to post termination of employment restrictions on certain competitive activities.

### **11.2 Non-Executive Directors' Letters of Appointment**

On Admission, the Company will have seven Non-Executive Directors: the Chair; the Senior Independent Non-Executive Director; two independent Non-Executive Directors; and three Non-Executive Directors who are not

determined to be independent. The details of the principal terms of appointment of the Non-Executive Directors are set out below.

<u>Name</u>	<u>Position</u>	<u>Method of appointment (where relevant)</u>
Phil Nolan . . . . .	Chair	Letter of appointment dated 13 January 2020
Lord Jitesh Gadhia . . . . .	Senior Independent Non-Executive Director	Letter of appointment dated 13 January 2020
Kath Durrant . . . . .	Independent Non-Executive Director	Letter of appointment dated 13 January 2020
Patrick O'Donnell Bourke . . . . .	Independent Non-Executive Director	Letter of appointment dated 13 January 2020
Jim Macdonald . . . . .	Non-Executive Director	Letter of appointment dated 13 January 2020
Tara Davies . . . . .	Non-Executive Director	Letter of appointment dated 13 January 2020
Oleg Shamovsky . . . . .	Non-Executive Director	Letter of appointment dated 13 January 2020

The Non-Executive Directors shall not participate in any of the Company's incentive arrangements or receive any pension provision.

Conditional on Admission: (i) the Chair shall receive a gross annual fee of £280,000, in respect of his role as Chair and any committee roles he may be requested to assume; (ii) the Senior Independent Non-Executive Director shall receive a gross annual fee of £75,000, in respect of his role as Senior Independent Non-Executive Director and any committee roles he may be requested to assume; (iii) Kath Durrant shall receive a gross annual fee of £60,000 in respect of her role as Non-Executive Director and the designated employee liaison Non Executive Director, and an additional gross annual fee of £10,000 in respect of her role as chair of the Remuneration Committee; (iv) Patrick O'Donnell Bourke shall receive a gross annual fee of £60,000 in respect of his role as Non-Executive Director, and an additional gross annual fee of £10,000 in respect of his role as chair of the Audit and Risk Committee; and (v) Jim Macdonald shall receive a gross annual fee of £60,000 in respect of his role as Non-Executive Director, and an additional fee of £1,000 gross per worked day for any advisory services he provides to the Group. Tara Davies and Oleg Shamovsky shall not receive any fees in connection with their roles as Non-Executive Directors.

In addition, each Non-Executive Director shall be entitled to be reimbursed for all reasonable and properly documented expenses incurred, and any taxation payable, in the performance of their duties as Non-Executive Directors.

The Non-Executive Directors shall be appointed for three years subject to annual re-election and will stand for re-election at the first annual general meeting of the Company. Their appointment is terminable on six months' prior written notice. The continuation of their appointment is contingent on continued satisfactory performance and compliance with any relevant statutory provisions and each Non-Executive Director is required to devote such time as is necessary for the proper performance of his or her duties. The appointment of a Non-Executive Director shall terminate with immediate effect without any notice, payment in lieu of notice or other compensation should he or she, among other things, materially or persistently breach the terms of his or her appointment, be declared bankrupt or be disqualified from acting as a director.

Save as set out above, there are no existing or proposed service agreements or letters of appointment between any Director and any member of the Group providing for benefits upon termination of employment.

### **11.3 Directors' and Senior Managers' remuneration**

The aggregate remuneration paid (including salaries, fees, incentives and other benefits) to the Directors and Senior Managers for the year ended 31 December 2019 (who served the Group during such time) was £1,426,727, of which £636,000 comprised annual salaries, £520,000 bonuses, £185,519 commissions, £78,540 pension contributions and £6,668 healthcare benefits.

Set out in the table below is the remuneration paid and benefits in kind granted to the Directors in the year ended 31 December 2019:

<u>Name</u>	<u>Position</u>	<u>Annual salary (£)</u>	<u>Other benefits (£)</u>	<u>Date of joining the Group</u>
<i>Phil Nolan</i> . . . . .	Chair	N/A	N/A	13 January 2020
<i>Bert Pijls</i> . . . . .	CEO	357,000	494,569	27 September 2017
<i>Sean Latus</i> . . . . .	CFO	204,000	296,158	21 October 2014
<i>Lord Jitesh Gadhia</i> . . . . .	Senior Independent Non-Executive Director	N/A	N/A	13 January 2020
<i>Kath Durrant</i> . . . . .	Independent Non-Executive Director	N/A	N/A	13 January 2020
<i>Patrick O'Donnell Bourke</i> . . . . .	Independent Non-Executive Director	N/A	N/A	13 January 2020
<i>Jim Macdonald</i> . . . . .	Non-Executive Director	75,000	N/A	23 August 2012
<i>Tara Davies</i> . . . . .	Non-Executive Director	N/A	N/A	31 January 2017
<i>Oleg Shamovsky</i> . . . . .	Non-Executive Director	N/A	N/A	31 January 2017

#### 11.4 Overview of remuneration policy

Recruiting, retaining and incentivising executives of the right calibre to successfully execute the Group's business strategy is key to the Company's success.

In this context, the Remuneration Committee has reviewed the Company's approach to remuneration for executive directors and other members of the senior management team to ensure it is aligned to and supportive of the Company strategy post-listing, while also taking due account of best practice. A summary of the approach to remuneration following Admission is provided below and further details will be provided in the Company's first directors' remuneration report.

Our approach to senior executive reward is shaped by the following key principles, where we intend to deliver:

- Strategic alignment—Provide a package with an appropriate balance between short and longer term performance targets linked to the delivery of the Company's business plan and the generation of sustainable long-term returns for shareholders;
- Shareholder alignment—Ensure alignment of the interests of the executive directors, senior management and employees to the long term interests of shareholders;
- Competitive remuneration—Maintain a competitive package in order to attract, retain and motivate high-calibre talent to help ensure the Company performs successfully;
- Fairness—Take an active interest in the development of good practices to deliver fair remuneration at all levels of the organisation; and
- Performance-focussed compensation—Encourage and support a sustainable, high-performance culture in line with the agreed risk profile of the business.

In addition, our policy is tested against the six factors listed in the Corporate Governance Code:

- Clarity—the policy will be clearly articulated to shareholders and management;
- Simplicity—the Remuneration Committee is very mindful of the need to avoid overly complex remuneration structures—the executive remuneration policies and practices will be relevant to the continued development of the business, simple to communicate and operate;
- Risk—the remuneration policy is designed to ensure that inappropriate risk-taking is not encouraged and will not be rewarded. This will be achieved via (i) the balanced use of both short- and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets, (ii) the significant role played by equity in the incentive plans (together with shareholding guidelines) and (iii) malus/ clawback provisions;
- Predictability—the incentive plans will be subject to individual caps, with the share plans also being subject to market standard dilution limits;
- Proportionality—there will be a clear link between individual awards, delivery of strategy and long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure

of the executive directors' service contracts, are designed to ensure that poor performance is not rewarded; and

- Alignment to culture—our executive pay policies will be aligned to the Company's culture.

The information in this section 11.4, together with the details of the share-based incentive plans set out in section 12 of this Part XVII (*Additional Information*), summarises the key components of the executive director and non-executive director remuneration arrangements which will apply from Admission. The Company will formally propose a remuneration policy for approval by shareholders at the first annual general meeting of the Company following Admission, in accordance with the regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended). An overview of the key elements of the directors' remuneration policy that will operate from Admission is provided below.

#### ***Base salary***

The current executive directors' salaries will, on Admission, be £550,000 and £350,000 per annum for the CEO and CFO respectively. Base salaries will typically be reviewed annually and any increases will take into account increases awarded to the wider workforce, individual performance and market data as appropriate. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.

#### ***Pension and benefits***

Executive directors' pension provision will be aligned to that of the majority of the workforce, currently 3% of salary. Any changes in the workforce pension arrangements may be reflected in executive director remuneration. Other market typical benefits for executive directors may be provided including family private health cover, critical illness cover, life assurance cover, income protection and accident/sickness/travel insurance (including tax payable, if any and if considered appropriate).

#### ***Annual bonus***

Executive directors will be eligible to participate in an annual bonus plan for 2020 and onwards. The maximum bonus payable to the CEO and CFO will be 150% and 135% of salary respectively. 30% of any bonus earned will be payable as a deferred share award of an equivalent value which vests (unless the individual is dismissed for gross misconduct) two years later.

Bonus payouts will be determined on the satisfaction of a range of key financial and personal/strategic objectives set annually by the Remuneration Committee. No more than 25% of the overall bonus opportunity can be payable by reference to performance against personal/strategic targets. The Remuneration Committee will provide appropriate levels of disclosure on a retrospective basis of the bonus target used in the prior year in the relevant directors' remuneration report, subject to issues of commercial sensitivity. Discretion to adjust the provisional bonus outturn may be exercised in cases where the Remuneration Committee believes that it would be appropriate to ensure that the amount of any bonus is reflective of the underlying business performance of the Group and/or wider circumstances.

#### ***Performance Share Plan***

The Board will adopt the PSP prior to Admission. The first awards will be made under the PSP as soon as is practicable following Admission.

Under the PSP, it is intended that awards will be in the form of conditional free Shares or nil or nominal cost options. The limit under the PSP rules on the face value of awards that can be made in any financial year to an individual is 200% of salary in normal circumstances (250% of salary in exceptional circumstances). For the first awards, it is intended that the CEO and CFO receive awards over Shares worth 200% and 150% of salary respectively (with the Remuneration Committee determining whether to use the Share price at the time of grant or the Share price on Admission to calculate the relevant number of Shares over which these first awards will be made).

All awards granted to executive directors will vest subject to the achievement of challenging performance conditions measured over a period of not normally less than three years set by the Remuneration Committee

prior to each grant. For the initial awards made following Admission, the following metrics and weightings will be used:

- 50% of the award—relative TSR vs the FTSE 250 (excluding investment trusts). No portion of this part of the award vests for below median performance. 25% will vest for median performance, with full vesting at upper quartile and straight-line pro rata vesting in between; and
- 50% of the award—performance against a sliding scale of targets relating to funds from operations per Share growth.

Discretion to adjust the provisional vesting outcome may be exercised in cases where the Remuneration Committee believes it would be appropriate in order to ensure that the vesting outcome is appropriate in light of the underlying business performance of the Group and/or wider circumstances. A two year post-vesting holding period will apply to awards made to executive directors. Individuals may receive a dividend equivalent in Shares or cash equal to the value of dividends which would have accrued during the vesting period.

*A summary of the principal terms of the PSP is set out in section 12 of this Part XVII (Additional Information).*

#### ***Malus and clawback***

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of both the annual bonus and PSP where it considers that there are exceptional circumstances. Such exceptional circumstances may include but are not limited to (i) material misstatement of results, (ii) gross misconduct, (iii) error in calculating the number of Shares subject to an award or the amount of cash paid, (iv) corporate failure, or (v) serious reputational damage.

