



Annual Report
& accounts
2021





Annual Report & Accounts 2021

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Strategic Report

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Let's keep the world our home

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Why we exist: Let's keep the world our home

Foreword from our CEO, Nigel Pocklington

Joining Good Energy as CEO in 2021, I was drawn to the business primarily because of its purpose.

I have always worked within purpose led business. In fact, I believe the most successful businesses always have a purpose beyond simply making money. But Good Energy's is so clear, and so critical – combating climate change.

It was an eventful year to join. A world still coping with a global pandemic. Climate high up on the national and international political and media agenda with the UN's climate conference COP26 coming to Glasgow. And as the year progressed, an increasingly volatile energy market driven by global gas prices. It brought into stark focus that there is not only an environmental argument for moving away from fossil fuels, there is an economic one too.

Throughout all of this, I am proud to say Good Energy never wavered in its commitment to climate action. It only strengthened our resolve – 2021 was a landmark year for our purpose in many respects.

We took to the global stage at COP26. Introduced our Good Future Board, young people holding us to account on protecting their futures. Continued to cut our carbon footprint, remaining substantially lower than a pre-COVID-19 baseline. Achieved a number of breakthroughs on combating greenwash in energy retail. Environmental and social governance shifted from a nice to have in business, to the only way of operating.

The energy crisis has not abated and does not look to do so for the foreseeable. Meanwhile the climate crisis looms ever larger. The long-term solution to both is a cleaner, greener energy and transport system.

We need action from government. But businesses like us, and people like our customers, can lead the way. That is what we intend to do.



Nigel Pocklington

Our purpose

Climate change is our responsibility,
let's keep the world our home.

Our manifesto

We believe that everyone deserves a future on our home planet. Swimming in our rivers, walking in the forest or simply breathing clean air should always be an option; for us, for our children and for their children.

We know that to keep the planet our home we have to get to 100% renewable energy. So that's what we are working towards every single day.

We exist to give you the ability to generate your own power, not just buy ours. No one owns the sunshine, the wind or the rain, so let's share it.

Our goal is to turn every home and business into its own clean power station. Get your clean energy from families and businesses in your local community. Power generated by people like you, for people like you.

We believe that we all have our part to play. We do ours not only by empowering you to buy and share clean energy but also by investing in clean technologies.

We must be bold, stand up and take action to tackle climate change. We are more powerful together with our customers, generators, shareholders, partners and people. We invite you to stand up with us.

2021 achievements



Mobility



Continued investment in Zap-Map, which has made strong progress with the development of several new commercial products.



Time of use tariff launched for EV drivers to reduce the cost of charging.



Decentralised energy



Smart meter roll out accelerated with 30,000 meters installed to date.



Leading voluntary FIT provider with 93% customer satisfaction rating.



Green credentials & customer service



Awarded Which? Eco Provider badge for energy, coming top of their leader board.



All Good Energy tariffs are accredited as Uswitch Green Tariff Gold Standard.



We have an 'excellent' 4.5* rating from customers on Trustpilot.



Customer numbers increased in 2021 across all categories of the business.



Financial



Transformational sale of our generation assets in January 2022: using capital from our past to invest in our future.



The company is now debt free on a net basis. Gross debt reduced by 86.5% compared with year-end 2022.



Managed the impact of wholesale commodity cost rises seen in H2 2021 due to prudent approach to hedging.

Sustainable Development Goals



Sustainability is why we're in business

Sustainability is a broad term, but it captures the need to protect and preserve our planet.

The UN's Sustainable Development Goals (SDGs) provide a strong framework and guide for businesses to work towards. These 17 goals range across environmental and social factors, from protecting life on land to ending hunger.

Good Energy is a member of the UN Global Compact, the world's largest corporate sustainability initiative, founded to encourage businesses to support the SDGs. Our business has two of the goals at its heart:



Affordable & clean energy (Goal 7)

Our unique model has remained unchanged for over 20 years: support the growth of independent, renewable generation in the UK. This means we offer our community of over 1,900 generators a fair price for their power and a route to market for small clean energy projects. Our customers, employees, and investors are given an opportunity to support this model and be part of the solution to the climate crisis.



Climate action (Goal 13)

Good Energy was set up to tackle climate change, and this defining global challenge continues to inform how we operate as a company. Our financial decisions; new customer propositions; or policy and regulatory positions, are based on this starting point.





Chairman's statement



"We had a good operational performance in 2021 and continued the delivery of our strategy, hitting several key milestones – making it simple for all to generate, share, store, use and travel with clean power."

Overview

I opened my statement in our 2020 Annual Report by remarking on the historically tumultuous prior year we had witnessed. 2021 certainly sustained that theme, with the continuation of a global pandemic and national lockdowns leading into major disruption for the energy market.

Geopolitical tensions, not least between Russia and Ukraine, sent global gas market prices surging upwards to record high levels, taking power prices with them. In late 2021 this was exacerbated by a perfect storm of conditions ironically including low wind speeds alongside nuclear outages – which followed on to multiple energy supplier failures.

It was a storm Good Energy did well to weather successfully, due to our prudent hedging and buying electricity well in advance from our renewable generators through our decentralised model.

Despite these extraordinarily challenging market conditions, we had a good operational performance in 2021 and continued the delivery of our strategy, hitting several key milestones. We were able to make tangible investments into that strategy – making it simple for all to generate, share, store, use and travel with clean power.

Towards the end of the year, we announced the sale of our generation portfolio. This transformational sale has now completed, leaving Good Energy a substantially debt free company.

Market challenges

The scale of the energy crisis in 2021 was unprecedented. Wholesale power prices quadrupled, and we saw 28 energy suppliers exit the market.

It is a crisis which is not abating soon, stoked further by Russia's appalling actions in Ukraine. Coupled with inflation, which was at a 30 year high at the end of the year, as well as rising food and fuel costs, we are now firmly in the midst of a full-scale cost of living crisis.

The UK government has announced a suite of actions to address rising energy bills, and it is inarguable that intervention is required at this time.

Ultimately however, this can only provide relief in the short-term. The long-term solution remains investment in renewable technologies and a shift to a greener energy system. With fewer suppliers in the market, this leaves greater scope for prudent operators like Good Energy to continue driving innovation across the sector.

Strategic developments

Our decision to sell our generation portfolio allows us to access capital from our past to invest in our strategy. It also leaves us in a strong cash position despite the continued market volatility.

Looking ahead, our first focus will be on decentralised energy. Always a core part of Good Energy's business, we will be giving it renewed focus, building new propositions for customers to generate their own clean power in their homes and businesses.

Hand in hand with this is mobility. Electric vehicles (EV) are expected to see 47% annual growth through to 2026. Good Energy's subsidiary Zap-Map has solid leading position with 70% share of a rapidly growing EV driver market in the UK. 2021 saw several strategic developments there too, with the launch of paid subscriptions, several key payment platform partners and a partnership with leading fleet operator Fleetcor. We intend to invest further in the business's future.

All of this must be underpinned by strong digital services and operations. Nigel Pocklington, who became Good Energy's new CEO in May 2021, was appointed for this reason. His background in leadership positions with digital platform businesses including Moneysupermarket.com Group and hotels.com positions him perfectly to develop and execute our strategy.

Good Energy bonds

Following the successful restructuring of the financing on our renewable generation asset portfolio, we were in a strong cash position to repay 70% of the second Good Energy Bond which took place in June 2021. We will consider all relevant funding sources when appropriate for further repayment.

Dividend

Alongside our ongoing investments, we aim to deliver a dividend where appropriate, as part of our growth strategy and capital allocation policy. The policy has the objective of investing both organically and inorganically across the business and paying a dividend when appropriate to provide an appropriate return to shareholders. We remain mindful of maintaining and balancing the ability to invest in long term growth opportunities.

Following a good operational performance in 2021, the sale of the generation portfolio and reflecting our confidence in the ongoing business, the Board recommend a final dividend for 2021 of 1.8p per ordinary share, taking our full year dividend to 2.55p.

Good Energy's scrip dividend scheme continues to operate and the Board will confirm the payment timetable and final dividend in the coming weeks, alongside circulating the Notice of AGM.

Looking ahead

It is difficult to overstate the volatility of the energy market currently. However, Good Energy is well positioned both from a cash perspective, and an on-going outlook. The climate crisis already provided urgency to transition to a clean energy system. Today's turmoil provides geopolitical urgency to achieve greater energy independence, too.

This, coupled with a substantially different looking energy supplier market, leaves Good Energy with a more powerful role than ever to play in accelerating the transition to renewables.



Will Whitehorn

Chairman

Chief Executive's Review



"Our ambition is to support one million homes and businesses to cut carbon from their energy and transport use by 2025."

Overview

Good Energy's mission has always been linked to a crisis: climate change. We now find ourselves at the forefront of an energy crisis, too. Well before Russia's attack on Ukraine, sharply rising gas prices led to supplier failure as well as unprecedented increases in costs to the consumer.

In September, my summary of the first half of 2021 was that the business had made a strong start, both financially and in delivering against key objectives. Our financial performance showed clear recovery from the comparable period, which was heavily hit by the first Covid-19 lockdown. That performance, along with the balance sheet improvements we announced at our full year results earlier in the year meant that we announced a resumption of the dividend.

In terms of strategy, we passed several milestones in our development of mobility and energy as a service – marrying digital platforms to help consumers and businesses adopt green energy and consume it intelligently. We also spoke about the growth of Zap Map, new tariffs for EV drivers, progress in rolling out smart meters and plans for customers who generate as well as consume power.

In the second half of the year, we've seen largely unprecedented and structural changes to the UK energy landscape. I am proud of the way our business has reacted to these events.

Despite rising wholesale prices, a raft of suppliers exiting the market and significant operational changes we have continued to operate successfully. We had a challenging December, with record low wind levels and record highs in wholesale electricity and gas prices. Throughout the crisis we have used our flexibility to set appropriate prices, and improved cash collection capabilities and systems to mitigate the impact on our business and our management of working capital.

We have since seen some measures announced by Government for the protection of customers' bills, including its £200 Energy Bills Rebate scheme. In the Chancellor's most recent Spring Statement we also saw VAT scrapped for energy efficiency measures such as solar panels, heat pumps or insulation. Whilst not likely to help the most vulnerable customers in the short term, this is a welcome move which aligns well with Good Energy's strategy.

Having announced our intention to sell our generations assets, we completed this transaction in January 2022. This was a transformational moment for Good Energy. Whilst we celebrate our history and impact on growing renewable energy in the UK, we are moving forwards by using the proceeds from our past to invest in our future.

Navigating the crisis and making progress on our strategy has only been possible with the support of Good Energy's dedicated and professional team and the patience of our customers, many of whom have been with the business for several years. I am very aware of the impact of high energy costs on society and the economy, and we will look to reduce this where we can, as soon as we are able. The longer term need exposed by recent events for a resilient, renewable and secure energy strategy for the UK is at the heart of our mission as a company.

Shareholder support

I would like to place on record my sincere thanks to Good Energy's shareholders for their consistent support both through the energy market crisis and the unwanted and hostile takeover bid we saw in the first months of my tenure.

As a listed business, we routinely provide detailed levels of disclosure on a wide range of topics. As a purpose driven business, transparency and trust is even more important. The strong support we received in recent shareholder actions demonstrate that we have a loyal and supportive shareholder base. I'm excited about the future of this business and look forward to delivering on our digital first strategy as part of the next wave of the energy market transition.

Green accreditation

We continue to raise awareness of how people can directly support the transition to a zero carbon future through their energy supply. In March 2021, we became the first energy supplier to have all of our tariffs accredited as Uswitch Green Tariff Gold Standard. The comparison and switching service's independent panel judged our electricity and gas tariffs to be 'market leading in their environmental credentials'.

In October 2021 we were awarded an Eco Provider badge by Which? magazine after a lengthy research process, which saw us come top out of over 40 energy companies, many of which have now exited the market. This validates the unique work we have been doing to support renewables for over 20 years.

We attended COP26 in November and our secondary school-aged Good Future Board attended Conference of Youth 16, a precursor to COP26 to input youth voices into negotiations. We continue to push for meaningful change across this industry.

Purpose and strategic vision

Today we launch a bold vision for the coming years. Our ambition is to support one million homes and businesses to cut carbon from their energy and transport use by 2025.

Our mission remains as it always has; to power a cleaner, greener world. We make it simple to generate, share, store, use and travel by clean power.

We will be laser focused on our target markets and service offerings:

- Renewable supply business – fairly priced, transparent, 100% renewable electricity
- Decentralised energy – services to help homes and businesses generate, store, consume and share their own power
- Mobility – making it easier to own, drive, fuel and pay for an electric vehicle.

Energy supply market context

Despite our clear strategic direction, the current energy market has caused us to pause some of our more acquisitive customer ambitions in the short term.

In 2021, we saw the trend of consolidation continue in the energy supply market. In total, 28 firms collapsed throughout the year. Whilst many were victims of circumstance, a great deal were poorly run, unhedged businesses which will lead to the taxpayer and all bill payers, footing the bill.

As a result, in February 2022 we saw the price cap increase by a staggering 54% to £1,971. Expectations are that this will rise further throughout the year, given the continued elevated wholesale prices.

The devastating war in Ukraine is a stark reminder of the need for scaling up renewable energy and services in the UK. Before this event, we had already seen prices quadruple throughout 2021. Despite initial abatement in early 2022, the war in Ukraine and associated geopolitical nervousness has unfortunately caused prices to increase further. Electricity increased 472% and gas increased 752% year on year (March 2022 vs March 2021).

This current energy crisis – affecting everyone from consumers to suppliers, regulators and government – means we are experiencing ongoing global uncertainty and have not been immune from the impacts from the wholesale market.

In November 2021, we highlighted the impact of incurring additional commodity costs from a higher number of business and domestic customers than expected. This was expected to continue into the first quarter of 2022, at sustained high commodity prices. We have seen this play out to date.

In December 2021, we outlined that the elevated wholesale prices and record low wind levels would lead to an adverse impact to our full year results by approximately £3m. Electricity prices increased 36% in December, whilst wind output was materially below seasonal norms.

Despite this impact, we have continued to mitigate against these risks where possible.

- Our derogation from the price cap provides us with some pricing flexibility, recognising the cost of delivering a 100% renewable service.
- To absorb some of the higher input costs, we announced a second domestic Standard Variable Tariff (SVT) price rise of 30% effective from 17 January 2022.
- We expect this to minimise the impact of the rising forward prices over the medium term and will continue to monitor the need to increase prices further.
- We expect prices to stabilise, albeit it at a significantly higher level, throughout 2022 and 2023.
- We remain well hedged for summer 2022 and plan to incrementally increase hedging for winter 2022.

More recent events have heightened market volatility. The escalating crisis between Russia and Ukraine has caused significant short-term spikes in price since 21 February 2022. In early March, the price of gas spiked over £8.00/therm. The longer-term impact on the UK and European energy markets remains unknown. Short-term measures to reduce reliance on Russian gas include sourcing from elsewhere, but there is also an opportunity for the UK to accelerate how we develop and deploy renewable generation.

We anticipate that the days of low prices and aggressive price competition are unlikely to return in the short or medium term. Whilst there will inevitably be pain for consumers, we are well positioned to help those customers wishing to go green and have the services to generate, consume, share and store fully renewable power. We see this market evolving to be focused less on price competition and more on trust, purpose, products and services. Where we are well placed to prosper.



Nigel Pocklington

Chief Executive Officer



**How we achieve
our purpose:
Powering
a cleaner,
greener world**





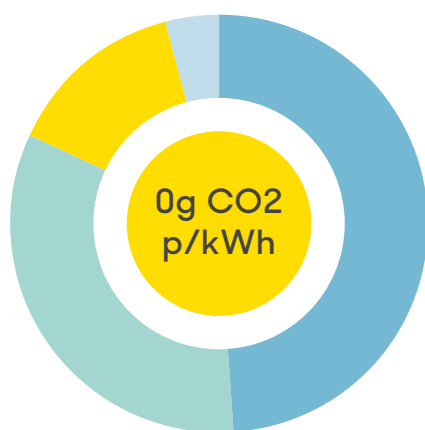
Strategic review

Renewable supply

Our focus is to provide fair priced, transparent, 100% renewable electricity.

Current performance

We source 100% renewable electricity from over 1,900 independent generators across Britain. As of January 2022, our fuel mix was 49% wind, 33% biogen, 14% solar and 4% hydro.



● 49% wind ● 33% biogen ● 14% solar ● 4% hydro

We exist to give our customers the ability to generate their own power, not just buy ours. To do this, we have a clear strategy for a growing market in decentralised, digitised clean energy and transport services based on 100% 'real' renewable power. We are already successfully delivering on this strategy, as shown in our integration of new digital customer service platforms for home and business customers and launch of innovative new tariffs for electric vehicle (EV) drivers.

Real renewable electricity

Good Energy has supplied 100% renewable electricity for over 20 years, sourcing power directly from renewable generators – rather than using regulatory loopholes and certificates to greenwash.

Today we are:

- Differentiated as a UK supplier backing all electricity supply, both business and domestic, with long-term contracts with renewable generators.
- The only UK supplier with the Uswitch Green Tariff Gold Standard accreditation for all its tariffs.

Excellent customer service

We have successfully embedded new digital customer service platforms for home and business customers. These investments have delivered consistently high customer satisfaction ratings and helped lower our cost to serve:

- The Kraken customer service platform, from Octopus Energy Group, is scalable and more efficient. It will enable us to easily launch new types of smart tariff.
 - 100% of domestic supply customers have been migrated to the Kraken platform.
 - We have an 'excellent' 4.5* rating from customers on Trustpilot.
- We partnered with one of the leading software suppliers to UK energy, Ensek, to install a digital billing system for our business customers. 100% of our business customers are now on the Ensek platform, enabling more self-service and improving efficiency.
- We have now navigated through some short-term migration issues, contributing to record cash collections in recent months.

Digital services

Our customer service platforms form one of the building blocks of a digitised business. Others include:

- The appointment of our new Chief Executive Officer, Nigel Pocklington, who joins from Moneysupermarket Group with a wealth of experience in digital-led, customer-centric businesses.
- Our controlling stake in the UK's leading electric transport app, Zap-Map, which has over 340,000 registered users and over 95% of the UK's public charging points on its network. Over 70% of the UK's EV drivers have downloaded Zap-Map.
- Our existing 180,000 energy services customers for whom we provide Feed-in Tariff administration.
- Our smart meter roll-out is on track with over 22,000 installed in 2021 and 30,000 total installations to date.

We are turning sustainability into an engaging digital experience by evolving our digital offering to introduce new customer touch points and cross-sell opportunities. These improved digital tools will lower our cost to serve and provide a more streamlined experience for customers.

In late 2021 we released an automated Feed-in Tariff (FiT) meter reading tool. In Q4 2021, we reduced the number of FiT meter reading submissions requiring manual validation by 50%. This improves both the customer experience, as well as the time required to serve them effectively.

We continue to roll out improvements across our app, portal and customer journey. Alongside these digital improvements will be an increasing number of collaborative referral partners, driving cross-sell opportunities for our more engaged customers.

Energy trading

Our in-house trading capabilities separate us from other energy suppliers.

We have a history of implementing a robust hedging policy, which became one of the media buzzwords of 2021.

These trading capabilities have been increasingly important in a volatile energy market. We remain well hedged for summer 2022 and plan to incrementally increase hedging for winter 2022.

In October 2021, we partnered with Barrow Green Gas (Barrow) for shipping services. The agreement builds on our longstanding relationship with Barrow and ensured we could continue supplying gas following the market exit of CNG. Our experience in trading renewable electricity alongside our existing counterparty relationships means we are well placed to become our own gas shipper, and Barrow is an ideal partner for that journey.

Our Kraken and Ensek platforms will enable further trading optimisation as we continue to develop energy services, with focus areas including half-hourly settlement, more agile smart tariffs and accessing revenue streams from the flexibility markets.

Renewables at a tipping point

Recent events have heightened awareness of the need for UK-based renewable energy. Not only to meet net zero targets, but also for increased energy security.

Businesses face a continued challenge from investors, customers and employees in the ambition to achieve zero carbon. Based on understanding our own business, we are developing a blueprint to help businesses with this transition. Not just through the supply of 100% renewable electricity, but in being able to understand the impact across their entire organisation.

Enabling businesses to understand not just their direct scope 1 emissions, but their wider scope 2 and 3 emissions will be increasingly important to improving sustainability. A role that we are well suited to help businesses with.

The wide uptake of hybrid working provides an opportunity for firms to support employees with sustainability at home. Our focus on business begins to shift from a pure business energy supplier to a hybrid services provider of both business and domestic customer offerings.

Our own carbon emissions report can be found on pages 66 to 67.



Decentralised energy

Services to generate, store, consume and share your own power.

Services

We will help people optimise their energy and be as efficient as possible. We make it simple to generate, share, store, use and travel by clean power.

Alongside our own products, we will use referrals to expert partners to build a network of services which will increase the length of our relationship with our customers. We have a committed and motivated green customer base and increasingly see this business as a referral engine for further products and services for the right customers. For example, almost half of our existing FiT customers were referred by solar installers.

We are actively investing in services and businesses that can accelerate our offering.

Feed in tariff

We are one of the UK's leading FiT providers. As of December 2021, 65% of our meter points were Feed-in Tariff customers.

We have a 93% satisfaction rating, with customers overwhelmingly positive about their experience.

We believe that this presents several opportunities in similar markets.

We see several cross-sell opportunities to existing and new customers. Currently, only 7% of FiT customers are also domestic supply customers, whilst a quarter are unaware of our supply option or believe switching would be a hassle. We are investing in propositions to provide additional value for this customer base, including smart export and referral partner offers in EV charging, battery storage and heat pumps.

Despite the FiT scheme being closed to new entrants, the UK rooftop solar sector is booming, with solar PV capacity increasing by 36% in 2021 to 730MW.

Installing solar provides clean, affordable electricity that reduces dependency on fossil fuels, as well as protecting against wholesale price volatility. There is a clear opportunity to tie renewable supply alongside solar generation, EV charging and battery storage.

Smart export payments

We have continued to develop new offerings for solar customers.

Our smart export solution will pay users for what they export as opposed to deemed rates.

The more customers export, the more they will get paid, and we can reward customers for making the grid greener.

In line with our proven FiT administration capabilities, our platform makes it easier to claim from Ofgem. As we make a fee for each MWh our customer's export, smart export will help to build longer, recurring revenue streams.

Partners

We are building a strong network of partners and plan to use referrals to provide new green services. In these new markets we need to be fast, flexible and responsive whilst focusing on partnerships that will elevate our core offering and that meet the needs of current and future customers.

Initial results from our partnership with Caplor Energy are extremely positive, illustrating that there is demand for solar, electric vehicle and battery storage. Our role is to use this to create a referral engine and establish long-lasting relationships with customers who engage with an increasing number of products and services. These will allow us to deliver value-add solutions for customers, whilst we share the benefit through recurring revenue streams.

Read more about our partners on page 57.



Mobility

We aim to make it easier to own, drive, fuel and pay for an electric vehicle.

We have solutions for all areas an electric vehicle (EV) driver needs. We will continue to invest in software and services and build partnerships to provide hardware. A full electric mobility service must cover the following areas:



Energy supply – provide time of use tariffs and automated solutions to meet increased customer electricity demand with 100% renewable electricity.



Services – Zap-Map provide leading services for consumer and fleet EV users, helping drivers search, plan and pay for EV charging.



Charging infrastructure – partner with providers of home and public EV charging hardware, and help remove barriers for paying for EV charging.



Electric vehicles – as EV adoption increases, partner with manufacturers, car leasing and subscription providers to increase awareness of green energy services for EV.

We are building partnerships throughout this ecosystem. Our focus is on energy supply and services, whilst partners will provide more capital-intensive solutions to infrastructure and access to electric vehicles.

In 2021 we released our EV tariff, Green Driver. We also trialled innovative time of use tariffs that included periods of free electricity. Customer feedback was clear: longer off-peak windows were preferable, and we are still early in the journey of optimising automation for more complex tariffs.

