



Meeting the energy challenge

FY 2022 results

Notice to recipients

This presentation has been prepared on behalf of the Smart Metering Systems plc corporate group (SMS) solely for information and should not be considered to be an offer or solicitation of an offer to buy or sell or subscribe for any securities, financial instruments or any rights attaching to such securities or financial instruments. In particular, the information contained within this presentation is given in summary form and does not purport to be complete. This presentation does not contain all the information that is or may be material to investors or potential investors in respect of the holding, purchasing or selling of securities or other financial products or instruments; the information contained, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments.

The contents of this presentation should not be considered to be legal, tax, investment or other advice, and any investor or prospective investor considering the purchase or disposal, and before acting on any information should consider the appropriateness of the information having regard to these matters, any relevant offer document and should seek independent advice.

The presentation is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the publication or availability of the presentation is prohibited. Persons in respect of whom such prohibitions apply must not access the presentation. The presentation is intended for use by professional and business investors only.

In member states of the European Economic Area which have implemented the Prospectus Directive (each, a Relevant Member State), this presentation is directed exclusively at persons who are "qualified investors" within the meaning of the Prospectus Directive.

This presentation has not been approved by an authorised person in accordance with section 21 of the Financial Services and Markets Act 2000 (as amended) of the United Kingdom. As such, this presentation is only being distributed to, and is only directed at, qualified investors who are: (i) investment professionals falling within Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as relevant persons).

This presentation and its contents are confidential and proprietary to SMS, and no part of it or its subject matter may be reproduced, redistributed or passed on, or the contents otherwise divulged, directly or indirectly, to any other person (excluding the relevant person's professional advisers) or published in whole or in part for any purpose without the prior written consent of SMS. If this presentation has been received in error it must be returned immediately to SMS.

This presentation may contain forward looking statements. Except as required under applicable law, any forward looking statements contained in this presentation are made as of today's date and SMS expressly disclaims any liability, obligation or undertaking in respect of any forward looking statement and undertakes no obligation to release any updates or revisions to any forward looking statements contained in this presentation to reflect any change to SMS' expectations or change in events, conditions or circumstances on which any such statement is based.

This presentation should not be relied on by its recipients, their advisers or any other person. No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of SMS or any of its Directors, officers, partners, employees, agents, advisers or any other person as to the accuracy, completeness or adequacy of the information or opinions contained within this presentation and no responsibility or liability is accepted by any of them for any such information or opinions.

Agenda

1. Overview

Tim Mortlock, CEO

2. Operational review

Tim Mortlock, CEO

3. Financial review

Gail Blain, CFO

4. Summary

Tim Mortlock, CEO

5. Q&A

6. Appendix

1. Overview

Tim Mortlock, CEO

FY 2022 Overview

Financial performance

ILARR¹

- +13%² to £97.1m
- End-February: £98.5m
 - annual RPI adjustment to be applied on 1 April 2023

EBITDA, PBT³

- EBITDA: +21% to £63.8m
 - marginally ahead⁴
- PBT: +34% to £24.5m
 - materially ahead⁴
- FY 2023 outlook:
 - EBITDA expected to be marginally ahead; PBT in line

Liquidity & Dividends

- Net debt: £31.2m
- £355m undrawn facility at 31 December 2022
- DPS +10%, in line with policy

Operational performance

Meter and Data assets

- FY 2022 installation run-rate ahead of expectations
- c.2.17m⁵ meter pipeline
- Continued market opportunities

Grid-scale battery storage

- 860MW total portfolio⁶
- 140MW operational
 - £123,000/MW annualised EBITDA, significantly ahead of expectations
- 470MW secured
- 250MW under exclusivity

Other CaRe assets

- Continue to develop offering in EV charging, Behind-the-meter
 - METIS technology platform
- Strategic investments in EV charging, Energy Data platforms
- Progressing other CaRe assets