#### ***Share ownership guidelines***

Shareholding guidelines will apply that will require the executive directors to build and maintain a shareholding in the Company of 200% of salary whilst in post. The current executive directors will meet this requirement at Admission. In addition, post-cessation shareholding requirements will apply which will require executive directors to retain for two years following cessation the lower in value of (i) such number of Shares on cessation that have a market value equal to the shareholding guideline in place at that time (i.e. 200% presently) and (ii) the number of Shares they hold at that time. However, Shares that are acquired by the executive director out of their own funds will be excluded from this holding requirement (although Shares acquired under the Management Equity Plan will be included). Also, the Remuneration Committee can relax this requirement in exceptional circumstances and may alter its operation to reflect changing market practice and/or such other matters as the Remuneration Committee considers appropriate.

#### ***Recruitment policy***

Consistent with best practice, new executive directors (including those promoted internally) will be offered packages in line with the remuneration policy in force at the time. However, the Company recognises that it may be necessary in some circumstances to provide compensatory awards for amounts forfeited from a previous employer. The Remuneration Committee's intention will be to ensure that any such awards will reflect the value and timing of receipt of the incentives they are replacing.

#### ***Termination policy***

The Company's policy is for executive directors to have service agreements which may be terminated by the Company for breach by the executive or with no more than 12 months' notice from the Company to the executive and 12 months' notice from the executive to the Company. If notice is served by either party, the executive director can continue to receive base salary, benefits and pension for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave. Service contracts do not contain liquidated damages clauses. The Company may elect to make a payment in lieu of notice equivalent in value to a maximum of 12 months' base salary and benefits including pension contribution but excluding bonus, payable in monthly instalments, which would be subject to mitigation if alternative employment is taken up during this time. Alternatively, the Remuneration Committee retains discretion to provide this payment as a lump sum. In the event of termination for cause (e.g. gross misconduct) neither notice nor payment in lieu of notice will be given and the executive director will cease to perform their services immediately.

In addition, and consistent with market practice, the Company may pay a contribution towards the executive director's legal fees for entering into a statutory agreement, may pay a contribution towards fees for

outplacement services as part of a negotiated settlement, or may make a payment to compromise claims the executive director may have. There is no provision for additional compensation on termination following a change of control. Payment may also be made in respect of accrued benefits, including untaken holiday.

The default treatment for any awards under the PSP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances or at the discretion of the Remuneration Committee “good leaver” status can be applied. In these circumstances, awards will usually vest subject to the satisfaction of the relevant performance criteria tested at the normal vesting date and, ordinarily, on a time pro-rata basis, with the balance of the awards lapsing.

#### ***All-employee share plan***

The executive directors will be entitled to participate in the Sharesave Plan which will be adopted by the Board prior to Admission (if and to the extent that the Remuneration Committee decides to operate the Sharesave Plan). A summary of the principal terms of the Sharesave Plan is set out in section 12 of this Part XVII (*Additional Information*).

#### ***External appointments***

The Board recognises the benefit which the Company can obtain if executive directors serve as non-executive directors of other companies. Subject to review in each case, the Board’s general policy is that an executive director can accept one non-executive directorship of another company (but not the Board chair) and can retain the fees in respect of such appointment.

#### ***Statement of conditions elsewhere in the Company***

The Remuneration Committee will consider pay and employment conditions across the Company when reviewing the remuneration of the executive directors and other senior employees. In particular, the Remuneration Committee will consider the range of base pay increases across the Group as well as wider workforce remuneration and related policies.

#### ***Consideration of shareholder views***

The Remuneration Committee will take the views of shareholders seriously and these views will be taken into account in shaping remuneration policy and practice. Shareholder views will be considered when evaluating and setting remuneration strategy and the Remuneration Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy.

#### ***Board chair and non-executive directors***

The chair of the Board and independent non-executive directors are appointed by letters of appointment of three years’ duration and are subject to annual re-election. Fee levels are set by reference to fees at companies of similar size and complexity. The fee paid to the chair of the Board is determined by the Remuneration Committee, while the fees for other non-executive directors are determined by the Board as a whole. The fees for the chair and the Senior Independent Director will be all-inclusive, while fees for the non-executive directors will comprise a “basic fee” plus additional fees for acting as chair of the Audit and Risk Committee and chair of the Remuneration Committee and for such other additional responsibilities as are considered appropriate.

The chair of the Board will, from Admission, receive an annual fee of £280,000. The Senior Independent Director will receive an annual fee of £75,000. The non-executive directors’ basic fee is £60,000, with additional fees payable to the chair of the Audit and Risk Committee and chair of the Remuneration Committee of £10,000. Any non-executive director appointed by the Major Shareholder will not receive a fee. The chair of the Board and the non-executive directors may receive certain benefits and may also be re-reimbursed reasonable travel expenses (and any tax payable thereon).

## **12. SHARE-BASED INCENTIVE ARRANGEMENTS**

### **12.1 Summary of the principal terms of the PSP**

#### **(a) Overview**

It is proposed that the Company will adopt the PSP prior to Admission under which “Performance Share Awards” and “Restricted Stock Awards” may be granted.

**(b) Administration**

The PSP will be administered by the Remuneration Committee.

**(c) Eligibility**

Employees (including executive directors of the Company) of any member of the Group will be eligible to participate in the PSP.

**(d) Nature of the PSP and Form of Awards**

**Overview**

The PSP is an “umbrella” arrangement which, to give the Remuneration Committee maximum flexibility, allows various types of award to be granted.

**Annual grants**

It is intended that the PSP will be used annually to grant “Performance Share Awards” to the executive directors and other selected senior executives.

Performance Share Awards must be granted subject to performance targets.

**Other grants**

Restricted Stock Awards may if the Remuneration Committee sees fit be granted subject to a performance target.

Restricted Stock Awards may not be granted to an executive director of the Company.

**Form of awards**

Awards may be granted in the form of:

- nil (or nominal) cost options to acquire Shares; or
- contingent rights to receive Shares; or
- cash-based awards.

**(e) Individual limit**

The PSP contains an individual limit which provides that the market value of Shares that may be awarded to any one participant in any financial year of the Company cannot exceed 200% of annual base salary. In exceptional circumstances, such as (but without limitation to) the recruitment or retention of a particular individual, this limit is increased to 250% of annual base salary. The Remuneration Committee may determine whether to use the Share price at the time of grant or the Share price on Admission to calculate the relevant number of Shares over which the first set of awards are made.

**(f) Source of Shares and dilution limits**

Awards may be satisfied by newly issued Shares, Shares purchased in the market by an employees’ trust or by the transfer of Shares held in treasury.

The number of new Shares issued or remaining capable of being issued pursuant to awards under the PSP and all of the Company’s other employee share schemes in any period of 10 years will not exceed 10% of the share capital of the Company in issue from time to time.

The number of new Shares issued or remaining capable of being issued pursuant to awards under the PSP and the Company’s other discretionary share schemes in any period of 10 years will not exceed 5% of the share capital of the Company in issue from time to time.

If awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by institutional investors, the percentage limits will apply to awards satisfied by the transfer of Shares held in treasury.

**(g) Grant of awards**

Awards may be granted during the six weeks immediately following Admission. Thereafter, awards may only be granted:

- during the period of six weeks beginning with the dealing day following the Company's first annual general meeting after Admission;
- during the period of six weeks beginning with the dealing day following the announcement of the Company's results for any period;
- within 28 days of a person first joining the Group; or
- subject to any relevant restrictions on dealings in Shares, on any other day which the Remuneration Committee determines that exceptional circumstances exist.

No awards may be made more than ten years after Admission. No payment will be required for the grant of an award.

It is currently intended that the first set of awards under the PSP will be granted as Performance Share Awards on or shortly after the date of Admission.

**(h) Performance targets**

**Performance Share Awards**

Performance Share Awards will always be subject to performance targets.

It is intended that the first set of Performance Share Awards will be subject to the following performance targets and weightings:

- 50% of the award—relative TSR vs the FTSE 250 (excluding investment trusts). No portion of the part of the award vests for below median performance. 25% will vest for median performance, with full vesting at upper quartile and straight-line pro rata vesting in between; and
- 50% of the award—performance against a sliding scale of targets relating to funds from operations per Share growth.

**Discretion to adjust vesting levels**

The Remuneration Committee has the discretion to adjust the number of Shares that vest to ensure that the vesting outcome is appropriate in light of the underlying business performance of the Group and/or wider circumstances.

**Amendments**

The Remuneration Committee may amend a performance target if it considers it appropriate to do so. The amended performance target shall not be materially more or less demanding to satisfy than the original performance target, taking account of the circumstances that led to the Remuneration Committee determining that it was appropriate to amend the original performance target.

**(i) Vesting of awards**

**Performance Share Awards**

Performance Share Awards will normally vest on the third anniversary of grant, subject to the satisfaction of the performance targets.

**Post-Vesting Holding Period—Performance Share Awards**

Performance Share Awards granted to an executive director of the Company will be subject to a post-vesting holding period. It is currently intended that the post-vesting holding period will prevent participants from selling any Shares received pursuant to their award (other than those sold to raise funds to discharge the tax liabilities arising on vesting) until the fifth anniversary of grant. It is also currently intended that the post-vesting holding period will apply notwithstanding that the awardholder has ceased employment with the Group.

## **Restricted Stock Awards**

Restricted Stock Awards will vest on such dates as the Remuneration Committee may determine on or before the grant of the awards.

### **(j) Leaving employment**

If a participant leaves employment with the Group his award will lapse unless he is a “good leaver”.

A participant will be a “good leaver” if the reason for leaving is death, ill-health, injury, disability, redundancy, retirement, the sale of the employing business or company, or otherwise at the discretion of the Remuneration Committee.

If the participant is a good leaver then any Performance Share Awards or Restricted Stock Awards will typically vest on the normal vesting date subject to any performance targets being satisfied and, unless the Remuneration Committee determines otherwise, a time pro-rata reduction to reflect the period of time between grant and cessation relative to the length of the vesting period.

The Remuneration Committee may, if it sees fit, allow an award held by a good leaver to vest early subject to any performance targets being satisfied at the relevant time and, unless it determines otherwise, time pro-rating on the basis described above.

### **(k) Malus and Clawback**

The PSP contains malus and clawback provisions which the Remuneration Committee may operate until three years after vesting if it forms the view that:

- the Company materially misstated its financial results for any reason;
- there has been an error or miscalculation as to the number of Shares placed under or received pursuant to an award;
- circumstances of corporate failure have arisen;
- the awardholder has committed an act (or acts) amounting to gross misconduct; or
- the Company, or another member of the Group, has suffered serious reputational damage.

The malus and clawback provisions may also be operated in any other circumstances in which the Remuneration Committee considers it appropriate.

If the Remuneration Committee decides to operate the malus and clawback provisions it may:

- reduce the amount of any future annual bonus; and/or
- reduce the number of Shares under any share award; and/or
- require the awardholder to make a payment to the Group.

The Remuneration Committee may also reduce the number of Shares under an award granted under the PSP to give effect to any malus and/or clawback provision contained in any other incentive plan operated by the Group.