Time of use tariffs demonstrated that customers shifted 43% of load when incentivised with lower off-peak rates. More automated solutions will allow for an even greater amount of load to be shifted off peak, benefiting not just the consumer but easing demand on the grid. We are working on developing these automated solutions, alongside ways for users to be rewarded for shifting this load.

EVs are likely to be the catalyst for further decentralised energy solutions alongside solar generation and battery storage. The opportunity to optimise generation, consumption and export is significant in both green and financial terms for consumers and energy suppliers.

Zap-Map

Zap-Map had a strong 2021 performance, developing core products and proving consumer demand. Our focus for this business in 2022 is scaling up to capitalise on their market leading opportunity.

We intend to participate in the current funding round being undertaken by Zap-Map and we remain in advanced discussions with a number of strategic partners. Our expectation is that this will complete in early Q2 2022.

Zap-Map's current funding round will allow it to embark on its next course of commercial and development goals, which will crystallise its leading position for its market services in the UK and initiate steps of international expansion to selected territories.

The EV market is experiencing a seismic shift with record demand. EVs are expected to grow from 10% of new car sales in 2020 to 100% by 2030. This would represent over 27% of the total UK car parc. Throughout this period, we expect a 92% compound annual growth rate (CAGR), with 47% growth expected until 2026.

With over 660,000 downloads and hundreds of thousands of users each month, the Zap-Map app helps EV drivers search for public charge points, plan journeys and pay for EV charging across multiple networks.

In the past twelve months Zap-Map has launched its Zap-Map Plus and Premium subscription services, including support for Apple CarPlay and Android Auto. Its leading payment service, Zap-Pay, now has nine public charging networks signed up with Osprey, ESB and char.gy live and new launches including MFG EV Power and GeniePoint coming shortly. It also announced a commercial partnership with worldwide leader in business payments Fleetcor for integration in its Allstar fleet payment platform.

Zap-Map currently has over 350,000 registered users, and over 95% of the UK's public points on its network. Over 75% of UK EV drivers have downloaded Zap-Map, with growth in Zap-Map downloads more than keeping pace with the rapid growth in the EV market.

Growth in users has tracked the growth of the wider electric vehicle market with user numbers up 125% vs December 2020.

Engagement is one of the key metrics for growth. Zap-Map has historically had an early adopter, highly engaged user base. Over 50% of users are monthly active users, a leading indicator of repeat usage. There are over 20k chats per month, 15k monthly routes planned and over 2.5k cross platform users. The breadth and depth of the data available to EV drivers is what defines Zap-Map as the market leader in this category.

In March 2022, Richard Bourne was appointed as permanent CEO after having joined Zap-Map as interim CEO in January 2021. Following a successful year for the company, Bourne's permanent role will see him lead the execution of Zap-Map's overarching strategy to make charging simple for the next 10 million EV drivers, including developing its core products as well as expanding internationally.

In addition, Nigel Pocklington has been appointed Chair of Zap-Map. Nigel bolsters the Board's expertise in building successful online platform businesses, together he and independent Non-Executive Director Tim Jones have experience from leadership roles at AutoTrader, Moneysupermarket.com Group and Hotels.com.

EV driver products

Zap-Map is a digital platform which enables revenue streams from both consumers and businesses. With the app as a core offering, they have developed products across consumer, fleet and business segments that leverage their position at the centre of the EV charging market.

Subscriptions

Recurring revenue streams can come from solving the specific needs of each EV driver segment. The core products of the Zap-Map app remain free but operating a 'freemium' model, which provides value-add services to frequent users of the public charging network.

For consumers, the freemium model offers drivers additional features to simplify the driving experience. Zap-Map Plus has smarter search with enhanced filters and save options, while Zap-Map Premium adds in-car integration with Apple Car-Play and Android Auto.

Since its launch in July 2021, subscriptions have been growing and have seen good levels of initial conversion, particularly with new drivers. The ambition is to have 10% of the userbase as paid subscribers by 2026, which is supported by the experience of other consumer facing freemium models.

For fleet offerings, Zap-Map are launching a co-branded free fleet payment app alongside

Allstar business solutions (Fleetcor UK) in Q1 2022. Zap-Map Pro will add to the premium feature set with enhanced route planning and fleet dashboard and reporting functionality.

Zap-Pay

Zap-Pay offers simple access to multiple charging networks through one simple payment method. For EV drivers, this provides cross-network in app payment, removing the complexity of the fragmented UK charging network. User benefits include payment through the app, real time charging updates and full payments history.

To date, there are three networks live on Zap-Pay, with nine due live by the end of April 2022. Currently this provides a c. 15% coverage of the total UK charging network, with 25% coverage of ultra / rapid chargers. Good progress is being made signing up new charge point operators, with an ambition to scale this up significantly by the end of 2022. Use of the Zap-Pay network continues to grow and provides increased insights into driver behaviour.

Incentives for charge point operators to join Zap-Pay include promoting their network to the Zap-Map user base, which is a low-cost alternative to contactless. There is a clear standards-based integration, control of pricing and terms and conditions, as well as monthly driver behaviour insights which contactless payment is unable to provide. This data allows charge point operators to better understand their customer base and refine services.

Zap-Pay fleet solution

For fleet drivers, Zap-Map have partnered with the UK's number one fuel card service provider, Allstar (Fleetcor UK). This co-branded app allows drivers to search and pay for charging across multiple charge point operator networks. It delivers aggregated monthly billing to fleet managers, with no driver expense management, simplifying the user experience and removing barriers to fleet adoption of electric vehicles. Allstar will also be reselling the Zap-Map Pro subscriptions to provide enhanced fleet-oriented services to drivers.

Data and insights

As a result of their market leading position with 95% of charge point data and over 70% of EV drivers registered on the app, Zap-Map has access to unparalleled data from across the EV ecosystem.

Taking inputs from charge point profiles, usage and driver demographics and behaviour, they are able to deliver valuable outputs such as data licensing, reports and benchmarking and plans for a self-serve portal.

To date this has been monetised through insight reports provided to a diverse range of partners and customers. Future plans include the ability to automate the delivery of these data services.

Engaging with our stakeholders

Section 172 of the Companies Act 2006 requires Directors to act in good faith and in a way that is most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard to:

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

The Board of Directors consider that they have acted in a way that is in good faith and is likely to promote the success of Good Energy Group PLC for the benefit of its members (having regard to the stakeholders and matters set out in Section 172 (1) (a-f) of the Companies Act 2006).

Our approach

The Board recognises its primary legal responsibility to promote the success of the Company for the benefit of its members, taking into account the interests of other stakeholders including customers, employees, partners, suppliers, regulators, the environment and the local communities in which Good Energy operates.

This section describes how the Directors have discharged their duties to promote the success of the Company under section 172 of the Companies Act 2006.

Stakeholder and shareholder engagement



Stakeholders

The Board actively engages with the Company's shareholder base, from its individual customer shareholders right up to the institutional investors. Communications include investor newsletters covering recent activities; market announcements on key business developments; and invitations to presentations with opportunities for shareholder questions and real-time responses.

The effectiveness of this engagement is demonstrated by a large long-standing loyal shareholder base and the continued support shown following the Board's recommendations on matters presented for shareholder vote over the reporting year.



Bondholders

The Board actively engages with the Company's bondholders via its bi-annual interest letters and the Group website.

The Board's interaction with bondholders was an area of additional focus in 2021. The Board wanted to ensure that the partial bond repayment made was communicated through clear and regular updates. This process resulted in increased inbound contact for the Company and the Board ensured that queries raised by bondholders were responded to promptly.



Employee engagement

We are proud of the work we do to keep Good Energy employees well-informed and engaged. Our internal channels deliver monthly interactive company-wide briefings and weekly CEO update vlogs from Nigel Pocklington, in which he shares his experience of the week and looks ahead. We continuously strive to improve further, with efforts spearheaded by our team of employee champions and regular surveys such as 'Best Companies', which provide valuable feedback on what's working well and opportunities for improvement.

Our success has been demonstrated by Good Energy being named one of the South West's 50 Best Companies to Work For 2021 and the 5th Best Utility To Work For 2021. We have also seen vast improvements in the Employee Net Promoter Score (ENPS) score, which at March 2022 is +26, compared with -23 the last time we measured in January 2020. Internal surveys highlighted that employees valued being consulted on our new office design. We also continue to check-in with our employees on how the new hybrid working environment is working.



Customers

Good Energy updates customers on our activities via regular newsletters, digital communications and published content including blogs and press releases on the Company's website and social media channels. Hearing what our customers expect from Good Energy through thematically assessing customer contact, gathering in-the-moment feedback from customers during or immediately following calls, conducting periodic consumer focus groups and regular customer surveys and involving customers in trials of new products and services remains important to the Company. We have also improved the service for our business customers with new digital platforms.

The Company's rating on Trustpilot increased from 'Great' to 'Excellent' in 2021 and is in a large part down to our Clean Energy Specialists, who work hard to answer all our customers' questions and help them look after their energy accounts. Additionally, we were named an Eco Provider for energy by Which? magazine, giving consumers confidence in our green credentials.



Delivery Partners and Suppliers

Good Energy operates a tailored approach to supplier engagement where individual functional leaders are responsible for the providers within their area of expertise. Our Procurement Policy and Good Procurement Guide set out the principles employees should employ to ensure they spend the Company's money wisely and ethically.

Support is provided by a central procurement team which has been strengthened during 2021 with additional resource for the management of strategic suppliers. Improvements have been made in how we monitor and manage supplier performance, and this has enabled us to develop closer relationships with key providers.

Investment has also been made during 2021 to grow our capability for monitoring our supply chains sustainability performance. We can now in a systematic way begin to understand whether the providers we work with are able to meet the level of ethical and social responsibility we expect of ourselves and where necessary engage with them to encourage improvements.



Policy makers and regulators

The Company maintains a constructive dialogue with policy-makers on matters relevant to its strategy and current operations. We regularly engage with the energy regulator, Ofgem, both directly and through public consultations and industry forums. We also work with thinktanks and consumer groups who hold positions of policy influence in the energy sector, targeting industry groups aligned to Good Energy's purpose, values and strategy.

In 2021, Good Energy teamed up with Scottish Power to urge the Government and Ofgem to close 'greenwashing' loopholes. Our 'Renewable Nation' report was published in collaboration with Energy Systems Catapult, and demonstrates how renewable energy offers the cheapest and cleanest option to deliver net zero by 2050. Findings were presented at an event held during COP26 in Glasgow.

We have taken an active role in government discussions on proposals to protect consumers in the short term as well as ensuring a financially resilient market, with a number of the Company's policy recommendations being taken up, including in the retail market and for key renewable support schemes. Throughout the year, we continued to champion small-scale renewable generators, including during Ofgem's network charging reforms and in conversations with HM Treasury on business rates for renewable generators.

The outcome on decision making by the Board and management team considering Section 172 has resulted in actions including further assessments on stakeholder relationships where appropriate, actions taken by the Board in relation to the long-term strategic direction and actions to more closely align with our purpose, values and culture.

Read more about our stakeholders on pages 56 to 61 in the strategic report and 85 in the Governance report.

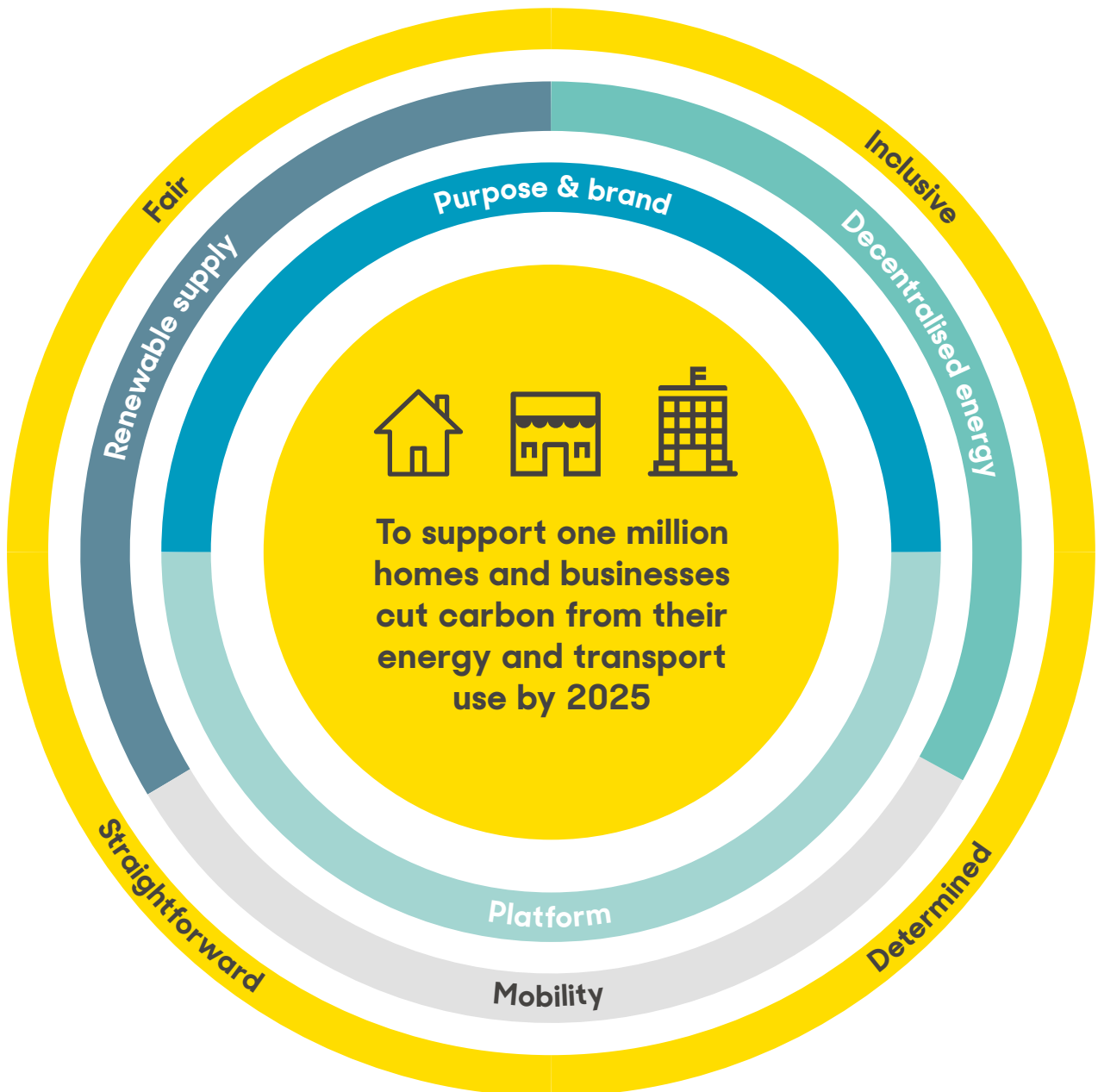
Read more about our strategic direction on pages 18 to 20.

Read more about our purpose, values and culture on pages 48 to 51.

The business model

Energy services: where we will play

Our purpose is powering the choice of a cleaner, greener world. Our business model drives delivery of our strategy and creates long-term value for all our stakeholders, and we exist to give our customers the ability to generate their own power, not just buy ours. The building blocks are in place and our strategy is clear for the growing market in decentralized, digitised clean energy and transport.



Purpose & brand

Powering a cleaner, greener, world. We have a committed and motivated green customer base and increasingly see the business as a referral engine for further products and services for the right customers

Platform

Successfully embedded new digital customer service platforms. These investments have delivered consistently high customer satisfaction ratings and helped bring our prices down.

Renewable supply

Provide fair priced, transparent, 100% renewable electricity. We exist to give our customers the ability to generate their own power, not just buy ours.

Decentralised energy

Help people optimise their energy and be as efficient as possible. We make it simple to generate, share, store, use and travel by clean power.

Mobility

We aim to make it easier to own, drive, fuel and pay for an electric vehicle. We have solutions for all areas an EV driver needs.

Our values

Fair, inclusive, determined and straight forward

Our values are embedded throughout Good Energy and the Board recognises the importance of its role in promoting and monitoring the Company's desired culture and ensuring it is consistent with the Company's long-term strategic objectives.

To see our progression on our strategy, see pages 18 to 20.

Key performance indicators

Good Energy measures its progress with a number of key performance indicators (KPIs) which closely align with our business.

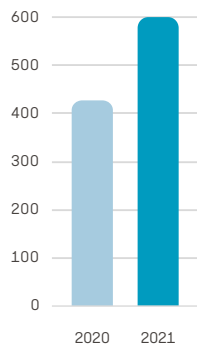
Further detail on the factors driving the KPI performance is set out in the Chief Executive, Financial and Operating Reviews within this Strategic Report.

Total customer relationships (000's)

Measures domestic, business, FiT supply and Zap-Map registered users



40.1%

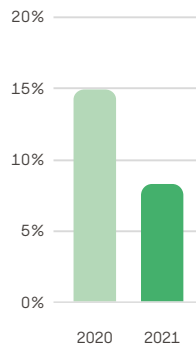


Churn (%)¹

Reflects the rate of turnover or loss of customers



-6.6%

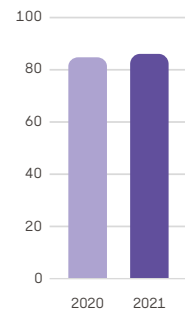


Cost to serve (£ per meter)

Measures the overhead cost per customer excluding acquisition costs (i.e. sales and marketing)



1.3%



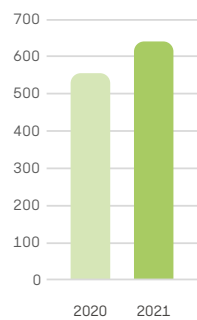
Supply volume

Electricity (GWh)

Measures the amount of electricity we supplied to customers



15%

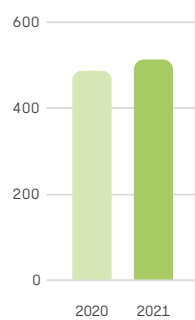


Gas (GWh)

Measures the amount of gas we supplied to customers



5.2%

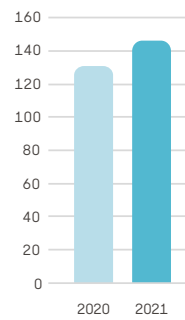


Revenue

Measures growth in sales over the period



11.8%



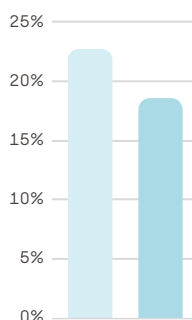
1. Data from November 2021

Gross margin (%)²

Measures profitability as a proportion of revenue after the cost of sales



-4.1%

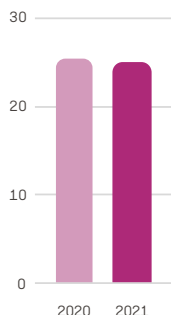


Admin cost (£m)³

Measures operational efficiency by looking at administration cost growth



-2.0%

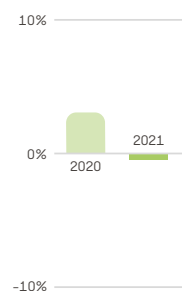


Operating margin (%)⁴

Measures profitability as a proportion of revenue after operating costs



-3.6%

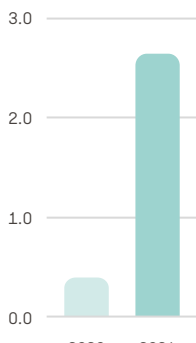


PBT - underlying (£m)²

Measures profitability as a proportion of revenue after operating costs



560%

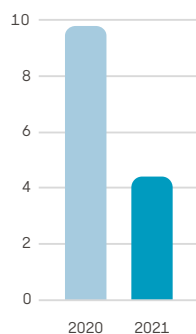


EBITDA (£m)⁵

Measures profitability of the company before the cost of interest, tax, depreciation and amortisation



-54.6%

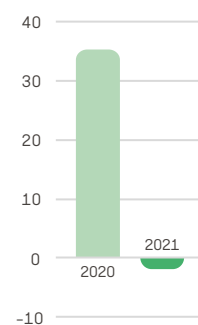


Net debt (£m)

Measures the Company's ability to repay all debts if they were due immediately



-105.5%

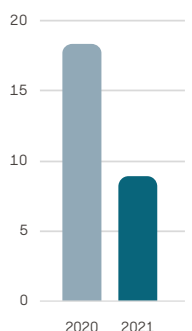


Cash & cash equivalents (£m)

Measures the un-restricted cash and cash equivalents held by the business at a point in time



-51.5%

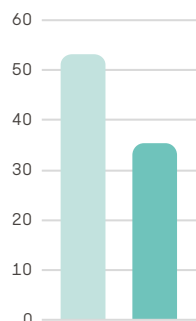


NPS

Measures how likely a customer is to recommend Good Energy



-33%

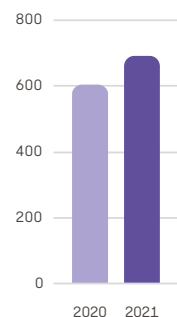


Carbon avoided (GWh)

Carbon avoided by supplying 100% renewable electricity and 10% green gas (vs. using fossil fuels)



14.2%



2. This represents underlying continuing operations performance only. More information about PBT is on page 37.
 3. This represents reported administration cost plus discontinued administration cost
 4. Operating margin reflects continuing underlying operations
 5. This represents reported EBITDA (incl. non-underlying costs) plus discontinued operations

Operating review

Wholesale energy market conditions

Power prices

Following the impact of Covid-19, the development of power prices in the last 18 months has been significant. Changes have been especially dramatic in the last 6 months, with average electricity and gas prices 36% and 35% higher in December than November – reaching as high as £500/MWh.

Weather conditions in 2021 impacted volumes, with sustained low wind seen throughout the year.

Sustained low wind in 2021 was up to 33% below seasonal norms. The impact of this was seen clearly with UK onshore wind output down 25% (Q1-Q3 2021 vs Q1-Q3 2020) despite a 2% increase in installed capacity.

Our revenues are sensitive to changes in the demand for electricity and gas. As markets and businesses have adapted to cope with Covid-19, we have seen business demand recover materially, with Small and Medium Enterprises (SME) business supply volumes up 17% and Half Hourly (HH) volumes up 20% in 2021 vs 2020.

Overall supply volumes were up 10%, partly driven by average temperatures which were 1.7 degrees lower in the first half of 2021 and 0.5 degrees lower across the full year compared to 2020, and partly by Covid-19 recovery. The colder weather meant gas supply volume increased from 486GWh in 2020 to 512GWh in 2021.

Our renewable supply business.

Cash collections

We saw a rise in cash collections in Q4, driven by the Kraken platform and standard variable tariff (SVT) price rises for both Domestic and SME customers, high supply volumes via new and extended business contracts and resolving issues with our migration to the Ensek business billing platform.

We expect significantly higher cash collections through 2022 and this is an expectation being fulfilled in Q1 2022.

There is an increased focus on good quality business partners to ensure future growth comes hand in hand with good collections performance.

Teething problems with the implementation of Ensek impacted collection during 2021, resulting in lower Q2 and Q3 collection levels for business customers. In Q4 collections performance improved, and the collections deficit was substantially recovered.

Business

Total business customers increased by 3%. SME was up 27% and HH up 15%, which helped increase electricity supply volumes (2021: 640 GWh, 2020: 560 GWh).

Business Feed-in-Tariff customers increased 1.7% to 132.7k, as we continue to maintain our position as one of the market leaders in FiT administration. Total business supply customers increased by 20.1% to 144k.

Growing business customer numbers has underpinned our strategy in recent years, and this planned tilting towards business provides us with greater stability through longer term contracts and higher retention levels compared to domestic supply. Whilst gross margins fall because of this shift, operating margins have the potential to increase over time due to the lower cost per acquisition and cost to serve these customers.

Domestic

Total domestic customers increased by 0.9% to 133k. Domestic FiT customer numbers increased by 0.5% to 47.4k, whilst domestic supply customers increased by 1.0% to 85.8k.

