In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

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DON'T STAPLE

# OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to re[...] an alteration of manner of co[...] with accounting requirement[...]

THURSDAY

*ABD2YNZN*
A08 22/09/2022 #167
COMPANIES HOUSE

## Part 1 Corporate company name

| | |
|---|---|
| Corporate name of overseas company ❶ | FULCRUM UTILITY SERVICES LIMITED |
| UK establishment number | B R 0 1 5 0 0 0 |

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

## Part 2 Statement of details of parent law and other information for an overseas company

### A1 Legislation

Please give the legislation under which the accounts have been prepared and audited.

| | |
|---|---|
| Legislation ❷ | CAYMAN ISLANDS COMPANY LAW |

❷ This means the relevant rules or legislation which regulates the preparation of accounts.

### A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

| | |
|---|---|
| Name of organisation or body ❸ | IFRSs AS ADOPTED BY THE UK |

❸ Please insert the name of the appropriate accounting organisation or body.

**OS** AA01

Statement of details of parent law and other information for an overseas company

## A3 Audited accounts

| | | |
|---|---|---|
| Audited accounts | Have the accounts been audited in accordance with a set of generally accepted auditing standards?<br>Please tick the appropriate box.<br>☐ **No.** Go to **Part 3 'Signature'**.<br>☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**. | ❶ Please insert the name of the appropriate accounting organisation or body. |
| Name of organisation or body ❶ | IFRSs as adopted By the EU & IFRIC Interpretations | |

## Part 3 Signature

| | |
|---|---|
| | I am signing this form on behalf of the overseas company. |
| Signature | X |
| | This form may be signed by:<br>Director, Secretary, Permanent representative. |

# OS AA01
Statement of details of parent law and other information for an overseas company

## Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

| | |
|---|---|
| Contact name | Nadia Kolpneva |
| Company name | TMF GROUP |
| | |
| Address | 20 Farringdon Street |
| | |
| | |
| Post town | LONDON |
| County/Region | |
| Postcode | E C 4 A 4 A B |
| Country | UNITED KINGDOM |
| DX | |
| Telephone | |

## Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

## Important information

**Please note that all this information will appear on the public record.**

## Where to send

**You may return this form to any Companies House address:**

**England and Wales:**
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DX 33050 Cardiff.

**Scotland:**
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1

**Northern Ireland:**
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

## Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

# ANNUAL REPORT AND ACCOUNTS 2022

**Fulcrum Utility Services Limited**
Company number FC030006

# WHO WE ARE

We are a leading provider of energy connections and related utility infrastructure. Operating nationally, and with a direct delivery model, we are committed to playing an essential part in the UK's zero carbon and smart energy revolution.

# REPORT AND ACCOUNTS 2022



## HIGHLIGHTS

### Financial performance

- Revenue up 31.2% to £61.8 million (2021: £47.1 million)
- Adjusted EBITDA[1] of £0.5 million (2021: £0.1 million)
- Loss before tax of £14.2 million[2] (2021: £11.5 million)
- Cash outflow from operating activities of £7.6 million (2021: £2.4 million)
- Adjusted earnings per share of (1.4)p (2021: (0.9)p) and basic earnings per share of (5.2)p (2021: (4.6)p)
- Net cash of £11.2 million as at 31 March 2022 (2021: £1.5 million net debt)
- Debt facility headroom of £10 million as at 31 March 2022 (2021: £4.3 million)
- Net assets of £45.9 million (2021: £35.4 million)

Revenue

**£61.8m**

| | |
|---|---|
| **2022** | 61.8 |
| **2021** | 47.1 |
| **2020** | 46.1 |

Adjusted EBITDA[1]

**£0.5m**

| | |
|---|---|
| **2022** | 0.5 |
| **2021** | 0.1 |
| **2020** | 4.5 |

Net cash/(debt)

**£11.2m**

| | |
|---|---|
| **2022** | 11.2 |
| **2021** | (1.5) |
| **2020** | 6.0 |

Net assets

**£45.9m**

| | |
|---|---|
| **2022** | 45.9 |
| **2021** | 35.4 |
| **2020** | 46.3 |

1 Adjusted EBITDA is operating profit excluding the impact of exceptional items, other net gains, depreciation, amortisation and equity-settled share-based payment charges.

2 Includes £10.6 million of exceptional items (2021: £8.5 million), including £5.6 million for onerous contracts (2021: £nil).

## FULCRUM AT A GLANCE

### VISION

To use our multi-utility expertise and capabilities to connect the UK and play an essential part supporting its transition to a net-zero future.

### PURPOSE

To design, build, deliver and maintain the essential utility infrastructure that powers the UK.

### MISSION

To support our customers by providing innovative and all in one multi-utility infrastructure solutions, delivered to the highest standards of service, to power their projects.

### VALUES

Our values live in everything we do and are our commitment to be the very best for all our stakeholders.

## PROVIDING ESSENTIAL SERVICES TO CONNECT FOUR KEY SECTORS

We use our capabilities and experience to provide multi-utility infrastructure services and solutions to four key sectors, nationally.

### HOUSING

### INDUSTRIAL AND COMMERCIAL (I&C) INCLUDING ELECTRIC VEHICLE (EV) CONNECTIONS AND HIGH VOLTAGE (HV) CONNECTIONS

### SMART METERING

### MAINTENANCE AND OWNERSHIP

Read more about the sectors we operate in at investors.fulcrum.co.uk/how-we-work/sectors-we-operate-in/

## UNDERPINNED BY OUR STRONG COMMITMENT TO ESG

### STAKEHOLDER ENGAGEMENT

Read more on page 8

### RISK MANAGEMENT

Read more on page 11

### SUSTAINABILITY

Read more on page 15

### GOVERNANCE

Read more on page 20

## CHAIR'S STATEMENT

"

The Group has refocused its attention on its core multi-utility contracting and asset ownership growth strategy and the Board has put in place a new Executive Team to execute it.

**Jennifer Babington**
Non-executive Chair

As has been widely reported, FY22 was a challenging year for the UK's energy infrastructure sector and Fulcrum has not been immune to this. Whilst the Group initially experienced a strong recovery from the impact of Covid-19 and positive progress was made in the first half of the year, the impact of difficult market conditions is reflected in the Group's overall performance for the full year.

### Results

It was pleasing that Fulcrum's first half financial performance was in line with management's expectations, and significantly ahead of the first half of the prior year. The Group also secured a strong succession of its largest ever contract wins.

Notwithstanding this positive start to the year, with the Group's diverse business operations initially helping to insulate it from the energy crisis, the sustained turbulence in the energy market, coupled with wider market issues of supply chain pressure and cost inflation in materials and labour, along with exceptional costs, significantly affected the Group's profitability in the final quarter of the year.

Revenue for the year ended 31 March 2022 was slightly ahead of market expectations at £61.8 million, representing year-on-year growth of 31.2%, with adjusted EBITDA for the same period at £0.5 million. Adjusted EBITDA is operating loss of £13.7 million, excluding the impact of exceptional items of £10.6 million (including £5.6 million for onerous contracts), other net gains of £0.3 million, depreciation and amortisation of £3.3 million and an equity-settled share-based payment charge of £0.6 million.

I would like to express my personal thanks to all of our people for their hard work, efforts and resilience in what has been another year of difficult market conditions.

### Impact of the UK's energy crisis and challenging trading conditions

Since the Group's successful fundraise in December 2021, the UK energy market has continued to experience considerable turbulence. Predominantly, this affected the performance and profitability of the Group's meter exchange operations.

Wider market issues of supply chain pressure and cost inflation in materials and labour also weighed on the profitability of the Group's multi-utility contracting operations, especially in its major electrical and multi-utility projects, which are inherently complex and longer term in nature.

The Board expects that whilst the challenges in the energy market and the difficult market conditions continue, the Group's order book will also soften, and this is reflected in the order book value of £48 million[1] as at 31 March 2022. We have put appropriate actions and controls in place to mitigate risk and protect the business whilst the UK's energy crisis and challenging market conditions prevail.

### A refocus on our core strategy

The Group has refocused its attention on its core multi-utility contracting and asset ownership growth strategy and the Board has put in place a new Executive Team to execute it.

The Board believes that there is a significant opportunity for the Group to grow its multi-utility contracting operations across the housing and industrial and commercial, including electric vehicle connections, sectors. The Board further believes that the Group's essential and niche capabilities position it well for future growth and that this belief is underpinned by the long-term strategic tailwinds of the UK's utility and energy infrastructure needs now, and for its net-zero future.

1 Order book value excluding metering's onerous contracts.

## CHAIR'S STATEMENT CONTINUED

### A refocus on our core strategy continued

The Group's network of utility assets, valued in excess of £36 million as at 31 March 2022, continue to generate recurring income and provide attractive and predictable long-term returns. The Board continues to believe that additional asset ownership presents a significant growth opportunity for the Group.

To support the execution of our asset growth strategy, Fulcrum announced on 15 December 2021 that it had raised gross proceeds of £20.05 million by way of a conditional placing and subsequently raised gross proceeds of approximately £1.2 million through an open offer. The Board is grateful for the continued support of existing investors. We are mindful that, whilst presenting risks, the current instability in the energy market produces opportunities for the Group to acquire asset portfolios at attractive valuations and as such the Board is continuing to identify and review potential asset acquisition opportunities.

At the same time, the Board is mindful of maintaining balance sheet strength, and supporting the Group's liquidity remains a priority. As such, the Group became debt free in the year, and all planned tranches of the asset sale to ESP were also successfully delivered.

### Changes to our team

The Board appointed Antony Collins as CEO in January 2022. Antony has a strong background in business turnaround and his focus has been to improve business operations and refocus the Group on its core utility infrastructure and asset ownership growth strategy and, since joining Fulcrum, he has put in place a strong and experienced Executive Team to lead the Group. Stuart Crossman joined the Group in January 2022 as COO and is a Chartered Engineer with over 40 years in multi-utilities and has vast experience in asset management, operational performance and health and safety and Jonathan Jager joined the Group as CFO in February 2022. Jonathan is a highly experienced CFO with over 20 years' experience of developing high performing finance functions within the energy sector.

The new team is focused on executing the Group's core multi-utility and utility asset growth strategy and the Board is pleased to report that business improvements are being delivered that will both protect the business in the current market climate and support the Group's long-term, sustainable growth.

### ESG and sustainability

We are committed to using our capabilities to support the UK's net-zero revolution, and to also reduce the impact of the Group's operations on climate change. Fulcrum remains on its journey to be carbon neutral by 2030.

**Read more about our sustainable approach on pages 15 to 19**

### Dividend

Considering the full year performance and the continuing turbulence in the Group's core markets, the Board will not be recommending the payment of a dividend in respect of the financial year ended 31 March 2022 but will continue to keep its dividend policy under review.

### Outlook

Despite the current difficult trading conditions and the UK's energy crisis, market fundamentals, supported by government stimulus that underpins the UK's transition to a low carbon economy, remain strong and, the Board believes, continue to provide significant and strategic growth opportunities for the Group across the diverse sectors it operates in.

Whilst the Board is mindful of the ongoing volatility in the UK energy market, we are confident that the Group remains well positioned to successfully grow in the long term. Fulcrum has the essential experience and capabilities needed to support the expansion of the UK's energy infrastructure, which is needed now, and to achieve our net-zero future. The Board remains excited by the opportunities this presents.

**Jennifer Babington**
Non-executive Chair
1 August 2022

## CHIEF EXECUTIVE OFFICER'S STATEMENT

"

Since joining the business, my immediate priority has been to protect and improve margins and refocus the Group on its core utility infrastructure and asset ownership growth strategy.

**Antony Collins**
Chief Executive Officer

### 2022 review

I was delighted to have the opportunity to join the Group in January 2022. Whilst, as with most businesses, Fulcrum is not without challenges, I strongly believe the business has the essential capabilities to be successful in an exciting and growing marketplace.

In the year under review, the Group began to recover from the impact of Covid-19 and, in line with its stated growth strategy, secured several of its largest ever contracts.

However, the sustained effects of the UK's energy crisis and wider market issues of supply chain pressure and cost inflation presented significant challenges to the Group's operations. This affected the profitability of the Group's multi-utility contracting business and its meter exchange operations, particularly in the final quarter of the year.

Since joining the business, my immediate priority has been to protect and improve margins and refocus the Group on its core utility infrastructure and asset ownership growth strategy. To support me in doing this, the Board and I also appointed a new, highly experienced, Executive Team to lead the Group.

Acting quickly to protect the business, the Executive Team has identified contracts where performance and profitability were materially affected by adverse market conditions and agreed to mutually terminate them to protect the business by mitigating their impact on the Group and its performance.

### Delivering growth in core markets

In line with the Board's strategy, the new Executive Team is actively reviewing the Group's activities to ensure it performs optimally, identifying opportunities to improve profitability, and ensuring Fulcrum remains focused on delivering its core strategy and achieving sustainable growth for the benefit of all shareholders.

Despite the challenges presented by the current difficult trading conditions, Fulcrum has, I believe, the essential capabilities required to be successful and achieve long-term growth in what are exciting and growing markets.

In terms of its core multi-utility contracting and asset ownership growth strategy:

1. The Group is well established and has a diverse multi-utility contracting business. It operates across a variety of sectors, nationally, and is one of only a few businesses that can deliver all sizes and complexities of utility infrastructure, including high voltage electrical infrastructure, designed and delivered through the Group's Dunamis business. The limited market share that the Group has in each of these markets presents a sizeable opportunity for growth.
2. The Group's network of utility assets, valued in excess of £36 million as at 31 March 2022, continues to generate recurring income and provide attractive and predictable long-term returns. Additional asset ownership presents a significant growth opportunity for the Group and, whilst presenting risks, the current instability in the energy market produces opportunities to acquire asset portfolios at attractive valuations.

To underpin the execution of our core growth strategy, gross proceeds of £20.05 million were raised by way of conditional placing and gross proceeds of approximately £1.2 million were through an open offer. We also successfully completed the planned tranches of the asset sale to ESP for a total consideration of £6.7 million in the year.

### Financial performance and results

Total revenue increased year on year by £14.7 million to £61.8 million (2021: £47.1 million) as the business recovered well from the impacts of Covid-19. Infrastructure revenues were 33% higher than the previous year at £57.6 million (2021: £43.4 million). Utility asset ownership revenues were 14% higher than the previous year at £4.2 million (2021: £3.7 million).

## CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

### Financial performance and results continued

The Group incurred an operating loss of £13.7 million for the year (2021: £11.2 million). This loss includes exceptional costs of £10.6 million (2021: £8.5 million), depreciation and amortisation of £3.3 million (2021: £3.7 million), a share-based payment charge of £0.6 million (2021: £0.4 million) offset by other net gains of £0.3 million (2021: £1.4 million). Exceptional costs include the income statement impact of the impairment of our utility asset portfolio of £1.9 million (2021: £1.9 million) as a result of an independent, external valuation of those assets at year end, £2.3 million impairment of intangible assets (2021: £4.9 million) and £5.6 million of onerous contracts (2021: £nil) related to losses from the Group's smart meter exchange and management contracts with energy suppliers and the loss for a complex, high voltage infrastructure project. Other net gains of £0.3 million (2021: £1.4 million) relate to the profit on sale of utility assets to ESP and related enhanced payments from ESP as the Group met certain trigger points in respect of new domestic connection wins.

Adjusted EBITDA[1] for the year increased to £0.5 million from £0.1 million in the prior year. Adjusted EBITDA was affected by a dilution of the gross margin, particularly as cost of materials were impacted by significant inflationary effects, and the impact of the turbulent energy sector making trading conditions more challenging in the second half of the year and predominantly in the last quarter of the year. However, mobilisation on larger projects improved as expected as customers regained confidence post-Covid-19, resulting in increasing revenues in the year, whilst fixed operational costs continued. Administrative expenses (excluding exceptional items) reduced by 5%, as the business applied greater cost controls on discretionary spending.

### Liquidity and net cash

The Group's trading performance for the year has resulted in a cash outflow from operating activities of £7.6 million (2021: £2.4 million). The Group places a high priority on cash generation and the active management of working capital. As at 31 March 2022, the Group had net cash of £11.2 million (2021: £1.5 million net debt).

Net cash inflow from investing activities was £1.4 million (2021: £3.8 million outflow), benefiting from £7 million of net receipts (£6.5 million received for planned tranche sales and an enhanced payment milestone of £0.6 million), from the disposal of utility assets (2021: £5 million), partly offset by investment in utility and other assets of £5.6 million (2021: £8 million).

Net cash inflow from financing activities of £13.4 million (2021: £5.7 million outflow) was predominantly due to the successful share issue that raised a net £20.6 million, less the net repayment of the Revolving Credit Facility (RCF) totalling £5.7 million, and £1.4 million in lease and interest payments (2021: £1.2 million). Net cash outflow from exceptional items was £1.6 million (2021: £1.2 million). The cash proceeds from further asset sales, along with our prudent financial discipline, will enable Fulcrum to maintain a strong balance sheet and will support the generation of cash in the future.

### Reserves and net assets

Net assets increased by £10.5 million during the year to £45.9 million (2021: £35.4 million), primarily resulting from increasing contract assets to £20.2 million (2021: £15.6 million) and an improved cash balance of £11.2 million (2021: £3.9 million). The Group received a net revaluation gain on the utility asset portfolio of £1.9 million (2021: £3.8 million net impairment). Net assets per share at 31 March 2022 were 11.5p per share (2021: 15.9p).

As at 31 March 2022, the issued share capital of the Company was 399,313,458 ordinary shares (2021: 222,117,945) with a nominal value of £339,313 (2021: £222,118). At the end of the year, the Group operated one Save As You Earn (SAYE) scheme. The principal terms of the remaining share option scheme are summarised in note 20 of the financial statements.

### Housing

The Group designs, installs and delivers new electricity, gas, water and fibre connections to provide a complete multi-utility service for homebuilders across mainland UK. Fulcrum is a well-established brand in the housing market and works with various UK homebuilders of all sizes, with the Group's expertise and credibility offering added value and reassurance for developers.