### **(l) Corporate events**

In the event of a takeover of the Company awards shall vest early.

Awards shall vest subject to the satisfaction of any performance targets and, unless the Remuneration Committee determines otherwise, a time pro rata reduction to reflect the period of time between grant and takeover relative to the length of the relevant vesting period.

In the event of a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, would affect the market price of a Share to a material extent the Remuneration Committee may allow awards to vest on the basis described above.

Awards will not normally vest on an internal reorganisation.

**(m) Dividend equivalents**

An award may be made on terms that the participant will be entitled to receive additional Shares with a value equal to the aggregate dividends in respect of which the record date occurred between the award date and the date of vesting on the vested number of Shares as if the participant had been the legal owner of such Shares during that time. The calculation of the number of Shares to be so received may assume the reinvestment of dividends. Alternatively, the Remuneration Committee may decide to deliver the dividend equivalent in cash.

**(n) Adjustment of awards**

If there is any variation of the Company's share capital, or in the event of a demerger or payment of a special dividend or similar event which would otherwise materially affect the value of an award, the Remuneration Committee may adjust the number of Shares under award and the exercise price (if any).

**(o) Rights attaching to Shares and transferability**

Shares allotted or transferred under the PSP will rank alongside shares of the same class then in issue. The Company will apply to the FCA for the listing of any newly issued Shares. Awards are not transferable (except on death) and are not pensionable benefits.

**(p) Amendment**

The Remuneration Committee may amend the PSP in any respect. However, the provisions governing eligibility, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire Shares or to receive cash and the adjustments that may be made following a variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the PSP or for any member of the Group.

*This summary does not form part of the rules of the PSP and should not be taken as affecting the interpretation of the detailed terms and conditions of the rules of the PSP. The Remuneration Committee reserves the right up to the time of Admission to make such amendments and additions to the rules of the PSP as it sees fit provided that such amendments do not conflict in any material respect with this summary.*

## **12.2 Summary of the principal terms of the DBP**

**(a) Overview**

It is proposed that the Company will adopt the DBP prior to Admission under which Deferred Bonus Awards may be granted.

**(b) Administration**

The DBP will be administered by the Remuneration Committee.

**(c) Eligibility**

Employees (including executive directors of the Company) of any member of the Group will be eligible to participate in the DBP.

**(d) Nature of the DBP and Form of Awards**

**Overview**

The DBP is designed to facilitate the deferral of all or part of a participant's annual bonus into Shares (the "**Deferred Bonus Awards**").

Deferred Bonus Awards may be granted in the form of:

- contingent rights to receive Shares; or
- cash-based awards.

**(e) Individual limit**

The Remuneration Committee will determine in respect of each financial year the extent to which annual bonuses may be deferred into Shares in the form of a Deferred Bonus Award.

It is currently intended that 30% of the annual bonus of relevant employees (which will include the executive directors of the Company) will be provided in the form of a Deferred Bonus Award.

**(f) Source of Shares and dilution limits**

Deferred Bonus Awards may be satisfied by newly issued Shares, Shares purchased in the market by an employees' trust or by the transfer of Shares held in treasury.

The number of new Shares issued or remaining capable of being issued pursuant to awards under the DBP and all of the Company's other employee share schemes in any period of 10 years will not exceed 10% of the share capital of the Company in issue from time to time.

The number of new Shares issued or remaining capable of being issued pursuant to awards under the DBP and the Company's other discretionary share schemes in any period of 10 years will not exceed 5% of the share capital of the Company in issue from time to time.

If awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by institutional investors, the percentage limits will apply to awards satisfied by the transfer of Shares held in treasury.

**(g) Grant of awards**

Awards may be granted during the six weeks immediately following Admission. Thereafter, awards may only be granted:

- during the period of six weeks beginning with the dealing day following the Company's first annual general meeting after Admission;
- during the period of six weeks beginning with the dealing day following the announcement of the Company's results for any period;
- within 28 days of a person first joining the Group; or
- subject to any relevant restrictions on dealings in Shares, on any other day which the Remuneration Committee determines that exceptional circumstances exist.

No Deferred Bonus Awards may be made more than ten years after Admission. No payment will be required for the grant of a Deferred Bonus Award.

It is currently intended that the first set of Deferred Bonus Awards will be granted in respect of annual bonuses for the 2020 financial year.

**(h) Vesting of awards**

Deferred Bonus Awards will normally vest on the second anniversary of grant. The Remuneration Committee may, however, determine a different vesting period if it sees fit.

**(i) Leaving employment**

If a participant leaves employment with the Group as a result of gross misconduct his award will lapse.

If a participant leaves in any other circumstances he will be a "good leaver" and his Deferred Bonus Awards will typically vest on the normal vesting date.

The Remuneration Committee may, if it sees fit, allow an award held by a good leaver to vest early.

**(j) Malus and Clawback**

The DBP contains malus and clawback provisions which the Remuneration Committee may operate until three years after vesting if it forms the view that:

- the Company materially misstated its financial results for any reason;

- there has been an error or miscalculation as to the number of Shares placed under or received pursuant to an award;
- circumstances of corporate failure have arisen;
- the awardholder has committed an act (or acts) amounting to gross misconduct; or
- the Company, or another member of the Group, has suffered serious reputational damage.

The malus and clawback provisions may also be operated in any other circumstances in which the Remuneration Committee considers it appropriate.

If the Remuneration Committee decides to operate the malus and clawback provisions it may:

- reduce the amount of any future annual bonus; and/or
- reduce the number of Shares under any share award; and/or
- require the awardholder to make a payment to the Group.

The Remuneration Committee may also reduce the number of Shares under an award granted under the DBP to give effect to any malus and/or clawback provision contained in any other incentive plan operated by the Group.

#### **(k) Corporate events**

In the event of a takeover of the Company all Deferred Bonus Awards shall vest early.

In the event of a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, would affect the market price of a Share to a material extent the Remuneration Committee may allow Deferred Bonus Awards to vest on the basis described above.

Deferred Bonus Awards will not normally vest on an internal reorganisation.

#### **(l) Dividend equivalents**

A Deferred Bonus Award may be made on terms that the participant will be entitled to receive additional Shares with a value equal to the aggregate dividends in respect of which the record date occurred between the award date and the date of vesting on the vested number of Shares as if the participant had been the legal owner of such Shares during that time. The calculation of the number of Shares to be so received may assume the reinvestment of dividends. Alternatively, the Remuneration Committee may decide to deliver the dividend equivalent in cash.

#### **(m) Adjustment of awards**

If there is any variation of the Company's share capital, or in the event of a demerger or payment of a special dividend or similar event which would otherwise materially affect the value of an award, the Remuneration Committee may adjust the number of Shares under a Deferred Bonus Award.

#### **(n) Rights attaching to Shares and transferability**

Shares allotted or transferred under the DBP will rank alongside shares of the same class then in issue. The Company will apply to the FCA for the listing of any newly issued Shares. Deferred Bonus Awards are not transferable (except on death) and are not pensionable benefits.

#### **(o) Amendment**

The Remuneration Committee may amend the DBP in any respect. However, the provisions governing eligibility, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire Shares or to receive cash and the adjustments that may be made following a variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the DBP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the DBP or for any member of the Group.

*This summary does not form part of the rules of the DBP and should not be taken as affecting the interpretation of the detailed terms and conditions of the rules of the DBP. The Remuneration Committee*

*reserves the right up to the time of Admission to make such amendments and additions to the rules of the DBP as it sees fit provided that such amendments do not conflict in any material respect with this summary.*

### **12.3 Summary of the principal terms of the Sharesave Plan**

#### **(a) Administration**

The Sharesave Plan is being established so as to give the Company the ability to provide a tax-advantaged all-employee share plan if, in the future, the Remuneration Committee decides that it wishes to do so. There is no current intention to issue invitations under the Sharesave Plan.

The Sharesave Plan will be administered by the Remuneration Committee. The Sharesave Plan will be registered with HM Revenue and Customs (“**HMRC**”) within the relevant time limits and will be a tax-advantaged Schedule 3 SAYE option scheme for the purposes of UK tax legislation.

#### **(b) Eligibility**

Any UK based employee (including any full-time Director) of the Company or other participating subsidiary who has been employed for a qualifying period of such length as the Remuneration Committee may determine from time to time (but not exceeding five years) and any other employee who is nominated by the Remuneration Committee is eligible to participate in the Sharesave Plan.

#### **(c) Issue of invitations**

If the Remuneration Committee decides in future to operate the Sharesave Plan, then invitations to apply for options will normally be issued within a period of six weeks beginning with the dealing day following the announcement of the Company’s results for any period. No options may be granted more than ten years after the date of Admission.

#### **(d) Exercise price**

The exercise price of any Sharesave Plan option will be determined by the Remuneration Committee before invitations are issued on any occasion. It must not be less than the higher of:

- 80% of the market value of a Share when invitations are issued to participants; and
- in the case of options to subscribe for new Shares, the nominal value of a Share.

#### **(e) Monthly savings**

Any employee who applies for an option under the Sharesave Plan must enter into a HMRC approved ‘save as you earn’ contract (the “**Savings Contract**”). The employee agrees to enter a Savings Contract for a period of three or five years and make monthly savings contributions of a fixed amount, currently of not less than £5 or more than £500, over three or five years. Upon expiry of the Savings Contract, the employee may be entitled to receive a tax-free bonus in addition to repayment of the savings contributions. The employee may elect to apply the proceeds of the Savings Contract to exercise the option and acquire Shares. Alternatively, the employee may choose to withdraw the proceeds of the Savings Contract.

#### **(f) Exercise of options**

Options under the Sharesave Plan will normally be exercised only during the period of six months from the maturity of the Savings Contract.

#### **(g) Leaving employment**

If a participant leaves the Group his option will normally lapse. Early exercise is, however, permitted if a participant leaves due to death, injury, disability, redundancy, retirement, a TUPE business transfer, the employer company ceasing to be an “associated company” for relevant UK tax purposes, or where the business or part of the business which employs the participant is transferred to a company outside of the Group. In such cases, options may be exercised within six months of leaving to the extent that the funds then available in the employee’s Savings Contract permit. In the case of death, personal representatives may normally exercise at any time within twelve months of the date of death or, if the death occurs within 6 months after the maturity date of the Savings Contract, at any time within 12 months following such date.

**(h) Corporate events**

Early exercise of options is permitted in the event of a takeover of the Company. If the Shares no longer meet the requirements of the legislation following a change of control, the Sharesave Plan provides for options to be exercised up to 20 days following the change of control. Alternatively, the Company (by agreement with the acquiring company) may offer optionholders the opportunity to release their options in consideration of the grant of options in the acquiring company. The Sharesave Plan also provides for options to be exercised up to 20 days before certain corporate events, provided that any such exercise is conditional on the relevant event occurring.

**(i) Sources of Shares and dilution limit**

Sharesave Plan options may be satisfied by newly issued Shares, Shares purchased in the market by an employees' trust or by the transfer of Shares held in treasury.