2021 saw 28 suppliers exit the domestic supply market. This reinforced our stance that a race to the bottom on price was not a viable long-term business model. We remain committed to having a highly competitive price for 100% renewable electricity proposition. Elevated energy prices will drive increasing awareness of the sector. Despite the anticipated squeeze on incomes, demand for green products and renewable electricity continues, with increased business and consumer awareness. The recognition from Ofgem, Uswitch and Which? of Good Energy as a genuinely 100% green supplier, proves our credentials in this space.

Feed in tariff (FiT)

FiT administration provides the foundation of our energy services model. Despite the scheme closing to new entrants in March 2019, we continue to administer the scheme for domestic and business customers. Domestic customers numbers increased 0.5% to 47.4k and business customers increased 1.7% to 132.7k in the period.

In late 2021 we released an automated tool for submitting FiT meter readings, which reduced the number of meter readings requiring a manual review by 50%. This improves both the customer experience, as well as the time required to serve these customers effectively.

Generation performance

The generation portfolio consisted of six solar (30.1MW) and two wind sites (17.4MW). The Delabole site experienced outages following storms at the start of the year together with some delays to parts being available from Europe as a result of Brexit.

There was sustained low wind in 2021, up to 33% below seasonal norms. The impact of this was seen clearly with UK onshore wind output down 24% (Q1-Q3 2021 vs Q1-Q3 2020), despite a 2% increase in installed capacity.

In January 2022 we announced the disposal of the renewable generation asset portfolio (47.5MW) as part of an ongoing strategic shift to energy and mobility services.

Smart metering

Following delays in 2020 and the first half 2021 due to Covid-19 restrictions, smart meter installations are progressing well. By 7 January 2022 we had installed 22,00 meters, delivering on our 2021 target. Total installed meters to date are 30,000 meters.



Principal risks

Risk management approach:

Good Energy recognises that effective risk management is critical to enable it to meet its strategic objectives.

The Company has continued to improve upon the risk management framework to provide clear oversight for identifying, assessing and managing risks and issues both at an operational and strategic level. The potential impact of internal and external risks to the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Group's strategy.

Our business model

Good Energy Group plc has three principal business areas following the sale of the generation assets: Supply, Decentralised energy and Mobility.

Our combined Supply and Feed-in Tariff (FiT) administration services serve over 277,000 domestic and business customers and matches all the electricity used by them with power sourced directly from 100% renewable sources. Within Supply, we supply services in the low carbon sector as well as our Feed-in Tariff (FiT) administration services that helps households and businesses meet either all or part of their electricity demand directly from their own renewable technology. We have power purchase agreements with 1,900 independent UK generators.

In Decentralised energy, we are empowering people to generate their own power by investing in systems to develop our smart export capability and enhancing digital solutions.

Mobility is the electrification of transport through our investment in Zap-Map, the UK's leading electric vehicle (EV) mapping platform to search, plan, pay, share and drive. We are also providing products and services such as Time of Use tariffs for EV drivers and driving behavioural changes.

Operationally, we keep functions relating to each business area as centralised as possible, such as sales, IT and marketing. To support this centralised way of working, we invested in two software platforms that allow us to scale growth efficiently and cross-sell services to different customer types. Both Kraken Technologies and ENSEK Limited support our processes within the energy supply market and continue to support the roll out of smart products and services.

Our business model relies on important partnerships and communities, in addition to customers that range from individual households and small businesses through to large corporations.

Our vision to our customers is to be the UK's most trusted partner helping people in their homes and businesses to get to net zero. We make it simple to generate, share, store, use and travel by clean energy.

This is driven by a clear purpose to power the choice of a cleaner, greener future together. This unique proposition, along with our strong brand, are important elements of our business model.

In our mature supply business area, we continue to support our operational and financial resilience through robust continuity planning. The ongoing Covid-19 pandemic and the issues created from the energy wholesale price increases both provide examples of an exogenous shock we have prepared for. The business is confident that it has the flexibility and plans in place to mitigate the material impacts of the crisis.

Principal risks and uncertainties

Wholesale market and price volatility

This year the wholesale market entered a period of significant and unprecedented price increases, this period was declared as an Energy Crisis across the industry. Good Energy were in a strong position entering this period due to a strong tariff hedging strategy.

These changes to the wholesale market have had an impact on the tariffs offered to both our Domestic and Business customers with a price increase being implemented to the Derogated Standard Variable Tariff at the end of 2021 calendar year. A smaller selection of Fixed Term tariffs have been available to customers as a result of the added complexities created by the Energy Crisis impacting on our hedging processes and strategy.

Throughout the Energy Crisis the Good Energy Trading Team, supported by the Management Team, have been closely monitoring the situation to ensure visibility of the issue and emerging risks to support in effective risk-based decisions. Medium to longer term trading strategies are now being discussed to ensure maintenance of this position.

Regulatory & political risk

The energy industry is constantly changing. Government policy, the push for a low carbon economy, technology advances and consumer needs all affect the business and industry. Complying with regulatory changes often introduces un-forecasted costs and additional resource pressures, specifically when the changes are significant and / or fast-tracked through to implementation.

A significant volume of regulatory change is a risk as it diverts time and resource away from growth initiatives as well as the risk of not meeting regulatory deadlines. The Company continues to invest in its regulatory and compliance capability, which enables effective responses to change and reduce risk.

This year there have been a number of regulatory changes creating risk for the Company such as the progress towards Faster Switching and the introduction of the Retail Energy Code. Whilst these changes are welcomed by Good Energy, they have created additional expense and resource needs which require careful balancing with operational activities to avoid unwanted impacts to the financial position.

Similarly, political changes create both perpetual risk and opportunity to all businesses. Good Energy manage these risks, and exploit the opportunities, through horizon scanning and assessment of new government policy and wider political change.

The introduction, and withdrawal, of provisions under the Coronavirus Act created the need to adopt a Hybrid Working model allowing Good Energy employees to flexibly work from either the Head Office or from home. This working model introduces a variety of risks into the Company ranging from employee performance to information security. The management team have been closely monitoring the risks identified through the transitional period to allow for adjustments to working practices as required.

Purpose and Brand

Good Energy was founded in 1999 to enable homes and businesses to be part of a sustainable solution to climate change. The Company's purpose is key to its proposition, and damage to its brand and reputation would compromise its competitive position.

To ensure we are being true to our purpose we put the business through a comprehensive Green Audit in Q1 2021, followed by a Brand Promise Audit in Q2 2021. Both of these reviews confirmed alignment to our environmental objectives and identified opportunity to further embed these objectives into our operational activities.

Our community of shareholders, bondholders, generators, customers, and employees are helping create a cleaner, greener world powered by renewables. From using digital innovation to help UK households and businesses manage their energy usage, to empowering them to generate, store and share their own clean power, we are leading the charge towards a cleaner, distributed energy system.

Environmental concerns

Protecting the environment and supporting global efforts to reduce carbon emissions is a long-standing goal for Good Energy, which is why in 2017 the Company gained certification to the Environmental Management Standard ISO14001. As part of this certification Good Energy completes regular risk assessments and puts in place mitigations to environmental risks, which include; pollution to the local river from the water-side office, a fire causing emissions from the smoke and poor performance of renewable generators from changes in the weather.

Cyber-security and data protection

Business growth and technological advances mean increased exposure to malicious attacks to information and the IT estate. As with many businesses, a successful cyber-attack on Good Energy could result in the Company being unable to operate effectively to serve customers, incurring significant damage to our IT estate or the loss of critical business and customer data; all resulting in a reputational and financial impact.

To manage this, Good Energy continually assesses its security policies, standards and procedures, adjusting them so they are proportionate to the threat profile the Company faces. The Company trains all staff annually on cyber security and potential threats; as well as ensuring there are subject matter experts to actively monitor risks and technical vulnerabilities using a wide range of tools, including the National Cyber Security Centre (NCSC), which provides weekly updates on the cyber threat landscape and security scanning software

Good Energy promotes diligence when it comes to collecting and processing customers' personal information. All employees complete data protection training as part of their induction and ongoing employment to ensure a consistent approach to maintain a high level of personal information security. The Good Energy Data Protection Officer works collaboratively with all areas of the business to ensure customer data is not put at risk and that processes remain aligned to best practice in this area.

Covid-19

The national and international response to the COVID-19 pandemic has created unique risks for all businesses. For Good Energy, those risks can be summarised as cashflow, business continuity, employee welfare, employee attraction / retention and supplier/customer relationships.

During 2020 the group quickly adapted to remote working, mitigating some operational impacts posed by COVID-19 and in 2021 introduced a hybrid way of working.

The continuation of challenges driven by COVID-19 require active review and management by the business to preserve and improve cash and balance sheet strength to counter any potential reductions in revenues/ increases in customer debt resulting from the economic downturn in parallel to the direct impact on staff sickness and well being.

Financial risk management

Good Energy continues to see financial risks around wholesale trading costs, liquidity and credit as described in within note 3 in the Notes to the Financial Statements.

We are also aware of risks around fraud, specifically in the administration of the Feed in Tariff scheme; to manage the risk of fraud and error in this space we have introduced some significant improvements to the system and processes we utilise

Chief Financial Officer's review



"The Group has had a resilient financial performance despite significant pressure from commodity markets and low wind levels, impacting on the year's performance."

Overview

The Group has had a resilient financial performance despite significant pressure from commodity markets and low wind levels, impacting on the year's performance.

The first half of 2021 saw significant benefits from power and gas hedged during 2020. The second half of 2021 saw rapidly escalating wholesale prices combined with significant periods of low wind, which combined to hit margins materially.

Pricing flexibility

Winter 2021/2022 commodity costs are showing significant variation due to ongoing geopolitical impacts. However, our ability to raise Standard Variable tariffs (SVT) through Good Energy's ongoing derogation from Ofgem's price cap gives Good Energy a natural lever to offset these impacts and flexibility in such volatile markets.

Following rising wholesale prices in Q4 2021, benefits from associated price rises will flow through to working capital in 2022.

Financial performance

Profit and loss

Revenue increased 12% in the period to £146.0m (2020: £130.6m) driven by growth in supply volumes (up 10%).

Cost of sales increased by 18% to £119.0m (2020: £101.1m). This impact is net of the £6m cost of sale adjustment related to the transfer of the generation activities to discontinued business. Excluding this reallocation, cost of sale has increase by 24% to £126.0m.

Gross profit decreased 9% to £27.0m (2020: £29.6m). Gross margin decreased to 18.5% (2020: 22.6%).

Administration costs excluding non-underlying administration costs decreased 5% to £23.8m (2020: £25.0m). This was primarily driven by a £0.7m reduction in expected credit loss (ECL) provision levels compared to the prior year and smaller other administration cost savings. Total administration costs decreased 3% to £24.6m.

Net finance costs decreased by 86% to £0.6m driven by a combination of significant debt reduction, including the £12m bond repayment in H1 2021, and the transfer to discontinued activities of the generation activities.

Underlying profit before tax of £2.6m includes the impact of the cost of sales adjustment to the transfer of generation activities. There was a £5.5m loss from discontinued operations.

The underlying loss for the period was £3.2m and the reported loss for the period was £3.9m (2020: £0.4m). This reflects the extraordinary market conditions seen in 2021 alongside the one-off impacts related to sale of the generation business and defending a hostile takeover attempt.

Financial bridge 2020 to 2021*

2021 saw growth in supply customer numbers and a substantial recovery in particularly business electricity supply volumes post Covid-19. This generated a £2.4m positive profit impact compared to 2020.

The current energy crisis – affecting everyone from consumers to suppliers, regulators and government – means we are experiencing ongoing uncertainty and have not been immune from the impacts from the wholesale market.

In November 2021, we highlighted the impact of incurring additional commodity costs from a higher number of business and domestic customers than expected. This was expected to continue into the first quarter of 2022, at sustained high commodity prices. We have seen this play out to date. In December 2021, we outlined that the elevated wholesale prices and record low wind levels would lead to an adverse impact to our full year results. In aggregate the negative profit impact through higher costs of commodity and other industry costs led to a profit deterioration of £6m compared to the prior year.

Substantially offsetting impacts of a lower ECL provision and the increased gross Zap-Map loss leads to a continuing business loss before tax of £3.3m in 2021.

Intra-group revenue, electricity generated by the discontinued segment generation assets to the used within the customer supply segment of £6.0m is eliminated as usual, however the elimination results in a lower cost of sale within the continuing business, leading to an underlying continuing profit before tax of £2.3m.

This intra-group revenue is then removed from discontinued segment before the operating performance of the discontinued generation segment, realising a loss before tax of £0.8m (profit of £0.5m less impairment of £1.3m), is added.

This then provides, at a loss of £2.8m, the most meaningful comparison with the FY20 underlying profit of £0.5m.

The impairment loss on the generation assets arises from changes in value of the portfolio between the sale announcement date and the year end. This incorporates estimated transaction costs (£1.0m) on the sale of the portfolio and any change in modelled value over this period (£0.2m). The gain on the sale of

the revalued assets is offset by writing off previously capitalised transaction and financing costs when the majority of the portfolio was first operationally financed in 2014.

Finally, non-underlying costs of £0.8m incurred track to the Company's reported loss before tax of £4.9m.

Cash flow and cash generation

Our business model remains cash generative. Impacts of a business billing system migration had a working capital impact within year but has been materially resolved by the end of Q1 2022.

There was a net decrease in cash of £9.7m, which includes the repayment of 70% of Good Energy Bonds II totalling £11.9m. The resulting cash balance of £8.9m (£6.7m continuing operations, £2.2m discontinued operations) (2020: £18.3m) enables continued strategic investments including participation in the Zap-Map funding round.

Cash at the end of February 2022 was £19.6m following the sale of the generation asset portfolio.

Funding and debt

Our business is now substantially debt free on a net basis. In the period, gross debts have reduced by 86.5% compared with year-end 2020. The gearing ratio decreased to -7% following the sale of the generation asset portfolio in January 2022.

Substantial progress has been made against reducing Group finance costs and reducing the gearing ratio. The remaining Good Energy Bonds II outstanding (£4.9m) is reported within non-current liabilities. This is due to an annual redemption request window for bondholders in December of each year. The next bond redemption date is 30 June 2022 with £0.2m due for repayment.

The Group continues to maintain capital flexibility, balancing operating requirements, investments for growth and payment of dividends. Our business remains mindful of the need to capitalise on strategic business development and investment opportunities. Prudent balance sheet management remains a key priority.

Earnings

Reported basic loss per share decreased to -20.7p (2020: 0.9p). Basic underlying earnings per share from continuing operations increased to 17.1p (FY 20: 0.9p).

*A profit bridge slide has been included in the Investor presentation, which is available on the Company's website. (<https://group.goodenergy.co.uk/home/default.aspx>)

Dividend

The Board were pleased to restart the dividend and to announce an interim dividend of 0.75p per ordinary share for the period to 30 June 2021, as set out in the Company's interim results released on 14 September 2021.

Following a good operational performance in 2021, the sale of the generation portfolio and reflecting our confidence in the ongoing business, the Board recommend a final dividend for 2021 of 1.8p per ordinary share, taking our full year dividend to 2.55p.

Good Energy continues to operate a scrip dividend scheme and the payment timetable of the final dividend will be announced alongside the notice of the Annual General Meeting in June.

Non-underlying costs

Total non-underlying costs of £0.8m, relating primarily to corporate defence activities against a hostile takeover approach within 2021. 2021 non-underlying costs were 69% higher than prior year (FY2021 £0.5m).

Expected Credit Loss (ECL)

ECL charge decreased 19% in the period to £3.0m (2020: £3.7m).

The main impacts in year are a faster collection of commercial debt, being offset by increased revenue.

Zap-Map investment

2021 saw a P&L loss related to Zap-Map of £(1.0m) which increased £0.8m from 2020, following a period of continued investment. This was expected and related to Zap-Map's growth plan. At an earnings level the group retains a £0.5m loss reflecting Good Energy's 50.1% stake in Zap-Map.

Events after the balance sheet

On 25 November 2021, the Company appointed KPMG LLP to lead a sale process for the Company's entire 47.5MW generation portfolio.

The Company announced, that following a competitive process, the disposal of the 47.5MW generation portfolio was complete with Bluefield Solar Income Fund (BSIF) on 19 January 2022. Total consideration of up to £24.5m was comprised of initial and deferred payments. The initial consideration of £16.4m, less distributions since the lockbox date of £0.7m, resulted in £15.7m being paid to the Company on completion.

The final deferred consideration payment has been agreed as follows:

£4.3m has now been paid, with a further up to £0.5m to be paid on 30 June 2022, subject to Good Energy meeting all its payment obligations up to that date for power supplied by the Portfolio to it under the power purchase agreements.

The total deferred consideration is therefore agreed to be up to £4.8m.

Of the £3.3m that will not be received, £2.3m arose due to the impact of a third-party energy yield assessment on the agreed financial model and £1m arose during detailed technical and financial due diligence.

Total consideration received to date is therefore £20.7m, with an agreed final total consideration of up to £21.2m by 30 June 2022.

We are committed to delivering value to stakeholders and the sale of our generation portfolio, at a significant premium to book value, was a good deal. It is also a significant moment for Good Energy - we are using the capital from our past to invest in our future.

Further post balance sheet events are detailed on pages 106 to 107.



Rupert Sanderson

Chief Financial Officer



**What we do to
achieve our purpose:
Empowering you
to generate, share,
store, use and travel
by clean power**





Good Future Board

In 2021, following a recruitment process that saw nearly 1000 applicants from schools in England, we appointed a Good Future Board of six secondary school aged young people. The Board are in place to hold us to account on our purpose – to protect their futures. Having been in role for a year, this is their joint statement.

We became members of the newly created Good Future Board in a strange year. While everyone was dealing with the pandemic and lockdowns, we were appointed to help Good Energy stay committed to its increasingly important purpose of helping tackle climate change.

Over the past 12 months we have learnt a lot, not only about Good Energy's business, how it helps people use renewable electricity and the many issues it has dealt with in that time, but about the energy sector and other environmental issues.

With the exception of Shaina, who unfortunately tested positive for covid just beforehand, we travelled to Glasgow for Conference of Youth 16 (COY16) ahead of the UN's COP26 climate conference. It was inspiring to meet in person for the first time, and meet many other young climate activists from around the world who share a common goal of protecting our planet.

As a Good Future Board, our focus is always to look forward. In the next year, we hope to get even more involved in the decisions Good Energy makes, having learnt so much about the business. We hope to work with other environmental groups and push the government to take more action. We believe Good Energy can help here as an energy company with a strong voice which has a good track record in proving that renewable energy works for everyone. This is ever so important now considering the Ukrainian crisis, which demonstrates how fossil fuels are financing certain countries with enough money to fund an entire invasion whilst coping with economic sanctions from the west. So as the UK moves away from Russian oil and gas, we hope it can replace it with clean, green renewable energy generated locally – not more fossil fuels such as from the North Sea or even fracking.

We are excited about the future prospects for Zap-Map, and Good Energy's plans to help more people generate their own clean electricity so they can meet their external needs.

Part of the reason for the Good Future Board has been to inspire other similar youth boards across the environmental sector, and it has been brilliant to see that happen at organisations such as DAME. We want to see more of this because every business should be listening to young people as all of us will be impacted by the decisions made now.

We hope Good Energy will increase its climate action through more campaigning, lobbying and social media, all of which will be aided by the Good Future Board.

We also underestimated how influential government policies are not only on an energy company but the whole market and thus the economy of the UK: inevitably affecting ordinary consumers. This has only been exasperated by the cost-of-living crisis in the UK and has revealed how interconnected all these inequalities are. Our hope is for the government to understand and act on how beneficial renewable energy is so we can utilise it to tackle fuel poverty and other socio-economic disadvantages.

Climate action has never been more important, and the current energy crisis places a greater emphasis than ever on the need for clean electricity. We plan to push for more action and stand up for our future.

The Good Future Board

Ada, Akash, Jack, Kathryn, Mahnoor and Shaina





CATAPULT
Energy Systems

Renewable Nation: Pathways to a Zero Carbon Britain



Renewable Nation

Pathways to a Zero Carbon Britain

Good Energy partnered with Energy Systems Catapult to produce a landmark report with new findings on the need to transition the UK to zero emissions within a generation.

The report took a data led approach to modelling future energy scenarios, specifically looking at how a pathway powered primarily by renewables could achieve our zero carbon goals as a nation.

We launched it in June 2021 with a virtual panel event featuring the then Energy Minister Rt. Hon Anne-Marie Trevelyan, alongside Fiona Ball, Director of 'Bigger Picture', Sky and Nina Skorupska, CEO, REA.

The key findings are:



The electrification of everything

Across all modelling scenarios is a significantly increased role for electricity across all energy demand. Mainly due to the necessary electrification of transportation and heat, total electricity demand doubles on current rates and peak demand quadruples.



People will power the way to net zero

Progress in cutting emissions has avoided the need for serious behavioural change. The next stages require everyone to be involved, with a move away from the passive 'consumer' of energy, to one actively engaged in storage, flexibility and generation.



Renewable power dominates the energy system

As the cheapest technologies for power generation in a high volume system, wind and solar will meet the majority of the UK's needs. But diversity is also crucial, with support from sources such as geothermal and marine.



Storage and flexibility are indispensable

Energy storage will become essential in balancing supply and demand in order to ensure resilience and security of an almost entirely renewable power driven system.



Costs remain competitive

Modelling showed a renewable pathway to a zero carbon Britain can be delivered at a similar cost to a 'baseline', remaining at 0%-1.5% of GDP per year out to 2050.

COP26

The world's most major climate conference came to the UK in 2021. The UN's Conference of Parties 26 (COP26) was hosted in Glasgow, bringing world leaders and key decision makers from across the globe to our soil. It was a crystallising moment for Good Energy's purpose. This is how we marked the event.



30 years of wind power

The UK's first commercial wind farm was built by the Edwards family in Delabole, Cornwall, in 1991. Good Energy has since sold the site to new owners, but we owned and operated it in 2021, as it celebrated its 30th anniversary. We took the opportunity to send a message to world leaders about the importance of climate action, by commissioning artist Luke Jerram to create an experimental moving light projection. Held the week before COP26, the local community were invited to view the spectacle that included a projection of the climate stripes – climate scientist Ed Hawkins' creation to show yearly global heating in a clear visual. The resulting images were sharing around the world in press and social media.