1. Index-linked annualised recurring revenue

2. The comparison is versus 31 December 2021 ILARR of £85.9m

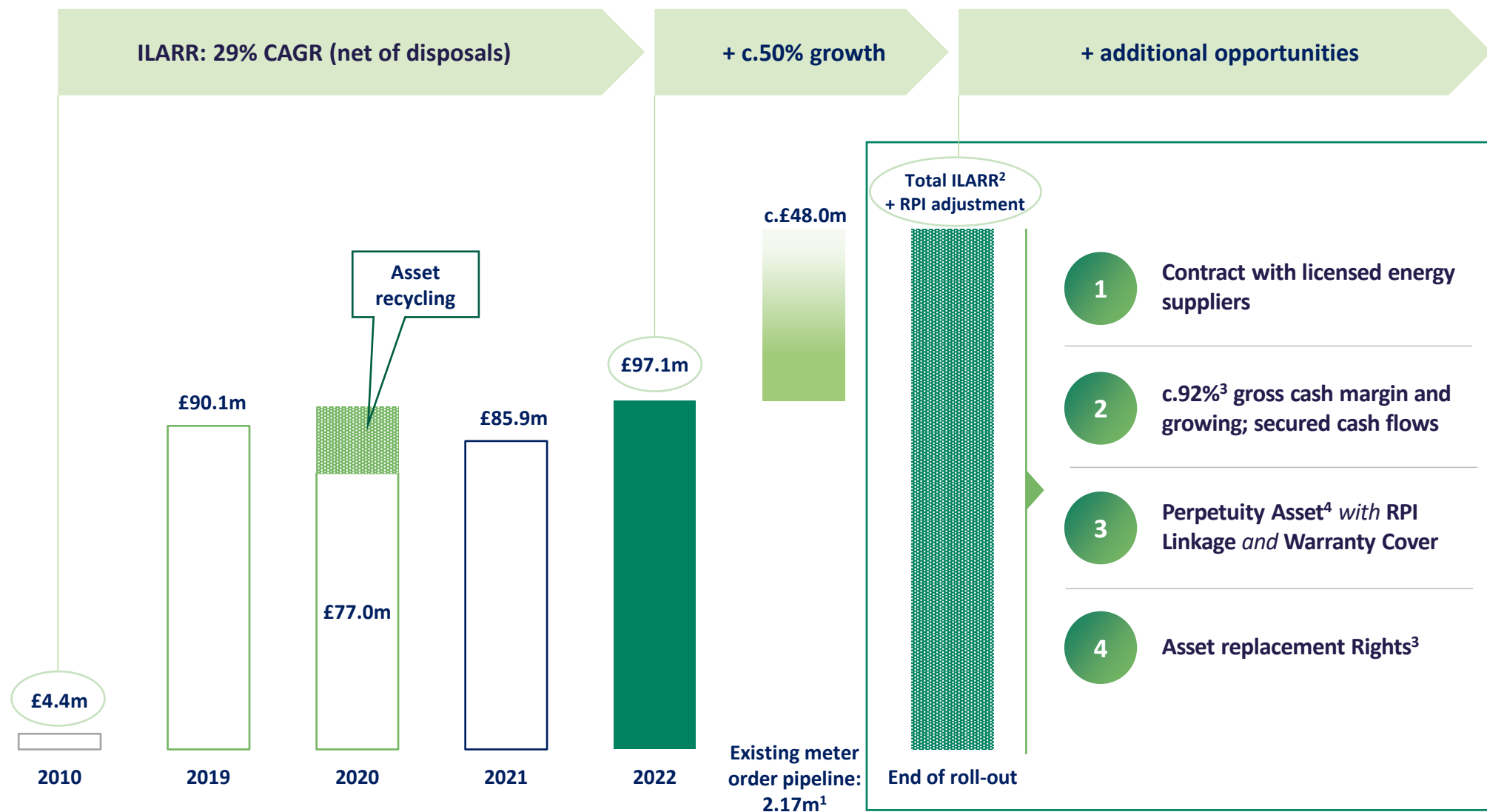
3. EBITDA excludes exceptional items and PBT excludes exceptional items and amortisation of certain intangibles

4. Upgraded during the FY22 trading update published on 26 January 2023

5. Contract win offset by meter installs in 2022

6. Portfolio at 13 March 2023

Long-term, sustainable cash flows from meter and data assets



1. SMS contracted smart meter order pipeline at 31 December 2022

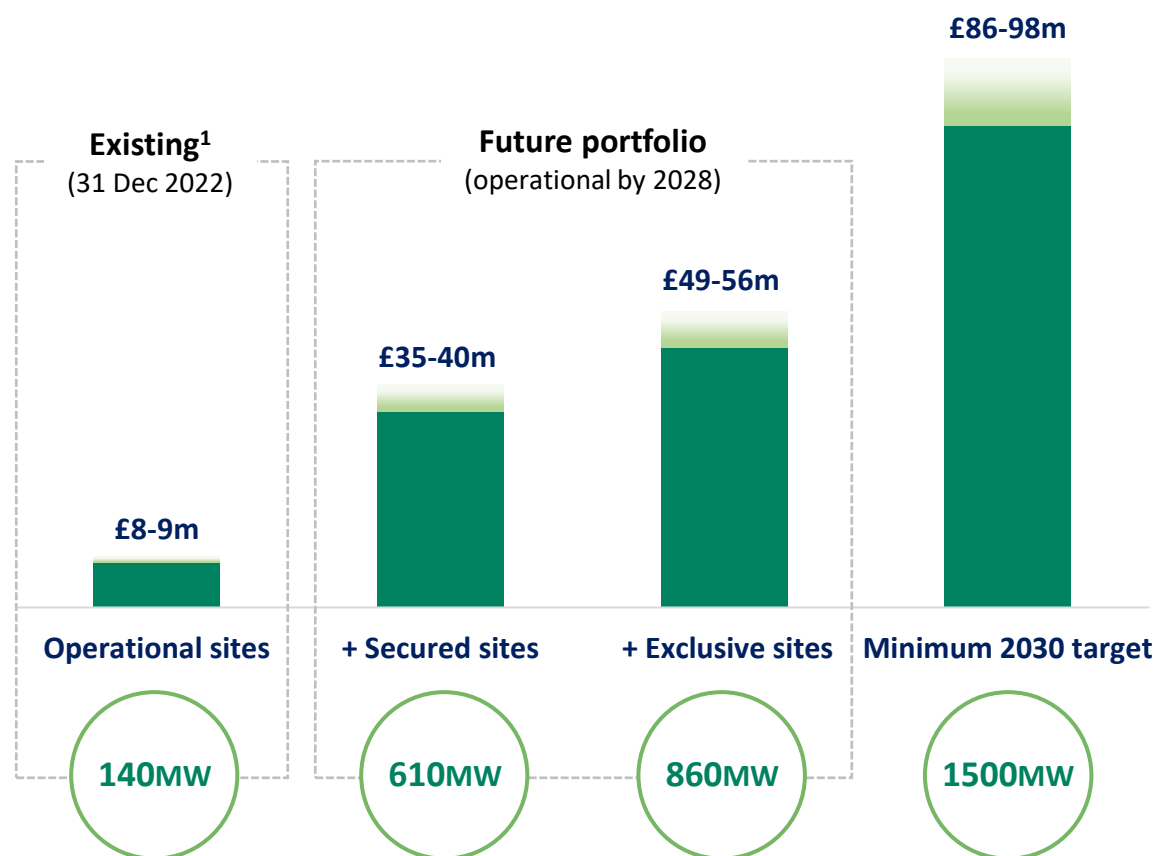
2. This excludes ILARR from the traditional meters and third party assets which will be exchanged with smart meters during the roll-put program