The Group's multi-utility infrastructure expertise has become increasingly vital to homebuilders of all sizes, as we offer advice and support on how to ensure new utility infrastructure is designed and installed to meet emerging needs, like EV charging, powering energy generating infrastructure such as heat pumps, and meeting regulatory requirements, like the Future Homes Standard. The essential support we provide to homebuilders saw Fulcrum win the "Highly Commended" title in the Sub-contractor/Service Provider of the Year category at the Housebuilder Awards 2021.

We selectively tender on new opportunities in line with our margin strategy and, in the year, secured a healthy flow of new contract wins, including some of the Group's largest ever new housing developments. Adversely, these larger sites were the most affected by the ongoing difficult trading conditions of supply chain pressure and cost inflation in materials and labour, by being inherently more complex and more long term in nature.

Mid to long-term market drivers remain strong in the housing sector. The UK's current undersupply of housing remains well documented and bridging the housing gap is supported by strong government incentives. This presents substantial potential growth opportunities for the Group.

### Industrial and commercial (I&C) including electric vehicle (EV) and high voltage (HV) connections

The Group provides multi-utility infrastructure for all sizes and complexities of I&C and EV projects. The Group's ability to design and build I&C multi-utility and EV charging infrastructure of all sizes and complexities, particularly niche high voltage (132kV) electricity infrastructure,

1 Adjusted EBITDA is operating profit excluding the impact of exceptional items, other net gains, depreciation, amortisation, and equity-settled share-based payment charges.

delivered through the Group's Dunamis business, is an important differentiator for the Group. Fulcrum also selectively adopts and owns I&C gas and electricity utility assets in line with our asset growth strategy.

The Group used its capabilities to secure a variety of major multi-utility and EV charging infrastructure projects in the period, supporting projects of national significance. These were selectively tendered on in line with the Group's margin strategy but, like the large housing contracts secured, these were most severely impacted by supply chain pressure and cost inflation by being significantly complex, and longer-term contracts. As part of our ongoing business improvement review, we identified a materially loss-making, complex, high voltage infrastructure project which has been provided for within exceptional items in cost of sales.

The I&C market, including EV connections, presents some hugely exciting opportunities for the Group and medium to long-term market growth drivers are very strong. Electricity is a key enabler in decarbonising the economy cost effectively by 2050, and demand for electrical infrastructure to power the EV charging network, renewable energy generating equipment and battery storage infrastructure, essential to transition to net zero, is expected to grow rapidly.

This increased need for more electrical infrastructure is essential to transition to net zero, and Fulcrum remains one of a limited number of businesses in the UK with the essential capabilities required to facilitate this.

### Maintenance and ownership

The Group's ability to adopt, own and maintain the UK's essential utility infrastructure is fundamental to our growth strategy.

The utility assets we own continue to provide a healthy recurring income and deliver attractive and predictable long-term returns, and we continued to adopt additional I&C utility assets in the year, adding them to our income generating portfolio.

Additional utility asset ownership presents a significant growth opportunity for the Group and, whilst we are cognisant that the current market conditions present risk, the current instability in the market also presents opportunities to acquire asset portfolios at attractive valuations. The Board continues to search for, and review, potential asset acquisition opportunities and is at varying stages of discussion and due diligence with several prospects.

Additionally, the current and future proceeds from the asset sale agreement with ESP provide the Group with additional financial strength that underpins our asset ownership growth ambitions and the execution of our strategy.

Our high voltage electrical maintenance capabilities, delivered though our Maintech Power business, are niche, and will be essential to maintain the additional electrical and renewable energy generating infrastructure the UK needs to achieve net zero.

### Smart metering

The UK's energy crisis has presented considerable challenges for our smart metering operations in the year, affecting the performance and profitability of the Group's various smart meter exchange and management contracts.

The sustained volatility and turbulence in the market affected the performance and profitability of the Group's smart meter exchange and management contracts with energy suppliers. The contracts were deeply impacted in the second half of the year, primarily resulting from the insolvency of several of the Group's other, smaller energy supplier customers and one of the Group's labour-only sub-contractors.

After the year end, we agreed to mutually terminate contracts affected by the UK's energy crisis to protect the business by mitigating their impact on the Group and its performance.

### Delivering contracts safely

Maintaining the highest standards of health and safety remains our highest priority. A safety-first strategy is in place to ensure zero harm and, although this is well embedded into our culture and operations, we are never complacent and are committed to continuous improvement in health and safety performance.

### Outlook

Despite the significant challenges presented to the Group this year, including the impact of the UK's energy crisis and wider, very difficult trading conditions, I am confident that Fulcrum has the fundamental capabilities and experience required to grow and to be successful in several exciting and growing markets. At the same time, the new Executive Team is identifying improvement opportunities and ensuring optimal performance to deliver long-term, sustainable growth for the benefit of all shareholders.

The Group's medium to long-term growth also remains underpinned by strong market drivers and government stimulus. These, I believe, position Fulcrum well to benefit from the UK's transition to a low carbon economy and a net-zero future.

**Antony Collins**
Chief Executive Officer
1 August 2022

## STAKEHOLDER ENGAGEMENT

It is our aim to deliver proactive, open and effective dialogue and relationships with all our stakeholders.

**Key to strategic priorities:**

1 Grow market share, revenues and profitability significantly

2 Strengthen the business and prepare for the UK's net-zero revolution

3 Generate surplus cash with a strong balance sheet

4 Become an increasingly sustainable business

5 Become a "Times Top 100" employer

### PEOPLE

**Link to strategic priorities:** 1 2 3 4 5

**Why we engage**
Our aim is to have an engaged, motivated, healthy and passionate workforce, working in a culture of open, clear and transparent engagement, to:

- Develop a highly skilled team and a high performing culture
- Ensure our people are healthy and motivated, and work together in a diverse and rewarding workplace
- Recruit and retain the best talent

**How we engage**

- Regular communications supported with a monthly business update
- Employee engagement surveys
- Regular one to ones and team meetings
- Wellbeing initiatives, including access to a leading Employee Assistance Programme, LifeWorks
- Regular and structured training and learning programmes

**Key engagement topics**

- Physical, mental and emotional wellbeing
- Learning and development
- Group strategy and priorities
- Business, team and individual performance
- Incentives, rewards and recognition
- Business improvement ideas and initiatives

### SHAREHOLDERS

**Link to strategic priorities:** 1 2 3 4 5

**Why we engage**
Our aim is to provide clarity and communicate with transparency to all our shareholders, to:

- Provide clarity on business strategy
- Keep our shareholders regularly updated on our progress and performance

**How we engage**

- Investor roadshows following results announcements
- Ad-hoc meetings between institutional shareholders and the management team
- Availability of the Board to discuss matters
- Regulatory news announcements
- The Annual General Meeting (AGM)

**Key engagement topics**

- Group strategy, governance and business performance
- Business news
- Environmental, social and governance (ESG) initiatives

### CUSTOMERS

**Link to strategic priorities:** 1 2 3 4 5

**Why we engage**
Our aim is to have open and collaborative relationships with all our customers, to:

- Generate new opportunities for the Group
- Develop strong customer relationships and repeat business
- Secure feedback that helps us remain commercially competitive
- Identify emerging trends and opportunities

**How we engage**

- Direct and regular lines of contact, with relationship managers for larger or high potential customers
- Customer satisfaction calls and surveys

**Key engagement topics**

- Support and advice on the best multi-utility solutions for their projects
- Identifying the level of opportunity and our competitive position
- Changes in regulation, policy and obligations that impact current and future customer projects
- Reducing the carbon impact of their operations through lower carbon utility infrastructure alternatives

## COMMUNITIES

**Link to strategic priorities:** 1 2 3 4 5

### Why we engage

We support charities, our local communities and the communities we work in, to:

- Give back to our communities
- Be a responsible employer and give our people the opportunity to support great causes
- Identify and deliver utility infrastructure projects that benefit our communities

### How we engage

- Volunteering services, donations from the business and our people and charitable events
- Supporting our customers to deliver new gas infrastructure that provides more affordable heating to vulnerable tenants living in fuel poverty

### Key engagement topics

- Ways to give back and support these causes
- Utility solutions that help tackle fuel poverty

## SUPPLY CHAIN AND STRATEGIC RELATIONSHIPS

**Link to strategic priorities:** 1 2 3 4 5

### Why we engage

We develop collaborative relationships and partnerships that provide added value to all stakeholders, to:

- Ensure we secure the best price and cost
- Ensure the successful delivery of all our customers' projects
- Expand our capabilities and offering
- Ensure we remain competitive

### How we engage

- Open, two-way communications
- Regular, collaborative performance and contract review meetings
- Onboarding and relationship management by procurement specialists

### Key engagement topics

- Performance and competitiveness
- Market and industry developments
- Forecasting and planning to ensure customer obligations are met

## GOVERNMENT AND REGULATORY BODIES

**Link to strategic priorities:** 1 2 3 4 5

### Why we engage

We proactively engage with government and regulatory bodies to remain informed in an evolving utility and energy landscape, to:

- Forward plan, inform our strategies and remain competitive
- Help influence policies that affect our sectors, customers and business

### How we engage

- We are members of, and participate in, a variety of industry forums and groups including the Independent Networks Association (INA), Energy and Utilities Alliance (EUA) and Home Builders Federation (HBF)

### Key engagement topics

- Regulation and policy
- Industry obligations, targets and progress monitoring
- Industry and sector performance
- Government funding

**Statement by the Directors in relation to their statutory duty in accordance with Section 172(1) of the Companies Act 2006**

The Directors and the Board as a whole consider that they have acted in a way that would be most likely to ensure the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172(1) (a) to (f) of the Act) in decisions taken during the year ended 31 March 2022. The Directors fulfil their duty by ensuring that there is a robust governance structure and process running through all aspects of the Group's operations. The Group's culture of strong governance is described in more detail on pages 20 to 27.

The Group's strategy is determined by the Board following careful consideration of materials and presentations from the Group Executive Team. This encompasses the impact on each of our main stakeholders and ensures alignment to the Group's culture. The Board engages with and meets stakeholders regularly, continually monitors the markets in which the business operates, and ensures that it regularly engages its leadership team to assess progress on strategy and specific projects.

The Group's focus on ESG is especially relevant to our stakeholders and this is explained in detail across our approach to risk management on pages 11 to 14, governance on pages 20 to 27 and Sustainability Report on pages 15 to 19.

## KEY PERFORMANCE INDICATORS

The Board uses key performance indicators (KPIs) to monitor and measure progress against the Group's strategic objectives.

**Key to strategic priorities:**

1 Grow market share, revenues and profitability significantly

2 Strengthen the business and prepare for the UK's net-zero revolution

3 Generate surplus cash with a strong balance sheet

4 Become an increasingly sustainable business

5 Become a "Times Top 100" employer

## FINANCIAL KPIs

| KPI | Definition | Link to strategy | Performance | |
|---|---|---|---|---|
| Revenue **£61.8m** | The total amount the Group earns from its utility operations. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | 61.8<br>47.1<br>46.1 |
| Adjusted EBITDA **£0.5m** | Operating profit/loss excluding the impact of exceptional items, other net gains, depreciation, amortisation and equity-settled share-based payment charges. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | 0.5<br>0.1<br>4.5 |
| Operating loss **£(13.7)m** | Gross profit and other net gains less administrative expenses. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | (13.7)<br>(11.2)<br>(2.1) |
| Group order book **£48.0m** | The amount of secured utility work representing the construction value and the utility asset value. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | 48.0[1]<br>56.1<br>66.2 |
| Net cash/(debt) **£11.2m** | Cash less borrowings. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | 11.2<br>(1.5)<br>6.0 |
| Net assets **£45.9m** | The Group's assets minus liabilities. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | 45.9<br>35.4<br>46.3 |

1 Order book value excluding metering's onerous contracts.

## NON-FINANCIAL KPIs

| KPI | Definition | Link to strategy | Performance | |
|---|---|---|---|---|
| RIDDOR incident rate **0.00** | RIDDOR is the law that requires employers to report and keep records of work related accidents which cause deaths, accidents which cause certain serious injuries (reportable injuries), diagnosed cases of certain industrial diseases and certain "dangerous occurrences". | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | 0.00<br>0.00<br>0.00 |
| Customer satisfaction (Net Promoter Score)[2] **+56** | Net Promoter Score (NPS) is a customer loyalty and satisfaction measurement taken from asking customers how likely they are to recommend us. | 1 2 3 4 5 | **2022**<br>**2021**<br>**2020** | +56<br>+62<br>Not reported |

2 An NPS above 0 is considered "good," and an NPS above 50 is considered "excellent".

## RISK

### THE BOARD

- Is ultimately responsible for risk
- Reviews the principal risks and uncertainties facing the Group and assesses the controls in place to manage risk and mitigate potential adverse impacts. This is also undertaken whenever there is a perceived major change in the principal risks and uncertainties

### AUDIT COMMITTEE

- Monitors the effectiveness of risk management and internal controls

### THE EXECUTIVE TEAM

- Oversees the risk management process and monitors mitigating actions

### RISK FRAMEWORK

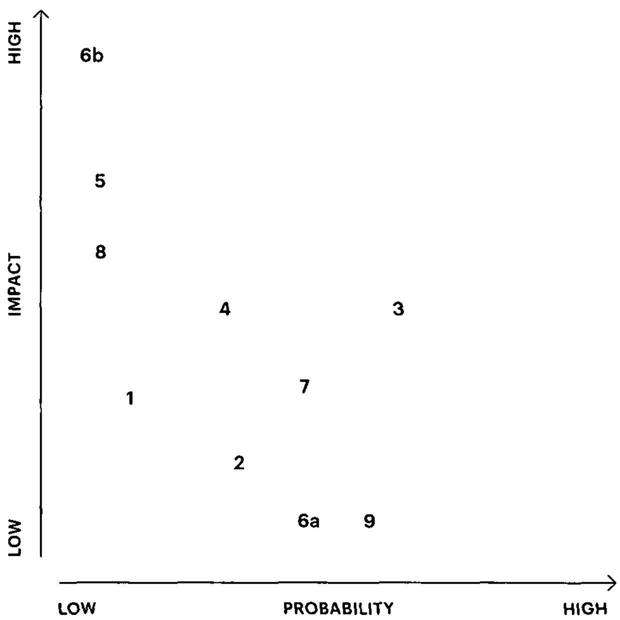
- Ensures a consistent and complete approach to risk across the Group

### WIDER BUSINESS

- Contributes to the assessment of actual and potential risks and how they should be managed

**Risk heatmap – mapping considers impact and probability post-risk mitigation**

1 Growth and strategy execution
2 Retention and recruitment
3 Macroeconomic conditions
4 Competitive environment and reliance on key customers
5 Utility infrastructure market and regulatory environment
6 Health and safety
  6a Potential for minor accidents that could lead to potential injury
  6b Significant injury or loss of life
7 Working capital management and funding
8 IT systems and cyber security
9 Covid-19




The Board considers risk assessment, identification of mitigating actions and related internal controls to be crucial to achieving the Group's strategic objectives. The Corporate Governance Report on pages 20 to 27 describes the systems and processes through which the Directors manage and mitigate risk.

### Our principal risks

The Board recognises that the nature and scope of the Group's risks can change, so it reviews the risks faced as well as the systems and processes in place to manage and mitigate them. The principal risks to achieving the Group's objectives are set out on pages 11 to 14, although the risk factors described are not an exhaustive list or an explanation of all risks.

Additional risks and uncertainties relating to the Group, including those that are not currently known to the Group or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business operations, results and/or financial condition.

# RISK CONTINUED

**Key to strategic priorities:**

1. Grow market share, revenues and profitability significantly
2. Strengthen the business and prepare for the UK's net-zero revolution
3. Generate surplus cash with a strong balance sheet
4. Become an increasingly sustainable business
5. Become a "Times Top 100" employer

## Growth and strategy execution

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- The strategy currently being pursued is not the most effective or efficient and that alternative strategies may be more appropriate.

**Mitigating actions**
The Group's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings. The Board engages with management and employees to ensure the strategy is communicated and understood. The Group maintains a close watch on, and assesses, the relevant market drivers that influence the Group's strategic priorities to ensure that its growth strategy remains relevant and appropriate.

## Retention and recruitment

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- The Group loses its valued and talented employees.

**Mitigating actions**
The Group has put in place competitive reward and recognition packages for all people.

Employee development programmes are in place to assess, manage and develop the leadership skills of employees throughout the organisation. In addition, we invest in succession planning and learning and development, giving opportunities for employees to upgrade skills.

The Group's culture and approach to employee engagement are differentiators in attracting and retaining talent. Its positive approach has been recognised by Best Companies, which named the Group as one of the top 10 utility companies to work for in 2021.

## Macroeconomic conditions

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = Increased

**Description**
There is a risk that:

- The macroeconomic conditions in the UK impact the ability of the Group to execute its strategy and growth plans.
- The current energy crisis in the UK continues for a sustained period, further impacting the Group's operations.
- Challenging market conditions continue, further impacting the profitability of the Group's operations.

**Mitigating actions**
The Group closely monitors market developments across our key sectors, and proactively engages with government and regulatory bodies to keep informed of market developments.

The Group has a varied revenue base to reduce reliance on specific utility services and critical supply chain providers.

The Group continually reviews the profitability of contracts, particularly where they are affected by external market conditions. It is decisive and exits them quickly and efficiently where required.

The Group expects that longer-term market changes will, in the main, continue to be driven by the move to decarbonised energy, in line with the UK's 2050 net-zero target. The Board believes that this presents a significant growth opportunity for the Group considering its specialist skills, experience and capabilities.

### Competitive environment and reliance on key customers

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- The markets in which the Group operates become increasingly competitive and the actions of the Group's competitors, including those from organisations that may be larger and/or have greater capital resources, have a significant and adverse impact on the Group.
- The current energy crisis in the UK continues for a sustained period, impacting the competitive environment and the operations of key customers.

**Mitigating actions**
The Group's wide breadth of offering and diversified position across multiple sectors reduces our exposure to volatility in individual competitive markets.

The variety and volume of customers serviced means that the Group is not reliant on any customer.

To ensure that the Group remains competitive, it monitors market developments and seeks feedback from every customer on the competitiveness of all tenders and bids.

There are high barriers to entry for new competitors.