Conference of Youth 16

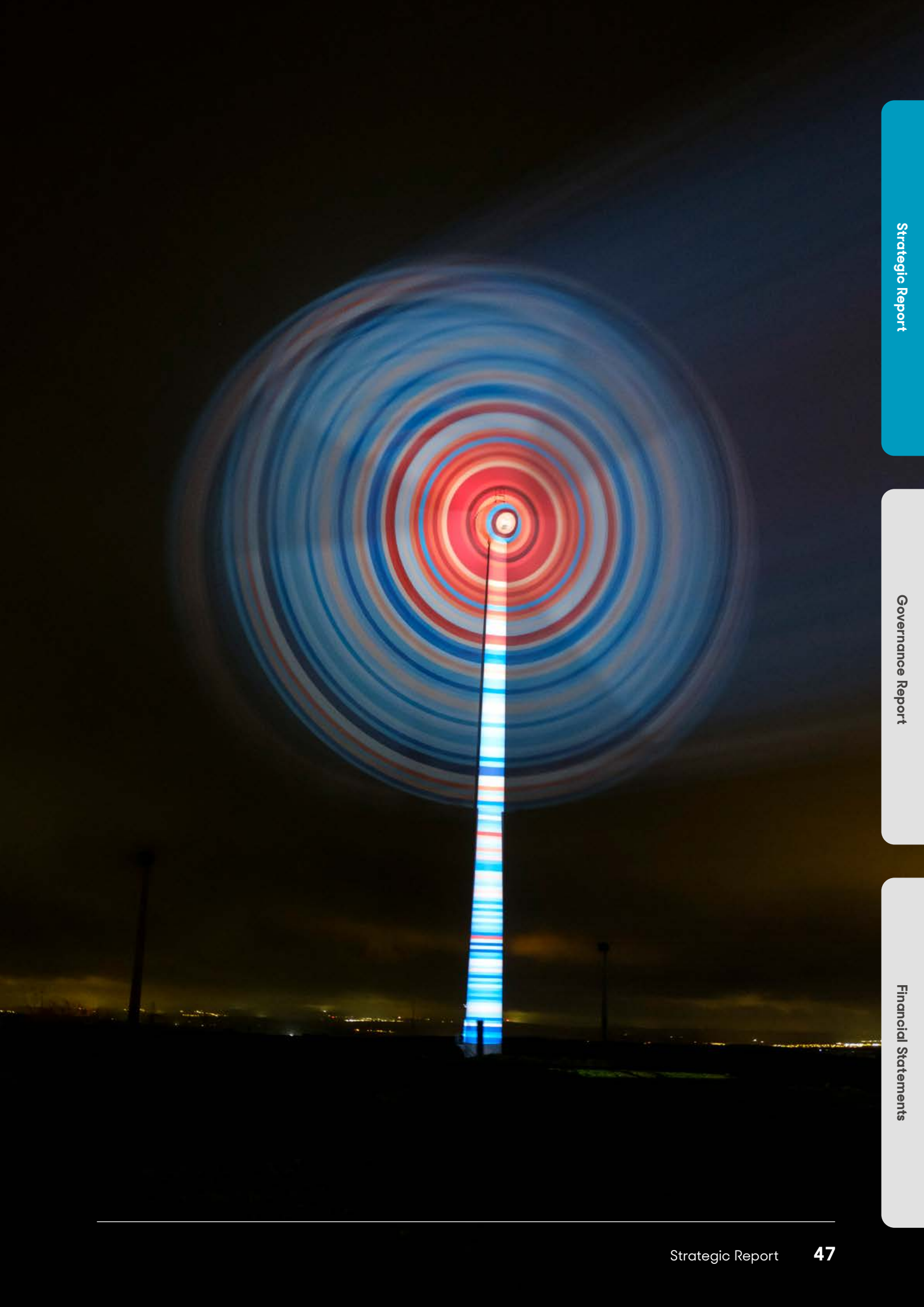
Ahead of every COP for the past 16 years, has been the Conference of Youth (COY16). The precursor to COP is run by and for young people, a chance for them to network and organise, as well as to produce a joint statement from young people around the world which outlines their wishes for the coming COP. It is a crucial event, and Good Energy was proud to be a primary sponsor for COY16, ensuring a successful event took place in Glasgow in the days before COP26. We hosted our Good Future Board members at COY16, giving them a stage at the conference to host a live board meeting and Q&A with the audience.



Renewable Nation

Thursday 4th November was 'Energy Day' on the presidency programme of COP26. The UK energy industry's trade body Energy UK gave Good Energy the stage to discuss our Renewable Nation report. In an open plan studio the other side of the Clyde overlooking the entire COP26 conference, our Founder Juliet Davenport chaired a panel discussion featuring our CEO Nigel Pocklington; Emma Pinchbeck, CEO of Energy UK; Rachel Fletcher, Director of Regulation and Economics at Octopus Energy; Lindsay McQuade, CEO of Scottish Power Renewables; and Rachel Ruffle, CEO of RES.





Our social impact

2021 started under Covid-19 restrictions and ended with the energy industry in turmoil. Throughout these challenges, we remained committed to supporting the wellbeing of our people, and working in a way that prioritises Good Energy's core values:

• Fair • Straightforward • Inclusive • Determined •

There will always be room to improve our performance against each of these values. This section covers where we are at the moment and what we're doing to be better.

Gender pay report

Good Energy have voluntarily reported on our gender pay gap since 2017. We are committed to having a gender balance at all levels of the business, with everyone paid fairly and equally for their contribution.

In 2021, our mean gender pay gap was 19%. This gap is due to there currently being more men than women at senior leader level, particularly in data, technology, sales and energy trading roles.

Unfortunately, our pay gap is likely to get worse before it gets better. For example, changes to the Board and Executive team later in 2021, including Founder Juliet Davenport stepping down as CEO and being replaced by Nigel Pocklington, means there will be fewer women at senior leadership level in our next report.

How we're closing the gap

We are aware of the historical challenges of recruiting a gender diverse workforce, especially in STEM related roles, and believe that attracting and hiring women in leadership positions in a largely male-dominated industry is key to supporting inclusivity.

We have made some progress during 2021. 55% of our women were promoted in 2021, compared to 45% of men. We are also proud that our Product team is 75% female, significantly outperforming the industry trend of 10%.

In the years ahead, our strategy will include:

- Developing more women within the business into 'Head of' level roles. We expect this to reach up to 30% in 2022.
- Attracting female talent through promoting inclusive practices such as flexible working, along with our development opportunities.
- Aiming for gender balanced shortlists for roles and transparent, bias free selection processes.

You can view our full gender pay report at goodenergy.co.uk/procurement-policy.



Diversity and inclusion

To give us a clearer picture of the work we must continue doing to be a more inclusive business, we have encouraged our people to disclose information relating to ethnicity, gender, nationality, religion/beliefs, sexual orientation and disability. We aim to clearly communicate with our people that having accurate data will enable us to further develop our diversity initiatives so that we can create and maintain a genuinely inclusive workplace.

In 2020 we set up our team of Inclusion Champions, a working group of people from across Good Energy who have fed into our diversity and inclusion plan.

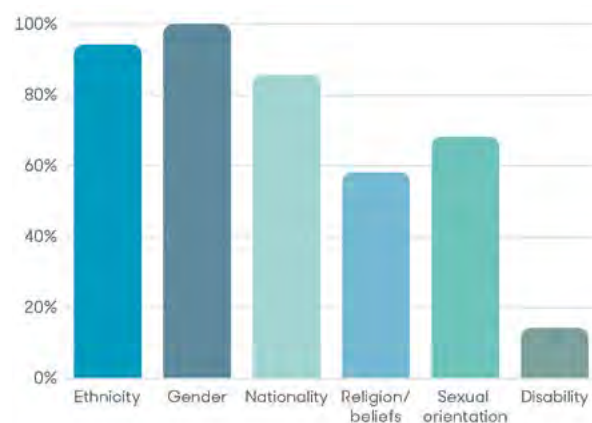
This plan focuses on four key areas:

- Attracting and hiring diverse talent;
- Increasing an inclusive culture by learning about and celebrating diversity;
- Accountability and good diversity governance; and
- Inclusive development opportunities.

In 2021, we focused on improving how we communicate about diversity and inclusion at Good Energy, including releasing regular articles on our intranet written by people across the business, and ran events such as a virtual Pride march (donating to LGBTQ+ climate change charity, GiveOut). We rolled out more learning and development opportunities, which you can read about below. And we also reviewed and refreshed our policies, from flexible working to parental leave and return to work coaching.

Projects for 2022 include reviewing and improving the accessibility of how we design digital services. We will also run unconscious bias training to support our talent team to understand and eradicate potential discrimination in our hiring processes.

Disclosure rates for 2021



Learning and development

We want to provide all our people with opportunities to grow their careers within Good Energy. Here are some of the results of our learning and development programmes:

78%

78% of our people completed our Signature Skills programme, which includes modules on straight-talking (giving meaningful, constructive feedback) and performance coaching.

36%

In 2021, 36% of our people took up our Development Allowance, which provides £500 per person per year to use on courses or training to support their current or next role.

68%

We launched our Good Career programme to support people in their first Good Energy roles to build commercial awareness and key skills. 68% of participants progressed into a new role or were promoted. 46% of those promoted were women.

A visit from Michelle Donelan, MP for Chippenham and Minister of State for Higher and Further Education

As one of the largest employers in our local area, we strive to support young people to develop careers in the green economy. Michelle Donelan MP visited our offices in November to meet members of our Executive team as well as graduates who joined Good Energy straight from university and have now progressed into their second roles within the company.





New ways of working

2021 began with the vast majority of the Good Energy team working remotely. As Covid-19 restrictions were lifted, we updated our working practices to support a hybrid of office and home working.

Our Culture Champions working group regularly consulted with the whole Good Energy team, feeding back to the company to develop our plan to support people to return to the office. We moved to a working pattern featuring anchor days that enable people to reconnect and work together, combined with home working – providing more flexibility and reducing the time and carbon emissions associated with commuting.

Transforming our office space

We updated our offices to be more spacious and comfortable, with new working areas, informal breakout spaces and meeting rooms. We are also proud to host an installation by world-renowned artist Luke Jerram. Gaia reminds everyone coming into the Good Energy offices of our incredible planet that we are working so hard to protect.

Greener pensions

Many pension funds continue to be invested in companies that have a negative impact on our planet, including fossil fuel companies and others with unsustainable and unethical supply chains. When people find out that they are accidental investors in these companies, they're often shocked – but changing to a greener option can often seem too complex.

Good Energy are making this simpler for our people by switching our default pension for new employees to a sustainable fund. We have also provided workshops to support people to switch their existing pension to new, greener alternatives that weren't available when we set up our initial default fund.

We also support the Make My Money Matter (MMMM) campaign, which provides people with a straightforward way to contact their pension provider about investing in sustainable funds. By the end of 2021, MMMM had secured £1 trillion in net zero pension commitments.

Our environmental impact

100% renewable electricity

Good Energy has always been committed to 100% renewable electricity. From our beginnings, this has been based on buying power from a community of UK renewable generators, and matching what they produce to what our customers use.

In addition to this, we bought, developed and operated our own wind and solar farms. Several years ago, we made a strategic move away from this, but continued to operate several generators.

In 2021, we announced the sale of these generators – two wind farms and six solar farms. The sites were bought by renewable energy investment specialists, Bluefield Partners LLP. The 47.5MW generation portfolio provides 15% of our customer power demand, and continues to do so via power purchase agreements.

These sites include Delabole, the UK's first commercial wind farm, which was built in 1991, bought by Good Energy in 2002 and then repowered thanks to support from our investors in 2010.

We are proud to have played a part in renewable energy history through developing and operating our sites. However, our greatest impact on growing renewables has always been, and continues to be, through the growing community of over 1,900 independent generators we support through power purchase agreements. This decentralised model is our future.

Sharing our generators' stories

Our independent generator community has grown to include over 1,900 sites. From independent businesses and non-profits to local community energy projects, all doing their bit to make the world a cleaner, greener place. In 2021 we released our 'Meet the Generators' digital campaign to share their stories.

Bristol Energy Cooperative

Set up 10 years ago, Bristol Energy Cooperative are a shining example of how renewable electricity generation can pay back into the community.

Bristol Energy Cooperative's urban solar sites generate enough electricity to supply 3,000 homes, and were built thanks to investment from the communities that they serve. By selling the electricity to Good Energy, the Cooperative have been able to channel over £250,000 back into the local area, by funding initiatives such as community centres, outdoor spaces and cafés.

"The energy transformation needs to come from everywhere, so the nice thing about Good Energy is that they do work with lots of very local energy suppliers like us."

Andy O'Brien, Bristol Energy Cooperative Co-founder and Director





The Confetti Farm

The Wyke Estate in Worcestershire has been in Charles Hudson's family for over 250 years. His ambition was to turn it into a "living pastoral environment", which now includes flower fields for the natural confetti company run from the estate, and a hydro electricity generator on the river.

Charles has found that developing the hydro generator has supported the biodiversity of his land. A quieter stretch of water separated from the main river has attracted rarer wildfowl and even otters. The plant generates over 220 kWh of electricity a year, which supplies local buildings, as well as forming part of Good Energy's generator community.

"We've been with Good Energy since the beginning... to have someone who is taking the initiative and linking us with the customer; it gives one a feeling of strength that together, we are going to build a sustainable future."

Charles Hudson, Hydroelectricity Generator

You can find all our generator stories at goodenergy.co.uk/learn/generator-stories.

Green gas

2021 marked our fifth year of offering carbon neutral green gas, and one year since we increased the proportion of renewable biogas we supply from 6% to 10%. Biogas, or biomethane, is gas that's generated by breaking down organic materials in an anaerobic digester. The biogas is captured and fed into the gas grid, where it can be used in the same way as fossil fuel gas.

10% represents the maximum percentage of the UK's total gas demand that can currently be supplied from sustainable, UK-generated biomethane, according to research by the Anaerobic Digestion and Bioresources Association.

Our Gold Standard offsetting projects

To make our gas carbon neutral, we offset emissions by investing in projects operated by Climate Care. While offsetting is not the final answer to decarbonising, we are supporting projects that are improving access to green energy worldwide, and so are part of the transition to renewable energy.

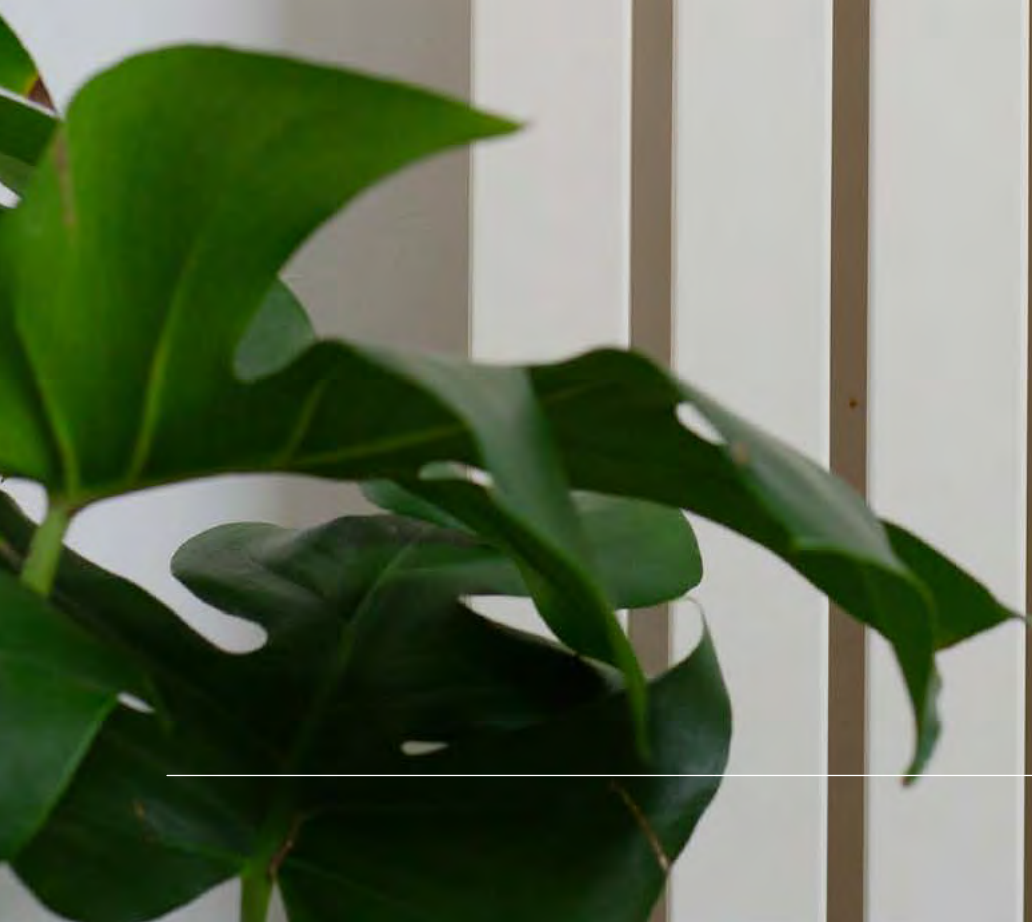
Xuyong Biogas helps communities in Sichuan, one of China's poorest provinces, by installing household biogas digesters and providing training on maintaining them. Farmers can use animal waste to generate clean fuel, reducing the need for coal.

India Biogas works with rural districts to install household biogas digesters that can turn cattle dung into green gas for cooking. Benefits include improving health by reducing indoor air pollution from using solid fuel. The digestate produced by the biogas generation process can also be used as fertiliser.

Wenchang Household Biogas, supports farmers to build and maintain a household biogas digester, giving them long-term access to renewable, clean fuel for cooking and heating. Families reduce fuel expenditure by 40%, whilst improving sanitation for them and their livestock.

Grid-scale biogas, Turkey works with one of Turkey's largest dairy companies to use waste from a production plant and its surrounding farms to create biogas for electricity generation. This grid-scale generator is expected to produce over 14.9GWh annually. That's equivalent to the power demand of 4,500 typical UK homes.





Combating greenwash

Good Energy has been vocal for years about the issue of transparency around green tariffs. Due to a regulatory loophole, it has been possible for energy suppliers to market tariffs as '100% renewable' without actually generating or buying any renewable power. In fact, the majority of these suppliers buy electricity on the wholesale market, a mix of all sources, and greenwash it by acquiring certificates separately.

We view this as a consumer mis-selling scandal that must be addressed, as more and more customers are looking to play a part in tackling climate change.

2021 was a significant year for progress on this matter, with the following key events.

CMA on green claims

The Competition and Markets Authority (CMA) announced in September 2020 that it would investigate the wider impact of green claims on consumer choices. In May 2021 it published new proposed guidance on environmental claims, including examples for energy supply.



All our energy tariffs are Gold accredited

Uswitch Green Tariff Accreditation

In April, the UK's leading comparison and switching site, Uswitch, launched its new green tariff accreditation scheme, designed to provide much needed transparency to customers. Renewable tariffs were graded Bronze, Silver and Gold based on an assessment by an independent panel of experts. Good Energy was the only energy supplier to be awarded Gold Standard for all of its tariffs, electricity and gas.

Government consultation

In August 2021 the Government's Department for Business, Energy & Industrial Strategy opened its consultation on green tariffs, announcing it will "tighten rules to stop 'greenwashing' of electricity tariffs". Good Energy responded to this consultation and is awaiting the next stage of policy-making.



Which? Eco Provider

Having published one of the first in-depth analyses of the credibility of green tariffs in 2019, non-profit consumer protection organisation Which? revisited its research and launched its new Which? Eco Provider accreditation scheme in October 2021. Good Energy was scored highest of all suppliers rated, and was awarded the new Which? Eco Provider status.





Innovating to achieve net zero

We have partnered with green energy and clean technology companies that can provide services to help people be even greener.



Zap-Map

We are investors in Zap-Map, the leading app for EV drivers in Britain that enables people to search, plan and pay for charging on the go.



Caplor Energy

This family-run business specialise in supporting homes and businesses to install clean technology, including solar panels, battery storage and heat pumps.



Hometree

Hometree provide boiler, heating and home care plans that help people make sure their boiler is running as efficiently as possible.



Crystal EV Charging

Charge points make EV charging faster, safer and easier. Crystal is dedicated to supporting the transition to electrified transport, with a large network of engineers trained to install household charge points.

Engaging with our community

Partners for change

Forming partnerships with like-minded organisations helps us further our purpose by reaching new audiences

BAFTA Albert

We have strong links with BAFTA (British Academy of Film and Television Arts) and its sustainability consortium, albert. We are the current supplier for albert's Creative Energy Project, which makes it easier and more cost effective for film and TV companies to switch to 100% renewable electricity. A total of 258 creative businesses have joined Good Energy through the scheme since it started in 2019.

"Together we aim to make clean renewable energy easier and more accessible than ever before helping you reduce your environmental impact for all film and TV production."

Kevin Price, Chair of the BAFTA albert Consortium

Julie's Bicycle

Sustainability charity Julie's Bicycle supports creative arts and heritage organisations to reduce their environmental impact. With their help, we expanded the Creative Energy Project to reach even more businesses. Over the past few years, we have also worked with the charity on their Creative Green Awards, which recognises the achievements of arts organisations taking action against the climate crisis.

"Clean, renewable energy is the simplest of the many solutions to climate change and Good Energy have been pioneering this solution for many years."

Alison Tickell, CEO and Founder

Friends of the Earth

We have been working with Friends of the Earth for over a decade. As one of the UK's most well-known environmental organisations, their support is invaluable in promoting our purpose. We remain one of only two energy suppliers the charity recommends to its large number of supporters.

"We're deeply concerned about climate change and its impacts on the planet and people. But by working with Good Energy to move Britain away from imported fossil fuels and towards green energy generated locally, we're helping to reduce one of its greatest causes."

Guy Shrubsole, Climate & Energy Campaigner

We also work with these businesses and organisations to promote sustainability and fight climate change:





Customer case studies

Supplying sustainable businesses: Finisterre

Having powered Finisterre's St Agnes HQ since 2005, Good Energy are now working with the sustainable clothing brand to switch more of their stores to 100% renewable electricity as part of their target of being carbon neutral by 2030.

Finisterre prioritises planet and people in everything they design, including rethinking wetsuits so that they are easier to recycle. After completing a full climate impact assessment, the company is working on a roadmap to cut their emissions – including scope 3 emissions resulting from their supply chain.

"Having our stores and offices powered by renewable energy not only reduces our own carbon footprint, it also means we can be an example to our supply chain and our customers, with the metrics to prove it makes a difference."

Adele, Positive Impact Manager



Feed-in Tariff support: Ecovision Asset Management

Smaller-scale generators signed up to the Feed-in Tariff (FiT) scheme are playing a vital role in making our electricity grid greener. Ecovision Asset Management operate 12,000 solar PV sites across Britain, with Good Energy providing FiT administration for 5,000 of them.

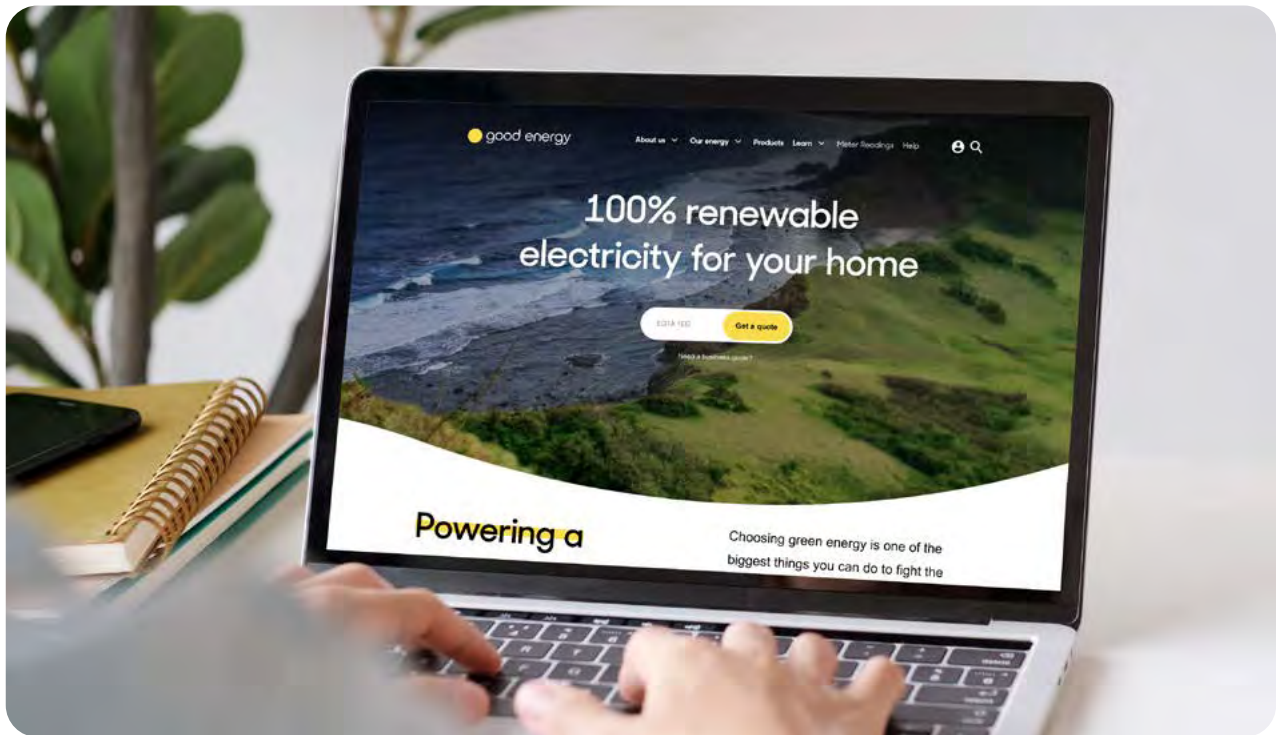
Every quarter, failed meter readings meant Ecovision were missing out on some of their FiT payment. Good Energy's FiT account management team worked with them to fix the issue – reducing failed readings by 70% and saving the business up to £500,000 in lost earnings a year.