The number of new Shares issued or remaining capable of being issued pursuant to options under the Sharesave Plan and all of the Company's other employee share schemes in any period of 10 years will not exceed 10% of the share capital of the Company in issue from time to time.

If options are to be satisfied by a transfer of existing Shares, the percentage limit stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by institutional investors, the percentage limits will apply to options satisfied by the transfer of Shares held in treasury.

**(j) Rights attaching to Shares and transferability**

Shares allotted or transferred under the Sharesave Plan will rank alongside shares of the same class then in issue. The Company will apply to the FCA for the listing of any newly issued Shares. Options are not transferable (except on death) and are not pensionable benefits.

**(k) Adjustment of options**

If there is a variation of the Company's ordinary share capital, the Remuneration Committee may adjust the number of Shares subject to any option and the exercise price, provided that the market value and exercise price must be substantially the same before and after the adjustment.

**(l) Amendment**

The Remuneration Committee may amend the Sharesave Plan in any respect. However, the provisions governing eligibility, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire Shares and the adjustments that may be made following a variation in share capital cannot be altered to the advantage of existing or new participants without the prior approval of shareholders in general meeting unless the alteration is necessary to comply with the requirements of the governing legislation, to take account of any change in legislation, to obtain and maintain favourable tax, exchange control or regulatory treatment for existing or new optionholders, any member of the Group or any associated company, or it is a minor amendment to benefit the administration of the Sharesave Plan.

**(m) Overseas plans**

The Remuneration Committee may at any time (without further reference to shareholders) establish further plans based on the Sharesave Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any Shares made available under such plans are treated as counting against the limits on individual participation and the overall dilution limit applicable to the Sharesave Plan.

*This summary does not form part of the rules of the Sharesave Plan and should not be taken as affecting the interpretation of the detailed terms and conditions of the rules of the Sharesave Plan. The Remuneration Committee reserves the right up to the time of Admission to make such amendments and additions to the rules of the Sharesave Plan as it sees fit provided that such amendments do not conflict in any material respect with this summary.*

**12.4 Summary of the principal terms of the EBT**

The EBT will operate in conjunction with the PSP, the DBP, the Sharesave Plan and any future Share plans established by the Company (the "Share Plans"). It will provide the Company with flexibility in the sourcing of Shares for the Share Plans. The EBT may also be used to provide benefits to employees (including executive

directors of the Company) and former employees of the Group and certain dependants of such employees and former employees.

The Group may fund the EBT by way of gift or loan to acquire Shares in the market or by subscription or from treasury. Any Shares subscribed for by the trustee of the EBT for the purposes of the Share Plans (or acquired from treasury so long as required by the guidelines issued from time to time by institutional investors) will count towards the dilution limits in the Share Plans described above.

The EBT will be constituted by a trust deed between the Company and a trustee company resident in Jersey. It will provide that the Company may appoint or remove any trustee. The trust deed may be amended by the Company and the trustee provided that any amendment shall not benefit the Company or cause the EBT to cease to be an employees' share scheme to which section 1166 of the Companies Act 2006 applies.

The EBT will not, without prior shareholder approval, make an acquisition of Shares where it would then hold more than 5% of the Company's issued share capital.

### **13. PENSIONS**

Calvin Asset Management Limited operates a defined contribution group personal pension scheme. The employees that wish to participate in the scheme pay in a minimum contribution of 3% of their salary, and Calvin Asset Management Limited doubles the contribution up to a maximum company contribution of 14%.

Lowri Beck Services Limited and Lowri Beck Systems Limited participate in an occupational pension scheme, of which the vast majority of employees and directors are members, contributing 3% of their salary. Additionally, there are personal pension schemes for three employees. Each of the schemes is a defined contribution scheme. Lowri Beck Services Limited or Lowri Beck Systems Limited (as applicable) is obliged to contribute up to a maximum of 14% of total salary.

### **14. LITIGATION**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

### **15. RELATED PARTY TRANSACTIONS**

Details of related party transactions entered into by members of the Group between 1 January 2016 and the date of this Prospectus include: (i) those described in Note 13 to the Historical Financial Information, set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus; (ii) the Underwriting Agreement described in section 16.1 of this Part XVII (*Additional Information*) of this Prospectus; (iii) the Relationship Agreement described in section 16.2 of this Part XVII (*Additional Information*) of this Prospectus; and (iv) the Reorganisation Agreement described in section 16.3 of this Part XVII (*Additional Information*) of this Prospectus.

In addition, on 31 January 2017, Evergreen Bidco Limited, a holding company of the Group, entered into a monitoring fee agreement (the "**Monitoring Fee Agreement**") with KKR, pursuant to which KKR provides the Group with management, consulting and financial services as part of KKR's control and ownership of the Group. For the financial years ended 31 December 2017 and 2018 and the nine-month period ended 30 September 2019, KKR received £0.6 million, £0.6 million and £0.5 million, respectively, in shareholder advisory services fees and reimbursable expenses. On Admission the Monitoring Fee Agreement shall terminate and additional fees and expenses (in the amount of approximately £2.1 million) shall be paid to KKR.

Save as disclosed above, no member of the Group entered into any related party transactions between 1 January 2016 and the date of this Prospectus.

### **16. MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts (other than contracts entered into in the ordinary course of business) to which the Company or another member of the Group is a party: (i) for the two years immediately preceding publication of this Prospectus, which are, or may be, material to the Company or any member of the Group; or (ii) at any time, which contain any provision under which the Company or any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this Prospectus.

## 16.1 Underwriting Agreement and Deeds of Election

On 7 February 2020, the Company (for itself and as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election), the Directors, the Major Shareholder, the Sponsor and the Underwriters entered into the Underwriting Agreement pursuant to which the Underwriters have agreed, subject to certain terms and conditions, severally (and not jointly or jointly and severally) to: (i) use reasonable endeavours to procure subscribers and purchasers, as the case may be, or, failing which, to (ii) subscribe for or purchase, as the case may be, for themselves, at the Offer Price, the Shares (in such proportions as are set out in the Underwriting Agreement) to be issued or sold pursuant to the Offer.

The Underwriting Agreement contains, among others, the following further provisions:

- (a) the Company has appointed Credit Suisse International as Sponsor; CSSEL, Citi, HSBC and KKR Capital Markets as Joint Global Coordinators; and each of CSSEL, Citi, HSBC, KKR Capital Markets, Barclays and GS as Joint Bookrunners in connection with the Offer;
- (b) each of the Management Selling Shareholders has been offered the opportunity to sell 35% of his or her shareholding in the Company prior to Admission (excluding any Shares sold by the Management Selling Shareholders pursuant to the exercise of the Over-allotment Option) or such higher percentage as the Major Shareholder sells of its shareholding prior to Admission;
- (c) the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) have granted to Citi (as Stabilising Manager), an Over-allotment Option pursuant to which the Stabilising Manager may require the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) to sell Shares (in aggregate in an amount of up to 15% of the total number of Shares to be made available in the Offer) at the Offer Price to cover over-allotments, if any, made in connection with the Offer and/or, among other things, to cover any short positions resulting from stabilisation transactions. The Over-allotment Option may be exercised at any time up to and including the Stabilisation End Date. Save as required by law or by regulation, neither the Stabilising Manager nor its agents intend to disclose the extent of any over-allotments made and/or any stabilisation transactions;
- (d) the several obligations of the Underwriters to: (i) use reasonable endeavours to procure subscribers and purchasers, as the case may be, or, failing which, to (ii) subscribe for or purchase, as the case may be, for themselves at the Offer Price, the Shares to be issued or sold pursuant to the Offer pursuant to the Underwriting Agreement, are subject to certain conditions that are typical for an agreement of this nature including, among others, (A) Admission having occurred by not later than 8.00 a.m. (London time) on 12 February 2020 (or such later time and/or date as the Company and the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) may agree being not later than 25 February 2020) and (B) there having occurred no material adverse change in relation to the Group between the date of the Underwriting Agreement and Admission. A majority in number of the Joint Global Coordinators may terminate the Underwriting Agreement prior to Admission in certain customary circumstances, including, among others, the occurrence of a material adverse change in relation to the Group and certain changes in market and economic conditions. The Underwriting Agreement will become unconditional upon Admission;
- (e) subject to, among other things, the conditions set out in the Underwriting Agreement having been satisfied or waived and the Underwriting Agreement not having been terminated prior to Admission, the Company (for itself and as agent for and on behalf of the Management Selling Shareholders pursuant to the Deeds of Election) and the Major Shareholder have agreed that CSSEL (as settlement manager) may deduct (on behalf of itself and the other Underwriters) from the aggregate gross proceeds of the Offer payable to each of the Company (for itself and as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) and the Major Shareholder a commission equal to 2% of the aggregate gross proceeds of the Offer payable to each of the Company (for itself and as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) and the Major Shareholder (as applicable) (together with an amount equal to any applicable VAT payable thereon). In addition it is agreed that the Stabilising Manager may deduct (on behalf of itself and the other Underwriters) from the aggregate gross proceeds payable to the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) a commission equal to 2% of the amount equal to the Offer Price multiplied by the number of Over-allotment Shares transferred by each of them in accordance with the Underwriting Agreement (together with an amount equal to any applicable VAT payable thereon).

In addition, the Company and the Major Shareholder may, in their absolute discretion, as to the amount (if any) payable and as to the allocation between Underwriters, agree that a further commission of up to 1% of the aggregate proceeds of the Offer (including the aggregate proceeds of the sale of any Over-allotment Shares) shall be payable (the “**Discretionary Commission**”). To the extent that the Discretionary Commission is payable it will be paid by (i) the Company in respect of the aggregate proceeds of the Offer (excluding the sale of any Existing Shares and Over-allotment Shares); (ii) the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) in respect of the aggregate proceeds of the sale of any Existing Shares by each of them (excluding the sale of any Over-allotment Shares); and (iii) the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) in respect of the aggregate proceeds of the sale of the Over-allotment Shares (if any) by each of them (together with, in each case, an amount equal to any applicable VAT payable thereon);

- (f) the Company has agreed to pay or cause to be paid (together with, in each case, an amount equal to any applicable VAT payable thereon) certain costs, charges, fees and expenses of, or in connection with, or incidental to, among other things, the Offer and/or Admission;
- (g) each Selling Shareholder has agreed to pay stamp duty and/or stamp duty reserve tax arising on the sale of their Existing Shares either pursuant to the terms of the Underwriting Agreement, in the case of the Major Shareholder, or the Deeds of Election, in the case of the Management Selling Shareholders;
- (h) the Company, the Major Shareholder and the Directors have, pursuant to the terms of the Underwriting Agreement, given certain representations, warranties and undertakings to the Underwriters and the Sponsor and, in addition, the Company has given an indemnity to the Underwriters and the Sponsor in a form that is typical for an agreement of this nature. The Company’s liabilities are unlimited as to time and amount and the liabilities of the Directors and the Major Shareholder under the Underwriting Agreement are limited as to time and amount;
- (i) the Management Selling Shareholders have, pursuant to the terms of the Deeds of Election, given certain representations, warranties and undertakings to the Company, the Directors, the Underwriters and the Sponsor in a form that is typical for a deed of this nature. The liabilities of the Management Selling Shareholders under the Deeds of Election are limited as to time and amount; and
- (j) the Company, the Directors, the Major Shareholder and the Management Selling Shareholders have agreed to lock-up arrangements. For details of these arrangements and other lock-up arrangements, see section 9 (*Lock-up Arrangements*) of Part XVI (*The Offer*) of this Prospectus.