### Utility infrastructure market and regulatory environment

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- The inherent risks from operating in the utility infrastructure market, such as reliance on ageing infrastructure as well as the risk of downtime or low productivity caused by interruptions or equipment failures, are realised.
- The Group loses one or more of its licences, which it requires in order to carry out the design, build, project management, ownership and maintenance of utility infrastructure.
- The regulatory environment could change, which may have a direct and significant impact on the Group's regulated activities.

**Mitigating actions**
The Group seeks to reduce the risk of losses arising from these circumstances through a significant focus on compliance, careful planning, robust operational guidelines and the sharing of risk with client and supplier organisations and by putting in place suitable insurance arrangements.

The Group also maintains proactive engagement with a variety of government and regulatory bodies to keep informed in an evolving market landscape.

### Health and safety

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- Accidents on our sites could lead to potential injury to, or loss of, human life, reputational damage and financial penalties.

**Mitigating actions**
The Group's health and safety strategy is implemented by our comprehensive management systems and controls, overseen by our Group compliance team to minimise the likelihood and impact of accidents.

The Group has also developed and sustained a strong "SAFE" (safety-first) culture which has delivered improvements in behavioural safety and safety performance.

## RISK CONTINUED

### Working capital management and funding

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- The Group does not have the working capital management and funding required to deliver on its strategy and future growth plans.

**Mitigating actions**
The Group became debt free in the year.

The proceeds from the sale of the Group's domestic customer gas connection assets and associated meters to ESP strengthen the Group's balance sheet.

In granting commercial credit terms, careful attention is paid to the timing of cash receipts and payments over the period of contract delivery. Where necessary, a deposit is requested from customers prior to commencing work and invoicing milestones with customers are matched where possible to the invoicing patterns of our supply chain.

The Group continues to proactively review its funding requirements and facilities available.

### IT systems and cyber security

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = No change

**Description**
There is a risk that:

- Computer system outages and interruptions could affect the ability to conduct day-to-day operations, which could result in loss of sales and delays to cash flow.
- Key systems could be breached causing financial loss, data loss, disruption or damage and any theft or misuse of data held within the Group's systems and this could have both reputational and financial implications for the Group.

**Mitigating actions**
The Group's IT strategies are reviewed regularly to ensure they remain appropriate, with business continuity and disaster recovery testing performed. We have a dedicated internal IT support team which works closely with our external support advisers to ensure that regular updates to technology, infrastructure, communications and application systems occur.

The Group has centralised hardware and software security in place to ensure protection of commercial and sensitive data. For new IT projects, our technology advisers are utilised in conjunction with internal project management, restricting access to data, systems and code and ensuring all systems are secure and up to date.

The Group delivers structured cyber security training for all employees and runs an ongoing programme of simulated phishing attacks to test and measure effectiveness.

### Covid-19

**Link to strategic priorities:** 1 2 3 4 5

**Risk status:** = Reduced

**Description**
There is a risk that:

- Covid-19 impacts the UK economy and may disrupt our supply chain and our customers' projects and adversely impact our operations.
- Covid-19 affects the Group's workforce and impacts its ability to operate and deliver customer commitments.

**Mitigating actions**
The Group has demonstrated that it has operated effectively and safely throughout the Covid-19 pandemic.

The Group has followed, and continues to follow, all government guidelines to protect its people and customers.

## SUSTAINABILITY REPORT

Our sustainable approach enables us to play an important part in protecting the environment for future generations, by powering the UK's net-zero future. We also remain committed to reducing the impact of our operations on the environment and are on a journey to be carbon neutral on a Scope 1 and Scope 2 basis by 2030.

**Antony Collins**
Chief Executive Officer
1 August 2022

## OUR FOUR AREAS OF FOCUS:

### SUPPORTING THE UK'S NET-ZERO FUTURE

We use our capabilities to deliver the essential utility infrastructure the UK needs to achieve net zero. We will also reduce our own carbon footprint to become carbon neutral by 2030.

Read more on page 16

### DELIVERING VALUE TO OUR CUSTOMERS

We understand our customers' needs, build strong relationships and use our expertise to deliver long-term value.

Read more on page 17

### ENGAGING OUR PEOPLE

We develop healthy, motivated and high performing teams that work together in a diverse and rewarding workplace.

Read more on page 18

### OPERATING RESPONSIBLY

We run our operations responsibly, achieving industry leading safety performance and driving efficiencies to minimise our impact on the environment.

Read more on page 19

## SUSTAINABILITY REPORT CONTINUED

# SUPPORTING THE UK'S NET-ZERO FUTURE

### What this means

- By connecting the nation in more a sustainable way, we support the UK in meeting its net-zero carbon targets and help to reduce the impact of climate change
- We proactively identify and reduce the carbon emissions in our business operations and plan to be carbon neutral on a Scope 1 and Scope 2 basis by 2030
- We work with our customers to identify utility solutions that will support the nation's low carbon transition

### Supporting the UK's net-zero transition

- The utility infrastructure industry has an important role to play in decarbonising the UK and enabling a net-zero future. We are excited by the opportunities to use our capabilities to support this ambition
- We are already delivering services that contribute to a greener future: electric vehicle charging infrastructure, and connecting and maintaining renewable energy generating infrastructure, including battery storage sites, wind farms and solar farms

### Reducing carbon emissions from our business operations

- We have a structured programme to reduce our own carbon impact, with a commitment to be carbon neutral on a Scope 1 and Scope 2 basis by 2030
- In the year we progressed our plans to identify and reduce our carbon footprint:
  - Commenced switching the energy supply contracts in our offices to Renewable Energy Guarantees of Origin (REGO) backed energy supplies. This removed our Scope 2 emissions from our Head Office. The UK's energy crisis stalled our plans to switch all locations to REGO backed energy supplies, but we commit to do this when we are able to
  - Continued to incentivise the uptake of electric and hybrid vehicles in our company car fleet
  - Trialled new technologies to support more energy efficient ways of working on site

We will be carbon neutral by

**2030**

Company cars which are electric or hybrid

**44%** (2021: 43%)

### Streamlined Energy and Carbon Reporting

The Group reports its mandatory Streamlined Energy and Carbon Reporting requirements. The reporting period is the same as the Group's financial year.

### Measuring and reporting our footprint

The Group captures, monitors, measures and reports its Scope 1 and Scope 2 carbon emissions using the Carbon Trust's Footprint Manager tool.

The Footprint Manager has been specifically developed for reporting to the Greenhouse Gas (GHG) Protocol, CDP MCR and the Carbon Trust Standard and enables the calculation and recording of direct (Scope 1) and indirect (Scope 2) emissions in accordance with the GHG Protocol.

| Total annual GHG emissions by scope broken down by activity[1] | 2022 $tCO_2e$ (tonnes of carbon dioxide equivalent) | 2021 $tCO_2e$ (tonnes of carbon dioxide equivalent)[2] |
|---|---|---|
| Scope 1: | 1,536.47 | 1,422.93 |
| Scope 2: | 95.26[1] | 80.98 |
| Total footprint: | 1,631.73 | 1,503.91 |
| Intensity ratio: emissions by FTE[3]: | 5.71 | 4.45 |

| Energy usage from | 2022 kWh | 2021 kWh |
|---|---|---|
| Scope 1: | 6,180,348.04 | 5,631,5029.89 |
| Scope 2: | 448,653.30 | 347,389.90 |
| Total usage: | 6,629,001.34 | 5,978,899.79 |

1 Fulcrum's electricity emissions have been calculated using a location-based methodology. Over the reporting year, Fulcrum has started to procure REGO backed renewable electricity for some sites and will be developing a market-based calculation for future disclosure.

2 The emissions disclosed for FY21 have changed since publication last year. This is due to a recalculation following issuance of the emissions factors for the reporting year.

3 Employee numbers are based on the average in the year for the Group.

# DELIVERING VALUE TO OUR CUSTOMERS

### What this means
- We want to be the best for service in our industry and build long-term and successful relationships with all our customers
- Putting the customer at the heart of everything we do is integral to our values and how we work
- We develop strong customer relationships through building trust
- We invest in our people, our processes and innovation to make sure we are best positioned to deliver solutions that meet our customers' needs

### Improving with customer feedback
- We engage our customers on every project to understand how well we delivered for them
- Feedback is used to improve how we deliver for our customers, identify ways we can provide more value to them and understand our competitive position
- We have regular performance meetings with high volume or value customers to review how we're performing and ensure we remain their preferred utility partner
- We used the Net Promoter Score (NPS) system in the year and our result of +56 reflects our commitment to delivering a fantastic service to our customers. We are committed to making continual improvements that deliver better customer satisfaction
- We have spot recognition awards to recognise and reward people who performed over and above for our customers

### Supporting customers in an evolving utility landscape
- Identifying changes in our market that affect our customers is important to making sure we develop our operations to meet our customers' evolving needs
- The Future Homes Standard will determine the mix of utilities that will power homes in the future. We work closely with our homebuilding customers to support them to navigate the standards and futureproof their developments
- Minimising our impact on the environment is important to our customers and we have committed to be carbon neutral on a Scope 1 and 2 basis by 2030
- We are exploring emerging green technologies that will complement more traditional utility infrastructure to power and heat low carbon and carbon neutral developments

Net Promoter Score (NPS)

**+56**

An NPS above 0 is considered "good" and an NPS above 50 is considered "excellent"

SUSTAINABILITY REPORT CONTINUED

# ENGAGING OUR PEOPLE

### What this means
- We have a strong values-led culture, and we encourage everyone to live by our values and behaviours. We achieve this by providing an engaging, diverse and supportive environment where people want to work, develop and learn from each other
- We care deeply about the physical and mental wellbeing of our people and put a significant focus on this
- We listen to every voice and ensure we respond to all employee feedback and needs to ensure we engage, reward, recognise and retain our talented people

Named as one of the UK's top 10 utility companies to work for by Best Companies in 2021

Named as "One to Watch" by Best Companies in 2021, recognising "good" levels of workplace engagement

Shortlisted on two Best Companies regional lists in 2021

### Engaging with our employees
- A motivated and engaged workforce is essential to the Group's success. The culture we have built supports us to recruit and retain the best talent
- We have developed a culture of regular, clear and transparent communications
- Employee feedback is essential. We capture this through regular one to one meetings with line managers and regular employee engagement surveys. We review feedback and use it to inform our engagement plans and priorities

### Supporting physical and mental wellbeing
- Supporting the physical and mental wellbeing of our people is our priority and we have a supportive culture and environment
- We have in-house mental health first aiders to support emotional wellbeing and an Employee Assistance Programme, LifeWorks, to provide an additional way for our employees to secure confidential wellbeing and financial support and advice

### Creating a rewarding culture
- Everyone's contribution is valued and rewarded. We offer competitive packages with attractive and flexible benefits, to recruit and retain the best people. We monitor the external market to make sure we remain competitive

### Developing skills and talent
- We aim to bring out the best in our people and focus on identifying talent and succession planning activities
- Every person in the Group has a personal development plan, supported with training, coaching and professional development opportunities
- We offer apprenticeships and work experience programmes to foster and develop new talent

### Creating a diverse and inclusive culture
- We are an equal opportunities employer and provide an inclusive environment for all our people. We are committed to fostering inclusion and diversity and ensure that all our employees can develop to their full potential, regardless of race, gender, nationality, age, disability, sexual orientation, religion or background

Male employees
**73%**

Female employees
**27%**

# OPERATING RESPONSIBLY

### What this means

- We're committed to being a responsible business that protects all our stakeholders and the environment
- We manage our operations effectively and considerately, driving efficiencies, saving costs and protecting resources
- We have developed a safe and zero-harm culture and achieve industry leading safety performance
- We are proud to support local communities and national charities. We actively support volunteering, encouraging our employees to take part in fundraising activities and support great causes

### A safe and zero-harm culture

- The physical and emotional wellbeing of our people, our customers and the communities we work in is our highest priority. We always put safety first and never compromise
- We have a dedicated compliance function, invest in regular compliance and safety training and have robust safety processes and systems in place
- The execution of our safety strategy resulted in a 0.00 RIDDOR incident rate

### Promoting integrity and reducing compliance risk

- Integrity is one of our core values and we expect, and nurture, integrity in everything we do
- We set clear expectations on how our people behave and operate and this is set out in our code of conduct
- We nurture integrity by providing additional training and coaching on areas including data security, anti-bribery, unconscious bias, and diversity and inclusion

### Giving back

- We put a strong focus on giving back to our communities and supporting charitable causes, and we encourage and enable our people to take part in volunteering and fundraising activities

**0.00**

RIDDOR incident rate

# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS

A Audit Committee
N Nomination Committee
R Remuneration Committee
Chair of Committee

### JENNIFER BABINGTON R N

NON-EXECUTIVE CHAIR

**Appointed to the Board**
1 May 2020
(appointed Chair 10 December 2020)

**Experience**
Jennifer has extensive experience in law, finance and industry. Having commenced her career as a corporate finance lawyer at Norton Rose Fulbright, she later moved into the renewable energy and infrastructure sector as Legal Counsel of Element Power Limited, a UK-based renewables company, overseeing its wind and solar developments in Northern Europe. Following this, Jennifer served as the Chief of Staff at the UK Green Investment Bank, the UK government's green investment fund, established to commercialise green investments in the UK, and was responsible, amongst other things, for advising its Chief Executive on strategy. Jennifer is currently Operations Director and General Counsel of Envision Virgin Racing, a Formula E team competing in the FIA World Championship Formula E electric car racing series. Jennifer read law at the University of Oxford.

**Skills**
- Legal and strategic counsel.
- Renewable energy.
- Sustainability.
- Green investments.

**Meetings attended**
12/12

### JONATHAN TURNER R N

NON-EXECUTIVE DIRECTOR

**Appointed to the Board**
12 June 2020

**Experience**
Jonathan is the owner and Chief Executive of The Bayford Group, comprising a diverse number of entrepreneurial companies, predominantly in the energy and property sectors. With over 30 years' experience in downstream energy, Jonathan has led a variety of start-up businesses, management buyouts, mergers, acquisitions and disposals. The global move away from fossil fuels has led Jonathan into the supply of electricity, gas and electric vehicle charging points in the UK and Netherlands. Jonathan is a substantial shareholder in Fulcrum.

**Skills**
- Strategy and innovation in the energy and property sectors.

**Meetings attended**
10/12*

* Jonathan Turner appointed another person to be his alternate to act in his place at those meetings at which he was unable to be present.

### JEREMY BRADE A N

NON-EXECUTIVE DIRECTOR

**Appointed to the Board**
12 June 2020

**Experience**
Jeremy is a partner at Harwood Capital LLP, a substantial shareholder in Fulcrum. He is an experienced investor in a range of situations including utilities infrastructure. He has been a member of the boards of several UK and international public and private companies. He is currently a Non-executive Director of FIH group plc. Jeremy served as a diplomat in the Foreign and Commonwealth Office and as an Army officer. He holds a degree from the University of Oxford.

**Skills**
- Strategic development and investment in utilities and energy.

**Meetings attended**
11/12

- Terry Dugdale stepped down from the Board on 24 January 2022 and attended 9/9 meetings.
- Stephen Gutteridge stepped down from the Board on 29 September 2021, in line with Fulcrum's previously announced Board succession plan, and attended 5/5 meetings.

### DOMINIC LAVELLE A R

SENIOR NON-EXECUTIVE INDEPENDENT DIRECTOR

**Appointed to the Board**
22 February 2021

**Experience**
Dominic has a wide range of corporate experience, having worked as a main board director and Chief Financial Officer at several UK quoted companies. He is currently a Non-executive Director, and Chair of the Audit Committee, of the AIM quoted company FIH group plc, an international services group that owns essential services businesses in the Falkland Islands, and a Non-executive Director and Audit Committee Chair Designate of The Go-Ahead Group plc, a leading public transport operator.

Dominic was previously Chief Financial Officer of SDL plc from 2013 to 2018. Prior to this, he served in a number of financial roles including Group Finance Director at Allders plc from 2000 to 2003 and Group Finance Director at Alfred McAlpine plc from 2003 to 2007. He has worked as a director in the retail, building, construction, support services, property and technology sectors and has gained broad commercial and strategic experience from extensive involvement in corporate restructuring and turnaround situations.

**Skills**
- Financial and commercial strategic development.
- Corporate governance.

**Meetings attended**
12/12

# CORPORATE GOVERNANCE STATEMENT

**Dear Shareholder,**
As Chair of the Company, I am responsible for leading the Board in applying good corporate governance and the Board is committed to appropriate governance across the Group, both at an Executive level and throughout its operations.

The Board strives to ensure that the objectives of the business, the principles and the risks are underpinned by values of good governance throughout the organisation. The Board and its Committees play an active role in guiding the Group and leading its strategy and we are determined to ensure that we have a diverse mix of skills, capabilities and experience to steer the Group forward and maintain a culture of strong governance that underpins and encourages growth, whilst ensuring effective controls and safeguards are in place.

### Statement of compliance with the Quoted Companies Alliance Corporate Governance Code ("the QCA Code")

The Company's shares are quoted on the Alternative Investment Market of the London Stock Exchange (AIM) and the Company is subject to the continuing requirements of the AIM Rules. The Company is required to apply a recognised corporate governance code and to report on how it complies with that code. The Board has elected to adopt the QCA Code. The Board believes that the application of the QCA Code will support the Company's medium to long-term success by ensuring that strong corporate governance procedures are in place. The intention of the Board is to use and communicate the principles of the QCA Code in order to create a positive corporate culture and to mitigate business risks.

The QCA Code has 10 principles of corporate governance which are discussed in detail on the Group's investor website: https://investors.fulcrum.co.uk/who-we-are/corporate-governance/qca-code/.

The Company complies with all the provisions of the QCA Code with the exception of the following:

- Board evaluation: The Group is pursuing its aim of completing an evaluation of its Board.

### Changes to our Board

As Chair, I am responsible for the leadership and effective working of the Board and for ensuring that it fulfils its responsibilities to all the Group's stakeholders. I am also responsible for promoting a culture of openness and debate, in addition to ensuring productive relations between Executive and Non-executive Directors.

On 24 January 2022, we announced that Terry Dugdale, Chief Executive Officer, stepped down as CEO and from the Board with immediate effect.

In line with the previously stated Board transition plan, Non-executive Director, Stephen Gutteridge, stepped down from the Board at the Company's 2021 AGM.