"We have always found Good Energy to be professional, effective and willing to help. Our account manager is a superhero!"

Ecovision Asset Management Ltd

Communicating with customers and investors

We want to make it as simple as possible for people to support renewables. Whether that's switching to us, managing your account, learning more about green energy and clean technology or staying up to date with company and investor news.



A simpler, greener website

We developed a new website for domestic customers to make it easier to engage with Good Energy and cut our digital carbon footprint. Launched in December 2021, our new website is powered by 100% renewable electricity. Each page includes a carbon calculation – for example, our homepage is greener than 77% of webpages tested.

Energy crisis communications

As energy prices continued to rise and an increasing number of suppliers left the market, we worked hard to keep customers informed about the latest news. We sent a direct update on Good Energy's stable position from our CEO Nigel Pocklington to all customers and investors, and published regular articles explaining why prices across the energy market were rising.

Awards for our Investor Relations team

Our Investor Relations team closed the year with two award wins. Hot on the heels of a win for 'Best ESG investment of the year' at the Shares Magazine awards came a recognition for 'Best IR Communications and Engagement Programme' at the Investor Relations Society best practice awards.

More information about how we communicate with our customers and investors is available in our section 172 statement on pages 24 to 25.



Carbon Reporting

Reducing Good Energy's emissions

Good Energy exists to enable people to fight the climate crisis by switching to green energy. However, running our business results in carbon emissions of our own. To reduce our emissions as much as possible, we voluntarily take part in emission reporting schemes such as Science Based Targets. In this section we explain the baseline and targets we've set and how we're doing with achieving them.

2021 carbon report

Our greenhouse gas emissions for 2021 are shown in the infographic on the next page.

We have compared our overall emissions and emissions from gas and electricity usage in our office with 2019 rather than 2020. 2020 was a very unusual year in terms of our business operations, and our reporting didn't fully take into account emissions resulting from home working. Our reporting for 2021 records emissions from home and office-based working, so comparing our emissions against 2019's figures provides a more realistic view of our progress.

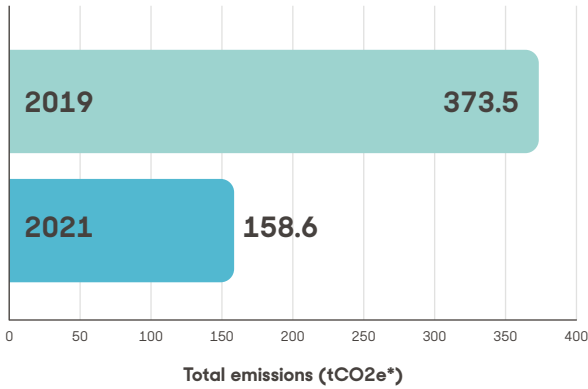
Full details of our 2021 carbon emissions figures, separated into **Scope 1** (emissions from gas and refrigerants), **Scope 2** (electricity consumption) and **Scope 3** (emissions from indirect activities including travel and our supply chain), are available on pages 66–67.

Key achievements from the past year include:

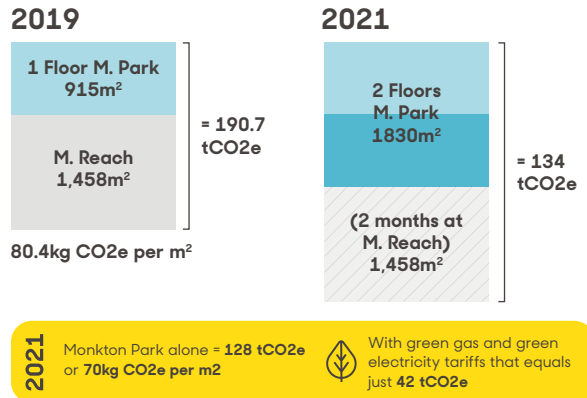
- Switching to a hybrid working model has decreased commuting emissions by 48.5%.
- Moving to a smaller office, and switching to a renewable gas tariff has enabled us to reduce our Scope 1 emissions to almost 0 tCO₂e.
- Upgrading our customer billing systems to digital first platforms has reduced emissions from our paper consumption from 16.1 tonnes of carbon emissions to 3 tonnes.



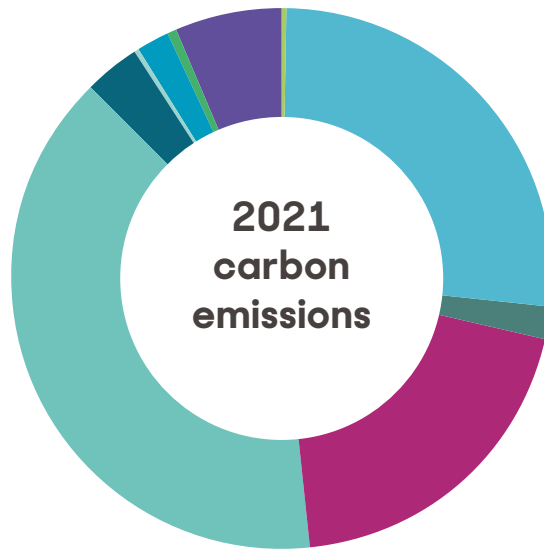
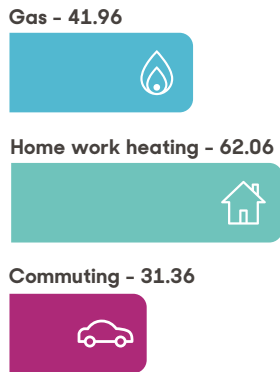
Carbon emissions



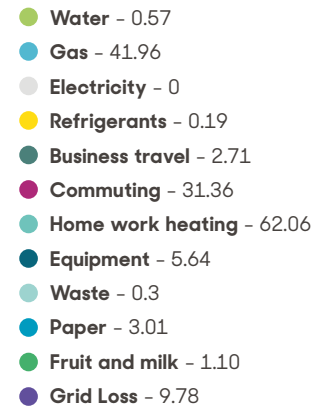
Office energy (electricity & gas)



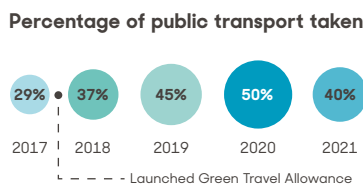
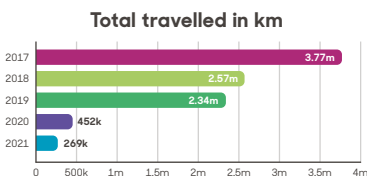
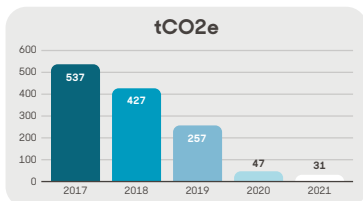
Most emissions in 2021 came from: (tCO2e)



Carbon emissions breakdown: (tCO2e)



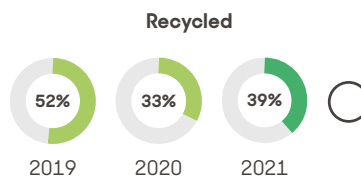
Commuting



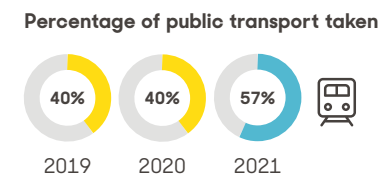
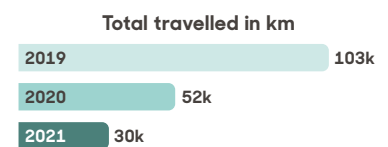
Waste



As a result of clearing furniture ahead of the office move



Business travel



*tCO2e = Tonnes of carbon dioxide equivalent

Science Based Targets

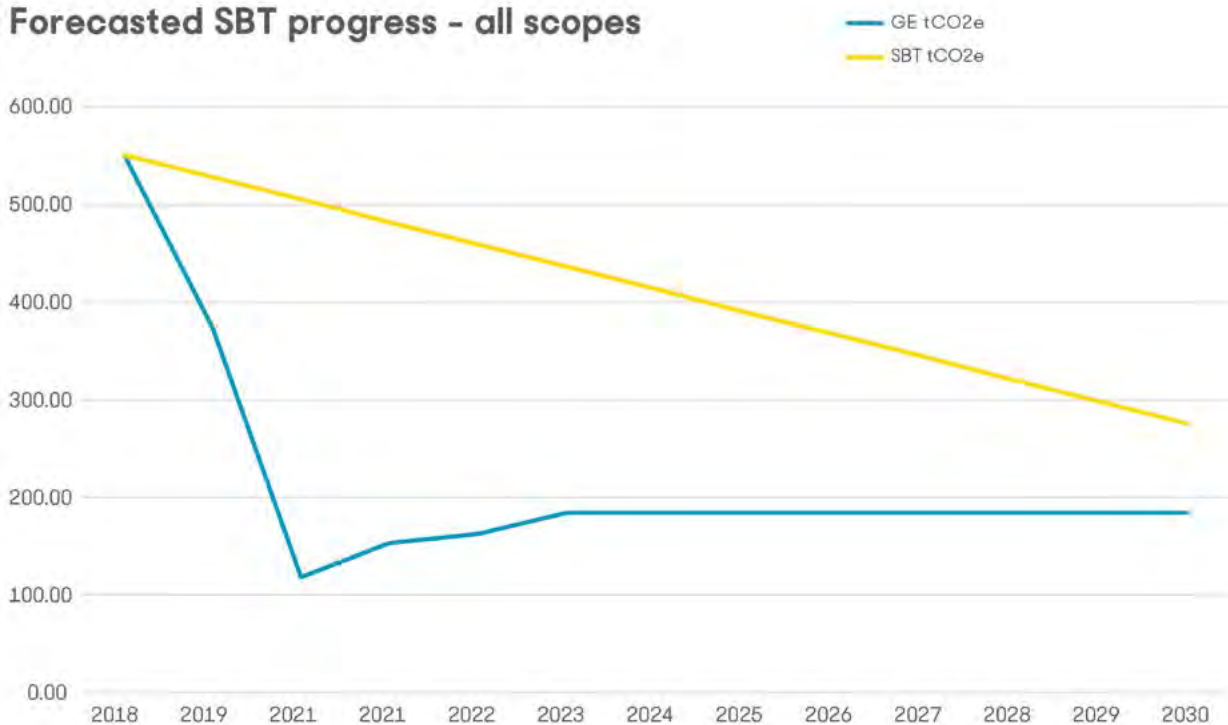
Science Based Targets provide companies with a clearly-defined path to reduce greenhouse gas emissions, helping prevent the worst impacts of climate change and future-proof business growth. More than 2,000 businesses around the world are already voluntarily working with the Science-Based Targets initiative – and we're proud to be one of those organisations.

Targets are considered 'science-based' if they are in-line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Our chosen target

We've chosen to commit to the more ambitious target of a 50% reduction across all scopes by 2030 (from a 2018 base year). We have already managed to reduce our emissions by at least 30% just from moving to a smaller office space. However, now we are including home working and supply chain emissions in our carbon reporting, we need to find a way to manage this and ensure our emissions don't increase.

Forecasted SBT progress - all scopes



What can we do to reduce our emissions further?

- Continue with our hybrid working model: hybrid working is 20% better in terms of emissions than full-time office working.
- Review our supply chain and source more net-zero suppliers.
- Continue to encourage green travel when commuting, incentivised by our Green allowance of £250 per year.
- Switch to monthly carbon reporting rather than annual, so we can track our emissions more closely.
- Continue to power our office with renewable energy. There is a potential for a biomass boiler to be installed at Monkton Park in the future – which would reduce our emissions even further.



2021 Carbon Emissions summary

Our greenhouse gas emissions for the full year of 2021 are presented in the table below.

We calculate our emissions using the Greenhouse Gas Protocol Standard, separating them into Scope 1 (emissions from gas and refrigerants), Scope 2 (emissions from electricity consumption) and Scope 3 (emissions from indirect activities including travel and our supply chain). Our inventory is externally verified in accordance with the ISO 14064 standard, which is the international standard for carbon inventory verification.

Important information about the table values:

The value of each emissions category is given in the 'value' column. The evidence is given in the 'source' column

- We have used emission factors from DEFRA to transfer the values of emission sources to the same unit of tonnes of carbon dioxide emissions (tCO₂e)

| Carbon Emissions | | | | | | | | | |
|------------------|---------------------------------------|------|---------|-----------------------------|--------------------|---------------------|------------------|------------------|-------------------|
| | Category | Unit | Value | Source | tCO ₂ e | tCO ₂ e | tCO ₂ | tCH ₄ | tN ₂ O |
| Scope 1 | Stationary combustion | | | | Loc. Based | Market based | | | |
| | Natural Gas (green) | GJ | 751.48 | Meter Readings | 0.798 | 0.000 | | | |
| | Natural Gas (brown) ¹ | MWh | 229.107 | Meter Readings | | 41.963 | 41.885 | 0.057 | 0.023 |
| | Refrigerants | | | | | | | | |
| | R-410 A | Kg | 0.090 | DEFRA guidance on FGAS | | 0.188 | - | - | - |
| | Scope 1 emissions | | | | 0.798 | 42.151 | 41.885 | 0.057 | 0.023 |
| Scope 2 | Electricity consumption | | | | Loc. Based | Market based | | | |
| | Electricity UK - Monkton Park (Green) | MWh | 433.133 | Monkton Park Meter Readings | 91.967 | 0.000 | 91.027 | 0.347 | 0.593 |
| | Scope 2 emissions | | | | 91.967 | 0.000 | 91.027 | 0.347 | 0.593 |

¹ Since 1st July 2021, only green gas used

Carbon Emissions

| | Category | Unit | Value | Source | tCO ₂ e | tCO ₂ e | tCO ₂ | tCH ₄ | tN ₂ O |
|------------------------|-------------------------------------------------|--------|------------|-----------------------|--------------------|---------------------------------|--------------------------------|-----------------------------|-----------------------------|
| | | | | | Loc. Based | Market based | | | |
| Scope 3 | Business travel | Km | 30,176.38 | Expense Reports | | 2.708 | 2.688 | 0.004 | 0.016 |
| | Commuting | Km | 269,285.35 | Hybrid Working Survey | | 31.316 | 30.982 | 0.049 | 0.137 |
| | Home Work Heating | MWh | 344.69 | Hybrid Working Survey | | 62.058 | 61.835 | 0.116 | 0.110 |
| | Home Work Equipment (Electricity) | MWh | 26.57 | Hybrid Working Survey | | 5.642 | 5.585 | 0.021 | 0.036 |
| | Waste | Tonne | 14.616 | Waste Records | | 0.296 | | | |
| | Procurement | Tonne | 4.065 | Procurement Reports | | 3.006 | | | |
| | Milk | Litres | 342.765 | Procurement Reports | | 0.326 | - | - | - |
| | Fruit | Tonne | 0.209 | Procurement Reports | | 0.775 | - | - | - |
| | Electricity UK grid loss (homeworking + office) | MWh | 27.006 | Hybrid Working Survey | | 9.775 | 9.676 | 0.036 | 0.062 |
| | Water supply | m3 | 1,350.670 | Meter Readings | | 0.201 | - | - | - |
| | Water treatment | m3 | 1,350.670 | Meter Readings | | 0.367 | - | - | - |
| | Scope 3 emissions | | | | | 0.000 | 116.470 | 110.766 | 0.226 |
| Total emissions | | | | | 250.58791 | 158.621 tCO₂e | 243.678 tCO₂ | 0.630 CH₄ | 0.977 N₂O |

Task Force on Climate-Related Financial Disclosures

Good Energy was set up to tackle climate change – and weather volatility directly affects our business of sourcing and supplying renewable electricity. The climate crisis has a significant impact on our operational and strategic direction and how we evolve our business model.

We are committed to incorporating the full recommendations laid out by the Task Force on Climate-Related Financial Disclosures (TCFD) in the next 3 years. Below, we have summarised our current approach and our journey towards meeting the TCFD recommendations, cross referencing to other areas of the annual report which go into more detail.



Good Energy's Sustainability Partner, Cherish Jackson

Governance – The organisation's governance around climate related risks and opportunities.

| | |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Our approach</p> | <p>Good Energy's Sustainability Partner currently has overall responsibility for climate-related risks and opportunities and our future focus describes how we will implement oversight from senior management. Although there is currently no formal Board overview on formal climate-related risks and opportunities, the purpose and strategy of Good Energy naturally considers this as it relates to our core business.</p> <p>The following documentation represents good governance about climate related issues and is presented to senior management by Good Energy's Sustainability Partner, who is responsible for reviewing progress and defining subsequent actions each year.</p> <ul style="list-style-type: none"> • Legal Assessment: This is used to evaluate Good Energy's compliance with its obligations to meet applicable environmental legislation. This assessment is re-evaluated on a quarterly basis where appropriate action is taken. • Environmental Objectives Matrix: provides clear assessment of how environmental risks and opportunities can be managed; how necessary controls are being implemented; and sets clear objectives to improve environmental performance. <p>An external annual audit against our brand promises.</p> <p>An internal green audit took place in 2021 to provide management with recommendations for mitigating climate risks and maximising opportunities.</p> <p>In 2021 we began a project to obtain more data from the suppliers we contract with about their sustainability, ethics, health and safety and IT governance. This prompted us to refresh our practices and make changes such as updating our employee travel policy, and informs our ability to assess our impact with our suppliers.</p> <p>All of the above are subject to an annual management review where our Sustainability Partner reports to the Head of People & Culture and is supported by the Information Governance, Risk and Compliance Lead.</p> |
| <p>Our future focus</p> | <p>Formalise oversight process, decision making and responsibility with the Audit & Risk Committee and Executive team to oversee all climate-related risks and opportunities</p> <p>Implement Science Based Targets in H1 2022.</p> <p>Develop our approach to working with sustainable suppliers.</p> <p>Form an ESG Committee reporting line for the annual management review.</p> |
| <p>More information</p> | <p>Read our Corporate Governance report on pages 80 to 90.</p> <p>Read our Nomination and Remuneration report on pages 95 to 101.</p> <p>Read about our green credentials on page 56.</p> |

Strategy – The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Our approach

Good Energy's purpose is to power a cleaner, greener world. With the UK having committed to reach net-zero emissions by 2050, we continue to drive the transformation of the energy network to enable a zero carbon Britain. In 2021 we announced the acceleration of our strategic shift to Energy & Mobility services.

Our community of over 1,900 independent generators is what makes us different. We buy power directly from them, using it to match every kWh our customers use. Long-term contracts with renewable generators are Good Energy's primary instrument for hedging power, providing some protection from the volatility of the market. Good Energy's Risk & Audit Specialist undertook an internal green audit which verifies our Gas and Electricity claims. This was independently and externally verified by environmental audit services SGS and is essential in our fight against greenwashing.

Short, medium and long-term climate-related opportunities are clear for Good Energy and we have outlined a clear strategic direction to capitalise on a rapidly growing market in decentralised, digitised clean energy and transport services based on 100% 'real' renewable power. This strategy is based on the anticipated doubling of demand for electricity across transport and heat over the next 20 years and our decentralised model. (Short term = within 2 years, medium = 3-10 years, long-term = 10 years +).

Good Energy's Renewable Nation: Pathways to a Zero Carbon Britain report was released in June 2021 and looked in detail at how the UK can meet its net zero commitments with a pathway powered primarily by renewables.

Our ISO 14001 management system helps us determine the processes used to identify climate related risks and opportunities, and how material they are.

The following documentation is used to evidence the impacts of climate-related risks and opportunities relating to strategy, informing investment decisions, and is presented to senior management and employees each year.

- Environmental Aspects Register identifies environmental aspects of our current and potential activities, products and services. For example, in 2021 we had a larger than normal amount of waste due to moving offices.
- Environmental Policy and Environmental Objectives Matrix provides established Environmental Policy and objectives in line with strategy, regulators and policy makers.

Ongoing risk management proved to be critical for all energy companies in 2021 due to the energy crisis. It will also help us mitigate potential risks to the industry of a move to a predominantly renewables-based grid. This has led to the acceleration of our strategy for Energy & Mobility services.

Our future focus Continue necessary controls and set clear objectives to mitigate, as far as possible, potential shocks from the energy market, such as discretionary cost reductions, additional price increases as well as working capital optimisation.

Test and monitor customer software platforms and continue to monitor the market to seize opportunities as they arise.

Continue to effectively engage in two-way communications with both internal and external parties regarding environmental performance, outcomes, objectives and policies. This includes increasing enhancements to the way we report our internal carbon emissions externally.

Commit to carrying out internal green audits to identify risks, and review audit scopes, across all departments.

Refine the environmental risk and opportunities register by classifying our identified risks and opportunities by timescale (short, medium and long-term).

More information Read about the acceleration of our strategy and the short, medium and long-term opportunities in our strategic review on pages 18 to 20.

Read more about how we have reduced the impact of our office space on page 62.

Read more about our fight against greenwashing on page 56.

Read more about our two-way communication externally on pages 24 to 25.

Read more about our environmental performance internally on page 63.



Risk Management - How the organisation identifies, assesses, and manages climate-related risks.

Our approach

Our risk management is integrated into our Group-wide approach as described in the Audit & Risk management report and principal risks and uncertainties.

Risks are identified, analysed and assessed by the information governance, risk and compliance team in conjunction with the Sustainability Partner and recorded on relevant risk registers, which cover current and emerging risks. These are shared with top management for full visibility and to gain appropriate support.

Our Risk and Opportunities Matrix provides clear assessment of how environmental risks and opportunities can be managed by implementing necessary controls and setting clear objectives to improve environmental performance. This is presented to senior leaders annually.

Climate-related risks and opportunities are recorded in the corporate risk register, which includes risk effect, mitigations and future mitigations. For example, causing an environmental incident has been identified and assessed as a potential risk in the corporate risk register. Hybrid working for Good Energy employees is recorded as an opportunity and controlled risk; it saves emissions but will be monitored closely as the pandemic and restrictions ease.