## **16.2 Relationship Agreement**

On 7 February 2020, the Company and the Major Shareholder entered into a relationship agreement (the “**Relationship Agreement**”) which will, conditional upon Admission, regulate the ongoing relationship between the Company and the Major Shareholder.

The principal purpose of the Relationship Agreement is to ensure that the Company is able to carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from the Major Shareholder that it will, and will ensure that each of its associates will: (i) conduct all transactions and arrangements with the Company or any other member of the Group on an arm’s length basis and on normal commercial terms; (ii) not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Pursuant to the Relationship Agreement, the Major Shareholder will be able to appoint two directors to the Board for so long as it (together with any of its associates) holds 20% or more of the voting rights of the Shares, and will be able to appoint one director to the Board for so long as it (together with any of its associates) holds 10% or more, but less than 20%, of the voting rights of the Shares. The Major Shareholder will consult in advance with, and take into account the reasonable representations of, the Nomination Committee regarding the identity of any director proposed to be nominated by it. In addition, for so long as the Major Shareholder (together with any of its associates) holds 10% or more of the voting rights of the Shares, the Major Shareholder is entitled to nominate a representative director to be a member of the Nomination Committee and a representative director as an observer to each of the Audit and Risk and the Remuneration Committees. The Major Shareholder’s first appointed representative directors are Tara Davies and Oleg Shamovsky.

The Major Shareholder will have certain information rights for the purposes of its tax or other legal or regulatory requirements. The Major Shareholder has undertaken to hold information it receives on the Group in confidence and in accordance with applicable law. The Relationship Agreement confirms that the Major Shareholder and its associates are not restricted from competing with the Group. Neither the Major Shareholder nor its associates will be permitted to solicit for employment any of the Executive Directors or Senior Managers for a period of two years following Admission, subject to certain exceptions.

The Relationship Agreement also provides for the Company to provide, subject to certain limitations and exceptions, reasonable cooperation and assistance to the Major Shareholder in the event of an offering of the Shares held by the Major Shareholder at any time following the Offer, and the Major Shareholder will pay and reimburse the Company for all reasonable out-of-pocket costs and expenses incurred by the Company in connection with such cooperation and assistance. The Relationship Agreement provides for the Major Shareholder to ensure that any secondary sales of its Shares are conducted in an orderly manner.

The Relationship Agreement will continue for so long as (a) the Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities, and (b) the Major Shareholder and its associates are entitled to exercise or to control the exercise of 10% or more of the votes which are generally exercisable at general meetings of the Company. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of the Major Shareholder.

### **16.3 Reorganisation Agreement**

On 7 February 2020, the Company, the Major Shareholder, Evergreen Holdco S.à r.l., Evergreen Energy Limited, Calisen Group Holdings Limited and the Management Shareholders entered into the Reorganisation Agreement. Details of the reorganisation steps governed by the Reorganisation Agreement are set out in section 3 of this Part XVII (*Additional Information*) of this Prospectus. The Reorganisation Agreement provides for, among other steps, the acquisition by the Company of Evergreen Holdco S.à r.l. and the transfer of the shares held by the Management Shareholders in Evergreen Energy Limited to the Company, in each case in exchange for the issue and allotment of shares by the Company. Through these acquisitions the Company thereby becomes the holding company of the CGH Group.

### **16.4 The Group's financing arrangements**

The Company intends to use certain of the net proceeds from the Offer receivable by it to repay the equity bridge loans in an amount equal to £230,400,000 following which the Letter of Credit Facility Agreement, the Insurance Policy and the Reimbursement Agreement (each as defined below) and any related security documents will be terminated. See "*Liquidity and Capital Resources—Indebtedness*" in Part XI (*Operating and Financial Review*) of this Prospectus for a description of the Group's other financing arrangements.

#### *LC Facility Agreement, Insurance Policy and Reimbursement Agreement*

##### **LC Facility Agreement**

On 19 April 2018, Evergreen Holdco S.à r.l., a wholly owned subsidiary of the Company, entered into a letter of credit facility agreement (the "**LC Facility Agreement**") with Credit Suisse AG, Cayman Islands Branch (the "**Issuing Bank**") consisting of a £237,753,000 letter of credit facility and a maturity of 1 year. The LC Facility Agreement was extended by an extension agreement dated 14 February 2019, pursuant to which, the aggregate commitment was reduced to £222,548,000 and the maturity date was extended by twelve months such that it was due to terminate on 17 April 2020 (or as otherwise agreed). Certain letters of credit were issued under the letter of credit facility in favour of certain security trustees in respect of certain equity bridge loans more particularly described in the section headed "*Liquidity and Capital Resources—Indebtedness*" in Part XI (*Operating and Financial Review*) of this Prospectus.

As at 31 December 2019 the Company has a total of £222,548,000 million principal amount outstanding under the LC Facility Agreement in form of letters of credit that have been issued to various beneficiaries. The fees under the LC Facility Agreement were paid up front and no demands have been made under any letter of credit as at the date of this Prospectus.

The Issuing Bank is an affiliate of the Sponsor and CSSEL. The letter of credit facility under the LC Facility Agreement will be repaid in full and terminated once the equity bridge loans are repaid using part of the primary proceeds realised from the Offer.

## **Insurance Policy**

The LC Facility Agreement is insured with an insurance policy (the “**Insurance Policy**”) with Awbury Insurance Ltd., in respect of its Segregated Account No. SA185190 (the “**Insurer**”) pursuant to which losses incurred as a result of Issuing Bank paying under the letters of credit issued under the LC Facility Agreement and/or Evergreen Holdco S.à r.l. not reimbursing the Issuing Bank would be indemnified by the Insurer. The premium under such policy was paid upfront by Evergreen Holdco S.à r.l. on behalf of the Issuing Bank and the expiry date of such insurance policy is the same as the maturity date for the LC Facility Agreement.

## **Reimbursement Agreement**

In connection with the LC Facility Agreement and the Insurance Policy, Evergreen Holdco S.à r.l. entered into a reimbursement agreement (the “**Reimbursement Agreement**”) with the Insurer pursuant to which Evergreen Holdco S.à r.l. would reimburse the Insurer in the event that the Insurer were to make a payment under the Insurance Policy to the Issuing Bank. Security over the shares of Evergreen Energy Limited and Calisen Group Holdings Limited (formerly CCH1 Limited) have been granted in favour of the Insurer to secure the obligations under the Reimbursement Agreement.

## *New Facilities Agreement*

At Admission, the Company intends to enter into a new revolving credit facilities agreement with, among others, Barclays Bank plc, Citigroup Global Markets Limited, Credit Suisse AG, London Branch, Goldman Sachs International, HSBC Bank plc, Santander UK plc and Sumitomo Mitsui Banking Corporation (the “**New Arrangers**”) and Barclays Bank plc, Citicorp North America, Inc., Credit Suisse AG, London Branch, Goldman Sachs Lending Partners LLC, HSBC Bank plc, Santander UK plc and Sumitomo Mitsui Banking Corporation (the “**New Lenders**”), HSBC Bank Plc as facility agent (the “**Facility Agent**”) and HSBC Corporate Trustee Company (UK) Limited as security agent (the “**Security Agent**”) (the “**New Facilities Agreement**”). Under the New Facilities Agreement, a multicurrency revolving credit facility of £240 million (the “**Revolving Credit Facility**”) will be made available to the Company and certain of its subsidiaries.

The Revolving Credit Facility may be utilised by way of loans for the purpose of (directly or indirectly) financing or refinancing the general corporate purposes and/or working capital requirements of the Group. The Revolving Credit Facility may also be utilised by way of ancillary facilities and bank guarantees provided by the lenders of the Revolving Credit Facility.

Each loan made under the Revolving Credit Facility will be repayable on the last day of its interest period. The interest period of a loan made under the Revolving Credit Facility can be one, two, three or six months or any such period as agreed by the Facility Agent (or if greater than six months, all lenders participating in the relevant loan). The scheduled final maturity date of the Revolving Credit Facility is the date which falls 60 months after the date of Admission.

Interest will be payable on amounts drawn by way of loans under the New Facilities Agreement at a margin ranging between 1.50% and 3.00% per annum over LIBOR or EURIBOR (as applicable) (depending on the ratio of total net debt to consolidated EBITDA). Until the date falling six months after the date of Admission, the opening margin for the Revolving Credit Facility is fixed at 2.25% per annum. Additionally, a commitment fee is payable on unutilised amounts under the Revolving Credit Facility at a rate of 30% of the applicable margin. Customary fees are payable to the Facility Agent and Security Agent.

The New Facilities Agreement will be guaranteed by the guarantors thereto (being only the Company as at the First Utilisation Date). The rights of the lenders under the New Facilities Agreement, will, subject to agreed security principles, be secured by security over the shares held by a guarantor or a borrower in another guarantor or borrower. Such security must be released by the Security Agent if requested by a member of the Group provided certain conditions are met.

The New Facilities Agreement also contains customary prepayment, cancellation and default provisions and customary representations and warranties (subject to certain exceptions and qualifications) and two financial covenants, including:

- if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control;
- a financial covenant (tested twice annually) which requires that the ratio of total net debt to consolidated EBITDA, when tested, does not exceed 5.50:1;

- a financial covenant (tested twice annually) which requires that the ratio of net present value of future distributable cash flows to aggregate principal amount of all loans outstanding under the New Facilities Agreement, when tested, is not less than 1.05:1
- covenants that impose restrictions on the Group’s ability to enter mergers, make disposals, grant security or make a substantial change to the general nature of the business of the Group (in each case subject to certain exceptions);
- voluntary prepayment of loans or letters of credit (subject to minimum amounts and prior notice);
- events of default including non-payment, failure to comply with financial covenant (subject to equity cure provisions), breaches of representation and other obligations, insolvency and cross default (in relation to certain other financial indebtedness of the Group, subject to a £20 million de minimis threshold), unlawfulness, invalidity and repudiation of the finance documents and material adverse effect (in each case, subject to customary grace periods and thresholds); and
- certain ongoing financial information provisions.

### **16.5 Lowri Beck SPA**

Calisen Holdco 3 Limited (formerly Calvin Capital UK Holdings Limited) entered into a sale and purchase agreement on 16 April 2019 to purchase all the issued share capital of Lowri Beck Holdings Limited (formerly BV Holdings Limited). The sale and purchase agreement was conditional on a number of conditions precedent including the UK Competition and Markets Authority (“CMA”) approval of the transaction. CMA approval was obtained on 12 August 2019, and Calisen Holdco 3 Limited (formerly Calvin Capital UK Holdings Limited) completed the acquisition of Lowri Beck Holdings Limited on 16 August 2019. The sale and purchase agreement contained warranties and post-completion restrictions on behalf of the sellers. Calisen Holdco 3 Limited (formerly Calvin Capital UK Holdings Limited) paid the consideration using free cash within the Group, subject to post-completion adjustments.