3. This represent FY22 gross cash margin in the Asset Management division. Gross cash margin is calculated by adding back depreciation to Asset Management gross margin

4. Where SMS is appointed as MOP and/or MAM at end of the asset life

Significant growth in grid-scale battery storage assets

>10x growth in annualised EBITDA from grid-scale battery storage



- 1 Long-term EBITDA guidance £57,000-65,000/MW, driven by balancing services
- 2 Additional services represents upside to base case projections
- 3 Strong throughput warranty provision
- 4 Core electrical infrastructure with 40+ year life

1. Annualised EBITDA based on SMS guidance

Additional opportunities in other CaRe assets



1

Data services
(Technology platforms)

Smart**Vision**

n3rgy

FlexiGrid



2

EV charging infrastructure

2,700 UK Charge points¹

Target sectors

- Local authorities
- Fleet
- Destination

3

Behind-the-meter



Solar



EV charging
(domestic, workplace)



Battery



Heat

4

Energy services



Energy efficiency

Fully integrated and scalable platform provides significant potential in other CaRe assets high growth areas

1. Managed through Clenergy EV CPO platform

Sustainability integrated across our business

Health & Safety

'Vision Zero' – zero accidents and employee wellbeing

- ✓ Maintained all ISO certifications with no major non-conformances recorded
- ✓ No injury RIDDORs⁽¹⁾
- ✓ Continued progress across all Vision Zero Action Plans
- ✓ IOSH Vision Zero Training to commence in 2023

Environment

Sustainability integration across the entire organisation

- ✓ Continued progress on our 2030 net-zero roadmap
- ✓ Decarbonisation measures continue, including PV and battery installation
- ✓ Successful trial of mild hybrid; further to be onboarded in 2023
- ✓ Continued improvement in external ESG scores

Social

Delivering for our people and the communities we serve

- ✓ Volunteering Programme (foodbank, school & nursing home)
- ✓ Member of Employers' Initiative on Domestic Abuse
- ✓ School engagement
- ✓ Young Persons Guarantee Employer, Glasgow
- ✓ Support Career Ready mentoring programme

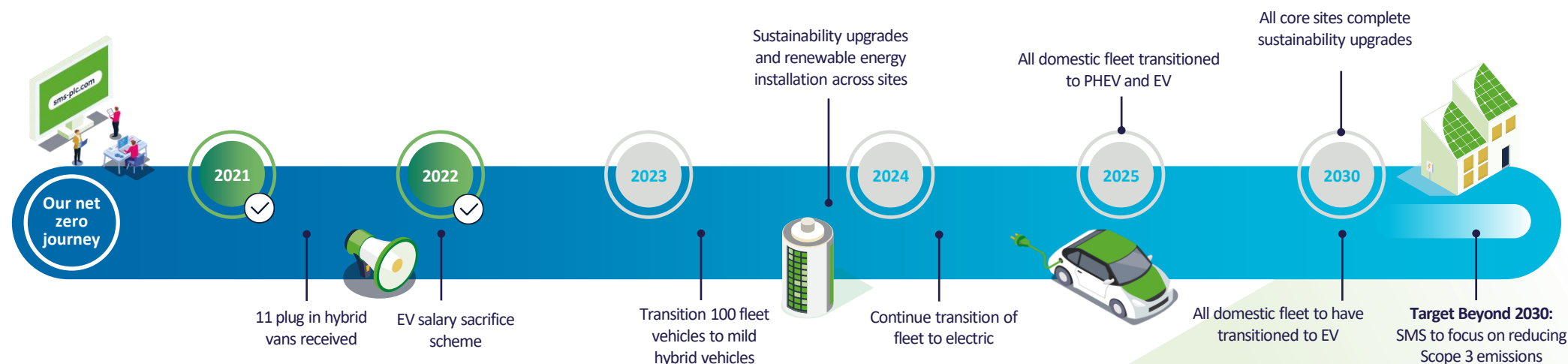
Governance

Corporate governance policies supported by independent board

- ✓ Chairman acts as Chair of the Health, Safety and Sustainability Committee
- ✓ Continue to expand the SHEQ Digital Management platform to continually improve governance practices
- ✓ Denoted as "leading global peers" on corporate governance by MSCI

SMS 'Net Zero' roadmap

← 2023 – 2030: On track →



2. Operational review

Tim Mortlock, CEO

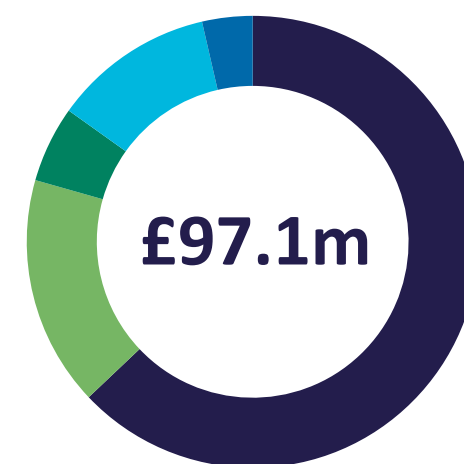
Meters and Data: ILARR and assets under management

- Total ILARR at 31 December 2022: £97.1m (31 December 2021: £85.9m)
 - ILARR increased to £98.5m at 28 February 2023
 - Annual RPI adjustment on 1 April 2023
- Total meter and data assets under management¹ at 31 December 2022: 4.5 million (31 December 2021: 4.2 million)
- Total smart meter portfolio at 31 December 2022: 2.1 million (31 December 2021: 1.7 million)

Meter and data assets under management ('000)

	31 December 2022	31 December 2021
Smart meters	2,108	1,668
Data assets	410	449
I&C meters	106	105
Traditional meters	251	277
Third-party assets	1,575	1,746
Total meter and data assets under management	4,450	4,245