- Methodology used to assess risks on Good Energy's environmental risk register accounts for likelihood of the event vs impact. The areas considered are financial, strategic, business and project objectives; shareholder relations; environmental; regulatory; and compliance. The Sustainability Partner reviews the residual risk score against the defined risk appetite tolerance to ascertain if additional measures are required.

| Risk Title | Cause | Event | Effect | Mitigations | Risk Score (likelihood x impact) |
|-------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Causing an Environmental Incident | Local river pollution | Contaminated water from office server room air conditioning activity entering local river and water tables | Possible fines or sanctions having caused damage to local biodiversity | Carry out competency check on all appointed drainage contractors and review of site drainage plans | 5 |
| Contractor Management | Appointing inappropriate and irresponsible contractors | Contractor working on behalf of Good Energy breaching environmental legislation and ethical environmental practices i.e. irresponsible waste handling | Fines or sanctions having caused damage to local environment | Carry out adequate screening checks of all contractors checking competency, experience, and skill. All working contractors must be supervised by the facilities team. | 5 |
| Failure to achieve Science Based targets (SBT) | Our set emissions reduction target of 50% decrease from 2018 - 2030 is not achieved | Target may not be met if travel emissions from commuting and business travel increase to pre Covid-19 levels | Damage to company reputation and brand image leading to questionable operational practices | Emissions will be monitored closely through a monthly emissions KPI as well as encouraging greener transport methods and continuing with our hybrid working model | 4 |

Risk management training courses are held for senior leaders, with instructions on how to identify, measure, control and manage risks. The training consists of E-learning and two workshops, which are mandatory for senior leaders and optional for the rest of organisation.

| | |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Our future focus | <p>Continue to effectively engage in two-way communications with both internal and external parties regarding environmental performance, outcomes, objectives and policies.</p> <p>Continue providing risk management training across the organisation and to new starters.</p> <p>Embed regular discussion with the Audit & Risk Committee to include specific climate-related risks and formalise the processes and methodology.</p> <p>Support collaboration internally between the climate specific risk register and the overall corporate risk register presented to Audit & Risk Committee.</p> <p>Embed an acceptable residual risk score and formal methodology for climate change risks specifically in our corporate/top risk register.</p> <p>Begin to capture home working energy use through employee hybrid working surveys.</p> |
| More information | <p>Read more about our principal risks and uncertainties on pages 33 to 35.</p> <p>Read more about our two-way communication externally on pages 24 to 25.</p> <p>Read the Audit & Risk management report on pages 91 to 93.</p> |

Metrics & Targets – The processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.

| | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Our approach | <p>We have achieved ISO14001 certification for the past four years (implemented in 2017). This confirms we are meeting international standards for measuring and improving our environmental performance and is externally audited each year.</p> <p>In 2020 we joined the UN’s Race to Zero campaign as part of its SME Climate Hub. The campaign brings together a diverse group of international companies united by a commitment to achieve net-zero emissions before 2050.</p> <p>We have measured and reported our Scope 1, 2 and 3 greenhouse gas (GHG) emissions and how any created emissions are neutralised since 2015.</p> <p>We calculate carbon emissions according to the GHG Protocol, ISO 14064-3 and DEFRA Environmental Reporting Guidance, with calculations externally audited and verified by a third party. The verification exercise is performed to the ISO 14064-3 standard and is compared to previous years and tracked each year.</p> <p>Our Carbon Emissions Summary provides clear methodology and calculations for annual carbon emissions accounting to provide metrics in setting objectives and targets for future years, along with commitments to climate initiatives such as the Science Based Targets.</p> <p>Good Energy’s headquarters moved to Wiltshire Council’s Chippenham offices in January 2021. The offices are supplied with 100% renewable energy, enabling us to reduce our scope 1 emissions. Additional solar panels were installed in 2021 with the aim of having the entire building running off its own PV. Good Energy and Wiltshire Council are working together to achieve environmental objectives of reducing the environmental impact, carbon emissions and climate responsibilities of our shared offices.</p> |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Our future focus</p> | <p>Retain our ISO14001 certification.</p> <p>Implement the Science Based Targets in H1 2022. We have committed to reduce our carbon emissions to the level needed to keep global heating to a maximum of 1.5 degrees, with a target of reducing our emissions by 50% by 2030.</p> <p>Extend Scope 3 carbon emissions reporting. We currently include energy consumption, waste, water, procurement, commuting and business travel, but are extending this to capture our meter readers' travel emissions.</p> <p>We are closely monitoring carbon emissions following the introduction of our post-lockdown hybrid working practices so we can identify trends. Going forward, we will include home working emissions to be able to provide a more accurate picture of emissions resulting from our business activities.</p> <p>Set carbon reduction targets for remuneration policies which will include emissions from suppliers.</p> |
| <p>More information</p> | <p>Read more about our environmental impact on pages 52 to 53.</p> <p>Read more about our carbon emissions on page 66 to 67.</p> <p>Read about our carbon offset schemes on page 54.</p> <p>Read more about how we have reduced the impact of our office space on page 62.</p> |

Definitions:

ISO 14001: is an internationally agreed standard that sets out the requirements for an environmental management system. It helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.

Internal green audit: annual internal green audit to an appropriate scale for a small business.

Science Based Targets: an initiative providing a pathway for companies to reduce greenhouse gas emissions (GHG), helping prevent the worst impacts of climate change and future-proof business growth.

GHG Protocol, ISO 14064-3: is an international standard for quantifying and reporting GHG emissions.

DEFRA: The Government Department for Environmental, Food and Rural Affairs that develops and implements policy on the environment, food and rural issues. They are responsible for supporting the growth of a sustainable green economy.



Nigel Pocklington
 Chief Executive Officer
 On behalf of the Board
 27 April 2022





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Board of Directors



William Whitehorn

Chairman (Independent)

Responsibilities

Chairman of the Board, Member of the Audit & Risk Committee and Nomination & Remuneration Committee.

Will focuses on fast-moving and growing companies, with extensive experience in many sectors, but especially in technology, digital and branding.

Will holds Non-Executive roles across a range of companies, including space technology company AAC Clyde Space AB of Sweden. In 2021 he was appointed Chair of Seraphim Space Investment Trust PLC, which is the World's first quoted Space Tech investment company. He was appointed Chairman of Craneware PLC in 2019. In 2022 he was also appointed to the U.K. Government's Space Exploration Advisory Committee (SEAC), which reports into the UK Space Agency.

Skills and experience

Will spent over 20 years with Virgin Group, where he was responsible for global brand development and corporate affairs. He also played a key role in founding (among others) Virgin Rail and Virgin Galactic and was special advisor to Sir Richard Branson.

Joined Board

July 2018



Nigel Pocklington

Chief Executive Officer

Responsibilities

Nigel joined as CEO in May 2021 to lead Good Energy's development as an innovative supplier at the forefront of the transition to net zero.

Skills and experience

Nigel is a widely experienced senior executive with a strong commercial, digital, and operational track record spanning over 25 years. He most recently served as Chief Commercial Officer of Moneysupermarket Group plc. Prior to this, he held senior roles at Expedia Inc., including President of eBookers and Chief Marketing Officer of Hotels.com. He spent a decade of his early career at Pearson plc, including a period leading the digital operations of the Financial Times. He holds an MA and M.Phil from Oxford University and an MBA from INSEAD. In March 2022, Nigel was appointed Chair of Zap-Map.

Nigel is also a Non-Executive Director and remuneration committee chair at Kin + Carta plc, a global digital transformation business focused on helping make the journey to becoming a digital business tangible, sustainable and profitable.

Joined Board

May 2021



Rupert Sanderson

Chief Financial Officer

Responsibilities

Rupert is Chief Financial Officer of Good Energy Group plc.

Skills and experience

Rupert joined us in February 2017 and is responsible for all finance, legal, company secretariat and trading matters, including managing our financial stakeholders. Having worked widely in larger support services and energy organisations as well as in supporting smaller organisations through growth programmes, Rupert brings valuable experience to Good Energy as it develops its services and propositions. His previous roles include senior financial and commercial positions at Centrica, British Gas, Serco and Avis Europe.

Rupert began his career as an accountant for PwC and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Joined Board

January 2020



Board of Directors



Juliet Davenport

Non-Executive Director

Responsibilities

Juliet is the founder of Good Energy, building the company from scratch in 1999 with the mission to tackle climate change. In 2013 she was awarded an OBE for services to renewables.

Juliet currently sits on the board of the Renewable Energy Association, Innovate UK and the Crown Estate, as well as the advisory boards of British Growth Fund, Aurora, and the Grantham Institute. As well as advising companies in the cleantech space, Juliet has chaired the LSE-listed investment trust Atrato Onsite Energy since October 2021. Juliet is also Vice President of the Energy Institute, of which she has been an Honorary Fellow since 2018.

Skills and experience

Juliet worked for a year at the European Commission on European energy policy, then at the European Parliament on carbon taxation and holds a masters in environmental economics.

Joined Board

2002



Timothy (Tim) Jones

Non-Executive Director (Independent)

Responsibilities

Member of the Audit & Risk committee and Member of Nomination & Remuneration Committee.

Tim was appointed Non-Executive Director in December 2017 and is a Technology Executive, Advisor and Angel Investor who brings 25 years of digital innovation, execution and operation experience to the Board.

A former executive of Moneysupermarket Group PLC where he was CIO for 7 years and a co-founder and former executive at AutoTrader UK. Now founder and CEO of Disrupt Club, a specialist digital advisory firm. In 2020, Tim was appointed a Non-Executive Director to the Zap-Map Board.

Skills and experience

Tim is a chartered engineer (CEng) and chartered IT professional (MBCS CITP) with a depth of experience in leading digital transformation and commercial growth; both scaling early stage companies and the formation and leadership of highly performing teams in established organisations. Tim has extensive experience in delivering innovative consumer propositions in various online sectors such as retail, automotive, travel, marketplace and the highly regulated verticals of insurance, financial services, energy and telecommunications.

Joined Board

December 2017



Emma Tinker

Non-Executive Director (Independent)

Responsibilities

Chair of Nomination & Remuneration Committee and Member of the Audit & Risk Committee.

Emma is a private equity investment Director who brings a wealth of investment experience. She is a Director of numerous renewable energy companies, established the renewable energy business at HG Capital in 2002 and founded Asper Investment Management in 2016 as the spinout of that business where she is Chief Investment Officer. She has been a Director for renewable developers and independent power producers, working across a range of renewable technologies. Emma is also a Director of the Gardeners' Royal Benevolent Society.

Skills and experience

Emma has substantial commercial experience spanning the entire lifecycle of investments in energy businesses, and has worked across a range of renewable technologies.

Joined Board

September 2016



Nemone Wynn-Evans

Non-Executive Director (Independent)

Responsibilities

Chair of the Audit & Risk Committee and member of the Nomination & Remuneration Committee.

With extensive experience in financial services, Nemone brings skills across audit, risk management, business development, corporate finance, corporate governance, investor relations and marketing.

Nemone holds a number of roles across a range of companies, serving as Board Chair at Shepherds Friendly Society (where she previously chaired the Risk Committee), as a Non-Executive director at Hinckley & Rugby Building Society where she sits on the Audit Committee, and as a Board Advisor at SORBUS Partners LLP. She is also a Fellow of the Chartered Institute of Securities and Investments.

Skills and experience

Nemone began her career in the City of London and has worked with many listed PLC and RA/FCA/FSA regulated companies, having acted as a Finance Director on the main board of a stock exchange.

Joined Board

February 2019

Governance & Directors' report

Overview

Good Energy is committed to high standards of corporate governance and places good governance at the heart of the business. In July 2018, the Board of Good Energy formally adopted the Quoted Companies Alliance's ("QCA") code of corporate governance ("the Code") in line with requirements of the London Stock Exchange's Alternative Investment Market ("AIM") Rules. The Board believes that the Code provides the Company with a rigorous corporate governance framework to support the business and its success in the long-term. The Code sets out 10 corporate governance principles. The ways in which Good Energy meets these principles is described in the following sections and incorporates information about the ways in which the Board discharges its duties under the Companies Act 2006, s172. The full s172 statement is available on pages 24 to 25. This governance report is also available to view on our website at group.goodenergy.co.uk.

1. Establish a strategy and business model which promote long-term value for shareholders

Good Energy is a different kind of energy company, powering a cleaner, greener world. We make it simple to generate, share, store, use and travel by clean power.

In establishing Good Energy's strategy, the Board considered the long-term interests of Good Energy's stakeholders and set a course which aligns those interests with those of the Company, promoting the long-term interests of the Company and long-term value for shareholders.

Good Energy's ambition is to support one million homes and businesses cut carbon from their energy and transport use by 2025.

Good Energy is well positioned to deliver long-term value for shareholders through the implementation of its strategy, focusing on:

- **Core supply business** fairly priced, transparent, 100% renewable electricity operating efficiently and provides the ability to unlock future opportunities.
- **Decentralised energy** services to help households and businesses generate, store and consume clean power being the trusted portal on how to go green.
- **Mobility** make it easy to own, drive, fuel and pay for an electric vehicle.

Good Energy continually reviews and aligns its business model to better enable delivery of its strategic ambitions. We have engaged our people through ongoing communication, using multiple channels to reinforce the pioneering, agile culture

that enables Good Energy to continue to innovate and drive change.

Excellent progress has been made in pursuit of its strategic ambitions and the momentum we are building to deliver the energy market of the future.

Read our strategic review on pages 18 to 20.

Read more about our business model on pages 26 to 27.

2. Seek to understand and meet shareholder needs and expectations

Good Energy is proud to have a diverse shareholder base, including a significant proportion of private shareholders (many of whom are also Good Energy customers) and other long-term investors. The Board seeks to understand the needs and expectations of its stakeholders, particularly shareholders, through insight gained from regular customer surveys and focus groups, periodic investor surveys and obtaining structured feedback from investor road-shows. Good Energy's strategy responds to the insight gained through these consultations.

Good Energy provides shareholders and other stakeholders with relevant information in a timely and balanced manner and meets with its largest shareholders periodically to understand their views on Good Energy's performance and future plans.

Good Energy actively encourages shareholders to participate in its AGM as an opportunity for all shareholders to share their views openly with the whole Board and other shareholders.

Read more about our stakeholder engagement on pages 24 and 25 and in principle 10.

3. Consider wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises its primary legal responsibility to promote the success of the Company for the benefit of its members as a whole, taking into account the interests of other stakeholders including customers, employees, partners, suppliers, regulators, the environment and the local communities in which Good Energy operates.

Purpose-led from the outset, Good Energy continues to prove that the "other way" is better:

- Which? magazine's latest ranking of green energy suppliers saw us top the league table. The research from Which? rates energy companies on sustainability, awarding Good Energy the highest score and new Eco Provider badge.
- In recognition of the many ways in which we continue to support renewable energy

generation across the UK, we secured a permanent derogation from Ofgem's price cap in August 2019.

- We are the first energy company to be awarded the Good Housekeeping Institute's new green accreditation after being verified as a "100% renewable electricity provider". This is another way of showing people what we do is different.
- We were named "best green electricity supplier" and one of the UK's most ethical companies of the last 25 years by Ethical Consumer Magazine.
- We are also proud to have been an accredited Living Wage employer since 2015.

Establishing the right culture is an integral part of delivering Good Energy's strategy, in which employees are key internal stakeholders within the business and developing its culture.

Read more about our employees on pages 48 to 51.

Read more about our wider stakeholder engagement on pages 24 and 25.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Good Energy recognises that effective enterprise risk management is critical to enable it to meet its strategic objectives.

We have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be responsive to the rapidly changing environment in which we operate. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of our strategy.

We believe the Company is well positioned to mitigate these principal risks currently facing the energy industry through a combination of our risk management processes, our control activity and the strategic direction we are pursuing.

Read more about our principal risks on pages 33 to 35.

Read more on risk management and controls in the Audit & Risk Committee Report on pages 91 to 93.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises two Executive, the Chairman and four Non-Executive Directors as described on pages 76 to 79. The roles and

responsibilities of the Chairman, Non-Executive Directors, Executive Directors and the Company Secretary are clearly defined and regularly reviewed. Details of current roles and responsibilities are set out in the table overleaf.

The Board meets at least four times a year. Given the attempted take-over bid and requisitioned general meeting, more frequent board discussions and ad hoc meetings were necessary in 2021. For Board meetings, the management team submit reports for consideration and the Board has a formal schedule of matters reserved to it. The Board have access to the company secretarial team and are able to take independent advice in the furtherance of duties if necessary.

The Nomination & Remuneration Committee discusses time commitments from Directors, particularly Non-Executive Directors. Over the period Non-Executive Directors spent 20-25 days with Good Energy, the latter if they are Chair of a Committee. 2021 was an exceptional year due to the hostile take-over attempt and the requisitioned general meeting and Non-Executive Directors therefore spent additional time during the year with Good Energy.

The Board

| | | |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Role of the Board | <ul style="list-style-type: none"> Setting Group strategy and objectives in collaboration with the Executive. Providing leadership, knowledge and experience to support and guide the Executive. Engaging with shareholders. | <ul style="list-style-type: none"> Overseeing and monitoring business performance, internal controls, corporate governance and risk management. Oversight of principal risks – including competitive position, political risk and programme delivery. |
| Chairman William Whitehorn | <ul style="list-style-type: none"> Effective running of the Board and its Committees in accordance with principles of good corporate governance. Setting the Board agenda. | <ul style="list-style-type: none"> Managing the Board to ensure adequate time is allocated at Board meetings for discussion of all agenda items. Ensuring the Board receives accurate, timely and clear information. |
| Other Non-Executive Directors | <ul style="list-style-type: none"> Providing knowledge, skills and external experience to support the Chairman and the Executive. | |
| Chief Executive Nigel Pocklington | <ul style="list-style-type: none"> Overseeing the day-to-day operation of the Group's business. Developing and implementing the Group's strategy as approved by the Board. | <ul style="list-style-type: none"> Establishing and maintaining formal and appropriate delegations of authority. Maintaining a close working relationship with the Chairman. |
| Chief Financial Officer Rupert Sanderson | <ul style="list-style-type: none"> Developing and implementing the Group's strategy as approved by the Board. Establishing and maintaining formal and appropriate delegations of authority. | <ul style="list-style-type: none"> Overseeing and managing financial resources for the Group and its subsidiaries. Maintaining a close working relationship with the Chair of Audit & Risk Committee. |
| Role of the Company Secretary | <ul style="list-style-type: none"> The Board and each Director has unlimited access to the Company Secretary. LDC Nominee Secretary Limited serves as the Company Secretary and is responsible for: <ul style="list-style-type: none"> Acting as Secretary to the Board and its Committees, ensuring compliance with Board procedures and corporate governance requirements, Directors' induction and ongoing training requirements. | <ul style="list-style-type: none"> Providing governance, advisory and administrative support to the Board and its Committees. |

Other information:

- The roles of Chairman and Chief Executive have always been split with the Chairman acting in a non-executive capacity.
- The Executive Directors are accountable to the Board for the operating and financial performance of the Group.
- The Board is also responsible for approving the appointment of Executives, setting Executive remuneration and devising incentive programmes, agreeing financial and accounting policies and ensuring that the shareholders are properly informed about the state of the businesses. In addition, the Board is responsible for the appointment and removal of the Company Secretary.
- At the end of the reporting period, the Board comprised the Chairman, Chief Executive Officer, Chief Financial Officer and four Non-Executive Directors, three of whom the Board considers to be independent. Juliet Davenport is not deemed to be independent by virtue of her previous CEO role. The Board considers that the Non-Executive Directors as a unit play an important role in ensuring that no individual or group dominates the Board's decision making.
- The Board is satisfied that it currently has a sufficient range of relevant experience, skills and capabilities to be able to discharge its responsibilities.
- The Board has constituted two Committees: Audit & Risk and Nomination & Remuneration. Both Committees comprise only independent Non-Executive Directors.
- Juliet Davenport has a substantial shareholding in the Company, in aggregate representing approximately 3.7% of the issued capital. All current Directors hold shares in the Company although the Company does not require them to do so.
- Over the period, the Board and the Executive team have worked together to evolve the flow of information to the Board. This has resulted in simpler, insight- focussed reporting to facilitate effective debate and enable robust and timely decision-making.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that it has an appropriate balance of skills and experience as well as an appropriate balance of personal qualities and capabilities to deliver the Company's long-term strategic objectives.

The Board regularly reviews its composition and that of its Committees to ensure it has access to

diverse perspectives and the necessary up-to-date experience, skills and capabilities to discharge its duties effectively.

The Board also reviews the length of time each Director has served on the Board and assesses if contributions made by each Director remain effective. Details of the Director's tenure can be found on page 84.

Changes are made to the composition of the Board and its Committees to ensure the right balance of complementary skills and capabilities for the next phase of Good Energy's strategic direction. In 2021 Nigel Pocklington was appointed CEO, bringing strong commercial, digital, and operational track record spanning over 25 years. Nigel is also a Non-Executive Director for Kin + Carta, a global digital transformation business focused on helping make the journey to becoming a digital business tangible, sustainable and profitable, where he chairs the Remuneration Committee and is a member of the Audit and Nomination Committees. The Nomination & Remuneration Committee also works to ensure the right balance of skills, knowledge and capabilities on the Board.

The Company encourages each Director to identify their individual training needs to support the effective operation of the Board and the delivery of the Company's strategy. The Company provides specific training on renewable energy and energy markets both in house and using external providers as appropriate.

The Board continues to have briefings on a variety of topics including developments in corporate governance and appropriate handling of personal data, insight from shareholders, customers and staff on their views and expectations of Good Energy as well as formal briefing from the Company's nominated adviser on updates to the AIM rules and other capital markets matters.

Procedures are in place to enable individual Directors to seek independent advice at the expense of the Company and appropriate cover is in place. The Board and its Committees may take external advice as appropriate.

Read more about the Board of Directors on pages 76 to 79.

Read more about the Nomination & Remuneration Committee on pages 95 and 96.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board conducts an annual evaluation process to assess its effectiveness, as well as that of its Committees and the individual Directors, to drive its continuous improvement. The process is described in more detail on page 89.

8. Promote a corporate culture that is based on ethical values and behaviours

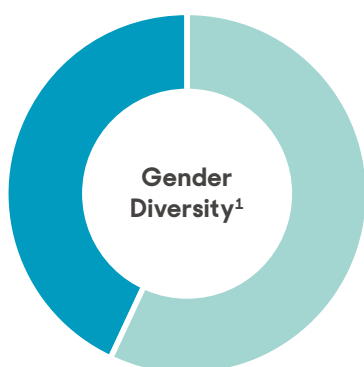
The Board recognises the importance of its role in promoting and monitoring the Company's desired culture and ensuring it is consistent with the Company's long-term strategic objectives. Good Energy's purpose is to power a cleaner, greener world, and its core values, to be fair, straightforward, determined and inclusive, underpin our culture. Treating employees, shareholders, customers, suppliers and all our stakeholders in a way that reflects our culture is important to us, and the Board endeavours to ensure that the Group's policies, which are implemented and communicated to the relevant stakeholders, internally and externally, reflect our values. Treating customers fairly is key to the success of the Group, and we are committed to acting ethically in all our business relationships, and expect the same high standards from our suppliers and other business partners. Our Modern Slavery Act statement is published on our website.

In 2021 Good Energy updated its 'Guiding Principles' to the Code of Good Conduct. The Code of Good Conduct reflects the Board's duties under the Companies Act 2006, s172. This ensures everyone has clarity on standards of conduct and managing potential risks within the business in line with our purpose and values. The Code of Good Conduct focuses on seven key themes: IT Security, Operating with Integrity, Whistleblowing, Valuing our People, Expenses, Information Governance and Procurement, and is refreshed at least annually as the Group continues to evolve the way in which it secures engagement from employees at all levels across the organisation.

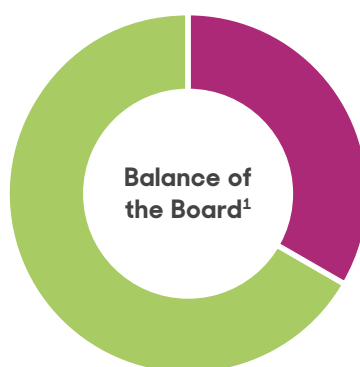
Our Code of Good Conduct:

- Provides a framework to empower Good Energy employees to make informed decisions that are in the best interests of the Company and its customers and other stakeholders.
- Reflects the environment in which the Company operates.
- Mitigates risk
- Explains where our employees can get advice including where to access our company policies
- Demonstrates the Group's commitment to working with honesty, respect and transparency.

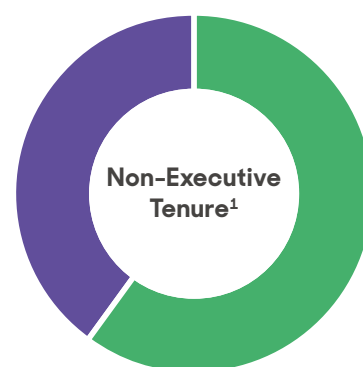
It is important to Good Energy that we have a fair, diverse and inclusive culture, and we operate on the principle that a workplace where people's differences are valued creates a more productive and innovative organisation and will help us attract and retain employees to allow us to meet our strategic objectives. The Group's employment policies follow best practice in terms of equal opportunities for all employees, irrespective of race, gender, nationality, sexual orientation, disability, marital status, religion or age. Good Energy encourages where possible, the employment of people with disabilities and giving fair consideration to disabled applicants having due regard for their skills and abilities. Should a colleague become disabled during employment with Good Energy, efforts are made to continue employment with any additional support and training identified and undertaken. Flexible working requests are available to everyone.