The Board is enhanced by the breadth of knowledge and diverse experience of each individual, who are well placed to offer independent judgement and guidance.

Although the composition of the Board changed in the year, the overall governance arrangements have remained in place throughout.

### Stakeholder engagement

Engagement with our stakeholders is fundamental to the long-term success and sustainability of our business. Stakeholder feedback enables us to make informed decisions and the Board recognises its responsibility and takes this seriously.

To understand and consider stakeholder views as part of its decision-making process, the Board remains committed to developing proactive, open and increasingly effective dialogue with all our stakeholder groups to learn, improve and develop our business.

More information on how the Board engages with our stakeholders is on pages 8 and 9.

**Jennifer Babington**
Non-executive Chair
1 August 2022

## THE BOARD

Jennifer Babington
Dominic Lavelle
Jeremy Brade
Jonathan Turner
Terry Dugdale (resigned 24 January 2022)
Stephen Gutteridge (resigned 29 September 2021)

## AUDIT COMMITTEE

Dominic Lavelle (Chair)
Jeremy Brade

## REMUNERATION COMMITTEE

Jonathan Turner (Chair)
Jennifer Babington
Dominic Lavelle

## NOMINATION COMMITTEE

Jennifer Babington (Chair)
Jeremy Brade
Jonathan Turner

## AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Audit Committee continues to support the business in achieving its business and strategic objectives, overseeing the implementation and development of robust controls relating to its financial reporting and risk management.

The Chair of the Audit Committee is an independent Non-executive Director of the Company, with significant financial and commercial Executive experience, enabling them to deal effectively with any matters they are required to address and to challenge the business management team when necessary. The Audit Committee reviews the external audit activities, monitors compliance with statutory requirements for financial reporting and reviews the half year and annual financial statements before they are then presented to the Board for approval. The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the auditor.

The Chair of the Board, Chief Executive Officer, Chief Financial Officer and external auditor are invited to attend meetings where appropriate. The Committee is required to meet at least twice a year and the table sets out the number of Committee meetings attended during the year.

| | | Committee tenure at 31 March 2022 | Scheduled meetings attended/ eligible to attend |
|---|---|---|---|
| Dominic Lavelle | Chair | 12 months | 2/2 |
| Jeremy Brade | Member | 12 months | 2/2 |
| Terry Dugdale | CEO[1] | 10 months | 2/2 |
| Jenny Cutler | CFO[2] | 12 months | 2/2 |

1 Departed position as CEO on 24 January 2022.

2 Departed position as CFO on 26 May 2022.

### Roles and responsibilities

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored, through the internal control systems and the external auditor.

The role of the Committee is to:

- consider how to apply financial reporting under IFRS and the requirements of the QCA Code;
- maintain an appropriate relationship with the external auditor of the Group;
- monitor the integrity of the financial statements of the Group, including formal announcements relating to its financial performance, and any significant financial reporting judgements;
- review and monitor the effectiveness of the Group's internal controls and risk management systems;
- review the Group's procedures for detecting fraud and the systems and controls for the prevention of bribery and tax evasion; and
- make recommendations to the Board in relation to the appointment, independence, objectivity and effectiveness of the external audit process.

### External auditor

The Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor. The external auditor's appointment is subject to annual review by the Committee. The Committee bases its recommendation on a review of:

- the calibre of the external auditor, including its reputation, sector experience and capacity;
- the independence and objectivity of the external auditor, including consideration of potential conflicts of interest and the non-audit work it has undertaken for the Group (see further comment below);
- the effectiveness of the last external audit;
- the quality and experience of the audit team and partner;
- the proposed scope of the audit; and
- the quantum of fees payable for the audit.

The Committee appointed Cooper Parry Group Limited as auditor, following a tender process in the year ended 31 March 2020.

Details of the audit and non-audit fees incurred are disclosed in note 7 to the financial statements.

# AUDIT COMMITTEE REPORT CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

### Areas of judgement and estimation

In making its recommendation that the financial statements be approved by the Board, the Audit Committee has taken account of the following significant issues and judgements involving estimation:

Valuation of the utility asset portfolio

The utility asset portfolio accounts for a significant amount of the Group's assets. This portfolio includes completed pipeline assets and those that are under construction. Whilst we acknowledge that the majority of the portfolio has been valued by independent external valuers, this does include a degree of judgement. The key judgements within the external valuation are the annual growth rates applied to the income stream, the discount rate used for the rate of return used in discounting the future benefits of the assets to determine present value, and the total economic life of the assets. The valuation methodology, assumptions and judgements are appropriate, are made in conjunction with our external valuers and are consistent with previous years.

### Onerous contracts

The Group makes regular assessments of the ongoing long-term commercial contracts that are operated across its various divisions, to test the anticipated costs of meeting the contractual obligations and whether these remain consistent with previously forecast expectations. Where there has been a material degradation in a contract's performance or a significant change in the operating circumstances, a judgement is made to estimate the likely cost to complete or to terminate the contract, and where necessary a provision is created to recognise the anticipated liability.

### Going concern

This is addressed in the Statement of Directors' Responsibilities on page 27 and also in the notes to the financial statements on page 37. The Board has reviewed the forecasts and sensitivities and this has shown that the Group can continue to operate with available liquidity and banking facilities throughout the stress scenarios, or has sufficient mitigating options to manage any cash low points.

### Valuation of goodwill and intangible assets

The Group has a material goodwill and intangible assets balance which it is required to test annually for impairment. Impairment reviews of this nature are inherently subjective and involve a high degree of estimation. The key judgements and estimates that have been used in this review are: future cash flows for each cash-generating unit (CGU), the discount rate applied to those cash flows and terminal growth rates. The methodology, assumptions and judgements used in the impairment review are appropriate and are consistent with previous years.

### Recognition of deferred tax assets

The Group has recognised a deferred tax asset largely in relation to unutilised trading losses. The recoverability of these assets is dependent upon the Group's ability to generate future taxable profits sufficient to utilise these losses. This is a key area of judgement and estimation given the uncertainty in forecasting the timing and quantum of future profits. An appropriate assessment has been made of future taxable profit and supports the use of the losses over a reasonable time frame which is consistent with prior years.

**Dominic Lavelle**
Audit Committee Chair
1 August 2022

# REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2022

### Remuneration Committee

The Remuneration Committee reviews the performance of the Group's Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreement with due regard to the interests of shareholders. To ensure that the Group's remuneration practices are market competitive, the Committee takes advice from various independent sources.

The Board determines the remuneration of each of the Non-executive Directors with the support of external professional advice if required. No Director participates in any discussion regarding their own remuneration.

### Policy on Executive Directors' remuneration

The policy of the Board is to provide an Executive remuneration package designed to attract, motivate, reward and retain Executive Directors. The aim of the Group's remuneration policy is to ensure that the key Executives are appropriately rewarded for their individual contribution to the Group's performance, commensurate with their duties and responsibilities.

The Remuneration Committee believes that shareholders' interests are best served by providing Executives with remuneration packages which have a significant emphasis on performance related pay through long-term incentive schemes. The Board considers that packages of this nature are consistent with prevailing practice and are necessary to retain and reward Executives of the calibre the Group requires. The Committee meets periodically as required and is responsible for overseeing the policy regarding Executive remuneration and for approving the remuneration packages for the Group's Executive Directors and senior management, including all personnel receiving a salary exceeding £100k per annum and/or a bonus potential of 50% of salary. It is also responsible for reviewing incentive schemes for the Group as a whole.

The main components of Executive Directors' remuneration, which can be mirrored with certain Senior Executives, are basic salary, annual performance related bonus and share options.

### Basic annual salary

Each Executive Director's basic salary is reviewed regularly by the Committee. In deciding upon an appropriate level of remuneration, the Committee believes that the Group should offer levels of base pay that reflect individual responsibilities compared to similar jobs in comparable companies.

### Annual bonus payments

The Committee establishes the objectives that must be met for an annual cash bonus to be paid. Currently these objectives relate to EBITDA.

### Share option incentives

At the year end the Company operated one SAYE scheme (see note 20 of the financial statements). The Committee has responsibility for supervising the schemes and the grant of share options under the schemes.

### Additional benefits

Each Executive Director receives private medical insurance and life assurance cover, pension contributions and a company car or car allowance. Each Non-executive Director receives life assurance cover.

### Directors' emoluments

The remuneration of each of the Directors for the year ended 31 March 2022 is set out as follows:

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Salary, fees and bonus £'000 | Compensation in respect of loss of office £'000 | Other benefits £'000 | Pension £'000 | 2022 total £'000 | 2021 total £'000 |
| **Executive** | | | | | | |
| Daren Harris | – | – | – | – | – | 524[1] |
| Terry Dugdale | 204 | 216 | 15 | 10 | 445[2] | 327 |
| **Non-executive** | | | | | | |
| Philip Holder | – | – | – | – | – | 115[3] |
| Stephen Gutteridge | 21 | – | – | – | 21[4] | 42 |
| Wayne Hayes | – | – | – | – | – | 13[5] |
| Jennifer Babington | 60 | – | – | – | 60 | 40[6] |
| Jeremy Brade | 20 | – | – | – | 20 | 24[7] |
| Jonathan Turner | 20 | – | – | – | 20 | 24[8] |
| Dominic Lavelle | 40 | – | – | – | 40 | 4[9] |
| **Total** | 365 | 216 | 15 | 10 | 606 | 1,113 |

1 Daren Harris resigned as Director on 6 January 2021; as such the remuneration included is for a nine month period in 2021 and includes a payment in lieu of notice.

2 Terry Dugdale resigned as Director on 24 January 2022; as such the remuneration included is for a 10 month period.

3 Philip Holder resigned as Director on 10 December 2020; as such the remuneration included is for an eight month period in 2021 and includes a payment in lieu of notice.

4 Stephen Gutteridge resigned as Director on 29 September 2021; as such the remuneration included is for a six month period.

5 Wayne Hayes resigned as Director on 30 April 2020; as such the remuneration included is for a one month period in 2021.

6 Jennifer Babington was appointed as Director on 1 May 2020; as such the remuneration included is for an 11 month period in 2021, inclusive of a four month period as Chair.

7 Jeremy Brade was appointed as Director on 12 June 2020; as such the remuneration included is for a 10 month period in 2021.

8 Jonathan Turner was appointed as Director on 12 June 2020; as such the remuneration included is for a 10 month period in 2021.

9 Dominic Lavelle was appointed as Director on 22 February 2021; as such the remuneration included is for a two month period in 2021.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

### Registered office

The registered office of Fulcrum Utility Services Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1 104, Cayman Islands.

### Results

The Group's loss before taxation for the financial year was £14.2 million (2021: £11.5 million). The net assets attributable to shareholders of the Group have increased by £10.5 million to £45.9 million (2021: £35.4 million). The Group's net assets per share were 11.5p per share (2021: 15.9p per share).

### Dividends

The Board does not propose to pay a final dividend in respect of the year ended 31 March 2022.

### Directors

The Directors who served throughout the year, except as noted below, were as follows:

Jennifer Babington

Dominic Lavelle

Jeremy Brade

Jonathan Turner

Terry Dugdale (resigned 24 January 2022)

Stephen Gutteridge (resigned 29 September 2021)

### Employees

The Group's Executive management regularly delivers Company-wide briefings on the Group's strategy and performance. These briefings contain details of the Group's financial performance where appropriate. In addition, monthly business updates contain information on the Group's operational performance, as well as updates on customer activity.

The Group remains committed to the fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find alternative jobs for those who are unable to continue in their existing job due to disability.

The Group takes a positive approach to equality and diversity. The Group promotes equality in the application of reward policies, employment and development opportunities, and aims to support employees in balancing work and personal lifestyles.

### Substantial shareholdings

The Company's issued share capital comprises ordinary shares of £0.001 each which are listed on AIM, a market operated by the London Stock Exchange (AIM: FCRM). As at 31 March 2022, the issued share capital of the Company was £399,313 comprising 399,313,458 ordinary shares of £0.001 each. Details of the issued share capital of the Company, together with movements in the issued share capital during the year, can be found in note 21 to the financial statements. In accordance with AIM Rule 26, the Company discloses substantial shareholdings on its website: https://investors.fulcrum.co.uk/investors/aim-rule-26.

### Annual General Meeting

The Annual General Meeting of the Group is to be held on 14 September 2022.

The notice of meeting appears in the document accompanying this Annual Report and Accounts.

### Directors' interests

The Directors and their connected parties held interests in the following number of ordinary shares at 31 March 2022, 31 March 2021 and 31 March 2020. Further information in respect of the Directors' interests is provided in the Remuneration Report.

| | Number of ordinary shares | | |
|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2020 |
| Jonathan Turner | 106,765,648 | 34,348,981 | * |
| Jeremy Brade | 114,892,352 | 24,515,000 | * |
| Dominic Lavelle | 266,667 | 50,000 | * |
| Terry Dugdale | 191,667* | 25,000 | – |
| Jennifer Babington | 191,627 | 24,960 | * |
| Stephen Gutteridge | 134,166* | 134,166 | 149,166 |

* Denotes that the individual was not a Director at that date.

### External auditor

Cooper Parry Group Limited has expressed willingness to continue in office as auditor and a resolution to re-appoint Cooper Parry Group Limited will be proposed at the forthcoming AGM.

### Directors' indemnities and insurance

Fulcrum Utility Services Limited indemnifies its officers and officers of its subsidiary companies against liabilities arising from the conduct of the Group's business, to the extent permitted by law, by the placing of Directors' and officers' insurance. The insurance policy indemnifies individual Directors' and officers' personal legal liability and costs for claims arising out of actions taken in connection with Group business.

### Statement of Directors' responsibilities

The Directors of Fulcrum Utility Services Limited ("the Directors") have accepted responsibility for the preparation of the Annual Report, the Strategic Report, the Directors' Report and the non-statutory consolidated accounts for the year ended 31 March 2022, which are intended by them to give a true and fair view of the state of affairs of the Group and of the profit or loss for that period. They have decided to prepare the non-statutory consolidated accounts in accordance with International Financial Reporting Standards as adopted by the United Kingdom ("UK-adopted international accounting standards").

In preparing these non-statutory consolidated accounts, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with UK-adopted international accounting standards;
- assessed the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for such internal control as they determine is necessary to enable the preparation of non-statutory consolidated accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Company is incorporated in the Cayman Islands and domiciled in the UK. The Company is not required to prepare audited financial statements under Cayman Islands company law; however, the Company is required under AIM Rule 19 to provide shareholders with annual audited consolidated financial statements for the year ended 31 March 2022. The Directors have requested Cooper Parry Group Limited to undertake a non-statutory audit of the Company's consolidated financial statements in order to discharge their obligations under AIM Rule 19.

### Statement of disclosure of information to auditor

As at the date this report was signed, so far as each of the Directors is aware, there is no relevant information of which the auditor is unaware and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Going concern

These financial statements are prepared on the basis that the Group is a going concern. In forming its opinion as to going concern, the Board has prepared cash flow forecasts based upon its assumptions with particular consideration of the key risks and uncertainties, as well as taking into account available borrowing facilities. The going concern period assessed is until 30 September 2023 which has been selected as it can be projected with a good degree of expected accuracy.

The Group successfully completed a share placing in December 2021 generating gross proceeds of £20 million to help fund the Group's continued growth strategy. Consequently the Group repaid its Revolving Credit Facility (RCF) in full on 1 January 2022. The RCF of £10 million remains available up to 30 November 2022, although the Group currently has no plans to utilise this facility. This facility includes two financial covenants: ratio of total debt to EBITDA and ratio of the market value of pipeline assets to total debt. The forecasts, as approved by the Board, satisfy these financial covenants with reasonable levels of headroom.

The forecasts prepared reflect a cautious view on continued sector growth and include a range of sensitivities including a severe but plausible scenario together with mitigating actions. Changes to the principal assumptions included a reduction in EBITDA of approximately 40%. Even under the downside scenario, the Group continues to project sufficient cash reserves, continues to operate with headroom on borrowing facilities and associated covenants, and has additional mitigation measures within management's control, for example accelerating cash receipts and reducing operating costs, that could be deployed to create further cash. To further test the sensitivity, the Group also considered a more severe downside scenario that reflected even further deterioration in operational and commercial performance. Under this scenario, the Group forecast a cash low point in the second half of 2023 (outside the test period), but the management team is confident that it has various immediate mitigating levers that would avoid, and sufficiently alleviate, this position.

Based on these considerations, together with the Directors' knowledge and experience of the markets in which the Group operates, the Directors considered it appropriate to adopt the going concern basis of accounting in the preparation of the Group's financial statements.

On behalf of the Board

**Jennifer Babington**
Non-executive Chair
1 August 2022

# FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FULCRUM UTILITY SERVICES LIMITED

### Opinion
We have audited the non-statutory financial statements of Fulcrum Utility Services Limited ("the parent company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement, and the notes to the consolidated financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("UK-adopted international accounting standards").

In our opinion, the Group non-statutory financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2022 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards.

### Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's cash flow forecasts for a period of 12 months from the date of approval of these financial statements;
- applying reasonable "worst case" sensitivities to management's forecasts and assessing remaining cash and covenant headroom within those scenarios; and
- reviewing results post-year end to the date of approval of these financial statements and assessment against original budgets.

From our work we noted that forecasts support the Directors' view that the Group will continue to be able to meet its liabilities as they fall due, and that financial covenants in relation to the external debt held will not be breached.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-statutory financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the non-statutory financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Going concern
Matter

The Group continues to be loss making in the current year and its performance has worsened compared to previous years. As a result of these factors management have produced a detailed assessment of the business and the going concern assumption, based on detailed forecasts to September 2023.

Response

We have reviewed management's forecasts, including levers available to management to mitigate any potential downturn against that forecast. Based on the information available at the time of the Directors' approval of the financial statements and our signing of our audit opinion, we consider the forecasts to be reasonable.

We challenged management on the key assumptions included in the forecasts and confirmed that management's mitigating actions are within their control. We reviewed management's disclosures in relation to going concern and found them to be sufficient and appropriate given the performance and funding position of the business.