ILARR as at 31 December 2022



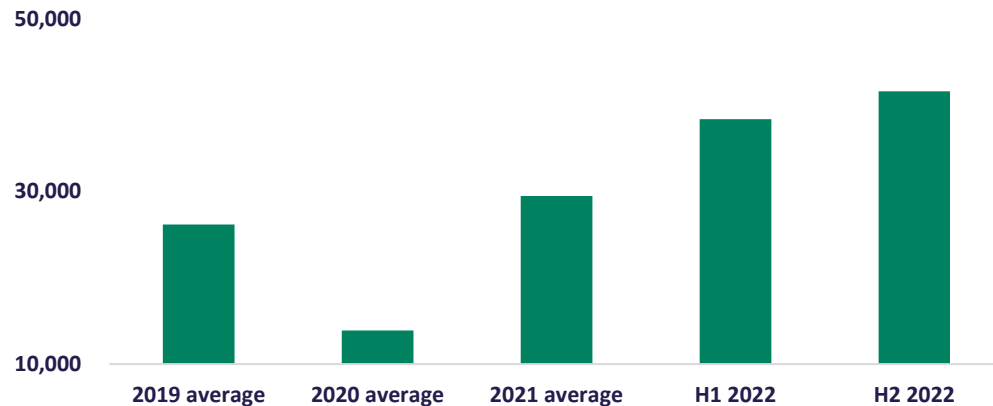
Smart meters	£61.1m
Data assets	£16.0m
I&C meters	£5.3m
Traditional meters	£11.2m
Third-party assets	£3.5m ²

1. The disposed I&C meter assets in 2020 are managed by SMS and classified under third-party assets

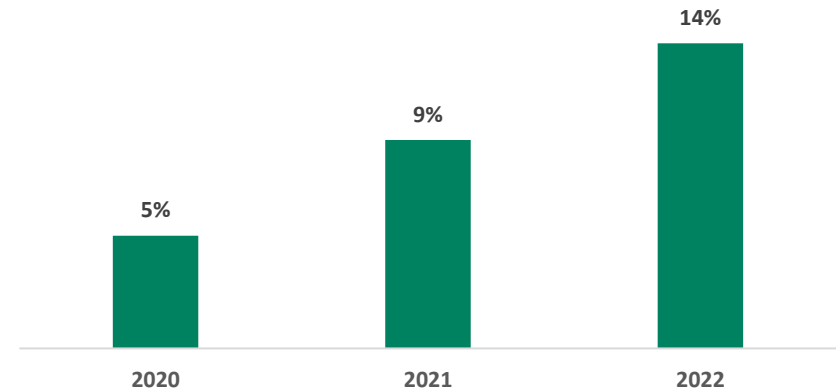
2. Excludes pass-through third-party rental

Smart meter: current run-rate and pipeline

SMS average monthly installation run-rate



SMS domestic smart meter installation market share¹

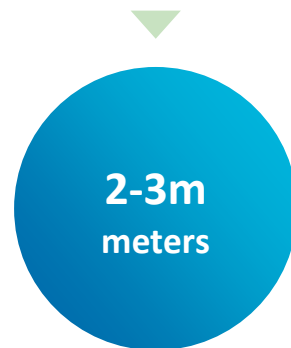


Pipeline and additional opportunity¹

Existing order pipeline



Additional opportunities



Industry SMETS1 enrolled and adopted²



December 2021



December 2022

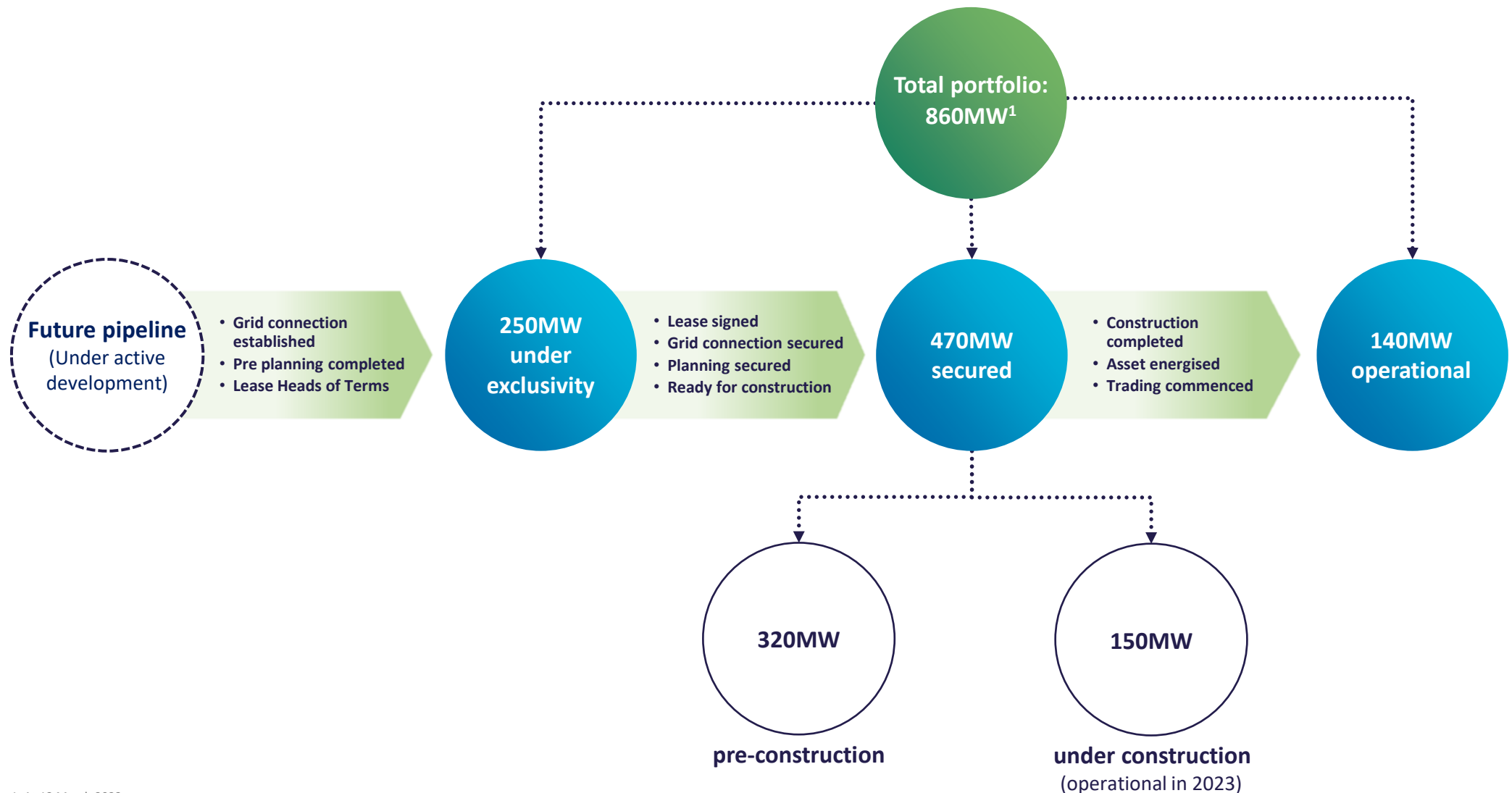
- c.65% of industry SMETS1 enrolled and adopted
- SMS ahead of the industry at c.80%