● Male
● Female



● Executive
● Non-executive



● 2-5 Yrs
● 5+ Yrs

¹ Data as at 31 December 2021.

The Board's Committees

| Nomination & Remuneration Committee | Audit & Risk Committee |
|-------------------------------------|------------------------------|
| Board Composition | Corporate Governance |
| Succession planning | Financial Reporting |
| Board nominations | Internal Controls |
| Remuneration policy | Risk Management |
| Incentive design and target setting | External Auditor |
| Executive remuneration review | Oversight of principal risks |

To help us ensure that ethical values and behaviours are recognised and respected, we have nominated Inclusion Champions across the workforce to help us deliver on our Diversity and Inclusion plan to enhance our commitment to a diverse workplace.

You can read more about diversity and inclusion on page 49.

Our gender pay gap report is set out on page 48.

Our section 172 statement is available on pages 24 to 25.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Good Energy's governance structures support its corporate culture and are appropriate to its stage of development and the complexity of the business. The Board has established a Nomination & Remuneration Committee and an Audit & Risk Committee to support effective governance and decision-making.

The key areas for focus for the Committees are listed above.

The Board continuously monitors the effectiveness of its governance structures, enabling them to evolve over time to support Good Energy's growth and development.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Good Energy welcomes dialogue with shareholders, particularly the need for open communication on the Company's strategy, and takes care to calibrate

perspectives expressed by individual members in the context of Good Energy's members as a whole.

Principal communications with shareholders are conducted through the Annual and Interim results, AGM and interim RNS announcements on key business developments. Good Energy supplements its Annual and Interim results with presentations to analysts and other interested stakeholders (all available on its website) and meets with larger shareholders at least twice annually to discuss both performance and governance, as well as our future plans and one to one meetings. The Board actively encourages shareholder participation at its Annual General Meeting and general meetings. Since 2020, Good Energy have used the Investor Meet Company platform enabling all shareholders to interact with the CEO and CFO at key financial events.

Good Energy's Investor Relations team supports effective communications with shareholders and other investors and can be contacted at: investor.relations@goodenergy.co.uk. In addition, there is a dedicated group website and option to sign up to investor related alerts.

The Board also recognises the importance of ensuring that the Company maintains effective engagement with other stakeholders and taking into account the interests of internal and external stakeholders when making decisions at Board level. Examples of ways in which Good Energy maintains active communication with other stakeholders are described in our section 172 statement on pages 24 to 25 of the strategic report.

The Board and its Committees

The Board is ultimately responsible to shareholders for the direction, management and performance of the Company and its business.

Biographies of the Board's Directors are set out pages 76 to 79. Details of the Directors' remuneration, including share options, are set out in the Nomination & Remuneration report on pages 97, 98 and 101. Details of the Directors' interests in ordinary shares in the capital of the Company are set out on page 104 under Statutory and other information.

The Board maintains a list of matters reserved for its approval, generally being items which affect the shape, risk profile or strategic direction of the Group, as well as the key financial items. The Board reviews this schedule annually and it is updated as necessary.

The Board has established two principal committees which focus on particular areas as set out overleaf. The Chair of each Committee reports to the Board on its activities after each Committee meeting.

Reports from each Committee are included later in this section.

Matters that are not reserved to shareholders, the Board or one of its Committees are the responsibility of the Executive Directors who have established and maintain a documented schedule of delegations of authority to members of the Executive and other management. This delegation of authority is incorporated within the Company's Code of Good Conduct and includes a detailed authorisation matrix covering financial limits and approvals needed when conducting business on behalf of the Group. The delegation of authority is reviewed by the Board at regular intervals.

Board & Committee Changes

As part of its annual evaluation process and otherwise as required, the Board reviews its composition to ensure that the Group has access to a balance of complementary skills and experience to enable the Group to achieve its strategic ambitions and wider purpose.

In February 2021, the Company announced Juliet Davenport would be transitioning from Chief Executive Officer to a Non-Executive Director position. In April 2021 the Company announced the appointment of Nigel Pocklington as Chief Executive Officer. Nigel is a widely experienced senior executive with a strong commercial, digital, and operational track record spanning over 25 years.

Read more about the Board of Directors on pages 76 to 79.

Read about succession planning on page 90.

Independence of the Non-Executive Directors

The Board conducts an annual review of the independence of the Non-Executive Directors and considers three of its Non-Executive Directors to be independent in both character and judgement.

Juliet Davenport is not deemed to be independent by virtue of her previous CEO role. The Chairman, Will Whitehorn, was independent upon appointment to the Board in July 2018.

Directors' Indemnities and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers.

Board and Committee composition

The following table sets out the composition of the Board and its committees as at 31 December 2021:

| | Board | Audit & Risk Management | Nomination & Remuneration |
|-----------------------------------|-------|-------------------------|---------------------------|
| Nigel Pocklington | ○ | - | - |
| Rupert Sanderson (CFO) | ○ | - | - |
| Will Whitehorn (Chairman) | ● | ○ | ○ |
| Juliet Davenport (Non-Executive) | ○ | - | - |
| Tim Jones (Non-Executive) | ○ | ○ | ○ |
| Emma Tinker (Non-Executive) | ○ | ○ | ● |
| Nemone Wynn-Evans (Non-Executive) | ○ | ● | ○ |

● Chair ○ Member - Not applicable/invitation only

Board and Committee Attendance

| | Board | Audit & Risk Committee | Nomination & Remuneration Committee |
|--------------------------------|-------|------------------------|-------------------------------------|
| Executive Directors | | | |
| Nigel Pocklington ² | 4/4 | N/A* | N/A* |
| Rupert Sanderson ³ | 7/7 | N/A* | N/A* |
| Non-Executive Directors | | | |
| Will Whitehorn ⁴ | 7/7 | 3/5 | 2/3 |
| Juliet Davenport ⁵ | 7/7 | 3/3 | 2/2 |
| Tim Jones | 7/7 | 5/5 | 3/3 |
| Emma Tinker | 7/7 | 5/5 | 3/3 |
| Nemone Wynn-Evans | 7/7 | 5/5 | 3/3 |

2. Nigel Pocklington joined the Board 1 May 2021.

3. Rupert Sanderson part-attended the Nomination & Remuneration Committee meetings by invitation only.

4. Will Whitehorn was unable to attend two A&RC meetings and one N&RC meeting due to prior commitments, however he provided full comments on the materials discussed to the Board ahead of those meetings.

5. Juliet Davenport did not attend those committee meetings held after her transition to a non-executive role. She is not a member of the committees due to her not being deemed independent by virtue of her previous CEO role.

*. By invitation only. Nigel Pocklington attended three A&RC meetings and two N&RC meetings. Rupert Sanderson attended five A&RC meetings and two N&RC meetings.

Operations of the Board

Details of the number of scheduled Board meetings and attendance of Directors is set out in the table on page 88. The Group's performance is reviewed at these scheduled meetings and the Board is responsible for agreeing and reviewing the strategy for the Group, for which it maintains both short term (twelve months) and longer-term (three to five years) plans.

In addition, it is responsible for matters relating to employee recruitment and remuneration, strategy, health and safety and other specific subject areas.

Where relevant, members of the Executive team and other senior leaders within the business are invited to attend Board and Committee discussions. Members of the Board also engage with members of the Executive team and other senior leaders directly on relevant initiatives.

During the year, the Board and relevant Committees convened a number of ad-hoc proceedings to support the Group in developing, refining and implementing initiatives in support of its strategic ambitions as well as the hostile attempted take-over bid by Ecotricity. In addition, the Board or relevant Committees held regular informal discussions on a variety of topics to consider the impact of macro-economic events, developments in Government policy on the Company, and to provide guidance and insight to support the Company in delivering its short term and longer-term objectives.

The Board conducts a formal review of the Group's strategy at least annually, at which all Board members and all of the Executive team are present.

Board packs are generally circulated at least one week ahead of scheduled meetings to allow adequate time for the Board and/or Committee Members to review information and prepare. Where a Director is unable to attend a meeting, the materials for the meeting are provided to them and subsequent briefings are provided as appropriate.

The Chairman and Chief Executive maintain regular contact and the Chairman receives a briefing from the Chief Executive before each scheduled Board meeting. The Chairman provides a briefing to the Non-Executive Directors before each scheduled Board meeting to align priorities and maximise the Board's effectiveness at meetings. The Chairman also regularly de-briefs with the Non-Executive Directors after meetings to capture feedback and identify opportunities for improvement. The Executive Directors do not participate in these discussions.

All Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes.

The Board reviews the operational and financial performance of the Group for each month against a pre-agreed set of performance targets. In addition, the Board receives information through a system of continuous financial planning which enables it to better manage profit and cash flow forecasting, and to inform investment decision making. The formal financial plan for the forthcoming year is reviewed and authorised by the Board.

The Board and each of its Committees have access to the services of the Company Secretary and external advisers as necessary.

Executive Team

The roles of Chief Executive and Chairman have always been split, with the Chairman operating in a Non-Executive capacity. An outline of the roles and responsibilities of the Chairman, Chief Executive, other Executive Directors and, Non-Executive Directors are provided on pages 82.

As at 31 December 2021 the Executive team comprised the Chief Executive, Chief Financial Officer, Chief Operating Officer, Technology Director and Marketing and External Affairs Director.

The Executive team is an executive-level forum of the Group's most senior leaders, chaired by the Chief Executive. It comes together to communicate, review and agree on issues and actions of Group-wide significance. It helps to develop, implement and monitor strategic and operational plans, considers the continuing applicability, appropriateness and impact of risks, leads the Group's culture and aids the decision-making of the Chief Executive and Chief Financial Officer in managing the business in the performance of their duties.

There are regular forums to provide clearer governance allowing the Company to strengthen in good decisions, reduce risks, and review strategic plans, alongside the Audit & Risk Committee and the Nomination & Remuneration Committee. Monthly forums include the Executive Committee, Customer Board, People & Operations Board and Energy & Assets Board (Energy Board following the sale of the generation asset portfolio). Executive and Sales & Operations meetings are weekly.

Board and Directors' Performance Evaluation

At the time of writing, an internal Board and Director's Performance evaluation is currently being undertaken. Results will be analysed, discussed and actions set for 2022 to ensure an effective Board. The Company intend to conduct an external Board review next year.

Succession planning

The Board periodically reviews its approach to succession planning, which includes contingency, short-medium-long term planning. CEO succession planning took place in early 2021 and the Company appointed an Executive search firm to recruit a new CEO. The process covered a pool of external and internal candidates. As internal candidates were considered, the Good Energy NEDs operated an independent process and appointed Nigel Pocklington as CEO in May 2021.

As well as contingency and short-medium-long term planning, succession planning considers diversity and promoting talent across the business.

Read more about development in the Nomination & Remuneration Committee report on pages 95 and 96.

Performance of Individual Directors

The individual performance of Executive and Non-Executive Directors is reviewed periodically. The cumulative time commitments of Non-Executive Directors are reviewed as part of the annual performance evaluation to ensure that no Non-Executive Director becomes over-committed and is able to devote sufficient time to the Company to discharge duties effectively. The Chairman's performance is reviewed by the Non-Executive Directors, with input from the Executive Directors and members of the Executive Team as part of the Board effectiveness review.

The performance evaluations and subsequent remuneration reviews of members of the Executive team are discussed at the Nomination & Remuneration Committee during the first quarter each year and on an ad hoc basis as required. Aside from the CEO attending when relevant, members of the Executive team do not attend discussions pertaining to their own performance.

Annual General Meeting (AGM)

The Company is pleased to be able to hold an open meeting in 2022. All holders of ordinary shares may attend the Company's AGM at which the Chairman and Chief Executive Officer present a review of the key business developments during the year.

Given the constantly evolving nature of macroeconomic events, should circumstances change before the time of the AGM we will notify shareholders of the change by RNS and on our website as early as possible before the date of the meeting.

At the meeting, shareholders can ask questions of the Board on the business of meeting, including the Annual Report and Accounts and the running of the Company generally. All Directors are invited to attend each AGM. Unless unforeseen circumstances arise, the Chair of each committee will be present to take questions at the AGM.

The AGM notice will be circulated to members through their preferred communication methods and will also be available to view on the Group's website.

A poll is conducted on each resolution at all Company general meetings. All shareholders have the opportunity to cast their votes in respect of proposed resolutions by proxy, either electronically or by post. Following the AGM, voting outcomes are published and are made available on the Group's website.

Shareholders unable to attend the AGM can vote on the business of the meeting either by post or online.

The time and venue for the 2022 AGM will be announced in the second quarter of 2022

Good Energy Bonds

The first repayment date for Good Energy Bonds II was 30 June 2021 and the Company received and repaid £420,750 worth of redemption requests on that date.

On 25 May 2021, Good Energy announced the repayment of 70% (£11.5m) of Good Energy Bonds II, as a result of a strong net cash position and increased capital flexibility following the restructure of the financing of its renewable generation asset portfolio.

The second repayment date for Good Energy Bonds II is 30 June 2022, and the Company had received £153,675 of valid redemptions requests by the deadline.

Further details are available on the Group's website: group.goodenergy.co.uk/investor-centre/bond-information/good-energy-bonds-two, and will be communicated directly to bondholders.

Audit & Risk Management report



Nemone Wynn-Evans

Chair of Audit & Risk Committee

"Good Energy recognises that effective risk management is critical to enable it to meet its strategic objectives"

Overview

Good Energy recognises that effective risk management is critical to enable it to meet its strategic objectives.

The Company has a clear framework for identifying and managing risk, both at an operational and strategic level. Its risk identification and mitigation processes have been designed to be responsive to the changing environment in which it operates. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Group's strategy.

A summary of the principal risks facing the Group is set out in the strategic report on pages 33 to 35.

The Board retains overall responsibility for the Company's risk management and internal controls framework. While the Board reviews the Company's principal risks and the suitability of the internal controls annually, responsibility for reviewing the effectiveness of risk management and internal controls is delegated to the Audit & Risk Committee which reviews this on an annual basis.

The system of internal controls is designed effectively to manage, rather than eliminate, the risk of failure to achieve business objectives.

Audit & Risk Committee

The members of the Audit & Risk Management Committee are shown on page 87.

Emma Tinker and Nemone Wynn-Evans are considered to have recent and relevant financial experience. The Chief Executive attends meetings of the Committee by invitation only together with the Chief Financial Officer and colleagues from Internal Audit & Risk Management.

The primary duty of the Audit & Risk Committee is to oversee the accounting and financial reporting process, the internal accounting practices, external audit arrangements and effectiveness of the Group's risk management and internal control system. Further reviews were undertaken throughout 2020 and 2021 in light of the Covid-19 outbreak.

The Audit & Risk Committee also meets at least annually with the Group's external auditors to review and agree the audit services being provided to the Group, including any non - audit services. It also meets with external auditors, without management being present, to discuss the audit process.

During the period, the Committee:

- oversaw the re-tender of the Group's auditors;
- oversaw an upgrade of the enterprise risk management framework to improve business integration and visibility;
- oversaw ongoing improvement of financial and operational reporting and controls;
- were consulted on the adjustments to financial reporting and provisioning as a result of the Covid-19 outbreak and its economic impact; and
- were informed on the risk materiality throughout the energy wholesale cost increases.

Risk control environment and internal audit

The Company has an established risk and internal audit function which, in January 2022, moved from the Chief Financial Officer to the Chief Operating Officer to improve visibility of principal risks. The function is now led by the Information Governance, Risk and Assurance Lead.

The function is responsible for Good Energy's risk management activities, and internal audits. As such, its activities include ensuring the regular review of internal controls relating to principal risks, reporting on risk events to the Audit & Risk Committee and reviewing and testing the effectiveness of internal controls through audit reviews. The Company has a dedicated Compliance Team in place to

provide context to company risk and assurance at an operational level to support the internal audit function. Principal risks are shown on pages 33 to 35 in the strategic report.

External Audit

Auditor appointment

The audit of the Group's financial statements for the period ended 31 December 2020 was completed by Ernst & Young and the Committee re-tendered during the year.

The Group initiated a competitive tender process for its audit work, overseen by the Audit & Risk Committee. The tender process included a mixture of participants including smaller independent audit firms, Top 10 and Big 4 accountancy firms. The process completed during the period and the Group appointed Mazars as auditors during 2021. Mazars appointment was confirmed by members at the 2021 AGM.

The Committee will consider whether to re-tender the audit after a five year period, or earlier if appropriate.

Auditor independence

The Audit & Risk Committee monitors the Group's safeguards against compromising the objectivity and independence of the external auditors. It annually reviews any non-audit services provided to the Group and their cost, and whether the auditors believe there are any relationships that may affect their independence and obtaining written confirmation from the auditors that they are independent.

The Audit & Risk Committee has also reviewed its policy for awarding non-audit work.

For the financial year ended 31 December 2021, the Committee has conducted its review of the auditors' independence and concluded that no conflict of interest exists between Mazars audit and non-audit work. The Audit & Risk Committee is using Mazars for audit only services.

Audit and non-audit fees

The Audit & Risk Committee assessed the independence of Ernst & Young and Mazars and concluded that there was no remuneration for non-audit work during the period. For further details regarding fees paid, see note 7 to the financial statements.

Whistleblowing Policy

The Group's whistleblowing policy is supported by a clear process where concerns can be raised internally at all levels as well as to the Non-Executive Directors. An independent person may be engaged in some cases. The policy also includes reference to the list of prescribed persons or bodies that may be contacted outside of Good Energy, with contact

details. The policy applies to any person, from employees to casual contract workers, who may raise concerns about wrong doing, poor practices, risks or dangers in relation to the Company's business dealings or activities.

The Whistleblowing Policy is reviewed annually by the Audit & Risk Committee. Any whistleblowing incidents and their outcomes are reported to the Committee and by exception, to the Board by the Chair of Audit & Risk Committee. No reports were made during 2021.

Going Concern

The financial statements have been prepared on the going concern basis as the Directors have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period.

The Group has had a resilient financial performance despite significant pressure from commodity markets and low wind levels, impacting on the year's performance.

The cash released through the sale of the generation asset portfolio completed in January 2022, has provided the Group with £20.7m of unrestricted cash to date with a further £0.5m of deferred consideration due in June 2022.

Looking to the future, the Group has performed a going concern review, going out until June 2023, considering both an internal base case, and various externally provided scenarios. The scenarios were provided by Ofgem in February 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, and having applied a reverse stress test, the possibility that financial headroom could be exhausted is remote.

The scenarios are a combination of price and demand-based impacts reflecting the volatility in the wholesale and supply market currently. All scenarios include the same base hedge position for Good Energy as that is what is in place at time of publishing this assessment. (We are well hedged for summer 2022 and plan to incrementally increase hedging for winter 2022). All scenarios assume domestic customer churn continues at minimal levels (Q4 2021 <5% versus 15%+ prior to H2 2021). Churn is expected to remain low until wholesale prices stabilise and the default price cap catches up to be fully reflective of the wholesale costs of power and gas seen by suppliers.

The scenarios are:

Scenario 1 - Low Price

Scenario 2 - Central Price

Scenario 3 - High Price

Scenario 4 - High Price with 3-month demand (15%

increase in gas usage vs monthly norms, 2% increase in electricity usage vs monthly norms) shock Q1 2023

Scenario 4a – high Price with 1 month demand shock (Non Ofgem Scenario. 15% increase in gas usage vs monthly norms, 2% increase in electricity usage vs monthly norms)

Scenario 5 – Extreme Price

The wholesale prices covered by these scenarios are demonstrated in the below chart. Whilst the chart reflects gas wholesale costs, the chart for electricity wholesale costs looks very similar as gas powered power stations help set electricity wholesale prices.

From a tariff perspective all scenarios reflect the movement in default/deemed price capped tariffs directly linked to wholesale costs developments. However only in the High & Extreme price scenarios are Standard Variable tariff (SVT) price rises assumed. As Good Energy has a derogation from the price cap, it is allowed to change the level of its SVT tariff to reflect the true cost of supplying renewable energy. This derogation allows Good Energy to change price sooner than changes to default/deemed tariff changes, allowing us to match more effectively between cash in and cash out of the business. This derogation remains in place until the end of the Ofgem price cap, currently planned for December 2023.

In all scenarios except Scenario 4, cashflow remains sufficient to meet all commitment as they fall due without additional mitigations being implemented. In Scenario 4 additional mitigations would be required, however the business is confident sufficient mitigations could be delivered if required.

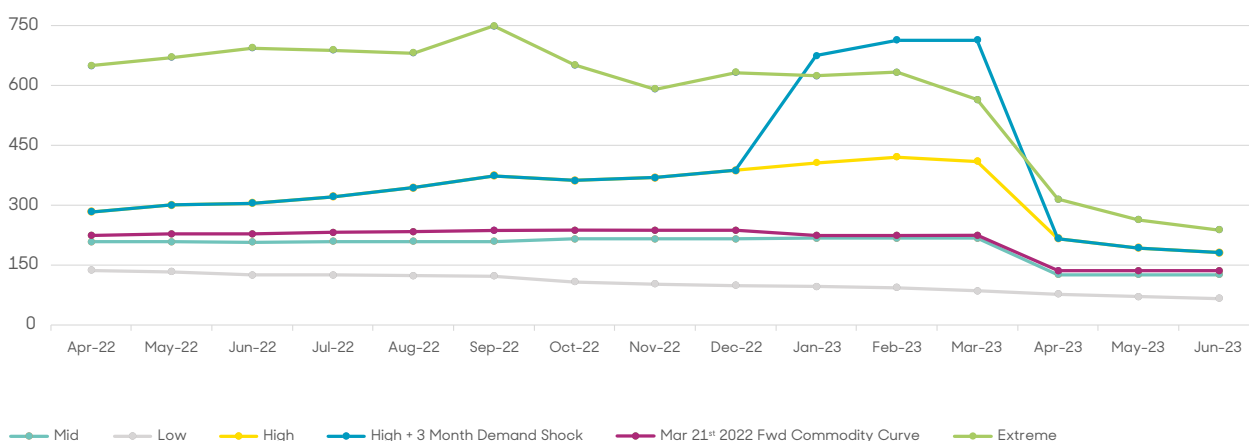
These mitigations could include discretionary costs reductions, additional prices increase as well as working capital optimisation. In addition, the business believes a 3-month demand shock to be excessive, demand shocks seen previously such as “beast from the East” tend to cause a one-month exceptional impact only.

Other impacts not included in the modelling include low wind output levels in a year. The company hedges to seasonal normal levels of wind, solar and temperature. 2021 was a year of significantly lower wind than seasonally normal which had a negative financial impact on the business. However, the business has not modelled this as a going concern scenario for two reasons. The first is modelling to seasonal norms will work over a longer-term basis, and secondly, we have taken steps to mitigate the impacts of low wind within our portfolio from 2022 onwards.

All scenarios modelled include repayment of £0.2m of Bond debt in June 2022. The earliest the remaining bond debt of £4.7m can be requested for repayment is June 2023, although experience suggests the amount formally requested to be repaid at this point will be in the hundreds of thousands only. Excluding bond debt, the business has no other material (£1m+) debt repayments due in the next 18 months.

Therefore, Directors are confident in the ongoing stability of the Group, and its ability to continue operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors adopt the going concern basis in preparing the financial statements.

Going Concern - Gas (p/therm) Commodity Cost Development





Nomination & Remuneration report



Emma Tinker

Chair of Nomination and Remuneration Committee

"A workplace where people's differences are valued creates a more productive, innovative and effective organisation"

Overview

Good Energy operates on the principle that a workplace where people's differences are valued creates a more productive, innovative and effective organisation. The Company also recognises that attracting, retaining and incentivising key talent is integral to its ability to meet its strategic objectives.

The Board retains overall responsibility for the Company's people and reward strategies.