### Revenue recognition on contracts ongoing at the year end
Matter

Revenue is recognised based on progress towards satisfaction of performance obligations included in the contracts undertaken, by reference to costs incurred as a percentage of total expected costs. There is judgement involved in determining the percentage completion as well as in estimating the expected outcome of the contract, both in terms of costs to complete and consideration to be received, resulting in a greater risk of error. The risk is specific to contracts which are incomplete at the year end as changes to these estimates and judgements could give rise to material variances in the amount of revenue recognised at the year end. Given the above, there is a risk that revenue is not accounted for appropriately.

# INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF FULCRUM UTILITY SERVICES LIMITED

### Revenue recognition on contracts ongoing at the year end continued
Response

Using a variety of quantitative and qualitative criteria we selected a sample of contracts to assess and challenge the most significant contract assumptions. These criteria included total project value and percentage completion. Our procedures included:

- assessing and testing historical accuracy of cost and revenue budgeting to gain comfort around those contracts in progress at the year end to assess the reasonableness of revenue recognised in the current year;
- testing allocation of costs to contracts and completeness of costs with reference to third party confirmations;
- vouching details to signed contracts and meeting with Quantity Surveyors responsible for assessing level of completion of contracted work to gain an understanding and obtaining further evidence to support judgements; and
- testing reconciliations between data provided by project teams and journals posted to the nominal ledger.

Based on our audit procedures performed we found that revenue and profit had been recognised appropriately and in accordance with IFRS 15 in the sample of contracts we assessed.

### Provisions in relation to onerous contracts
Matter

During the year onerous contracts have been identified in two of the Group's trading subsidiaries and provision has been recognised accordingly for the remaining expected losses which will be incurred on these contracts. Given the judgement involved in estimating the remaining costs to complete these contracts there is a greater risk of error.

In relation to the onerous contracts identified by management we have performed the following:

- obtaining management's calculations of costs to complete and vouching significant items to supporting evidence;
- reviewing the contracts for cost commitments and any mechanisms by which management could recover any additional costs;
- we engaged external Quantity Surveyor specialists as Auditor's expert to assist us in critically assessing management's calculation of one individually material onerous contract provision due to its complexity;
- with the assistance of the Auditor's expert we challenged management on key assumptions within the calculation; and
- obtaining post-year end evidence over costs incurred after the Balance Sheet date to assess management's estimates against actuals where possible.

Following our audit procedures we are satisfied that adequate provisions have been made in relation to onerous contracts identified.

### Goodwill impairment assessment
Matter

The Group has a material goodwill balance which is required to be tested for impairment on an annual basis in accordance with International Accounting Standard 36 "Impairment of Assets" (IAS 36). Goodwill has been tested by reference to its value in use. Valuations of this nature are inherently subjective and involve a high degree of estimation, for example over future cash flows of the Group, discount rates applied to those cash flows and terminal growth rates. This gives rise to an increased risk of error in the calculation of value in use and therefore in the overall impairment assessment.

Management have prepared a detailed impairment review over the intangible assets held by each cash-generating unit (CGU) within the Group, which identified an impairment charge of £2.1 million in relation to goodwill in relation to one of the Dunamis CGUs.

Response

We have performed audit procedures over management's impairment assessment, including the following procedures:

- testing of the integrity of the cash flow model and the methodology applied;
- assessing key assumptions including future cash flows, discount rates and growth rates, including sensitivity of these assumptions;
- agreeing future cash flows to Board approved budgets and considering the appropriateness of these budgets by reference to historical performance of the Group, including understanding sales order book and any growth assumptions;
- considering three year extended forecasts approved by the Board;
- assessing the terminal growth rate against long-term GDP growth in the UK and testing the calculation of the discount rate; and
- performing sensitivity analysis over key assumptions, in particular testing what level of sensitivity in the assumptions would cause an impairment.

Based on our audit procedures performed we found the model itself, the methodology, the forecasts and the assumptions used in the calculation were appropriate and we concluded that management's impairment review model was reasonable. We also found that the related sensitivity disclosures in the financial statements were appropriate.

### Valuation of utility assets and assets under construction
Matter

Utility assets and assets under construction are held at fair value at the balance sheet date, which is established with reference to future income. No quoted market price is available. Due to the quantum of the balance and the nature of the valuations, which are a level 3 valuation in relation to the fair value hierarchy, there is a significant risk with regard to the application of estimates and judgements inherent in the valuation.

Utility assets are subject to annual revaluation. An independent, third party valuation was completed as at 31 March 2022. The fair value requires significant judgement over the choice of valuation methodology to apply, as well as significant estimation, particularly over the key assumptions of the estimated price and the volume of gas transportation.

Response
Our procedures included:

- holding discussions with management and management's expert to determine the valuation methodology used and challenging the appropriateness of the valuation basis selected. We engaged external valuation specialists to act as an auditor's expert to assist us in critically assessing the methodology used in the valuation appraisal;
- with the assistance of the auditor's expert, challenging management on key judgements affecting utility asset valuations, such as income and cost growth assumptions and useful economic lives;
- assessing the methodology used by management in determining fair value and obtaining evidence of the inputs and assumptions used in the calculation, agreeing inputs to external, third party evidence where possible, such as published gas transportation prices;
- for utility assets under construction, assessing the percentage of completion for a sample of contracts ongoing at the year end through obtaining support for the estimate of the total costs to complete and agreeing a sample of costs to date to supporting documentation, such as purchase invoices or payroll records; and
- assessing the adequacy of the Group's disclosures in respect of the valuation techniques and significant unobservable inputs employed in the valuation set out in note 13 to the non-statutory financial statements.

Based on our audit procedures performed we found the valuation, including the underlying methodologies used, to be reasonable, and the disclosures in relation to the valuation and the relevant sensitivity disclosures to be appropriate.

### Recoverability of deferred tax assets

Matter
The Group has material deferred tax assets which should be recognised only to the extent they are considered recoverable based on forecast future profits. Calculations of this nature are inherently subjective and involve a high degree of estimation, for example over future forecast profitability of the Group and length of period which can be reasonably forecast. This gives rise to an increased risk of error in the calculation of recoverable amount to be recognised.

Management have prepared forecasts to show the level of taxable profits expected over the next five years and have recognised deferred tax assets to the extent they can be utilised in that period.

Response
We have performed audit procedures over management's calculation, including the following procedures:

- testing of the integrity of forecast model and the methodology applied;
- assessing key assumptions including forecast growth rates and inflation, including sensitivity of these assumptions;
- agreeing future profitability to Board approved budgets and considering the appropriateness of these budgets by reference to historical performance of the Group, including understanding sales order book and any growth assumptions; and
- performing sensitivity analysis over key assumptions.

Based on our audit procedures performed we found the calculation itself, the methodology, the forecasts and the assumptions used in the calculation were appropriate and we concluded that management's deferred tax asset calculation was reasonable.

### Materiality

The materiality for the Group non-statutory financial statements as a whole was set at £618,000. This has been determined with reference to a benchmark of the Group's revenue, which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1% of Group revenue. In determining the level of testing to be performed during our audit work, we used performance materiality of £464,000.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £31,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

### An overview of the scope of our audit

We adopted a risk-based audit approach. We gained a detailed understanding of the Group's business, the environment it operates in and the risks it faces. The key elements of our audit approach were as follows:

As all of the Group's subsidiaries are UK companies and require statutory audit, we have performed detailed audit work over all components of the Group, and therefore our audit work covers 100% of the Group revenue and loss before tax.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the non-statutory financial statements and our Auditor's Report thereon. Our opinion on the non-statutory financial statements does not cover the other information and, except as explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identity such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF FULCRUM UTILITY SERVICES LIMITED

### Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement set out on page 27, the Directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the non-statutory financial statements
Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the Company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the AIM Rules, International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

### Use of our report
This report is made solely to the parent company's members, as a body, and solely in connection with the requirement of Rule 19 of the AIM Rules for Companies ("AIM Rules") that the Group publish annual audited accounts which must be sent to its shareholders and the requirements of Rules 20 and 26 of the AIM Rules that any document provided to shareholders be made available by the Group on a website.

Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Ltd.

**Cooper Parry Group Limited**
**Chartered Accountants**
**Statutory Auditor**
Sky View, Argosy Road, East Midlands Airport, Castle Donington
Derby DE74 2SA
1 August 2022

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|---|
| Revenue | 4 | 61,846 | 47,054 |
| Cost of sales - underlying | | (50,149) | (35,211) |
| Cost of sales - exceptional items | 5 | (5,422) | (2,050) |
| Total cost of sales | | (55,571) | (37,261) |
| Gross profit | | 6,275 | 9,793 |
| Administrative expenses - underlying | | (15,094) | (15,912) |
| Administrative expenses - exceptional items | 5 | (5,202) | (6,400) |
| Total administrative expenses | | (20,296) | (22,312) |
| Other net gains | 6 | 330 | 1,353 |
| Operating loss | 7 | (13,691) | (11,166) |
| Net finance expense | 9 | (496) | (293) |
| Loss before taxation | | (14,187) | (11,459) |
| Taxation | 10 | 765 | 1,178 |
| Loss for the year attributable to equity holders of the parent | | (13,422) | (10,281) |
| Other comprehensive income | | | |
| Items that will never be reclassified to profit or loss: | | | |
| Revaluation of utility assets | 13, 23 | 4,252 | 1,569 |
| Surplus arising on utility assets internally adopted in the year | 13, 23 | 57 | 338 |
| Impairment of previously revalued utility assets | 23 | (477) | (3,548) |
| Deferred tax on items that will never be reclassified to profit or loss | 10, 23 | (1,083) | 560 |
| Total comprehensive expense for the year | | (10,673) | (11,362) |
| Loss per share attributable to the owners of the business | | | |
| Basic | 12 | (5.2)p | (4.6)p |
| Diluted | 12 | (5.1)p | (4.5)p |

Adjusted EBITDA is the basis that the Board uses to measure and monitor the Group's financial performance as it is a more accurate reflection of the commercial reality of the Group's business. Further details of Alternative Performance Measures are included in note 3.

| | | | |
|---|---|---|---|
| Operating loss | | (13,691) | (11,166) |
| Equity-settled share-based payment charge | 20 | 639 | 436 |
| Other net gains | 6 | (330) | (1,353) |
| Exceptional items within operating loss | 5 | 10,624 | 8,450 |
| Depreciation and amortisation | 13, 15, 16 | 3,257 | 3,739 |
| Adjusted EBITDA | | 499 | 106 |
| Surplus arising on sale of domestic utility assets and enhanced payments | 6 | 330 | 1,353 |
| Adjusted EBITDA including sale of domestic utility assets and enhanced payments | | 829 | 1,459 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | Share capital £'000 | Share premium £'000 | Revaluation reserve Restated[1] £'000 | Merger reserve £'000 | Retained earnings Restated[1] £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 31 March 2020 | | 222 | 389 | 11,549 | 11,347 | 22,800 | 46,307 |
| Total comprehensive income for the year | | | | | | | |
| Loss for the year | 25 | - | - | - | - | (10,281) | (10,281) |
| Revaluation surplus on external valuation of utility assets | 23 | - | - | 1,569 | - | - | 1,569 |
| Surplus arising on utility assets internally adopted in the year | 13, 23 | - | - | 338 | - | - | 338 |
| Disposal of previously revalued assets | 6, 23, 25 | - | - | (574) | - | 574 | - |
| Depreciation on previously revalued assets | 23, 25 | - | - | (342) | - | 342 | - |
| Exceptional items - fixed asset impairment | 23 | - | - | (3,548) | - | - | (3,548) |
| Deferred tax in respect of items that will never be reclassified to profit and loss | 10, 23 | - | - | 560 | - | - | 560 |
| Transactions with equity shareholders | | | | | | | |
| Equity-settled share-based payment credit | 20 | - | - | - | - | 436 | 436 |
| Balance at 31 March 2021 | | 222 | 389 | 9,552 | 11,347 | 13,871 | 35,381 |
| Restatement of opening balances[1] | | - | - | (671) | - | 671 | - |
| Balance at 31 March 2021 (restated)[1] | | 222 | 389 | 8,881 | 11,347 | 14,542 | 35,381 |
| Total comprehensive income for the year | | | | | | | |
| Loss for the year | 25 | - | - | - | - | (13,422) | (13,422) |
| Revaluation surplus on external valuation of utility assets | 13, 23 | - | - | 4,252 | - | - | 4,252 |
| Surplus arising on utility assets internally adopted in the year | 13, 23 | - | - | 57 | - | - | 57 |
| Disposal of previously revalued assets | 6, 23, 25 | - | - | (1,445) | - | 1,445 | - |
| Depreciation on previously revalued assets | 23, 25 | - | - | (179) | - | 179 | - |
| Additional costs allocated to previously revalued assets | | - | - | (37) | - | - | (37) |
| Exceptional items - fixed asset impairment | 23 | - | - | (477) | - | - | (477) |
| Deferred tax in respect of items that will never be reclassified to profit and loss | 10, 23 | - | - | (1,083) | - | - | (1,083) |
| Transactions with equity shareholders | | | | | | | |
| Equity-settled share-based payment credit | 20 | - | - | - | - | 639 | 639 |
| Issue of new shares net of transaction costs | 21 | 177 | 20,388 | - | - | - | 20,565 |
| Balance at 31 March 2022 | | 399 | 20,777 | 9,969 | 11,347 | 3,383 | 45,875 |

1 The revaluation reserve and retained earnings have been restated to reallocate fair value gains and losses between these reserves in relation to disposals of utility assets in previous years. As such, the balance sheet as at 31 March 2021 has been restated. There is no impact on net assets.

## CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

| | Notes | 31 March 2022 £'000 | 31 March 2021 Restated[1] £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 37,151 | 37,314 |
| Intangible assets | 15 | 15,597 | 18,907 |
| Right-of-use assets | 16 | 2,323 | 3,081 |
| Deferred tax assets | 10 | 3,495 | 2,710 |
| | | 58,566 | 62,012 |
| **Current assets** | | | |
| Contract assets | 17 | 20,177 | 15,640 |
| Inventories | | 433 | 438 |
| Trade and other receivables | 18 | 9,620 | 6,550 |
| Cash and cash equivalents | 29 | 11,176 | 3,934 |
| | | 41,406 | 26,562 |
| **Total assets** | | 99,972 | 88,574 |
| **Current liabilities** | | | |
| Trade and other payables | 26 | (15,825) | (12,669) |
| Contract liabilities | 27 | (25,272) | (27,098) |
| Current lease liability | 16 | (802) | (996) |
| Current provisions | 30 | (3,035) | (54) |
| | | (44,934) | (40,817) |
| **Non-current liabilities** | | | |
| Non-current lease liability | 16 | (1,873) | (2,382) |
| Borrowings | 28 | - | (5,483) |
| Non-current provisions | 30 | (1,296) | - |
| Deferred tax liabilities | 10 | (5,994) | (4,511) |
| | | (9,163) | (12,376) |
| **Total liabilities** | | (54,097) | (53,193) |
| **Net assets** | | 45,875 | 35,381 |
| **Equity** | | | |
| Share capital | 21 | 399 | 222 |
| Share premium | 22 | 20,777 | 389 |
| Revaluation reserve | 23 | 9,969 | 8,881 |
| Merger reserve | 24 | 11,347 | 11,347 |
| Retained earnings | 25 | 3,383 | 14,542 |
| **Total equity** | | 45,875 | 35,381 |

1 The balance sheet has been restated to reflect a reallocation between the revaluation reserve and retained earnings. There is no impact on net assets.

The financial statements were approved by the Board of Directors on 1 August 2022 and were signed on its behalf by:

**Jennifer Babington**
Non-executive Chair
Company number FC030006

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year after tax | | (13,422) | (10,281) |
| Tax credit | 10 | (765) | (1,178) |
| Loss for the year before tax | | (14,187) | (11,459) |
| Adjustments for: | | | |
| Depreciation | 13, 16 | 1,832 | 1,919 |
| Amortisation of intangible assets | 15 | 1,425 | 1,820 |
| Exceptional items - fixed asset impairment | 5 | 1,920 | 1,857 |
| Exceptional items - intangible asset impairment | 5, 15 | 2,309 | 4,935 |
| Net finance expense | 9 | 496 | 293 |
| Equity-settled share-based payment charge | 20 | 639 | 436 |
| Loss/(profit) on disposal of utility assets | 6 | 75 | (873) |
| Gain on IFRS 16 lease modification | 16 | (16) | - |
| Additional consideration receivable from previous utility asset sales | 6 | (259) | - |
| Increase in contract assets | 17 | (4,537) | (3,361) |
| Increase in trade and other receivables | | (3,154) | (201) |
| Decrease in inventories | | 5 | 8 |
| Increase in trade and other payables | | 3,370 | 2,995 |
| Decrease in contract liabilities | 27 | (1,826) | (807) |
| Increase/(decrease) in provisions | 30 | 4,277 | (4) |
| **Cash outflow from operating activities** | | (7,631) | (2,442) |
| Tax repaid/(paid) | | 12 | (108) |
| **Net cash outflow from operating activities** | | (7,619) | (2,550) |
| **Cash flows from investing activities** | | | |
| Acquisition of external utility assets | | (2,468) | (3,958) |
| Utility assets internally adopted | | (2,475) | (3,503) |
| Acquisition of plant and equipment | 13 | (242) | (87) |
| Acquisition of intangibles | 15 | (424) | (140) |
| Proceeds on disposal of utility assets | 6 | 6,487 | 4,578 |
| Receipt of deferred consideration on disposal of utility assets | | 642 | 670 |
| Costs paid in relation to disposal of subsidiary | | - | (1,245) |
| Costs paid in relation to disposal of utility assets | | (141) | (102) |
| Proceeds on disposal of assets - other | | - | 9 |
| Additional consideration received from previous utility asset sales | | 49 | - |
| **Net cash inflow/(outflow) from investing activities** | | 1,428 | (3,778) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of ordinary shares | 21 | 21,263 | - |
| Share issue transaction costs | | (698) | - |
| Borrowings received | 28 | 5,250 | 5,700 |
| Borrowings repaid | 28 | (10,950) | (10,000) |
| Prepaid arrangement fees | | (11) | (247) |
| Interest paid and banking charges (non-IFRS 16) | | (297) | (153) |
| IFRS 16 - principal payments | 16 | (1,022) | (861) |
| IFRS 16 - deposit payments | | - | (11) |
| IFRS 16 - interest payments | 16 | (121) | (139) |
| IFRS 16 - proceeds received on disposal of leased vehicle | 16 | 19 | - |
| **Net cash inflow/(outflow) from financing activities** | | 13,433 | (5,711) |
| Increase/(decrease) in net cash and cash equivalents | | 7,242 | (12,039) |
| Cash and cash equivalents at the beginning of the year | | 3,934 | 15,973 |
| **Cash and cash equivalents at the end of the year** | 29 | 11,176 | 3,934 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### Reporting entity

Fulcrum Utility Services Limited ("the Company") is incorporated in the Cayman Islands and domiciled in the UK. The ordinary shares are traded on AIM on the London Stock Exchange. The consolidated financial statements of the Company for the year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as "the Group").