1. SMS internal estimates

2. Source: Smart DCC, BEIS, SMS internal estimates

Grid-scale battery storage: Strong portfolio

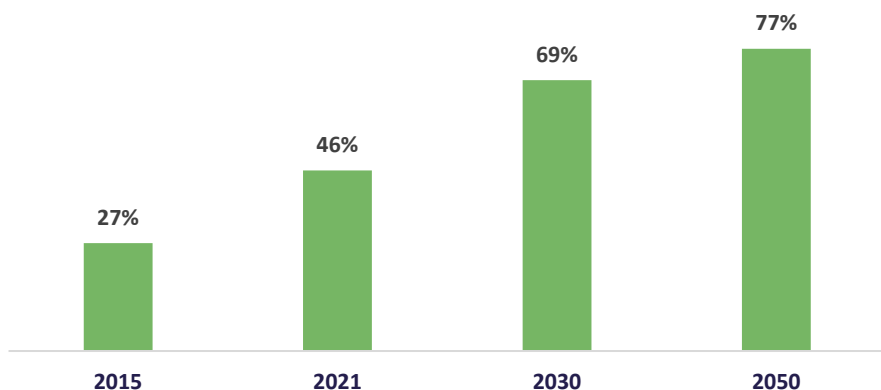
Continued progress in further developing the portfolio of grid-scale battery storage assets



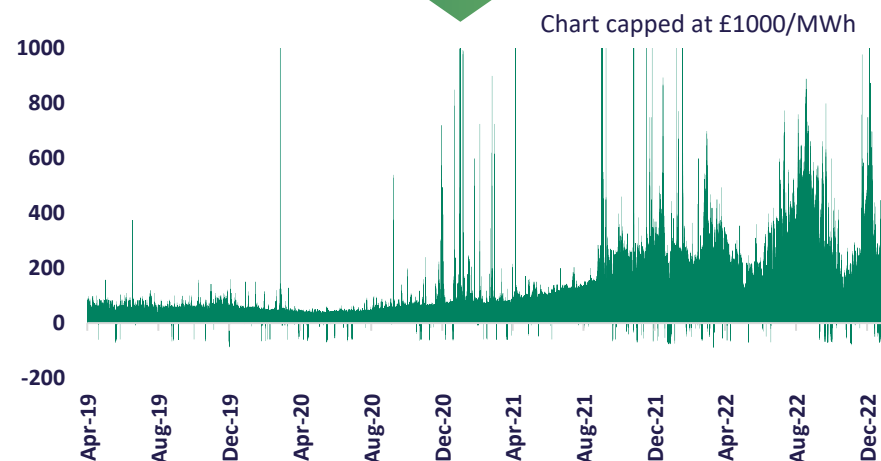
1. At 13 March 2023

Grid-scale battery storage: Growing renewables widening spreads

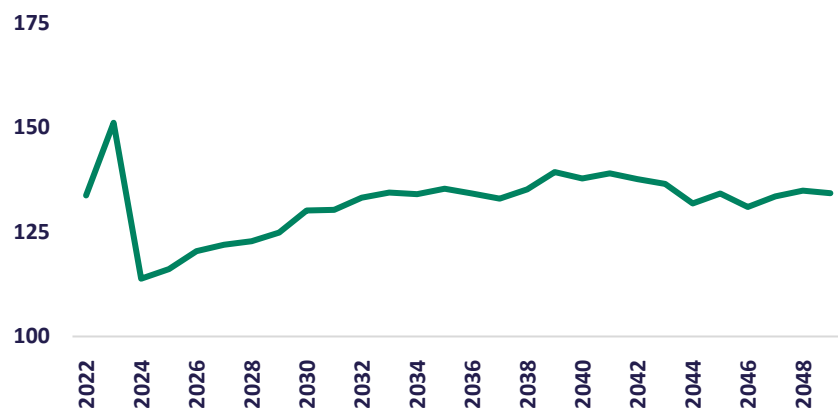
Renewables as % of total generation capacity¹