### **16.6 Guarantees by Calisen Group Limited (formerly Calvin Capital Group Holdings Limited)**

For a description of certain guarantees provided by Calisen Group Limited (formerly Calvin Capital Group Holdings Limited), see “*Off-balance Sheet Arrangements*” in Part XI (*Operating and Financial Review*) of this Prospectus.

## **17. WORKING CAPITAL STATEMENT**

The Company is of the opinion that, taking into account the net proceeds receivable by the Company from the subscription for New Shares in the Offer and the banking and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## **18. SIGNIFICANT CHANGE**

Other than the commitment letters for the Revolving Credit Facility, there has been no significant change in the financial position or financial performance of the Group since 30 September 2019, being the date to which the Historical Financial Information set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus was prepared.

## **19. AUDITOR**

The auditor of Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries for the year ended 31 December 2018 and the 13-month period ended 31 December 2017 was KPMG LLP, whose registered office is at 15 Canada Square, London, E14 5GL. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.

## **20. CONSENTS**

KPMG LLP has given and not withdrawn its written consent to the inclusion in this Prospectus of the reports set out in Part A of Part XIII (*Historical Financial Information*) of this Prospectus and section A of Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus and has authorised the contents of those parts of the Prospectus which comprise its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation

Rules. As the Shares have not been and will not be registered under the US Securities Act, KPMG LLP has not filed and will not file a consent under the US Securities Act.

## **21. NON-STATUTORY ACCOUNTS**

The financial information contained in this Prospectus which relates to the Group does not constitute statutory accounts as referred to in Section 434(3) of the Companies Act 2006. Statutory accounts for Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the year ended 31 December 2016 and statutory accounts for the Company for the 13-month period ended 31 December 2017 and the year ended 31 December 2018 have been delivered to the Registrar of Companies for England and Wales and each included an unqualified auditor's report.

## **22. NO INCORPORATION OF WEBSITE INFORMATION**

The contents of the Group's website, including the websites of the Group's business units, do not form part of this Prospectus.

## **23. GENERAL**

The costs and expenses of, and incidental to, Admission and the Offer payable by the Company are estimated to amount to £25 million (including VAT), and include, among others, underwriting commissions (including the maximum amount of any discretionary commission), the FCA's fees, professional fees and the costs of printing and distribution of documents. The Selling Shareholders have agreed to pay their expenses in connection with the sale of Existing Shares including underwriting commissions (including the maximum amount of any discretionary commission) and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer which are expected to be approximately £1.01 million (including VAT) (assuming there is no exercise of the Over-allotment Option).

## **24. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published in electronic form and will be available on the Group's website at [www.calisen.com](http://www.calisen.com) for a period of 12 months from the date of publication of this Prospectus:

- (a) the Articles;
- (b) the Reporting Accountant's report on the Historical Financial Information, as set forth in Part A of Part XIII (*Historical Financial Information*) of this Prospectus;
- (c) the Reporting Accountant's report on the unaudited pro forma financial information, as set forth in Section A of Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus;
- (d) the consent letter referred to in section 20 (*Consents*) of this Part XVII (*Additional Information*); and
- (e) a copy of this Prospectus.

Dated: 7 February 2020

**PART XVIII**  
**DEFINITIONS**

The following definitions apply throughout this Prospectus unless the context otherwise requires:

<b>Admission</b> . . . . .	means the admission of the Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective;
<b>APMs</b> . . . . .	means alternative performance measures, being a financial measure not defined or recognised under IFRS;
<b>Article 50</b> . . . . .	means Article 50 of the 2009 Lisbon Treaty;
<b>Articles</b> . . . . .	means the articles of association of the Company adopted with effect from Admission;
<b>Audit and Risk Committee</b>	means the audit and risk committee of the Board;
<b>Auditor</b> . . . . .	means KPMG LLP;
<b>Barclays</b> . . . . .	means Barclays Bank PLC;
<b>BEIS</b> . . . . .	means the Department for Business, Energy and Industrial Strategy;
<b>BEIS Proposal</b> . . . . .	means the BEIS proposal under consultation which would set the regulatory framework for the period from January 2021 by requiring energy retailers to complete the replacement of a prescribed percentage of traditional meters in Britain with smart meters by the Roll-out Deadline;
<b>Board</b> . . . . .	means the board of directors of the Company from time to time;
<b>Brexit</b> . . . . .	means the UK's exit from the European Union;
<b>Business Day</b> . . . . .	means days (not being a Saturday or a Sunday) on which banks are generally open for business in London, United Kingdom;
<b>Calisen or Group</b> . . . . .	means Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and each of its direct and indirect subsidiaries for the period prior to and up to 31 January 2017, Calisen Group Holdings Limited (formerly CCH1 Limited) and each of its direct and indirect subsidiaries from 31 January 2017 to 7 February 2020, and the Company and each of its direct and indirect subsidiaries from 7 February 2020 (and "subsidiary" shall have the meaning ascribed to it in the Companies Act 2006);
<b>CEO</b> . . . . .	means chief executive officer;
<b>CFO</b> . . . . .	means chief financial officer;
<b>CGH Group or Successor</b> . . . . .	means Calisen Group Holdings Limited (formerly CCH1 Limited) and its subsidiaries;
<b>Chair</b> . . . . .	means the chair of the Company as at the date of this Prospectus, whose details are set out in section 1 ( <i>Directors</i> ) of Part IX ( <i>Directors, Senior Managers, Employees and Corporate Governance</i> ) of this Prospectus;
<b>CHL Group or Predecessor</b>	means Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) and its subsidiaries;
<b>Citi</b> . . . . .	means Citigroup Global Markets Limited;
<b>Companies Act 2006</b> . . . . .	means the Companies Act 2006 of England and Wales, as amended from time to time;
<b>Company</b> . . . . .	means Calisen plc;
<b>Corporate Governance Code</b> . . . . .	means the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council, as amended from time to time;

<b>cPECs</b> . . . . .	means the 581,920,694 convertible preferred equity certificates issued by Evergreen Holdco S.à r.l. to the Major Shareholder on 27 January 2017 in connection with the funding of the KKR Acquisition;
<b>CREST</b> . . . . .	means the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear UK & Ireland Limited;
<b>CSSEL</b> . . . . .	means Credit Suisse Securities (Europe) Limited;
<b>DBP</b> . . . . .	means the Calisen plc Deferred Bonus Plan;
<b>Deeds of Election</b> . . . . .	means the share sale election deeds (as amended) entered into by the Management Shareholders pursuant to which, among other things, the Management Selling Shareholders have irrevocably instructed the Company to agree the sale of Existing Shares as agent for and on behalf of the Management Selling Shareholders and “Deed of Election” means any one of them;
<b>Delegated Regulation</b> . . . . .	means the Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004;
<b>Directors</b> . . . . .	means the directors of the Company as at the date of this Prospectus, whose details are set out in Part IX ( <i>Directors, Senior Managers, Employees and Corporate Governance</i> ) of this Prospectus, and “Director” means any one of them;
<b>Disclosure Guidance and Transparency Rules</b> . . . . .	means the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA (as set out in the FCA Handbook), as, from time to time, amended;
<b>DTCC</b> . . . . .	means The Depository Trust & Clearing Corporation;
<b>EBT</b> . . . . .	means the Calisen plc Employee Benefit Trust;
<b>EEA</b> . . . . .	means the European Economic Area;
<b>Evergreen Loan Notes</b> . . . . .	means the £581,920,694 in principal amount of loan notes issued by Calisen Group Holdings Limited to Evergreen Holdco S.à r.l. pursuant to the loan note deed poll dated 31 January 2017, as amended and restated on 23 June 2017, in connection with the funding of the KKR Acquisition;
<b>Executive Directors</b> . . . . .	means the executive Directors as at the date of this Prospectus, being the CEO and the CFO, and “Executive Director” means any one of them;
<b>Existing Shareholder</b> . . . . .	means a person holding ordinary shares in the capital of the Company immediately prior to Admission;
<b>Existing Shares</b> . . . . .	means the existing ordinary shares held by Existing Shareholders in the share capital of the Company immediately prior to Admission (excluding, for the avoidance of doubt, the New Shares);
<b>FCA</b> . . . . .	means the Financial Conduct Authority of the UK;
<b>Forward-looking Statements</b> . . . . .	means any forward-looking statements, including forecasts, estimates, projections and opinions;
<b>FSMA</b> . . . . .	means the Financial Services and Markets Act 2000 of England and Wales, as amended;
<b>GDPR</b> . . . . .	means the General Data-Protection Regulation (Regulation (EU) 2016/679);
<b>GS</b> . . . . .	means Goldman Sachs International;
<b>Historical Financial Information</b> . . . . .	means the information set out in Part XIII ( <i>Historical Financial Information</i> ) of this Prospectus;
<b>HMRC</b> . . . . .	means Her Majesty’s Revenue and Customs of the UK;

<b>HSBC</b> . . . . .	means HSBC Bank plc;
<b>IFRS</b> . . . . .	means the International Financial Reporting Standards, as adopted by the European Union;
<b>Independent Non-Executive Directors</b> . . . . .	means the independent Non-Executive Directors of the Company as at the date of this Prospectus, whose details are set out in section 1 ( <i>Directors</i> ) of Part IX ( <i>Directors, Senior Managers, Employees and Corporate Governance</i> ) of this Prospectus, and “Independent Non-Executive Director” means any one of them;
<b>Joint Bookrunners</b> . . . . .	means Citi, CSSEL, HSBC, KKR Capital Markets, Barclays and GS;
<b>Joint Global Coordinators</b>	means Citi, CSSEL, HSBC and KKR Capital Markets;
<b>KKR</b> . . . . .	means Kohlberg Kravis Roberts & Co. L.P. and/or one or more of its affiliates, including funds advised by Kohlberg Kravis Roberts & Co. L.P., as the context may require;
<b>KKR Acquisition</b> . . . . .	means the acquisition of Calisen by funds advised by KKR on 31 January 2017;
<b>KKR Capital Markets</b> . . . . .	means KKR Capital Markets Limited;
<b>KPMG</b> . . . . .	means KPMG LLP;
<b>LEI</b> . . . . .	means a Legal Entity Identifier;
<b>LIBOR</b> . . . . .	means London Interbank Offered Rate;
<b>Listing Rules</b> . . . . .	means the listing rules made by the FCA under Part VI of FSMA (as set out in the FCA Handbook), as, from time to time, amended;
<b>London Stock Exchange</b> . . . . .	means the London Stock Exchange plc;
<b>Lowri Beck</b> . . . . .	means Lowri Beck Holdings Limited, or the group consisting of Lowri Beck Holdings Limited and its affiliates, parents or subsidiaries, as applicable;
<b>Lowri Beck Acquisition</b> . . . . .	means the acquisition of Lowri Beck by Calisen;
<b>Major Shareholder</b> . . . . .	means KKR Evergreen Aggregator L.P.;
<b>Management Selling Shareholders</b> . . . . .	means those Management Shareholders who have elected to make available Shares for sale in the Offer and “Management Selling Shareholder” means any one of them;
<b>Management Shareholders</b>	means the members of the Company’s management who hold shares in Evergreen Energy Limited on the date of publication of this Prospectus and “Management Shareholder” means any one of them;
<b>Management Shareholder Loan Notes</b> . . . . .	means the outstanding loan notes issued by Calisen Group Holdings Limited to the Management Selling Shareholders pursuant to the (i) loan note deed poll dated 23 June 2017, (ii) supplemental deed poll dated 25 October 2017 and (iii) supplemental deed poll on 16 April 2019, in relation to the Management Selling Shareholders’ investment in Evergreen Energy Limited;
<b>Market Abuse Regulation</b> . . . . .	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;
<b>MF1 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer by Meter Fit (North West) Limited and Meter Fit (North East) Limited;
<b>MF10 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer by Meter Fit 10 Limited;

