

18 January 2024

Smart Metering Systems plc

Trading Update

Smart Metering Systems plc (AIM: "SMS", the "Group"), the integrated energy infrastructure company owning and managing smart meters, energy data, grid-scale battery storage and other carbon reduction (CaRe) assets, provides a trading update for the year ended 31 December 2023 ("FY 2023").

Index-linked annualised recurring revenue

The total meter and data assets ILARR was £113.4m at 31 December 2023, which includes the annual RPI adjustment. This represents a 16.8% increase since the prior year end (31 December 2022: £97.1m).

Category	% change	ILARR	Portfolio
Smart meters	+ 24.4%	£76.0m	2.5 million
Data assets	- 0.6%	£15.9m	0.5 million
Industrial & Commercial meters	+ 18.9%	£6.3m	0.1 million
Traditional domestic meters	+ 4.5%	£11.7m	0.2 million
Third party assets	flat	£3.5m	1.3 million
Total	+ 16.8%	£113.4m	4.6 million

Smart meters

During the year, the Group installed c.450,000 smart meters (FY 2022: c.480,000), increasing the total smart meter portfolio to c.2.5m (31 December 2022: c.2.1m).

Further to the announcement made on 1 December 2023 by Octopus Energy Group ("**Octopus**") on the completion of its acquisition of Shell Energy Retail Limited ("**SERL**") and the migration of SERL's energy customers to Octopus's systems, SMS has received a preliminary indication at an operational level from SERL that it proposes to migrate certain gas and electric meter installations under its contract with SMS to Octopus. SMS is considering this information and will continue to engage with SERL and Octopus in the coming months.

We continue to see wider opportunities to support energy suppliers to deliver on their smart meter obligations (for example in more complex installations).

Grid-scale battery storage

The Group's portfolio of grid-scale battery storage assets stood at 860MW, of which 240MW (1MW/hour) was operational by 31 December 2023, an increase of 100MW since 31 December 2022. The operational portfolio generated an annualised equivalent EBITDA of c.£46,000/MW (FY 2022: c.£123,000/MW), broadly in line with the wider market. Notwithstanding the recent volatility in battery revenues, we continue to expect the long-term EBITDA contribution to be c.£57,000 - £65,000/MW.

A 50MW (1MW/hour) site, which was expected to be operational in Q4 2023, has been delayed to Q2 2024 due to upstream protection works impacting the energisation of the site. In addition, the Group expects three 2MW/hour sites⁽¹⁾, totalling 90MW, to become operational in Q4 2024.

Developing CaRe⁽²⁾ assets

The Group continued to make strong progress in building its delivery capability, commercial models and pipelines for the provision of other developing CaRe assets and data services.

FY 2023 and outlook

The FY 2023 pre-exceptional EBITDA and underlying PBT are expected to be in line with the Board's expectations. Net debt as at 31 December 2023 was £171.9m.

The Group remains confident in FY 2024 and its medium-term outlook.

SMS will confirm the expected timing for release of its FY 2023 results in due course.

(1) The capex and long-term EBITDA from a 2MW/hour site is expected to be 50-60% more than a 1MW/hour site.

(2) Includes behind-the-meter solutions, such as solar and storage, domestic EV chargers and air-sourced heat pumps, and public EV charging infrastructure.

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Notes to Editors

Smart Metering Systems plc (www.sms-plc.com) the integrated energy infrastructure company owning and managing smart meters, energy data, grid-scale batteries and other carbon reduction assets ("CaRe") to facilitate effective energy management. The Group manages and optimises these assets through its in-house technology and data analytical platform "METIS".

Established in 1995, SMS provides a full end-to-end service, from funding and installation to management and maintenance, with a highly skilled workforce, deep engineering expertise and well-established industrial partnerships.

SMS is leading the low carbon, smart energy revolution in the UK and is committed to reducing its own carbon emissions to net zero by 2030. SMS has been recognised with the London Stock Exchange's Green Economy Mark every year since it was introduced in 2019.

SMS plc is headquartered in Glasgow with a national presence across twelve UK locations.

SMS's shares are listed on AIM.