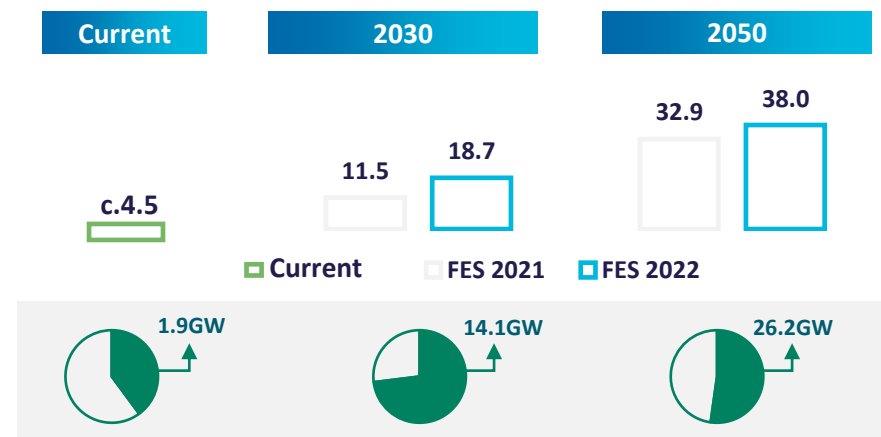
UK power price spread (£/MWh)²



Storage spread projections as at Dec 2022 (£/MWh)³

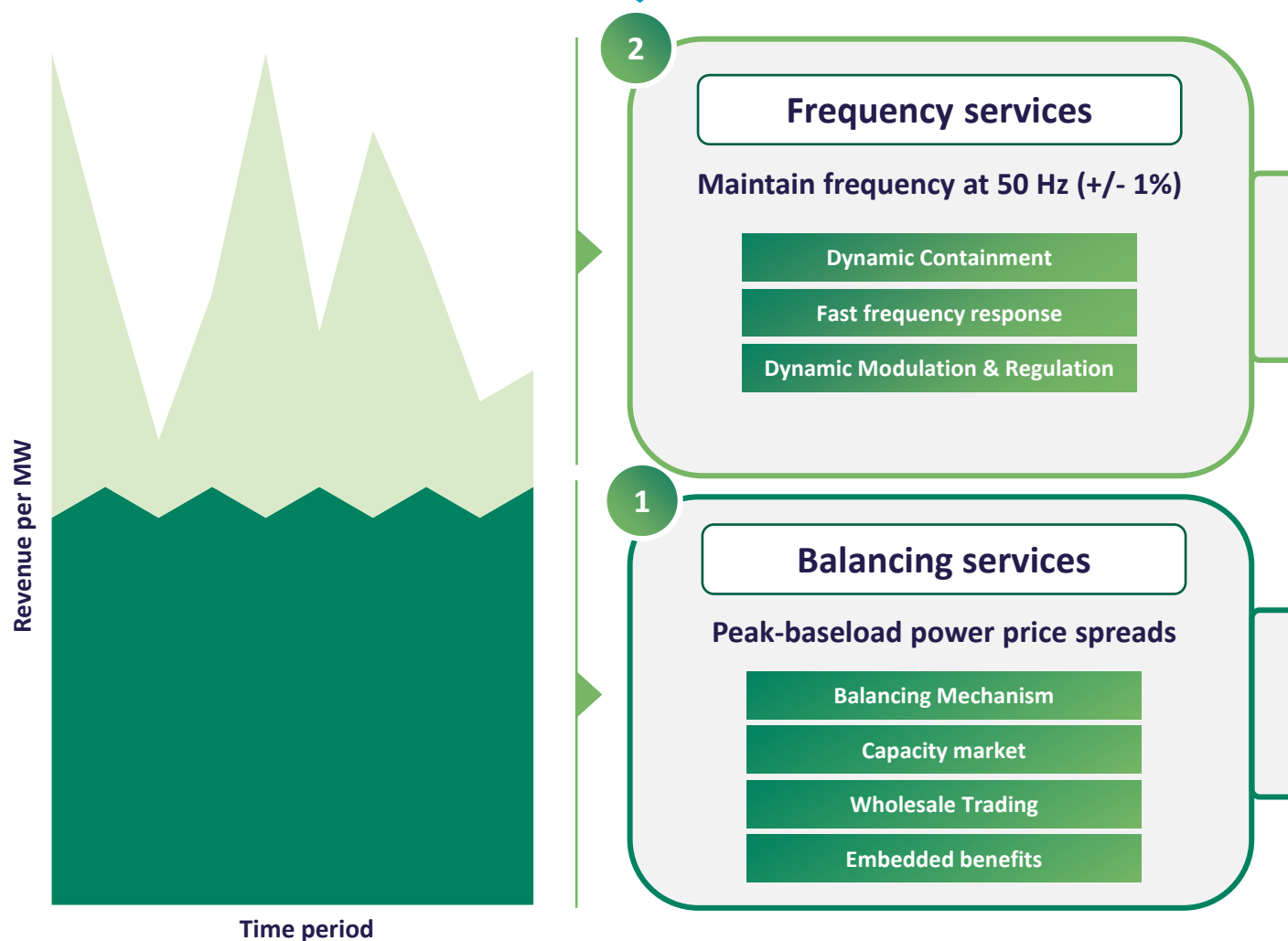


Total storage capacity required^{1,3} (GW)