<b>MF2 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer by Meter Fit 2 Limited;
<b>MF20 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer and Independent Energy Retailers by Meter Fit 20 Limited;
<b>MF3 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer by Meter Fit 3 Limited;
<b>MF4 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer by Meter Fit 4 Limited;
<b>MF5 Project</b> . . . . .	means the services originally agreed to be provided for a Big 6 Energy Retailer by Meter Fit 5 Limited;
<b>New Facilities Agreement</b> . . . . .	means the revolving credit facilities agreement to be entered into at Admission by, among others, the Company, 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, under which a multicurrency revolving credit facility of £240 million will be made available to the Company and certain of its subsidiaries;
<b>New Shares</b> . . . . .	means those Shares to be allotted and issued by the Company pursuant to the Offer as described in Part XVI ( <i>The Offer</i> ) of this Prospectus;
<b>Nomination Committee</b> . . . . .	means the nomination committee of the Board;
<b>Non-Executive Directors</b> . . . . .	means the non-executive Directors of the Company as at the date of this Prospectus, whose details are set out in section 1 ( <i>Directors</i> ) of Part IX ( <i>Directors, Senior Managers, Employees and Corporate Governance</i> ) of this Prospectus, and “Non-Executive Director” means any one of them;
<b>Offer</b> . . . . .	means the offer of 136,995,244 Shares (comprising 125,000,000 New Shares and 11,995,244 Existing Shares) (i) to certain institutional and professional investors in the UK and elsewhere outside the United States in reliance on Regulation S; and (ii) in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A of the US Securities Act, as described in Part XVI ( <i>The Offer</i> ) of this Prospectus, being made by way of this Prospectus;
<b>Offer Price</b> . . . . .	means 240 pence per Share;
<b>Official List</b> . . . . .	means the Official List of the FCA;
<b>Over-allotment Option</b> . . . . .	means the option granted to the Stabilising Manager by the Major Shareholder and the Company (as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election) to purchase, or procure the purchasers for, up to 20,549,287 additional Shares at the Offer Price as set out in the Underwriting Agreement;
<b>Over-allotment Shares</b> . . . . .	means those Existing Shares that are the subject of the Over-allotment Option;
<b>Pre-IPO Reorganisation</b> . . . . .	has the meaning given in section 3 of Part XVII ( <i>Additional Information</i> ) of this Prospectus;
<b>PRA</b> . . . . .	means the Prudential Regulation Authority;
<b>Prospectus</b> . . . . .	means this prospectus;
<b>Prospectus Regulation</b> . . . . .	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
<b>Prospectus Regulation Rules</b> . . . . .	means the prospectus regulation rules made by the FCA under section 73A of FSMA (as set out in the FCA Handbook);
<b>PSP</b> . . . . .	means the Calisen plc Performance Share Plan;
<b>QIBs</b> . . . . .	means Qualified Institutional Buyers within the meaning given by Rule 144A;

<b>Registrar</b> . . . . .	means Equiniti Limited;
<b>Regulation S</b> . . . . .	means Regulation S under the US Securities Act;
<b>Relationship Agreement</b> . . . . .	means the relationship agreement entered into between the Company and the Major Shareholder dated 7 February 2020, further details of which are set out in section 16.2 ( <i>Relationship Agreement</i> ) of Part XVII ( <i>Additional Information</i> ) of this Prospectus;
<b>Remuneration Committee</b> . . . . .	means the remuneration committee of the Board;
<b>Reorganisation</b> . . . . .	has the meaning given in section 3 of Part XVII ( <i>Additional Information</i> ) of this Prospectus;
<b>Reorganisation Agreement</b> . . . . .	means the reorganisation agreement entered into between the Company, the Major Shareholder, Evergreen Holdco S.à r.l., Evergreen Energy Limited, Calisen Group Holdings Limited and the Management Shareholders dated 7 February 2020, further details of which are set out in section 16.3 ( <i>Reorganisation Agreement</i> ) of Part XVII ( <i>Additional Information</i> ) of this Prospectus;
<b>Reporting Accountant</b> . . . . .	means KPMG LLP;
<b>Rule 144A</b> . . . . .	means Rule 144A under the US Securities Act;
<b>SDRT</b> . . . . .	means stamp duty reserve tax;
<b>SEDOL</b> . . . . .	means Stock Exchange Daily Official List;
<b>Selling Shareholders</b> . . . . .	mean the Major Shareholder and the Management Selling Shareholders;
<b>Senior Independent Non-Executive Director</b> . . . . .	means the senior Independent Non-Executive Director of the Company as at the date of this Prospectus, whose details are set out in section 1 ( <i>Directors</i> ) of Part IX ( <i>Directors, Senior Managers, Employees and Corporate Governance</i> ) of this Prospectus;
<b>Senior Management or Senior Managers</b> . . . . .	means the senior managers of the Group as at the date of this Prospectus, whose details are set out in section 2 ( <i>Senior Managers</i> ) of Part IX ( <i>Directors, Senior Managers, Employees and Corporate Governance</i> ) of this Prospectus;
<b>Shareholder Loan Notes</b> . . . . .	means the Evergreen Loan Notes and the Management Shareholder Loan Notes together which are listed on the official list of The International Stock Exchange;
<b>Shares</b> . . . . .	means the ordinary shares of £0.01 each in the capital of the Company;
<b>Sharesave Plan</b> . . . . .	means the Calisen plc Sharesave Plan;
<b>Sponsor</b> . . . . .	means Credit Suisse International;
<b>SPV</b> . . . . .	means project-based special purpose company;
<b>Stabilisation End Date</b> . . . . .	means 6 March 2020;
<b>Stabilising Manager</b> . . . . .	means Citi;
<b>Stock Loan Agreement</b> . . . . .	means the stock loan agreement entered into between the Stabilising Manager and the Major Shareholder dated 7 February 2020, further details of which are set out in section 6 ( <i>Stock Loan Agreement</i> ) of Part XVI ( <i>The Offer</i> ) of this Prospectus;
<b>Unaudited Aggregated 2017 Cash Flow</b> . . . . .	means aggregated consolidated statement of cash flow data consisting of the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results of Calisen Group Holdings Limited (formerly CCH1 Limited) for the 13-month period ended 31 December 2017;
<b>Unaudited Aggregated 2017 Income Data</b> . . . . .	means aggregated consolidated statement of profit or loss data consisting of the financial results of Calisen Holdco Limited (formerly Calvin Capital Holdco Limited) for the 31-day period ended 31 January 2017 and the financial results

of Calisen Group Holdings Limited (formerly CCHI Limited) for the 13-month period ended 31 December 2017;

**Unaudited Aggregated 2017 Results** . . . . . means unaudited financial information relating to the aggregated period ended 31 December 2017;

**Underwriters** . . . . . means the Joint Bookrunners;

**Underwriting Agreement** . . . . . means the underwriting and sponsor's agreement entered into between the Company (for itself and as agent for and on behalf of each of the Management Selling Shareholders pursuant to the Deeds of Election), the Directors, the Major Shareholder, the Sponsor and the Underwriters dated 7 February 2020, further details of which are set out in section 16.1 (*Underwriting Agreement*) of Part XVII (*Additional Information*) of this Prospectus;

**United Kingdom or UK** . . . . . means the United Kingdom of Great Britain and Northern Ireland;

**US Securities Act** . . . . . means the Securities Act of 1933, as amended; and

**VAT** . . . . . means value added tax.

**PART XIX**  
**GLOSSARY**

<b>Big 6 Energy Retailers</b> . . . . .	means British Gas, EDF, E.ON, npower, ScottishPower and SSE, or any of their respective affiliates, parents or subsidiaries, as applicable, that collectively refer to the largest energy retailers in Britain;
<b>British Gas</b> . . . . .	means British Gas Trading Limited, or the group consisting of British Gas Trading Limited and its affiliates, parents or subsidiaries, as applicable;
<b>Capital expenditure</b> . . . . .	means the purchase of property, plant and equipment;
<b>Current Framework</b> . . . . .	means the legislative and regulatory requirement on energy retailers in Britain to take all reasonable steps to install all homes and small non-domestic settings in Britain a transition of their domestic gas and electricity meters to smart meters by 31 December 2020;
<b>Distribution Network</b>	
<b>Operators</b> . . . . .	means companies licensed to distribute electricity in Britain by Ofgem;
<b>DCC</b> . . . . .	means Data and Communications Company;
<b>E.ON</b> . . . . .	means E.ON UK plc, or the group consisting of E.ON UK plc and its affiliates, parents or subsidiaries, as applicable;
<b>ECOES</b> . . . . .	means European Environmental Citizens Organisation for Standardisation;
<b>EDF</b> . . . . .	means EDF Energy Customers plc, or the group consisting of EDF Energy Customers plc and its affiliates, parents or subsidiaries, as applicable;
<b>ElectraLink</b> . . . . .	means ElectraLink Limited;
<b>Energy Supply Company Administration</b> . . . . .	means the special administration regime for large energy retailers, to be invoked in the event such a retailer becomes insolvent;
<b>ESOS</b> . . . . .	means Energy Savings Opportunity Scheme;
<b>EUSR</b> . . . . .	means Energy and Utility Skills Register;
<b>Independent Energy Retailers</b> . . . . .	means smaller energy retailers in Britain that are not Big 6 Energy Retailers;
<b>Infracapital</b> . . . . .	means the European infrastructure division of M&G Investment Management Limited and M&G Alternatives Investment Management Limited and/or one or more of its affiliates (as the context requires);
<b>MAM</b> . . . . .	means meter asset management or meter asset manager (as the context requires);
<b>MAMCoP</b> . . . . .	means Meter Asset Manager Code of Practice;
<b>MAP</b> . . . . .	means meter asset provision or meter asset provider (as the context requires);
<b>MOCOPA</b> . . . . .	means Meter Operators Code of Practice Agreement;
<b>MOP</b> . . . . .	means meter operator provision or meter operator provider (as the context requires);
<b>MPC</b> . . . . .	means meter provision charge;
<b>NOSI</b> . . . . .	means Notification of Supplier Information;
<b>npower</b> . . . . .	means any or all of Npower Limited, Npower Gas Limited, Npower Direct Limited, Npower Northern Supply Limited, Npower Northern Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited, or any subset thereof, or the group consisting of any or all of such entities and their mutual or respective affiliates, parents or subsidiaries as applicable;
<b>OAMI</b> . . . . .	means Ofgem Approved Meter Installers;