### Statement of compliance

Under Cayman Islands company law, the Company is not required to prepare audited financial statements; however, the Company is required under AIM Rule 19 to provide shareholders with audited consolidated financial statements for the year ended 31 March 2022. There is no requirement to provide parent company information so this has not been presented.

The financial statements have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

### Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets.

Historical cost is generally based on the fair value of the consideration given in exchange for assets. These policies have been consistently applied to all the years presented unless otherwise stated.

### Going concern

The Group's business activities, together with the factors likely to affect future development, performance and position, are set out in the Strategic Report on pages 1 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Executive Officer's Statement on pages 5 to 7. In addition, note 31 to the financial statements includes the Group's processes for managing its capital and its exposure to credit and liquidity risks.

At 31 March 2022 the Group had net assets of £45.9 million (2021: £35.4 million), net current liabilities of £3.5 million (2021: £14.3 million), cash of £11.2 million (2021: £3.9 million) and borrowings of £nil (2021: £5.5 million) as set out in the consolidated balance sheet on page 35 and note 29. In the year ended 31 March 2022, the Group suffered a loss after tax of £13.4 million (2021: £10.3 million) and had net cash inflows of £7.2 million (2021: net cash outflows of £12.0 million) after investing £4.9 million in utility assets (2021: £7.5 million) and repaying a net £5.7 million of borrowings (2021: £nil).

These financial statements are prepared on the basis that the Group is a going concern. In forming its opinion as to going concern, the Board has prepared cash flow forecasts based upon its assumptions with particular consideration of the key risks and uncertainties, as well as taking into account available borrowing facilities. The going concern period assessed is until 30 September 2023 which has been selected as it can be projected with a good degree of expected accuracy.

The Group successfully completed a share placing in December 2021 generating gross proceeds of £21.3 million to help fund the Group's continued growth strategy. Consequently the Group repaid its Revolving Credit Facility (RCF) in full on 1 January 2022. The RCF of £10 million remains available up to 30 November 2022, although the Group currently has no plans to utilise this facility. This facility includes two financial covenants: ratio of total debt to EBITDA and ratio of the market value of pipeline assets to total debt. The forecasts, as approved by the Board, satisfy these financial covenants with reasonable levels of headroom.

The forecasts prepared reflect a cautious view on continued sector growth and include a range of sensitivities including a severe but plausible scenario together with mitigating actions. Changes to the principal assumptions included a reduction in EBITDA of approximately 40%. Even under the downside scenario, the Group continues to project sufficient cash reserves, continues to operate with headroom on borrowing facilities and associated covenants, and has additional mitigation measures within management's control, for example accelerating cash receipts and reducing operating costs, that could be deployed to create further cash. To further test the sensitivity, the Group also considered a more severe downside scenario that reflected even further deterioration in operational and commercial performance. Under this scenario, the Group forecast a cash low point in the second half of 2023, but the management team is confident that it has various immediate mitigating levers that would avoid, and sufficiently alleviate, this position.

Based on these considerations, together with the Directors' knowledge and experience of the markets in which the Group operates, the Directors considered it appropriate to adopt the going concern basis of accounting in the preparation of the Group's financial statements.

### Basis of consolidation

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and when it has the ability to affect those returns through its power over the entity. In assessing control the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-Group transactions, balances and expenses are eliminated on consolidation.

### Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 1. Accounting policies continued

### Accounting estimates and judgements continued

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following areas:

- Note 4: Revenue recognition on contracts – The stage of completion of the works is assessed when considering recognition of revenue. Use of the percentage completion method requires the Group to estimate the costs incurred for work performed to date as a proportion of total contract costs. See revenue recognition policy for further details.
- Note 10: Deferred tax – The Group recognises a deferred tax asset for tax losses carried forward which requires an estimation of the forecast profitability of the relevant entities.
- Note 13: Utility asset valuation, including assets under construction – Assets are revalued annually. These calculations require the use of estimates, as detailed in note 13.
- Note 15: Goodwill and other intangibles – The Group tests annually whether tangible and intangible fixed assets have suffered any impairment, based on discounted future cash flows of the assets and the total business of the Group. These calculations require the use of estimates, as detailed in note 15.
- Note 16: Leases – Management exercises judgement in determining whether a contract meets the definition of a lease, as well as considering the likelihood of certain options being taken up such as break clauses. Judgement is also required in the calculation of the Group's incremental borrowing rate.
- Note 18: Recoverability of trade receivables – Trade and other receivables are recognised to the extent that they are considered to be recoverable. The Group's calculation of expected credit losses involves the use of judgements, as detailed in note 18.

### Property, plant and equipment

Property, plant and equipment excluding utility assets and assets under construction are stated at cost less accumulated depreciation and accumulated impairment losses.

Utility assets and assets under construction are initially recognised at cost. The Group has elected to value utility assets (except those internally adopted that are less than two years old) at fair value at each reporting date. Impairment losses are recognised within cost of sales in the income statement. A revaluation upwards is recognised if the estimated fair value exceeds its carrying amount. Revaluations upwards are recognised within other comprehensive income. An impairment loss is reversed if, and only if, the reasons for the impairment have ceased to apply. An impairment loss or uplift in value is reversed only to the level that the asset's carrying amount, net of depreciation, would have been had it not been previously revalued. Assets are revalued annually.

Depreciation is recognised on a straight-line basis from the date assets are available for use, over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|---|---|
| Utility assets (excluding meters) | 40 years |
| Classic domestic meters | Fully depreciated by December 2024 |
| Classic industrial and commercial meters | 5 years |
| Smart meters | 15 years |
| Fixtures and fittings | 2–5 years |
| Computer equipment | 3–5 years |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Profit on sale of utility assets arises from deducting the asset's net carrying value and selling costs from proceeds and is recognised within other net gains in the consolidated income statement. Any previous revaluation gains on these assets disposed of are treated as realised on disposal and transferred from the revaluation reserve to retained earnings.

### Intangible assets

Intangible assets acquired separately from third parties are recognised as assets and measured at cost.

Following initial recognition, intangible assets are measured at cost at the date of acquisition less any amortisation and any impairment losses.

Amortisation costs are included within the administrative expenses disclosed in the consolidated statement of comprehensive income.

Intangible assets acquired as part of a business combination are recognised outside goodwill if the asset is separable or arises from contractual or other legal rights.

Intangible assets are amortised over their useful lives as follows:

| | |
|---|---|
| Brand and customer relationships | 5–12 years |
| Software | 3–5 years |
| Development costs | 3–5 years |

Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

## 1. Accounting policies continued

### Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually for impairment and is carried at cost less accumulated impairment losses. See note 15 for detailed assumptions and methodology. Impairment losses are not subsequently reversed.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Adjustments to provisional fair values of identifiable assets and liabilities arising from additional information, obtained within the measurement period (no more than one year from the acquisition date), about facts and circumstances existing at the acquisition date are adjusted against goodwill. Other adjustments to provisional fair values or changes in contingent consideration are recognised through profit or loss.

### Impairment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangibles, including goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Detailed assumptions used in the annual impairment test for goodwill, with regard to discount, growth and inflation rates, are set out in note 15 to the accounts.

### Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable costs to complete and variable selling expenses.

### Employee benefits

#### Pension plans

The Group operates a defined contribution pension plan for the benefit of its employees under which the Company pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions are recognised in the income statement as they become payable in accordance with the rules of the scheme.

#### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

No cash-settled share-based payment awards have been granted to employees.

#### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 1. Accounting policies continued

#### Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, the Board, and used to assess performance. The Board considers there to be two operating segments – Infrastructure: Design and Build and Utility assets: Own and Operate. Information is given for both in note 2.

#### Revenue

Multi-utility infrastructure activities are recognised as "Infrastructure: Design and Build" revenue. For revenue recognised on maintenance contracts, revenue is recognised throughout the duration of the contract.

Contract revenue is recognised over time. Revenue is estimated based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are recognised only to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised as an expense immediately. Infrastructure revenue is recognised excluding VAT and other indirect taxes. An accrual is made for infrastructure revenue in respect of work completed where invoices are yet to be generated. When payment is received in advance of the provision of services, these receipts are recorded as deferred income.

#### Utility asset ownership revenue

Conveyance of gas and use of the electricity network is recognised as "Utility assets: Own and Operate" revenue from the date the meter is connected and made available for use and is based on Ofgem regulated usage rates. The performance obligation is the transportation of gas and revenue is recognised over time.

#### Contract costs

Costs to obtain a contract are expensed unless they are incremental; i.e. they would not be incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered.

#### Exceptional items

Exceptional items are those that in management's judgement need to be disclosed separately by virtue of their size or incidence in order to provide greater visibility of the underlying results of the business and which management believes provide additional meaningful information in relation to ongoing operational performance.

#### Government grants

Government grants relating to income are recognised in the statement of comprehensive income and are offset against the costs they are intended to compensate.

#### Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL)); and
- those to be measured at amortised cost.

#### Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## 1. Accounting policies continued

### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### Cash and cash equivalents

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

### Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. They are generally due for settlement within 30 days and are therefore all classified as current. Due to their short-term nature, carrying value is considered approximate to fair value.

### Financial liabilities

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

### Classification

Financial liabilities are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

### Recognition

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

### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Due to their short-term nature, carrying value is considered approximate to fair value.

### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Transaction costs on revolving credit facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred within other assets until the drawdown occurs. Upon drawdown of the first loan, these costs are reclassified from other assets to bank loans and subsequently amortised over the term of the facility.

Interest-bearing borrowings are removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

### Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### Lease accounting

Group as lessee

At inception of a contract the Group assesses whether the contract is or contains a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for consideration. Where a lease is identified the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. The Group has taken the practical expedient allowed under IFRS 16 that permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 1. Accounting policies continued

Lease accounting continued

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate is readily available or, if not, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated balance sheet, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability - remeasurement

The lease liability is remeasured where:

- there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any initial direct costs and an estimate of any costs to dismantle and remove the asset at the end of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is presented as a separate line in the balance sheet.

Right-of-use asset – subsequent measurement

Right of use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as an expense immediately.

Short-term leases and low value assets

The Group recognises lease payments on short-term leases (those with a lease term of 12 months or less) and low value assets as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is available that is more representative of the time pattern in which economic benefits are consumed.

The Group as lessor

The Group has not entered into any lease agreements where the Group acts as a lessor.

**Adoption of new and revised International Financial Reporting Standards (IFRSs) and IFRIC interpretations**

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2021:

- Amendments to IAS 1 "Presentation of Financial Statements";
- Amendments to IFRS 3 "Business Combinations";
- Amendments to IFRS Practice Statement 2 "Making Materiality Judgements";
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"; and
- Amendments to IAS 12 "Income Taxes".

## 1. Accounting policies continued

**Adoption of new and revised International Financial Reporting Standards (IFRSs) and IFRIC interpretations** continued

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 2. Operating segments

The Board has been identified as the chief operating decision-maker (CODM) as defined under IFRS 8 "Operating Segments". The Directors consider there to be two operating segments, Infrastructure: Design and Build and Utility assets: Own and Operate. Fulcrum's Infrastructure: Design and Build segment provides utility infrastructure and connections services. Utility assets: Own and Operate comprises both the ownership of gas, electrical and meter assets and the safe and efficient conveyance of gas and electricity through its transportation networks. Gas transportation services are provided under the iGT licence granted from Ofgem in June 2007 and electricity services are provided under the iDNO licence granted from Ofgem in November 2017.

The information provided to the Board includes management accounts comprising operating result before exceptional items for each segment and other financial and non-financial information used to manage the business on a consolidated basis.

| | Year ended 31 March 2022 | | | Year ended 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Infrastructure: Design and Build £'000 | Utility assets: Own and Operate £'000 | Total Group £'000 | Infrastructure: Design and Build £'000 | Utility assets: Own and Operate £'000 | Total Group £'000 |
| Reportable segment revenue | 57,631 | 4,215 | 61,846 | 43,400 | 3,654 | 47,054 |
| Adjusted EBITDA* | (1,557) | 2,056 | 499 | (969) | 1,075 | 106 |
| Other net gains | 146 | 184 | 330 | 480 | 873 | 1,353 |
| Share-based payment charge | (639) | - | (639) | (436) | - | (436) |
| Depreciation and amortisation | (2,606) | (651) | (3,257) | (2,979) | (760) | (3,739) |
| **Reportable segment operating (loss)/profit before exceptional items** | (4,656) | 1,589 | (3,067) | (3,904) | 1,188 | (2,716) |
| Cost of sales - exceptional items | (3,502) | (1,920) | (5,422) | - | (2,050) | (2,050) |
| Administrative expenses - exceptional items | (5,202) | - | (5,202) | (6,400) | - | (6,400) |
| **Reporting segment operating loss** | (13,360) | (331) | (13,691) | (10,304) | (862) | (11,166) |
| Net finance expense | (107) | (389) | (496) | (171) | (122) | (293) |
| **Loss before tax** | (13,467) | (720) | (14,187) | (10,475) | (984) | (11,459) |

* Adjusted EBITDA is operating profit excluding the impact of exceptional items, other net gains, depreciation, amortisation and equity-settled share-based payment charges. Full reconciliation of Alternative Performance Measures (APMs) is provided in note 3.

The Group derives all of its revenue from the UK and all of the Group's customers are based in the UK. The Group's revenue is derived from contracts with customers.

| | Year ended 31 March 2022 | | | Year ended 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Infrastructure: Design and Build £'000 | Utility assets: Own and Operate £'000 | Total Group £'000 | Infrastructure: Design and Build £'000 | Utility assets: Own and Operate £'000 | Total Group £'000 |
| Assets reported by segment: | | | | | | |
| Property, plant and equipment | 305 | 36,846 | 37,151 | 270 | 37,044 | 37,314 |
| Goodwill and brand and customer relationships | 14,475 | - | 14,475 | 17,872 | - | 17,872 |
| Other intangible assets | 422 | 700 | 1,122 | 316 | 719 | 1,035 |
| Right-of-use asset | 2,316 | 7 | 2,323 | 3,058 | 23 | 3,081 |
| Deferred tax assets | 2,775 | 720 | 3,495 | 1,888 | 822 | 2,710 |
| Contract assets | 19,862 | 315 | 20,177 | 15,606 | 34 | 15,640 |
| Inventories | 433 | - | 433 | 438 | - | 438 |
| Trade and other receivables | 40,200 | 1,564 | 41,764 | 32,603 | 3,592 | 36,195 |
| Cash and cash equivalents | 10,144 | 1,032 | 11,176 | 1,970 | 1,964 | 3,934 |
| **Total assets** | 90,932 | 41,184 | 132,116 | 74,021 | 44,198 | 118,219 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. Operating segments continued

| | Year ended 31 March 2022 | | | Year ended 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Infrastructure: Design and Build £'000 | Utility assets: Own and Operate £'000 | Total Group £'000 | Infrastructure: Design and Build £'000 | Utility assets: Own and Operate £'000 | Total Group £'000 |
| Liabilities reported by segment: | | | | | | |
| Trade and other payables | (12,478) | (35,491) | (47,969) | (8,760) | (33,554) | (42,314) |
| Contract liabilities | (24,889) | (383) | (25,272) | (26,685) | (413) | (27,098) |
| Borrowings | - | - | - | - | (5,483) | (5,483) |
| Current lease liability | (795) | (7) | (802) | (980) | (16) | (996) |
| Current provisions | (3,035) | - | (3,035) | (23) | (31) | (54) |
| Non-current lease liability | (1,873) | - | (1,873) | (2,375) | (7) | (2,382) |
| Non-current provisions | (1,296) | - | (1,296) | - | - | - |
| Deferred tax liability | (2,135) | (3,859) | (5,994) | (2,029) | (2,482) | (4,511) |
| **Total liabilities** | (46,501) | (39,740) | (86,241) | (40,852) | (41,986) | (82,838) |

The totals shown above for both trade and other receivables and trade and other payables differ to the consolidated balance sheet as a result of an intercompany balance of £32.1 million (2021: £29.6 million) owed by the Utility assets: Own and Operate segment to the Infrastructure: Design and Build segment.

## 3. Alternative Performance Measures

The Group uses Alternative Performance Measures (APMs), as listed below, to present users of the accounts with a clear view of what the Group considers to be the results of its underlying, sustainable business operations, thereby enabling consistent year-on-year comparisons and making it easier for users of the accounts to identify trends.

| Alternative Performance Measure | Definition |
|---|---|
| Adjusted EBITDA | Operating profit excluding exceptional items, other net gains, amortisation, depreciation and equity-settled share-based payments. |
| Adjusted loss before taxation | Loss before taxation excluding amortisation of acquired intangibles and exceptional items included within cost of sales and administrative expenses. |
| Net assets per share | Net assets divided by the number of shares in issue at the financial reporting date. |

A reconciliation of these Alternative Performance Measures has been disclosed in the tables below:

### (a) Reconciliation of operating loss to "adjusted EBITDA"

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Operating loss | (13,691) | (11,166) |
| Adjusted for: | | |
| Exceptional items within operating loss | 10,624 | 8,450 |
| Other net gains | (330) | (1,353) |
| Amortisation and depreciation | 3,257 | 3,739 |
| Equity-settled share-based payments | 639 | 436 |
| **Adjusted EBITDA** | 499 | 106 |

### (b) Reconciliation of loss before tax to "adjusted loss before tax"

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Loss before tax | (14,187) | (11,459) |
| Adjusted for: | | |
| Exceptional items included in cost of sales | 5,422 | 2,050 |
| Exceptional items included in administrative expenses | 5,202 | 6,400 |
| Amortisation of acquired intangibles | 1,248 | 1,356 |
| **Adjusted loss before tax** | (2,315) | (1,653) |

### 3. Alternative Performance Measures continued

(c) Net assets per share

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Net assets at the end of the year | 45,875 | 35,381 |
| Issued shares at the end of the year | 399,313 | 222,118 |
| Net assets per share | 11.5p | 15.9p |

### 4. Revenue

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Infrastructure revenue | 57,631 | 43,400 |
| Utility asset ownership revenue | 4,215 | 3,654 |
| **Total revenue** | 61,846 | 47,054 |

(a) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographic market, service lines and timing of revenue recognition.