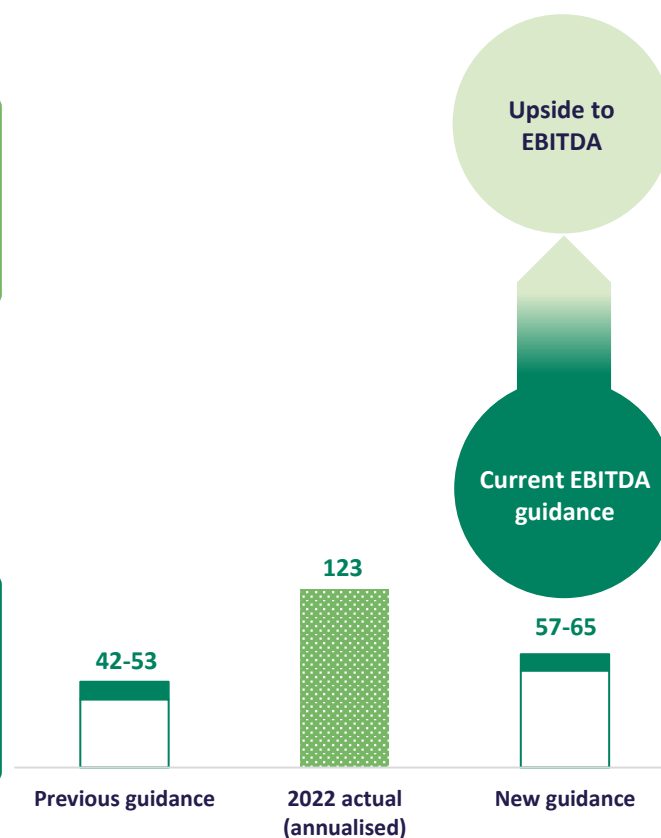


Grid-scale battery storage: Revenue and EBITDA drivers

Illustrative Revenue streams¹



SMS's EBITDA guidance (£'000/MW)



1. This chart is purely for illustration. In reality, depending on the trading opportunity and strategy, one revenue stream would be replaced by another

3. Financial review

Gail Blain, CFO

FY 2022 delivers strong financial performance

- **Operational performance drives strong FY 2022 financials**

- Continued growth in meter installation run-rate, averaging c.45,000 per month in the second half of the year
 - Meter installation coupled with annual inflation increase, drives strong growth in ILARR
- Performance of the first 50MW battery site significantly ahead of management expectations

- **Growth across all key metrics:**

- ILARR: +13%¹
- Revenue: +25%
- Pre-exceptional EBITDA: +21%
- Underlying PBT: +34%

- **Robust liquidity position at 31 December 2022**

- Cash: £32.8m
- Undrawn debt facility: £355m

- **FY 2022 pre-exceptional EBITDA marginally ahead², and underlying PBT materially ahead², in line with the upgraded guidance in our announcement on 26 January 2023**

- **FY 2023 pre-exceptional EBITDA expected to be marginally ahead; underlying PBT in line**

1. The comparison is versus 31 December 2021 ILARR of £85.9m

2. Upgraded during the FY22 trading update published on 26 January 2023

FY 2022 income statement

	Dec 2022 £m	Dec 2021 £m
Group revenue	135.5	108.5
Pre-exceptional EBITDA	63.8	52.8
Exceptional operating items	(6.6)	(6.5)
Statutory EBITDA	57.1	46.3
Depreciation and amortisation	(37.1)	(32.8)
Interest	(3.9)	(3.5)
Exceptional finance costs	—	(1.7)
Statutory profit before taxation	16.0	8.3
Underlying profit before taxation*	24.5	18.3

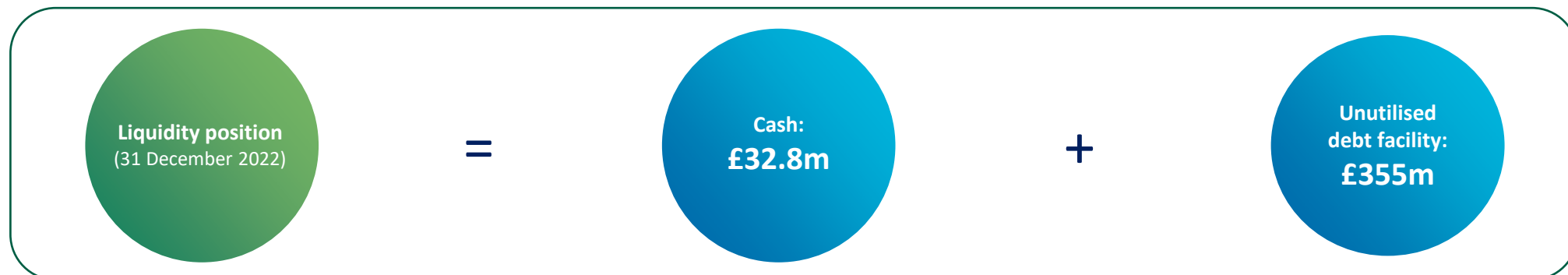
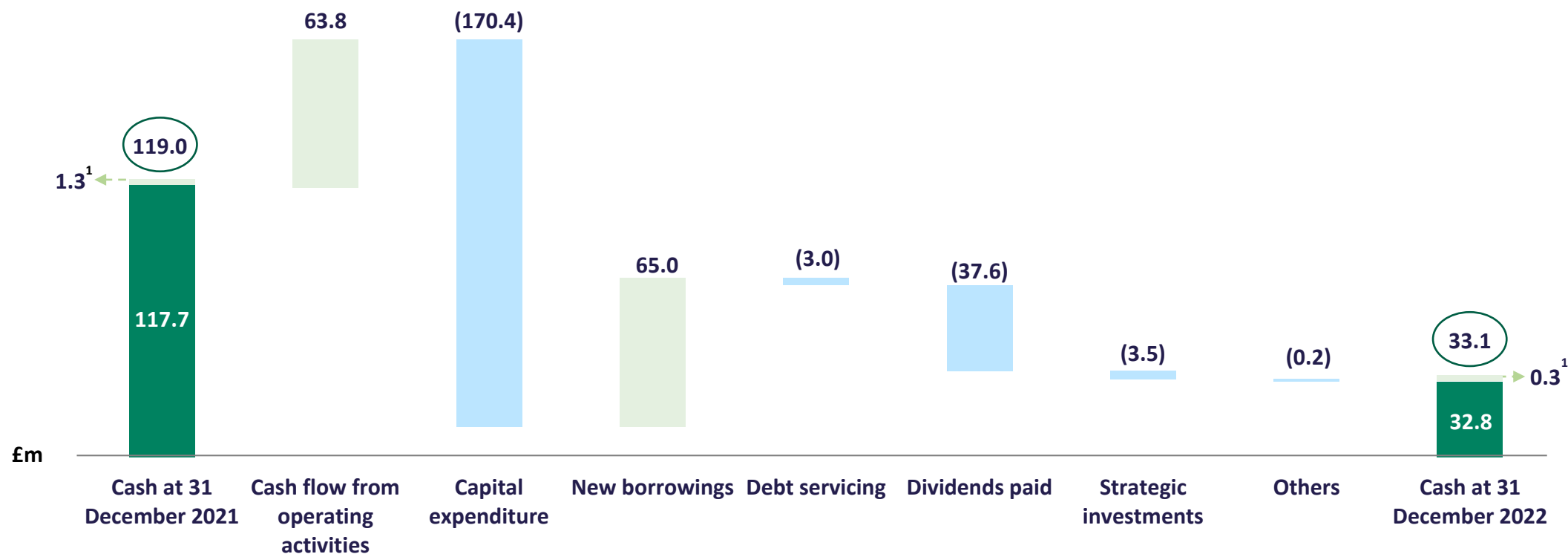
* Excluding exceptional items and amortisation of certain intangibles