<b>OECD</b> . . . . .	means Organisation for Economic Co-operation and Development;
<b>Ofcom</b> . . . . .	means the Office of Communications, the UK government-approved regulatory and competition authority for the broadcasting, telecommunications and postal industries of the UK;
<b>Ofgem</b> . . . . .	means Office of Gas and Electricity Markets, the government regulator for gas and electricity markets in Britain;
<b>Roll-out Deadline</b> . . . . .	means 31 December 2020 (being the date set out in the Current Framework) or such later date as is implemented in the licence conditions;
<b>ScottishPower</b> . . . . .	means Scottish Power Limited, or the group consisting of Scottish Power Limited and its affiliates, parents or subsidiaries;
<b>SMETS1</b> . . . . .	means the first generation of Smart Metering Equipment Technical Specification;
<b>SMETS2</b> . . . . .	means the second generation of Smart Metering Equipment Technical Specification;
<b>SMIP</b> . . . . .	means Smart Meter Implementation Programme;
<b>SMSO</b> . . . . .	means Smart Meter System Operator;
<b>SSE</b> . . . . .	means Southern Electric Gas Limited and SSE Energy Supply Limited, or the group consisting of Southern Electric Gas Limited and SSE Energy Supply Limited and its mutual or respective affiliates, parents or subsidiaries; and
<b>Xoserve</b> . . . . .	means Xoserve Limited.

**PART XX**  
**SCHEDULE OF CHANGES**

The registration document published by Calisen Group Holdings Limited (a wholly-owned indirect subsidiary of the Company following the Pre-IPO Reorganisation) on 9 January 2020 (the “**Registration Document**”) contained the information required to be included in a registration document for equity securities by Annex 1 of the Delegated Regulation. The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a securities note for equity securities as prescribed by Annex 11 of the Delegated Regulation and in a summary as prescribed by Article 7 of the Prospectus Regulation. The Prospectus updates and replaces in whole the Registration Document. Any investor participating in the Offer should invest solely on the basis of the Prospectus, together with any supplement thereto.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material updates to the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in the Prospectus unless otherwise defined herein.

**1. PURPOSE**

The purpose of this Schedule of Changes is to:

- Highlight material changes made in the Prospectus, as compared to the Registration Document;
- Highlight the new disclosure made in the Prospectus to reflect information required to be included in a securities note; and
- Highlight the new disclosure made in the Prospectus to reflect information required to be included in a summary.

**2. PRINCIPAL REGISTRATION DOCUMENT CHANGES**

The following principal changes have been made to the contents of the Registration Document. The Prospectus otherwise contains information extracted without material amendment from the Registration Document.

- Changes have been made to the following pages of the Prospectus to reflect the refinancing arrangements of the Group: (i) the paragraph entitled “Financing Contracts” on page 70 of the Prospectus; (ii) the paragraph entitled “Recent Developments and Outlook” on page 96 of the Prospectus; (iii) the paragraph entitled “Refinancing options” on page 108 of the Prospectus; and (iv) the paragraph entitled “Material Contracts” on page 248 to page 250 of the Prospectus.
- The paragraph entitled “Experienced leadership team aligned with shareholders” on page 63 of the Registration Document has been amended to reflect the implementation of the equity long-term incentive programme. Please see page 75 of the Prospectus.
- The paragraph entitled “Intellectual Property” on page 67 of the Registration Document has been amended to reflect the fact that Lowri Beck Holdings Limited owns trademarks in the UK pertaining to the words “LOWRI BECK”. Please see page 78 of the Prospectus.
- The information under the heading “Directors, Company Secretary, Registered Office and Advisers” has been amended to reflect the details of the directors of the Company. Please see pages 80 and 81 of the Prospectus.
- The information under the heading “Directors, Senior Managers, Employees and Corporate Governance” and the description of the board committees’ structure on page 69 of the Registration Document have been amended and replaced in their entirety in the Prospectus to reflect the Company’s expected corporate governance structure following Admission, which reflects (i) information on the Directors and Senior Managers; (ii) the implementation of changes to the Group’s corporate governance arrangements appropriate for a listed company; (iii) descriptions of the Board’s committees; (iv) a description of the Company’s share dealing code; and (v) a description of the Company’s relationship with the Major Shareholder which will be deemed to be a “controlling shareholder” following Admission. Please see pages 82 to 86 of the Prospectus.

- The information under the heading “Recent Developments and Outlook” on page 79 of the Registration Document has been amended in the Prospectus to include an update on the Company’s meter portfolio and forecasted installation pipeline. Please see page 96 and page 97 of the Prospectus.
- The paragraph entitled “Incorporation and Activity of the Company” on page 169 of the Registration Document has been amended and replaced in its entirety in the Prospectus to reflect the incorporation information of the Company. Please see page 209 of the Prospectus.
- A new paragraph entitled “Reorganisation” has been added into the Prospectus to describe the steps that the Company has undertaken and expects to undertake prior to and following Admission. Please see pages 209 to 213 of the Prospectus.
- The paragraph entitled “Share Capital” on page 169 of the Registration Document has been amended and replaced in its entirety in the Prospectus to reflect the share capital history and structure of the Company immediately prior to and immediately following Admission. Please see pages 213 to 216 of the Prospectus.
- The paragraph entitled “Objects and Purpose of the Company” on page 169 of the Registration Document has been replaced in its entirety in the Prospectus by the paragraph entitled “Articles of Association” to reflect the articles of association of the Company that will take effect from Admission. Please see pages 216 to 223 of the Prospectus.
- The paragraph entitled “Dividend Policy” on page 169 of the Registration Document has been amended in the Prospectus to reflect the Company’s dividend policy. Please see page 223 of the Prospectus.
- A new paragraph entitled “Mandatory bids and compulsory acquisition rules relating to the shares” has been added to the Prospectus, to describe the relevant provisions of the City Code applicable to the Company. Please see pages 223 to 224 of the Prospectus.
- The paragraph entitled “Interest of Major Shareholder” on page 172 of the Registration Document has been replaced in its entirety in the Prospectus by the paragraph entitled “Interests of significant Shareholders and Selling Shareholders” to reflect the expected interests in the share capital of the Company immediately prior to and immediately following Admission. Please see pages 227 and 228 of the Prospectus.
- The paragraph entitled “Directors and Senior Managers” on pages 173 to 174 of the Registration Document has been updated and amended in the Prospectus to reflect the relevant information in relation to the Board and Senior Managers. Please see pages 228 and 229 of the Prospectus.
- The paragraph entitled “Conflicts of interest” on page 173 of the Registration Document has been amended and replaced in its entirety in the Prospectus to reflect potential conflicts of interest between the duties owed by the Company and the Senior Managers to the Company and the private interests and/or other duties they have also have. Please see page 229 and page 230 of the Prospectus.
- The paragraph entitled “Interests of Directors and Senior Managers in the share capital of the Company” on page 174 of the Registration Document has been updated in the Prospectus to reflect the expected interests in the share capital of the Company of the Directors and the Senior Managers immediately prior to and immediately following Admission. Please see page 230 and page 231 of the Prospectus.
- The paragraph entitled “Directors’ Service Contracts and Terms of Appointment” on page 174 of the Registration Document has been amended and replaced in its entirety by the paragraph entitled “Directors’ Service Contracts and Letters of Appointment” in the Prospectus to reflect the Directors’ new terms of employment (where applicable) and letters of appointment, the Directors’ and Senior Managers’ remuneration and to describe the Company’s remuneration policy. Please see pages 231 to 236 of the Prospectus.
- The paragraph entitled “Share-based Incentive Arrangements” on page 175 of the Registration Document has been amended and replaced in its entirety in the Prospectus to reflect the share-based incentive arrangements that the Company intends to adopt prior to Admission. Please see pages 236 to 245 of the Prospectus.
- The paragraph entitled “Related Party Transactions” on page 176 of the Registration Document has been updated in the Prospectus to reflect the related party transactions entered into by members of the Group between 1 January 2016 and the date of this Prospectus, including details of a monitoring fee agreement entered into by a Group member and KKR.

- Changes have been made to the paragraph entitled “Material Contracts” on page 176 of the Registration Document, including: (a) the addition of the summary of the following new material contracts: (i) Underwriting Agreement and Deeds of Election, (ii) Relationship Agreement; and (iii) Reorganisation Agreement, and also including a summary of the Group’s financing arrangements. Please see pages 246 to 250 of the Prospectus; and (b) the deletion of “MAP contracts” from the Summary of Material Contracts.
- A new paragraph entitled “Working Capital Statement” has been added into the Prospectus, confirming the adequacy of the Group’s working capital. Please see page 250 of the Prospectus.

### **3. UNAUDITED PRO FORMA FINANCIAL INFORMATION**

- A new section entitled “Unaudited Pro Forma Financial Information” has been added into the Prospectus to illustrate the effect of the Offer on the consolidated net assets of the Group as if the Offer had occurred on 30 September 2019. Please see pages 187 to 190 of the Prospectus.

### **4. SECURITIES NOTE INFORMATION**

- A new section entitled “Risks Related to the Offer and the Shares” has been added into the Prospectus to describe the risks relating to the Offer and the Shares, including risks relating the liquidity or trading price of the Shares, dilution risks, and risks relating to Shareholders in the United States. Please see pages 30 to 33 of the Prospectus.
- New sections entitled “Expected Timetable of Principal Events” and “Offer and Admission Statistics” have been added into the Prospectus, describing the means through which the Shares will be offered to the public pursuant to the Offer. Please see page 34 and page 35 of the Prospectus.
- A new section entitled “Capitalisation and Indebtedness” has been added into the Prospectus, describing the shareholders’ equity as of 30 September 2019 and the Group’s indebtedness as of 30 November 2019. Please see page 131 of the Prospectus.
- A new section entitled “Taxation” has been added into the Prospectus to provide a general guide to certain UK and U.S. federal tax considerations relevant to the acquisition, ownership and disposition of Shares. Please see pages 191 to 196 of the Prospectus.
- A new section entitled “The Offer” has been added into the Prospectus, describing the mechanism and terms of the Offer and also including new paragraphs entitled “Underwriting Arrangements” and “Lock-Up Arrangements” which describe the arrangements entered into between the Company and the Underwriters, among other parties, pursuant to which the Underwriters agreed to underwrite the Offer and the terms of the lock-up arrangements that have been entered into or will be entered into ahead of Admission. Please see pages 197 to 208 of the Prospectus.

### **5. SUMMARY INFORMATION**

- A new section entitled “Summary” has been added into the Prospectus to reflect the addition of a summary as required by Article 7 of the Prospectus Regulation. Please see pages 1 to 7 of the Prospectus.