The table also includes a reconciliation of the disaggregated revenue with the Group reportable segments (see note 2):

| | Infrastructure | | Utility assets | |
|---|---|---|---|---|
| £'000 | 2022 | 2021 | 2022 | 2021 |
| Primary geographic markets | | | | |
| United Kingdom | 57,631 | 43,400 | 4,215 | 3,654 |
| | 57,631 | 43,400 | 4,215 | 3,654 |
| Service line | | | | |
| Service revenue on long-term contracts | 33,700 | 25,725 | - | - |
| Service revenue on short-term contracts | 23,504 | 17,118 | - | - |
| Maintenance contracts | 427 | 557 | - | - |
| Utility asset ownership | - | - | 4,215 | 3,654 |
| | 57,631 | 43,400 | 4,215 | 3,654 |
| Timing of revenue recognition | | | | |
| Services transferred over time | 57,631 | 43,400 | 4,215 | 3,654 |
| | 57,631 | 43,400 | 4,215 | 3,654 |

(b) Contracting balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Trade receivables (note 18) | 7,326 | 3,938 |
| Contract assets (note 17) | 20,177 | 15,640 |
| Contract liabilities (note 27) | (25,272) | (27,098) |

The contract assets primarily relate to work completed but not invoiced. The contract liabilities primarily relate to deferred income. Deferred income represents contracted sales for which services to customers will be provided in future periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 5. Exceptional items

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Exceptional items included in cost of sales | 5,422 | 2,050 |
| Exceptional items included in administrative expenses | 5,202 | 6,400 |
| | 10,624 | 8,450 |

(a) Exceptional items included in cost of sales

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Fixed asset impairment | 1,920 | 1,857 |
| Remedial works to utility assets | - | 193 |
| Onerous contracts | 3,502 | - |
| | 5,422 | 2,050 |

Fixed asset impairment relates to the impairment of utility assets not previously revalued upwards. Onerous contracts costs relate to losses from the Group's smart meter exchange and management contracts with energy suppliers and the loss for a complex, high voltage infrastructure project.

(b) Exceptional items included in administrative expenses

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Restructuring costs | 575 | 569 |
| One-off legal and adviser costs | 242 | 896 |
| Intangible asset impairment | 2,309 | 4,935 |
| Onerous contracts | 2,076 | - |
| | 5,202 | 6,400 |

Restructuring costs relate to employee exit and severance costs. Intangible asset impairment relates to the impairment of goodwill and software and development costs. Onerous contracts costs relate to losses from the Group's smart meter exchange and management contracts with energy suppliers.

Net cash outflows in the year ended 31 March 2022 for exceptional items in cost of sales and administrative expenses were £1.6 million (2021: £1.2 million).

### 6. Other net gains

Included within other net gains are the following amounts:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| (Loss)/profit on disposal of assets | (75) | 873 |
| Additional consideration receivable from utility asset sales in previous years | 259 | - |
| Enhanced payments received | 146 | 480 |
| | 330 | 1,353 |

Additional consideration receivable from utility asset sales in previous years is amounts due to the Group for utility assets sold in previous years that were non-metered when sold and became metered in the year ended 31 March 2022.

Enhanced payments are amounts receivable by the Group when the number of domestic connections introduced by the Group to a third party reaches certain pre-agreed thresholds.

The loss on disposal of assets represents the loss arising on sale of certain of the Group's utility assets to a third party. The Group has entered into an agreement with the third party to sell part of its utility assets portfolio in structured tranches.

## 6. Other gains continued

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Consideration – proceeds received | 6,487 | 4,578 |
| Consideration – retention receivable | 201 | 142 |
| **Total consideration** | 6,688 | 4,720 |
| Net book value of assets sold (including the effect of previous revaluations) | (6,580) | (3,712) |
| Legal and other costs relating to the transaction | (173) | (102) |
| Discounting of retention consideration due in more than one year | (10) | (33) |
| **(Loss)/profit on disposal of assets** | (75) | 873 |

Some of the disposed utility assets had previously been revalued in accordance with the Group policy. Upon disposal, this gave rise to a transfer between the revaluation reserve and retained earnings of £1,445,000 (2021: £574,000).

## 7. Operating loss

Included in operating loss are the following charges:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Amortisation of intangible assets | 1,425 | 1,820 |
| Depreciation of property, plant and equipment | 838 | 1,027 |
| Depreciation of right-of-use asset | 994 | 892 |
| Amounts receivable by the auditor and its associates in respect of: | | |
| Audit fees: | | |
| Audit of the Group financial statements | 109 | 120 |
| Audit of the Company's subsidiaries pursuant to legislation | 73 | 80 |
| Total fees for the audit of the Group and its subsidiaries | 182 | 200 |
| Non-audit fees: | | |
| Audit related services | 9 | 8 |

Fees paid to firms of accountants other than the Group's auditor and its affiliated entities for non-audit services for the year ended 31 March 2022 amounted to £43,000 (2021: £97,000).

## 8. Staff numbers and costs

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Wages and salaries | 14,557 | 14,927 |
| Social security costs | 1,649 | 1,644 |
| Other pension costs | 489 | 485 |
| Share-based payments | 639 | 436 |
| | 17,334 | 17,492 |

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

| Number of employees | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Operational | 160 | 163 |
| Support | 174 | 180 |
| | 334 | 343 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 8. Staff numbers and costs continued

The Group's key management is considered to be the Board of Directors and the Executive Team. Details of the remuneration, share option entitlements and pension entitlements of the Directors are included in the Remuneration Report on page 25. The Executive Team's compensation was as follows:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Salary, fees and bonus | 834 | 904 |
| Other benefits | 71 | 32 |
| Pension | 37 | 63 |
| | 942 | 999 |

## 9. Net finance expense

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Finance costs | | |
| Finance costs on lease liability | (121) | (139) |
| Finance costs paid in respect of Revolving Credit Facility | (268) | (95) |
| Banking charges | (31) | (80) |
| Amortisation of capitalised borrowing costs | (134) | (43) |
| Total finance costs | (554) | (357) |
| Finance income | | |
| Bank interest receivable | 12 | – |
| Interest income on financial assets measured at amortised cost | 46 | 64 |
| Total finance income | 58 | 64 |
| Net finance expense | (496) | (293) |

## 10. Taxation

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Current tax | (380) | (130) |
| Deferred tax | (385) | (1,048) |
| Total tax credit | (765) | (1,178) |

At Budget 2020, the government announced that the corporation tax main rate (for all profits except ring-fence profits) for the years starting 1 April 2021 and 2022 would be 19%. At Spring Budget 2021, the government announced that the corporation tax main rate would rise to 25% for companies with profits over £250,000 together with the introduction of a small profits rate of 19% with effect from 1 April 2023. The increase in the tax rate to 25% is considered to be substantively enacted, and accordingly the deferred tax balances expected to unwind after 1 April 2023 have been calculated using the 25% tax rate.

The Group has £12.5 million (31 March 2021: £12.1 million) of tax losses for which deferred tax assets of £3.1 million (31 March 2021: £2.3 million) have been recognised. The deferred tax asset is expected to be recovered over five years. The Group also has unrecognised tax losses of £9.7 million (31 March 2021: £3.0 million) for which no deferred tax asset has been recognised as there is insufficient certainty over whether those losses will reverse.

## 10. Taxation continued

### Reconciliation of effective tax rate

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Loss before taxation | (14,187) | (11,459) |
| Tax using the UK corporation tax rate of 19.0% (2021: 19.0%) | 2,696 | 2,177 |
| Non-taxable items | (501) | (614) |
| Effect of change in rate of corporation tax | 255 | - |
| Tax deductions for share options exercised | (121) | (83) |
| Adjustment to tax charge in respect of previous year's corporation tax | 380 | 130 |
| Adjustment to tax charge in respect of previous year's deferred tax | (382) | 148 |
| Utilisation of previously unrecognised losses | – | 345 |
| Release of previously recognised losses | (1,262) | (579) |
| Chargeable gains arising | (300) | (346) |
| Total tax credit | 765 | 1,178 |

### Movement in deferred tax balances

| | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | Deferred tax assets £'000 | Deferred tax liabilities £'000 | Deferred tax assets £'000 | Deferred tax liabilities £'000 |
| At the beginning of the year | 2,710 | (4,511) | 1,784 | (5,193) |
| **Recognised in profit or loss** | | | | |
| Adjustment in respect of previous years | (388) | 6 | 106 | 42 |
| Tax losses (utilised)/recognised | 1,721 | – | 1,055 | - |
| Effect of change in rate of corporation tax | 831 | (576) | – | - |
| Origination/reversal of other timing differences | (117) | 170 | 45 | 379 |
| Reclassification between assets and liabilities | – | – | 299 | (299) |
| Release of previously recognised losses | (1,262) | - | (579) | - |
| **Recognised in other comprehensive income** | | | | |
| Effect of change in rate of corporation tax | – | (798) | – | - |
| Revaluation of property, plant and equipment | - | (285) | – | 560 |
| At the end of the year | 3,495 | (5,994) | 2,710 | (4,511) |

## 11. Dividends

No dividends were paid in the year ended 31 March 2022 or 31 March 2021.

No interim dividends were declared and no final dividends are proposed relating to the year ended 31 March 2022.

## 12. Earnings per share (EPS)

### Basic earnings per share

The calculation of basic and diluted earnings per share has been based on the following result attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Loss for the year used for calculation of basic EPS | (13,422) | (10,281) |
| Exceptional items included in cost of sales | 5,422 | 2,050 |
| Exceptional items included in administrative expenses | 5,202 | 6,400 |
| Remove tax relief on exceptional items | (2,019) | (1,606) |
| Amortisation of intangibles | 1,248 | 1,356 |
| Loss for the year used for calculation of adjusted EPS | (3,569) | (2,081) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 12. Earnings per share (EPS) continued
Number of shares

| | 31 March 2022 Number of shares '000 | 31 March 2021 Number of shares '000 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic EPS | 260,169 | 222,118 |
| Effect of potentially dilutive ordinary shares | 1,739 | 7,434 |
| Weighted average number of ordinary shares for the purpose of diluted EPS | 261,908 | 229,552 |
| EPS | | |
| Basic | (5.2)p | (4.6)p |
| Diluted basic | (5.1)p | (4.5)p |
| Adjusted basic | (1.4)p | (0.9)p |
| Adjusted diluted basic | (1.4)p | (0.9)p |

## 13. Property, plant and equipment
(a) Reconciliation of carrying amount

| | Utility assets £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Total £'000 |
|---|---|---|---|---|
| Cost | | | | |
| At 31 March 2020 | 66,588 | 1,065 | 1,276 | 68,929 |
| Externally acquired assets | 3,485 | 19 | 68 | 3,572 |
| Internally adopted assets | 3,170 | – | – | 3,170 |
| Surplus arising on internally adopted assets | 338 | – | – | 338 |
| Revaluation | 1,659 | – | – | 1,659 |
| Disposals | (3,860) | (15) | – | (3,875) |
| At 31 March 2021 | 71,380 | 1,069 | 1,344 | 73,793 |
| Externally acquired assets | 2,677 | 22 | 220 | 2,919 |
| Internally adopted assets | 2,424 | – | – | 2,424 |
| Surplus arising on internally adopted assets | 57 | – | – | 57 |
| Revaluation | 4,252 | – | – | 4,252 |
| Disposals | (6,663) | – | – | (6,663) |
| At 31 March 2022 | 74,127 | 1,091 | 1,564 | 76,782 |
| Accumulated depreciation | | | | |
| At 31 March 2020 | (28,271) | (717) | (1,121) | (30,109) |
| Depreciation charge for the year | (735) | (143) | (149) | (1,027) |
| Impairment from external revaluation | (5,495) | – | – | (5,495) |
| Disposals | 148 | 4 | – | 152 |
| At 31 March 2021 | (34,353) | (856) | (1,270) | (36,479) |
| Depreciation charge for the year | (613) | (80) | (145) | (838) |
| Impairment from external revaluation | (2,397) | – | – | (2,397) |
| Disposals | 83 | – | – | 83 |
| At 31 March 2022 | (37,280) | (936) | (1,415) | (39,631) |
| Net book value | | | | |
| At 31 March 2022 | 36,847 | 155 | 149 | 37,151 |
| At 31 March 2021 | 37,027 | 213 | 74 | 37,314 |
| At 31 March 2020 | 33,562 | 348 | 155 | 38,820 |

## 13. Property, plant and equipment continued

(a) Reconciliation of carrying amount continued

Utility assets include £0.4 million (2021: £0.4 million) of meter assets valued at cost less depreciation to date.

Internally adopted assets are stated at the full cost of construction of £3.7 million (2021: £8.8 million) less the deficit arising on internally adopted assets of £1.3 million (2021: £5.6 million).

Disposals include utility assets with a net book value of £6,580,000 that were disposed of as part of tranches three and four of the utility assets sale as disclosed in note 6.

(b) Measurement of fair values

The fair value of utility assets was determined by external, independent specialist valuers, having appropriate recognised professional qualifications and experience in the assets being valued. The valuation established the fair value of the assets at 31 March 2022. The key assumptions used in the valuation model include current market prices, useful economic lives of the assets and income generated by the assets discounted using a weighted average cost of capital. The valuation technique used is classified as a Level 3 fair value (based on unobservable inputs) under IFRS 13.

The value in use assessment is sensitive to changes in the key assumptions used. Sensitivity analysis has been performed, with a 0.6% increase in the discount rate leading to a £1.0 million reduction in the revaluation gain and a 0.6% reduction in the discount rate leading to a £0.9 million increase in the revaluation gain.

The utility assets and utility assets under construction are the only financial assets that are held at fair value in the financial statements.

(c) Impairment loss

Following the valuation of the utility assets estate, a net revaluation gain of £1.9 million (2021: £3.8 million net impairment charge) was recorded. A revaluation gain of £4.3 million (2021: £1.6 million) was recognised in the revaluation reserve, with an impairment of £0.5 million (2021: £3.5 million) offset against the revaluation reserve (see note 23) and a £1.9 million impairment charge (2021: £1.9 million) included within exceptional items in cost of sales in the consolidated statement of comprehensive income.

## 14. Capital commitments

The Group has entered into contracts to purchase property, plant and equipment in the form of utility assets from external parties. At 31 March 2022 the balance was £5.5 million (2021: £9.6 million).

## 15. Intangible assets

| Reconciliation of carrying amount | Goodwill £'000 | Brand and customer relationships £'000 | Software and development costs £'000 | Total £'000 |
|---|---|---|---|---|
| Cost | | | | |
| At 31 March 2020 | 14,251 | 12,607 | 4,675 | 31,533 |
| Additions | – | – | 140 | 140 |
| At 31 March 2021 | 14,251 | 12,607 | 4,815 | 31,673 |
| Additions | – | – | 424 | 424 |
| At 31 March 2022 | 14,251 | 12,607 | 5,239 | 32,097 |
| Accumulated amortisation and impairment | | | | |
| At 31 March 2020 | – | (2,918) | (3,093) | (6,011) |
| Amortisation for the year | – | (1,356) | (464) | (1,820) |
| Impairment | (4,494) | (218) | (223) | (4,935) |
| At 31 March 2021 | (4,494) | (4,492) | (3,780) | (12,766) |
| Amortisation for the year | – | (1,248) | (177) | (1,425) |
| Impairment | (2,149) | – | (160) | (2,309) |
| At 31 March 2022 | (6,643) | (5,740) | (4,117) | (16,500) |
| Net book value | | | | |
| At 31 March 2022 | 7,608 | 6,867 | 1,122 | 15,597 |
| At 31 March 2021 | 9,757 | 8,115 | 1,035 | 18,907 |
| At 31 March 2020 | 14,251 | 9,689 | 1,582 | 25,522 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 15. Intangible assets continued

(a) Amortisation

The amortisation of brand, customer relationships and software (including development costs) is included in administrative expenses.

(b) Impairment testing

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. The Group tests other intangible assets for impairment when there is an indication that the assets might be impaired.

Given a number of internal and external factors, management believes that indications for possible impairment exist for the brands and customer relationships. Accordingly, an impairment test has been carried out in relation to both goodwill and the brands and customer relationships. Where an impairment is indicated, goodwill would be impaired first, followed by the brands and customer relationships on a pro-rata basis.

Goodwill and the brands and customer relationships are tested for impairment by comparing the carrying amount of each CGU with the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use.

Goodwill brought forward at the start of the year relates to the acquisition of Fulcrum Group Holdings Limited on 8 July 2010 and the acquisition of The Dunamis Group Limited on 5 February 2018. The carrying amount of the goodwill is allocated across cash-generating units (CGUs). The goodwill held by the Group relates to either the Fulcrum Infrastructure Services CGU or Dunamis, which has two CGUs. The brands and customer relationships also relate to the same CGUs.

In the impairment tests, the recoverable amounts are determined based on value in use calculations which require assumptions. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The recoverable amounts of the CGUs have been determined from value in use calculations which have been predicated on discounted cash flow projections from financial plans approved by the Board. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources, together with the Group's views on the future achievable growth and the impact of committed cash flows. Cash flows beyond this are extrapolated using the estimated long-term growth rates as summarised in the following paragraph.

The pre-tax cash flows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital reflecting management's assessment of specific risks related to each cash-generating unit. Pre-tax discount rates of between 8.1% and 9.8% (2021: between 7.6% and 9.4%) have been used in the impairment calculations which the Directors believe fairly reflect the risks inherent in each of the CGUs. The terminal cash flows are extrapolated in perpetuity using a growth rate of 2.0% (2021: 2.0%). This is not considered to be higher than the long-term industry growth rate.