Divisional revenues:

	Dec 2022 £m	Dec 2021 £m
Asset management	92.8	82.9
Asset installation	30.5	22.0
Energy management	12.2	3.6
Group revenue	135.5	108.5

- Revenue and pre-exceptional EBITDA growth driven by increased meter installations and first 50MW battery site
- £6.6m of exceptional items, mostly related to the loss on the traditional and SMETS1 meters
- Interest charge reflects the interest and non-utilisation fees in relation to the £420m facility
- Asset management improvement driven by meter installations and inflation
 - Depreciation adjusted gross margin at 92%
- Asset installation revenues increased due to a higher volume of transactional work
- Energy management includes £7.2m revenue from the battery sites. Excluding this growth was 38%, driven by the recommencement of energy efficiency projects

FY 2022 cash flow



1. Restricted cash

4. Summary

Tim Mortlock, CEO

Summary

- **Strong platform to withstand economic shocks**
 - Inflation-linked contracts provide protection against inflationary environment
 - Next annual RPI adjustment on 1 April 2023
- **Existing pipeline of meters and grid-scale battery storage to significantly grow EBITDA**
 - Net meter pipeline of c.2.17m¹; continued momentum in installation rates
 - Grid-scale battery storage assets portfolio of 860MW²; attractive returns evidenced from operational sites
 - Progress in further expanding other CaRe products and services
- **Strong liquidity position to support delivery of future growth**
 - Net debt position of £31.2m at 31 December 2022
- **Sustainable long-term dividend policy**
 - FY 2022 dividend of 30.25 pence per share
 - +10% y-o-y until FY 2024, in line with stated policy
- **Results and outlook**
 - FY 2022 results³: EBITDA marginally ahead; PBT materially ahead
 - FY 2023 outlook: EBITDA expected to be marginally ahead; PBT in line
 - Confident medium term outlook

1. Contract win offset by meter installs in FY 2022

2. At 13 March 2023. Including 140MW operational capacity

3. Upgraded during the FY22 trading update published on 26 January 2023

5. Q&A

6. Appendix

FY 2022 balance sheet

	December 2022 £m	December 2021 £m
Assets		
Non-current	573.4	443.1
Current	90.9	71.1
Cash at bank	32.8	117.7
Restricted cash	0.3	1.3
Total assets	697.4	633.2
Liabilities		
Bank loan <1 year	0.6	–
Current liabilities	71.6	58.1
Bank loan >1 year	63.3	–
Non-current liabilities	28.4	21.3
Total liabilities	163.9	79.4
Net assets	533.5	553.8

- Increase in non-current assets primarily due to investments in meters and grid-scale batteries
- Increase in current assets driven by investment in maintaining high meter inventory levels
- Cash position of £32.8m (31 December 2021: £117.7m)
 - Net debt was £31.2m
 - £355m undrawn facility

SMS leadership and investor relations

Executive team



Tim Mortlock

Chief Executive Officer



Gail Blain

Chief Financial Officer



Dilip Kejriwal

Head of Investor Relations

Non Executive Directors

Miriam Greenwood

Chair of the Board

Graeme Bissett

Senior Independent NED

Ruth Leak

Independent NED

Jamie Richards

Independent NED

SMS broker contacts

Cenkos Securities plc (Joint Broker and Nomad)

Neil McDonald

Corporate Finance Director

+44 (0) 131 220 6939

nmcdonald@cenkos.com

Investec Bank plc (Joint Broker)

Christopher Baird, MD

Investment Banking

+44 (0) 20 7597 5970

Chris.Baird@investec.co.uk

RBC Capital Markets (Joint Broker)

Matthew Coakes, MD

Corporate Broking

+44 (0) 20 7653 4000

Matthew.Coakes@rbccm.com

SMS PR advisor

Instinctif Partners

Tim Linacre, Deputy Chairman

+44 (0) 20 7457 2052

sms@instinctif.com

Equity research analysts

Barclays

James Zaremba

Cenkos Securities

Ian McNally

Investec

Michael Donnelly

Liberum

Joe Brent

Peel Hunt

Christopher Bamberry

RBC

Ruairi Cullinane



SMS
2nd floor
48 St. Vincent Street
Glasgow G2 5TS

www.sms-plc.com