Following the review, the carrying value of the intangible assets exceeded the associated value in use for one of the Dunamis CGUs. Consequently, an impairment of £2.1 million was made to the carrying value of goodwill. No impairment was recognised for the Fulcrum CGU.

A segment-level summary of the acquired intangible assets allocation is presented below:

| | Fulcrum £'000 | Dunamis £'000 | Total £'000 |
|---|---|---|---|
| Goodwill | 2,225 | 5,383 | 7,608 |
| Brands and customer relationships | – | 6,867 | 6,867 |

The value in use assessment is sensitive to changes in the key assumptions used. Sensitivity analysis has been performed on the individual CGUs with a 1.0% increase in the discount rate and a 1.0% reduction in the long-term growth rate.

Based on this analysis, the reasonably possible downside scenario to the discount rate would increase the impairment by £0.9 million, and the change to the long-term growth rate would increase the impairment by £0.7 million.

An impairment charge of £0.2 million (2021: £nil) has been recognised for software used in the delivery of contracts deemed to be onerous during the year ended 31 March 2022.

## 16. Leases

The Group has leases for land and buildings and plant and machinery. Leases for land and buildings relate mainly to office properties and depots, whilst the plant and machinery leases are predominantly motor vehicles. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Leases of property range from a period of three to ten years, and leases of motor vehicles are for three or four years. Lease payments are generally fixed. The use of extension and termination options within leases gives the Group flexibility and such options are exercised when they align with the Group's strategy and where economic benefits of exercising such options exceed the expected overall costs.

| Right-of-use assets | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Land and buildings | 1,254 | 1,500 |
| Plant and machinery | 1,069 | 1,581 |
| Total | 2,323 | 3,081 |

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Additions to right-of-use assets | 255 | 1,252 |

Additions to right-of-use assets include new leases and extensions to existing lease agreements.

| Depreciation on right-of-use assets | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Land and buildings | 291 | 247 |
| Plant and machinery | 703 | 645 |
| Total | 994 | 892 |

| | Land and buildings | | Plant and machinery | |
|---|---|---|---|---|
| Maturity of lease liabilities | 31 March 2022 £'000 | 31 March 2021 £'000 | 31 March 2022 £'000 | 31 March 2021 £'000 |
| Less than one year | 298 | 310 | 504 | 686 |
| Between one and five years | 1,123 | 1,191 | 605 | 946 |
| In more than five years | 145 | 245 | – | – |
| Total | 1,566 | 1,746 | 1,109 | 1,632 |

| Other impact on profit and loss | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Finance costs on leases | (121) | (139) |
| Expense on short-term and low value leases | (490) | (637) |
| Gain on lease modification | 16 | – |
| Total | (595) | (776) |

| Cash flows in respect of leases | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| IFRS 16 – principal payments | (1,022) | (861) |
| IFRS 16 – interest payments | (121) | (139) |
| Cash outflows relating to short-term and low value leases | (490) | (637) |
| Proceeds received on disposal of leased vehicle | 19 | – |
| Total | (1,614) | (1,637) |

During the year ended 31 March 2022, the Group disposed of a leased vehicle for proceeds of £19,000. This resulted in a gain on lease modification in the statement of comprehensive income of £16,000. No leases were disposed of or modified in the year ended 31 March 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 17. Contract assets

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Work in progress | 5,514 | 5,122 |
| Contract receivables | 14,663 | 10,518 |
| Total | 20,177 | 15,640 |

The work in progress balances reflect direct work costs including direct labour and other attributable variable costs relating to jobs classed as incomplete. There have been no write-downs in the year (2021: £nil). Contract receivables relate to infrastructure revenue completed but not invoiced.

### 18. Trade and other receivables

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Trade receivables | 7,326 | 3,938 |
| Other receivables and prepayments | 2,294 | 2,612 |
| | 9,620 | 6,550 |

Trade and other receivables are non-interest bearing. Due to the activities and diversified customer structure of the Group, there is no significant concentration of credit risk.

The Group applies a simplified approach in calculating expected credit losses. The credit risk associated with this receivable is managed through the Group's standard credit processes. The Directors consider that the carrying amount of trade receivables approximates to their fair value.

| | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| Ageing of trade receivables | Gross £'000 | Impairment £'000 | Gross £'000 | Impairment £'000 |
| Not past due | 3,016 | - | 2,289 | - |
| Past due less than one month | 2,152 | - | 751 | - |
| Past due one to two months | 1,290 | - | 282 | - |
| More than two months past due | 1,315 | (447) | 766 | (150) |
| | 7,773 | (447) | 4,088 | (150) |

The carrying value of trade and other receivables is stated after the following allowance for doubtful debts:

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| At the beginning of the year | 150 | 13 |
| Impairment losses charged | 297 | 162 |
| Impairment losses reversed | - | (25) |
| At the end of the year | 447 | 150 |

Information about the Group's exposure to credit and market risk is included in note 31.

## 19. Pension benefits

The Group operates a defined contribution pension plan; the total expense relating to this plan in the current year was £489,000 (2021: £485,000).

## 20. Share-based payments

Details of the existing schemes and schemes granted in the year and the inputs that were entered into the valuation models are provided below:

| | GSS 2018 option plan | SAYE 2018 option plan | SAYE 2019 option plan | SAYE 2020 option plan |
|---|---|---|---|---|
| Status | Existing plan | Existing plan | Existing plan | Existing plan |
| Grant date | 3 August 2018 | 5 February 2018 | 5 February 2019 | 7 October 2020 |
| Number of options | 3,944,064 | 749,520 | 3,992,769 | 4,601,197 |
| Exercise price | £nil | 50.0p | 35.1p | 25.7p |
| Vesting criteria | Hurdle one: Average share price of 100.0p over 20 consecutive working days Hurdle two: Average share price of 130.0p over 20 consecutive working days | Maturity date of 1 March 2021 | Maturity date of 1 March 2022 | Maturity date of 1 December 2023 |
| Volatility | 236.8% | 230.1% | 281.3% | 30.8% |
| Dividend yield | 3.17% | 3.20% | 4.90% | 0.0% |
| Option life | 3 years | 3 years | 3 years | 3 years |
| Annual risk free rate | 0.82% | 0.74% | 1.61% | (0.69)% |
| Outstanding at the beginning of the year | 2,244,047 | 60,480 | 734,855 | 4,299,215 |
| Issued during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Lapsed during the year* | (2,244,047) | (60,480) | (734,855) | (2,560,194) |
| Outstanding at the end of the year | - | - | - | 1,739,021 |
| Exercisable at the end of the year | - | - | - | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 20. Share-based payments continued

| | Long-Term Incentive Plan (LTIP) |
|---|---|
| Status | New plan |
| Grant date | 8 March 2021 |
| Number of options | 95,000 |
| Exercise price | £nil |
| Vesting criteria | Base share price achievement of at least 52.5p per share immediately prior to the date of the announcement of the Group's results for the financial year ending 31 March 2025<br><br>In the event that the Company's share price reaches 105p per share during the vesting period (based on an average of the 40 preceding trading days) then the scheme will vest immediately |
| Volatility | 45.0% |
| Dividend yield | 0.0% |
| Option life | 3.9 years |
| Annual risk free rate | 0.24% |
| Outstanding at the beginning of the year | 95,000 |
| Issued during the year | - |
| Exercised during the year | - |
| Lapsed during the year* | (95,000) |
| Outstanding at the end of the year | - |
| Exercisable at the end of the year | - |

* Lapsed shares relate to individuals forfeiting their options by leaving the scheme or by deciding not to exercise their options.

No cash-settled share-based payment awards have been granted to employees.

The volatility was determined by calculating the historical volatility of the Group's share price since the Group's listing on AIM in December 2009.

The weighted average share price during the year ended 31 March 2022 was 21.6p (2021: 34.4p).

The expected useful life used in the model has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

In the year, the Group recognised a £639,000 charge before tax (2021: £436,000) in relation to equity-settled share-based payment transactions in the statement of comprehensive income, with the opposite entry being to the retained earnings reserve.

## 21. Share capital

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Authorised | | |
| 500,000,000 ordinary shares of £0.001 each | **500** | 500 |
| Allotted, issued and fully paid | | |
| 399,313,458 (2021: 222,117,945) ordinary shares of £0.001 each | **399** | 222 |

Ordinary shareholders are entitled to dividends as declared. During the year ended 31 March 2022, 177,195,513 new ordinary shares were issued. The shares issued had a nominal value of £0.001 each and were issued at £0.12 each. No new ordinary shares were issued during the year ended 31 March 2021.

## 22. Share premium

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| At the beginning of the year | 389 | 389 |
| Shares issued net of transaction costs | 20,388 | – |
| **At the end of the year** | 20,777 | 389 |

## 23. Revaluation reserve

The revaluation reserve relates to the revaluation of the Group's utility assets estate.

| | 31 March 2022 £'000 | 31 March 2021 Restated £'000 |
|---|---|---|
| At the beginning of the year | 8,881 | 11,549 |
| Revaluation in the year (note 13) | 4,252 | 1,569 |
| Surplus arising on utility assets internally adopted in the year (note 13) | 57 | 338 |
| Disposal of previously revalued assets | (1,445) | (574) |
| Impairment of previously revalued assets | (477) | (3,548) |
| Depreciation on previously revalued assets | (179) | (342) |
| Additional costs allocated to previously revalued assets | (37) | – |
| (Recognition)/derecognition of deferred tax liability (note 10) | (1,083) | 560 |
| Restatement of opening balances | – | (671) |
| **At the end of the year** | 9,969 | 8,881 |

## 24. Merger reserve

The merger reserve relates to the premium arising on the issue of shares as part of the acquisition of The Dunamis Group Limited on 5 February 2018 and CDS PSL Holdings Limited on 27 March 2018.

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| **At the beginning and end of the year** | 11,347 | 11,347 |

## 25. Retained earnings

| | 31 March 2022 £'000 | 31 March 2021 Restated £'000 |
|---|---|---|
| At the beginning of the year | 14,542 | 22,800 |
| Loss in the year | (13,422) | (10,281) |
| Equity-settled share-based payment transactions | 639 | 436 |
| Depreciation on previously revalued assets | 179 | 342 |
| Disposal of previously revalued assets | 1,445 | 574 |
| Restatement of opening balances | – | 671 |
| **At the end of the year** | 3,383 | 14,542 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 26. Trade and other payables

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Trade payables | 7,472 | 6,524 |
| Other payables | 8,353 | 6,145 |
| | 15,825 | 12,669 |

### 27. Contract liabilities

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Contract liabilities | 25,272 | 27,098 |

Of the £25.3 million contract liabilities balance, £17.5 million (2021: £18.2 million) relates to deferred income. Deferred income represents contracted sales for which services to customers will be provided in future periods.

Information about the Group's exposure to liquidity risks is included in note 31.

### 28. Interest-bearing loans and borrowings

On 1 December 2020, the Group entered into a two year Revolving Credit Facility agreement with Lloyds Banking Group for £10 million. This facility supports the financing, construction and acquisition of pipeline assets. During the year ended 31 March 2022, net repayments of £5.7 million were made by the Group. At 31 March 2022, £10 million of this facility remained available for future drawdowns.

(a) Changes in liabilities arising from financing activities

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| At the beginning of the year | 5,483 | 10,000 |
| Repaid in year | (10,950) | (10,000) |
| New borrowings | 5,250 | 5,700 |
| Capitalised borrowing fees | (11) | (260) |
| Amortisation of capitalised borrowing fees | 134 | 43 |
| At the end of the year | (94) | 5,483 |

As no borrowings are outstanding as at 31 March 2022, the capitalised borrowing fees have been included within trade and other receivables (note 18).

(b) Terms and repayment schedule

| | Currency | Nominal interest rate | Year of maturity | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|---|---|---|
| Two year Revolving Credit Facility agreement | GBP | Bank of England base rate + 3.5% | 2022 | - | 5,700 |

The Group has complied with the financial covenants (asset cover, leverage and EBITDA covenants) relating to the above facilities.

## 29. Reconciliation to net cash/(debt)

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---|---|
| Cash and cash equivalents | 11,176 | 3,934 |
| Borrowings | – | (5,483) |
| Net cash/(debt) | 11,176 | (1,549) |

## 30. Provisions

| | Provision for costs to settle ongoing legal claims £'000 | Provision for onerous contracts £'000 | Other provisions £'000 | Total £'000 |
|---|---|---|---|---|
| At 31 March 2020 | – | – | 58 | 58 |
| Provision utilised during the year | – | – | (58) | (58) |
| Provision created during the year | 54 | – | – | 54 |
| At 31 March 2021 | 54 | – | – | 54 |
| Provision released during the year | (54) | – | – | (54) |
| Provision created during the year | – | 5,578 | 121 | 5,699 |
| Provision utilised during the year | – | (1,368) | – | (1,368) |
| At 31 March 2022 | – | 4,210 | 121 | 4,331 |

The provision for onerous contracts relates to future losses expected to be incurred on contracts deemed to be onerous. The provision created during the year for other provisions relates to rebates payable on the Group's smart meter exchange and management contracts. The amount and timing of the outflows related to these provisions are uncertain, but a reliable estimate has been made.

Of the £4.2 million provision for onerous contracts, £1.3 million is expected to be settled in more than 12 months. All other provisions are expected to be settled within 12 months.

## 31. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- market risk;
- liquidity risk;
- capital risk; and
- credit risk.

This note presents basic information regarding the Group's exposure to these risks and the Group's objectives, strategy and processes.

The Board has overall responsibility for risk management of the Group and agrees policies for managing the associated risks.

### Market risk

Market risk represents the potential for changes in interest rates and foreign exchange prices to affect the Group's profit and the value of its financial instruments. It also incorporates the effect of the overall UK construction/utilities industry on the Group. The Group's objective in market risk management is to minimise its exposures to fluctuations within such variables whilst optimising returns.

### Interest rate risk

The Group's interest rate risk generally arises from its borrowing facility. The Group agreed a debt facility of up to £10 million with Lloyds Banking Group plc, on 2 December 2020, to support the financing, construction and acquisition of pipeline assets. At 31 March 2022 £nil (2021: £5.7 million) was drawn at an interest rate of 3.5% plus the Bank of England base rate.

The Group's exposure to the risk of changes in foreign exchange is low as the Group operates within the UK.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 31. Financial risk management continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due without incurring unacceptable losses or risking damage to the Group and does so by monitoring cash flow forecasts and budgets. The Group's exposure to liquidity risk reflects its ability to readily access the funds to support its operations.

Liquidity forecasts are produced on a regular basis and include the expected cash flows that will occur on a weekly, monthly and quarterly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term.

The Group agreed a debt facility of up to £10 million with Lloyds Banking Group plc, on 2 December 2020, to support the financing, construction and acquisition of pipeline assets. At 31 March 2022, £nil was drawn at an interest rate of 3.5% plus the Bank of England base rate. At 31 March 2022, £10 million of this facility remained available for future drawdowns.

The Group's close working capital management is deemed to be sufficient to meet projected liquidity requirements.

Cash deposits

The Group has a policy of ensuring cash deposits are made with the primary objective of security of principal. Accordingly deposits are made only with approved, respected, high credit rating financial institutions. Deposits are made on a short-term basis only to preserve liquidity.

Capital risk

The capital structure of the Group consists of the net cash/(debt) (note 29) and equity of the Group. The Group's objective in managing capital is primarily to ensure the continued ability of the Group to meet its liabilities as they fall due whilst also maintaining an appropriate balance of equity and borrowings and minimising costs of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Decisions regarding the balance of equity and borrowings, dividend policy and all major borrowing facilities are reserved for the Board.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposure to the Group's customers. A high proportion of the Group's customers pay in advance of works commencing, with the remaining profile consisting of established or listed businesses which typically pay on stage payment terms with cash received in advance of works commencing. The creditworthiness of new customers is assessed by taking into account their financial position, past experience and other factors. It is considered that the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

### 32. Related parties

The Group has related party relationships with its subsidiaries, Directors and key management personnel. Details of the remuneration, share options and pension entitlement of the Directors are included in the Remuneration Report on page 25.

In the year, sales totalling £1,148,332 (2021: £23,790) were made by the Group to companies in which key management personnel held significant interests, of which £165,851 (2021: £nil) was still outstanding at the year end.

In the year, purchases totalling £776,946 (2021: £347,110) were made by the Group from companies in which key management personnel held significant interests, of which £nil (2021: £7,954) was still outstanding at the year end. The purchases were for equipment hire and fuel cards used in the ordinary course of business.

### 33. Events after the reporting period

On 31 May 2022, the Company completed the transfer of the fifth tranche of its domestic customer gas connection assets to a third party for a total consideration of £2.1 million. Cash of £2 million was received on 1 June 2022, with the retention balance of £0.1 million expected to be received on 30 November 2023.

The utility assets transferred as a result of this transaction had been revalued to fair value at the year end, with the fair value for these assets being equal to the sales price agreed with the third party.

The UK's energy crisis has presented considerable challenges for our smart metering operations, affecting the performance and profitability of the Group's various smart meter exchange and management contracts.

The sustained volatility and turbulence in the market affected the performance and profitability of the Group's smart meter exchange and management contracts with energy suppliers and therefore, after the year end, we agreed to mutually terminate contracts affected by the UK energy crisis to protect the business by mitigating their impact on the Group and its performance.

### 34. Contingent liabilities

The Group had a contingent liability at 31 March 2022 in respect of technical issues arising from a contract completed during the year. At the date of approval of these financial statements, the outcome of liability for this issue could not be reliably measured, in line with external, independent legal advice, and therefore no provision has been recognised.

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## GROUP TRADING COMPANIES

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Fulcrum Pipelines Limited

**Independent Distribution Network Operator (iDNO)**
Fulcrum Electricity Assets Limited

**Meter Asset Provider (MAP)**
Fulcrum Smart Metering Limited

**Meter Operator (MOP)**
Fulcrum Metering Services Limited

**Utility Infrastructure Providers (UIPs)**
Fulcrum Infrastructure Services Limited

CDS Pipe Services Limited

**Independent Connection Providers (ICPs)**
The Dunamis Group Limited

Dunamis Infrastructure Services Limited

Matrix Professional Services Limited

Matrix Network (Eastern) Limited

**Maintenance Services Provider**
Maintech Power Services Limited

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