Diversity and inclusion are beliefs which Good Energy are passionate about and continue to promote throughout the company, and in 2020 a Diversity & Inclusion working group of 'Inclusion champions' was established involving employees from across the business. Diversity at Good Energy provides different perspectives which are highly valued as these differences support the Company in achieving its purpose. The Company believes inclusion and diversity are consistent with its values and are considered in recruitment selection processes, opportunities for development and promotion, pay

and benefits for its people. Diversity, equality & inclusion guidance and online training is provided to all employees during induction.

The Inclusion champions continue to work on employee engagement, analysing data and implementing initiatives to enhance the Company's commitment to a diverse workplace. More details are available in the strategic report on page 49.

While the Board reviews the suitability of these strategies annually, responsibility for reviewing the effectiveness of these strategies and underlying plans is delegated to the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee

The members of the Nomination & Remuneration Committee are Emma Tinker (Chair), Will Whitehorn, Tim Jones and Nemone Wynn-Evans, all of whom are independent Non-Executive Directors.

The primary duties of the Nomination & Remuneration Committee are to:

- review the structure, size and composition of the Board and its Committees to ensure that they remain appropriate to support the Company's growth and development, and making recommendations to the Board;
- ensure that there is a formal, rigorous and transparent process for the appointment of new Directors to the Board;
- to consider and develop succession plans appropriate for the Group;
- determine the Group's approach to the remuneration of the Executive Directors and senior managers of the Group, on behalf of the Board;
- conduct an annual appraisal of the performance of the Executive Directors;
- assess Company performance against performance targets within reward schemes; and
- oversee the group-wide remuneration strategy, particularly with respect to diversity, inclusion and gender pay.

No Director may be involved in any decisions as to their own remuneration.

The functions of a Nomination Committee were introduced to the pre-existing Remuneration Committee during 2016. In 2019, the Board considered whether these functions would be better separated into two separate committees and concluded that it remained appropriate for the functions to be combined within a single committee. The Board will review this periodically.

Nominations

The Committee will keep under review the composition of the Board, the mix of skills and experience of the Directors and the needs of the business, having due consideration for the benefits of diversity, and support the Group in developing appropriate succession plans to meet its long-term objectives.

The Board remains focused on promoting diversity across the organisation. At Board level we have 42% women. We recognise with the recruitment of Nigel Pocklington as CEO the gender diversity of Board members has widened. Steps described on page 48 are being taken to close the gap across the organisation as a whole, however some disparity will be almost inevitable given the recruitment of Nigel Pocklington.

The Committee is responsible for reviewing the time commitments of each Director both prior to all appointments and annually, as part of the Board Evaluation process, to ensure that all Directors devote sufficient time to the Company to discharge their duties effectively.

During the period, the Committee:

- received and considered applicants for the role of Chief Executive Officer, including reviewing the resulting composition of the Board and the availability of a suitable mix of skills, experience and expertise;
- oversaw the recruitment, appointment and induction of Nigel Pocklington following Juliet Davenport's transition to Non-Executive Director;
- reviewed overall appropriateness of the new Executive management structure in order to implement and deliver company strategy;
- spent time on succession planning including being consulted on the development of internal talent and female leadership roles.

Read more about succession planning on page 90.

Read more about the skills and experience of the Directors on pages 76 to 79.

Read more about our gender pay gap on page 48.

Remuneration

Information about the remuneration of the Directors of the Company for the year ended 31 December 2021 is set out in the following section. This report is unaudited and has been prepared in accordance with the requirements for AIM listed companies set out in the Companies Act 2006 and the AIM rules.

The Group's bonus and share-based incentive schemes have been in place since 2016 and remain aligned with current best practice. They are designed to motivate and incentivise key talent to assist the Group in achieving its strategic aims whilst remaining consistent with its tolerance for risk and comprise:

- an Annual Bonus Plan that encompasses both financial and non-financial annual performance targets, details of which are set out on page 99; and
- a Performance Share Plan for Executive Directors and members of the senior management team, details of which are set out on page 100.

The Company has reported its second CEO pay ratio relative to its employees and providing a transparent view to the ratio. See page 105 for details.

The Group operates in a competitive environment and sets out to provide competitive remuneration to all of its employees, appropriate to the business environment, geographical location and strategic aims of the Company.

The Group aims to align the interests of shareholders with those of Executive Directors and senior management by giving the latter the opportunity to build up a shareholding interest in the Company.

Service agreements, notice periods and termination payments

The service agreements for the Executive Directors are not for a fixed term and may in normal circumstances be terminated on the notice periods listed on the following page.

The remuneration of the Chairman of the Company and the Non-Executive Directors consists of fees that are paid monthly in arrears.

The Chairman and the Non-Executive Directors did not participate in any bonus scheme or long-term incentive reward schemes, nor did they accrue any pension entitlement during the period. Following the publication in August 2015 of HMRC's express confirmation of the travel rules that apply to Non-Executive Directors, the Company reimburses Non-Executive Directors' travel expenses between home and the Company's Head Office. The key terms of the Non-Executive Directors' appointments are set out in the table on the following page.

The Group reviewed Non-Executive Director fees and concluded that the existing annual fees and structure remain appropriate. See table overleaf. The fees paid to the Non-Executive Directors are determined by the Board. They are not entitled to receive any bonus or other benefits.

Executive salaries were also benchmarked during the year against AIM company data and adjusted where necessary to reflect the size of the Company.

Service agreements, notice periods and termination payments

| Name | Position | Date of contract | Notice period | Annual Salary (£) |
|--------------------------------|-------------------------|---------------------------|---------------|-------------------|
| Executive Directors | | | | |
| Juliet Davenport ¹ | Chief Executive Officer | 02 August 2007 | 9 months | 163,000 |
| Nigel Pocklington ² | Chief Executive Officer | 6 April 2021 | 6 months | 173,333 |
| Rupert Sanderson | Chief Financial Officer | 8 January 2020 | 6 months | 162,125 |
| Non-Executive Directors | | | | |
| Will Whitehorn | | 26 July 2018 ³ | | 45,000 |
| Juliet Davenport | | 30 July 2021 | | 29,167 |
| Tim Jones | | 01 December 2017 | | 28,750 |
| Emma Tinker | | 02 September 2016 | | 30,000 |
| Nemone Wynn-Evans | | 01 January 2019 | | 32,000 |

1. Juliet Davenport remained employed until 31 July 2021 when she transitioned to Non-Executive Director. A portion of Juliet Davenport's annual salary related to her position as a non-executive director at Zap-Map. This non-executive position ended in March 2022.

2. Pro-rata for the period of directorship. Nigel Pocklington joined the Board effective 1 May 2021. His notice period is 6 months or 12 months in the event of a change of control of Good Energy Limited or the Company.

3. Will Whitehorn's formal appointment to the Board took effect on 4 July 2018.

Salaries/Fees, annual bonus and benefits

| Name | Salary/fee | Pension | Benefits in Kind | Annual Bonus | Total | Total |
|--------------------------------|----------------|---------------|------------------|---------------------|----------------|----------------|
| | 2021 (£) | 2021 (£) | 2021 (£) | 2021 (£) | 2021 (£) | 2020 (£) |
| Executive Directors | | | | | | |
| Nigel Pocklington ¹ | 173,333 | 17,333 | 409 | - | 191,075 | - |
| Juliet Davenport ² | 163,000 | 16,625 | 6,814 | 66,200 | 252,639 | 266,691 |
| Rupert Sanderson | 162,125 | 16,269 | 4,975 | 31,590 | 214,959 | 182,210 |
| Sub-total | 498,458 | 50,227 | 12,198 | 97,790 ³ | 628,673 | 448,901 |
| Non-Executive Directors | | | | | | |
| Will Whitehorn | 45,412 | - | - | - | 45,412 | 45,470 |
| Juliet Davenport ² | 30,151 | - | - | - | 30,151 | - |
| Tim Jones | 28,750 | - | - | - | 28,750 | 25,000 |
| Emma Tinker | 30,381 | - | - | - | 30,381 | 30,763 |
| Nemone Wynn-Evans | 32,129 | - | - | - | 32,129 | 32,165 |
| Sub-total | 166,823 | - | - | - | 166,823 | 133,398 |
| Overall total | 665,281 | 50,227 | 12,198 | 97,790 | 795,496 | 582,299 |

1. Pro-rata for the period of directorship. Nigel Pocklington joined the Board effective 1 May 2021.

2. Pro-rata for the period of directorship. Juliet Davenport remained employed until 31 July 2021 when she transitioned to Non-Executive Director. Her 2021 salary related to her position as a non-executive director at Zap-Map. This non-executive position ended in March 2022. In addition, she received £133,919 as a severance payment.

3. This relates to the 2019 bonus which was deferred in 2020 during the uncertainty of the Covid-19 pandemic, and subsequently paid in Q1 2021.

Annual bonus scheme

Operation of the scheme

In 2021, the Remuneration Committee agreed a non-material alteration to the performance criteria for the scheme, introducing objective measures which consider net cash flow from operating activities and propositions in place of the CO2 reduction, which is no longer considered a bonus target as our BAU operations focus on carbon reduction. No other changes were made to the operation of the bonus scheme during the period.

All bonuses under the bonus scheme are individually capped. A maximum potential bonus of 75% of Executive Directors' salary is payable in relation to the Company's performance against five key performance metrics. The performance metrics and their relative weightings are shown in the table below.

Maximum bonus will only be payable in the event that all five of these performance metrics are met. Performance against the targets is measured against threshold and on-target targets. No bonus will be payable unless the Group's profit before tax meets

the threshold targets unless the Nomination & Remuneration Committee, in its discretion, determines otherwise.

The Nomination & Remuneration Committee also retains discretion, under the bonus scheme rules, to adjust any payments in line with individual performance.

Individual performance targets are set annually and reviewed at the end of the relevant financial year, and annual targets for each of the five Company performance metrics will be set by the Nomination & Remuneration Committee.

The Group considers that the targets for 2022 are commercially sensitive and are not therefore disclosed. However, retrospective disclosure of targets for the year ending 31 December 2021 is provided in the table below.

| Measure | Strategic objective | Weighting |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------|
| Group profit before tax | Deliver profit growth | 45% |
| Propositions | Deliver propositions for growth | 30% |
| Net cash flow | Manage working capital | 15% |
| Net promoter score (NPS) | Maintain customer satisfaction ratings | 5% |
| Employee retention | Attract and retain employees with the right skills, knowledge and experience to help deliver the Company's growth plans | 5% |

2021 targets and performance

The Company did not achieve the threshold profit before tax and therefore there is no bonus payable in respect of 2021's performance.

Performance share plan (“PSP”)

Operation of the scheme

The PSP was introduced to align the Executive Directors and any eligible employee for the next three years, with shareholders, and has been designed to provide a long term incentive and alignment during this period. The PSP was implemented during 2016 following advice from external remuneration consultants and in consultation with the Company’s ten largest shareholders. In 2021, the plan was reviewed, updated and approved for options granted under the scheme going forwards.

The purpose of the Plan as part of total reward is to encourage long-term, sustainable profit growth for the benefit of all stakeholders.

The PSP is a deferred share award, which normally vests in three years’ time from the date of grant, subject to eligible employees remaining employed by the Company at this date. It is issued at a maximum 15% discount to the current share price. The maximum limit of an award to any individual under the PSP in any financial year would be 100% of annual salary, subject to the Remuneration Committee’s discretion to increase to 150% of annual salary in exceptional circumstances. Certain schemes prior to 2021 had a maximum limit of 50% of annual salary due to options being granted at par value.

Performance against targets for schemes prior to 2021 are measured on a sliding scale, with 20% of the relevant part of the award vesting at threshold level, 50% vesting for on-target performance through to 100% vesting for achieving stretch targets. No award will vest unless Total Shareholder Return is positive over the measurement period. From 2021, awards will vest on a simple sliding scale from minimum required performance of 0% to maximum performance of 100%.

The Nomination & Remuneration Committee may, at any time up to and including vesting, reduce the vesting level of awards where there has been, amongst other things, a material misstatement in the accounts, an error in any information on which performance targets were based, gross misconduct or fraud by the employee.

Performance targets

The performance metrics and their relative weightings for the 2021 grant of awards are shown in the table below. The Group considers the targets themselves to be commercially sensitive and these are not therefore disclosed. However, retrospective disclosure of performance against targets will be provided at the end of the relevant measurement period. Of the options which matured in 2021, 50% vested in line with performance conditions of those options.

| Measure | Strategic objective | Weighting |
|--------------------|-------------------------|-----------|
| Earnings per share | Drive shareholder value | 80% |
| Share price | Drive shareholder value | 20% |

Directors' share options

Details of the Directors' share options outstanding at 31 December 2021 are shown below.

| Name | Date option granted | Number of options outstanding as at 31 December 2021 | Option price | Exercised during period | Gain on options exercised | Cancelled/ surrendered during period |
|-------------------|---------------------|------------------------------------------------------|--------------|-------------------------|---------------------------|--------------------------------------|
| Nigel Pocklington | 22/10/2021 | 88,136 | £2.51 | - | - | - |
| Sub-total | | 88,136 | | - | - | - |
| Rupert Sanderson | 15/11/2018 | - | £0.05 | 29,214 | 98,627 | 29,213 |
| | 19/04/2021 | 74,163 | £1.78 | - | - | - |
| | 22/10/2021 | 55,763 | £2.51 | - | - | - |
| Sub-total | | 129,926 | | 29,214 | 98,627 | 29,213 |
| Juliet Davenport | 13/02/2012 | 86,956 | £1.15 | - | - | - |
| | 13/02/2012 | - | £1.15 | 17,390 | - | - |
| | 13/07/2013 | 144,000 | £1.25 | - | - | - |
| | 15/11/2018 | 28,626 | £0.05 | 32,610 | 148,371 | 61,236 |
| Sub-total | | 259,582 | | 50,000 | 148,371 | 61,236 |
| Total | | 477,644 | | 79,214 | 246,998 | 90,449 |



Statutory and other information

General company information

Good Energy Group PLC is a public limited company incorporated in England and Wales.

The Company's registered office, which changed on 1 February 2021, and principal place of business is: Monkton Park Offices, Monkton Park, Chippenham, Wiltshire, SN15 1GH and the registered number is 04000623.

Share capital

On 31 December 2021, 16,783,914 ordinary shares of 5p each were in issue. The Company is listed on the AIM of the London Stock Exchange, and its shares have been trading on the Aquis Exchange (formally NEX Growth Market) since 5 January 2016.

Significant shareholders

At 31 December 2021, the following shareholders had notified an interest exceeding 3% of the issued ordinary share capital of the Company (excluding Directors and their respective families as defined in the AIM rules, details of which are set out on the next page):

| Shareholder | Number of shares | % |
|--------------------------|------------------|-------|
| Ecotricity Group Limited | 4,201,071 | 25.0% |
| Martin Edwards & family | 1,423,315 | 8.5% |
| Hargreaves Lansdown plc | 1,139,194 | 6.8% |

Share class rights

Ordinary shares

The full share class rights are set out in the Company's Articles of Association which are available to view at goodenergygroup.co.uk, at Companies House and summarised below:

Each member has one vote for each ordinary share held. Holders of ordinary shares are entitled to: receive the Company's Annual Report and Accounts; attend and speak at general meetings of the Company; appoint one or more proxies or, if they are corporations, corporate representatives; and exercise voting rights. Holders of ordinary shares may receive a dividend in cash or ordinary shares under the Company's scrip dividend scheme and on liquidation may share in the assets of the Company.

Shareholder agreements and consent requirements

There are no known arrangements under which financial rights carried by any of the shares in the

Company are held by a person other than the holder of the shares and no known agreements between the holders of shares with restrictions on the transfer of shares or exercise of voting rights.

Authority to issue shares

At the AGM in 2021, authority was given to the Directors to allot new ordinary shares up to a nominal value of £277,384, equivalent to one-third of the issued share capital of the Company at that time. The Directors were also authorised to allot up to two thirds of the total issued share capital of the Company, but only in the case of a rights issue.

These authorities are valid until the AGM in 2022, and the Directors propose to renew this authority at the AGM.

The Board believes this authority will allow the Company to retain flexibility to respond to circumstances and opportunities as they arise

Deadlines for exercising voting rights

Electronic and paper proxy appointments, and voting instructions, must be received by the company's Registrar not less than 48 hours before a general meeting.

Dividends

Alongside our ongoing investments, we aim to deliver a dividend where appropriate, as part of our growth strategy and revised capital allocation policy. The policy has the objective of investing both organically and inorganically across the business and paying a dividend when appropriate to provide an overall return to shareholders. We remain mindful of maintaining and balancing the ability to invest in long term growth opportunities.

Following a good operational performance in 2021, the sale of the generation portfolio and reflecting our confidence in the ongoing business, the Board recommend a final dividend for 2021 of 1.8p per ordinary share, taking our full year dividend to 2.55p

Good Energy continue to operate a scrip dividend scheme and the payment timetable of the final dividend will be announced alongside the notice of Annual General Meeting in June 2022.

Directors

The names of the Directors that held office during the financial year are:

Nigel Pocklington, Rupert Sanderson, Juliet Davenport, Will Whitehorn, Emma Tinker, Tim Jones and Nemone Wynn Evans. Full details and biographies are set out on pages 76 to 79.

Directors' interests and their interests in the Company's shares¹

The interests (all of which are beneficial unless otherwise stated) of the Directors and their families as defined in the AIM Rules in the issued share capital of Good Energy Group plc are:

| | No. shares as at 31 December 2021 | %age of issued share capital | No. shares as at 31 December 2020 | %age of issued share capital |
|-------------------------------|--------------------------------------------|------------------------------------|--------------------------------------------|------------------------------------|
| Current Directors | | | | |
| Nigel Pocklington | 7,500 | 0.04 | - | - |
| Rupert Sanderson | 19,004 | 0.11 | 22,270 | 0.13 |
| Will Whitehorn | 52,000 | 0.31 | 52,000 | 0.31 |
| Juliet Davenport ² | 627,455 | 3.78 | 627,455 | 3.78 |
| Tim Jones | 9,489 | 0.06 | 9,489 | 0.06 |
| Emma Tinker | 1,563 | 0.01 | 1,560 | 0.01 |
| Nemone Wynn-Evans | 9,500 | 0.06 | 9,500 | 0.06 |

Financial instruments

The Group's financial instruments include bank loans and other borrowings, a corporate bond and overdraft.

The principal objective of these instruments is to raise funds for general corporate purposes and to manage financial risk. Further details of these instruments are given in note 2.11 in the Financial Statements.

Future developments & research

Details of future developments are given in the Chief Executive's Review within the Strategic Review. Innovation is key to the future development of the Group's business propositions. The Group does not incur material research and development expenditure but does undertake selected research, development and innovation projects which are often grant-funded.

Referral Arrangements/ Political Donations

The Company no longer operates referral arrangements with any political parties.

Impact on the environment

The Company is committed to reducing its environmental impact and the carbon emissions from its operations. ISO14001 accreditation was achieved during 2017, providing independent confirmation that the Group meets international standards for measuring and continually improving environmental performance. The Company regularly measures its Scope 1 and Scope 2 emissions and as many indirect Scope 3 emissions as possible. Where it is not yet possible to avoid or eliminate emissions, these are neutralised through international carbon reduction projects. 2021 is our first year reporting on our current approach and our journey towards meeting the TCFD recommendations.

More details about our environmental impact can be found in the strategic report on pages 52 to 53.

More information about our approach to the TCFD reporting framework are on pages 68 to 73.

More information can be found in the carbon emissions summary on pages 66 to 67.

1. Certain Directors hold share options as detailed on page 101 within the Nomination & Remuneration Report.

2. Juliet Davenport holds 583,179 Ordinary Shares in the Company in her own name. Her husband owns 43,000 Ordinary Shares. One daughter owns 638 Ordinary Shares and Juliet Davenport holds a further 638 Ordinary Shares on behalf of another daughter.

Gender Pay

The Board welcomed the introduction in 2017 of Gender Pay gap reporting. In 2021, the Group's mean gender pay gap is 19%. This gap is due to there currently being more men than women at senior leader level. Read more about our Gender Pay gap and how we are closing the gap on page 48.

The Group's full Gender Pay Report, which also details the actions initiated by the Board to close the Group's gender pay gap, is published on its website goodenergy.co.uk/about-us/gender-pay.

CEO pay ratio

Good Energy have voluntarily chosen to disclose CEO pay ratio with employee pay, and 2020 was the first year reporting on this.

| Year | 25 th percentile pay ratio | Median pay ratio | 75 th percentile pay ratio |
|------|---------------------------------------|------------------|---------------------------------------|
| 2021 | 15:1 | 12:1 | 7:1 |
| 2020 | 12:1 | 10:1 | 6:1 |

The table compares the total figure of remuneration for the Chief Executive Officer with Group employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile). 2021 is the second year we have reported CEO pay ratio, taking CEO pay as at 31 December 2021.

Although Good Energy are not required to report CEO pay ratio at present, we have voluntarily chosen to disclose requirements under the Government's methodology of 'Option A'. All individuals employed at 31 December 2021 have been included in the calculation, and where applicable, remuneration has been annualised for employees not employed on a full time basis and/or for the twelve months reported on.

The total remuneration for full-time equivalent employees includes (but is not restricted to):

- annual salary and allowances
- annual bonus
- employer's pension contributions

| Average annual salary (£) | CEO ³ | 25 th percentile | Median | 75 th percentile |
|---------------------------|------------------|-----------------------------|--------|-----------------------------|
| Salary | 260,000 | 19,905 | 25,755 | 39,874 |
| Total pay and benefits | 191,075 | 20,555 | 27,136 | 42,756 |

The table shows the salary and total pay amounts. Quartile groups of employees are displayed using the median values at the 25th, 50th and 75th percentiles providing a fair representation rather than basing it on individual employees, to minimise the influence of anomalies.

Modern Slavery

Although the Group considers the inherent risk of encountering issues of modern slavery within its business, supply chains and strategic affiliations to be low, it is nonetheless an issue that the Group and the Board takes very seriously. The Group's full statement under section 54 of the Modern Slavery Act 2015 for the period ended 31 December 2021 is published on its website goodenergy.co.uk/modernslavery-act-statement.

³ Nigel Pocklington was appointed CEO on 1 May 2021. Salary is annual salary. Total pay and benefits are pro-rated.

Related Party Transactions

Related party transactions are set out in note 32 in the Financial statements.

Disclosure of Information to Auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given, and should be interpreted, in accordance with the provisions of Section 418 of the Companies Act 2006.

Events after the balance sheet

There have been four events subsequent to the year-end which may be of note to users of the financial statements.

Generation asset sale

As announced in a strategic update on 25 November 2021, the Company appointed KPMG LLP to lead a sale process for the Company's entire 47.5MW generation portfolio. Following a competitive process, the disposal (Disposal) of the portfolio was completed with Bluefield Solar Income Fund (BSIF) on 19 January 2022.

The initial consideration of £16.4m, less distributions since the lockbox date of £0.7m, resulted in £15.7m being paid to the Company on completion.

The final deferred consideration payment has been agreed as follows:

£4.3m has now been paid, with a further up to £0.5m to be paid on 30 June 2022, subject to Good Energy meeting all its payment obligations up to that date for power supplied by the portfolio to it under the power purchase agreements.

The total deferred consideration is there agreed to be up to £4.8m.

Of the £3.3m that will not be received, £2.3m arose due to the impact of a third-party energy yield assessment on the agreed financial model and £1m arose during detailed technical and financial due diligence.

Total consideration received to date is therefore £20.7m, with an agreed final total consideration of up to £21.2m by 30 June 2022.

Requisitioned general meeting

As announced on 14 January 2022, Ecotricity Group Limited requiring the Board to convene a general meeting of shareholders for the purpose of considering two resolutions, namely:

- an ordinary resolution to remove William Whitehorn from office as a director of the Company ("Resolution 1"); and
- a special resolution to direct the Board not to dispose of the Company's generation assets without shareholder approval ("Resolution 2").

The requisitioned General Meeting was held at 9am on Friday 11 February 2022 at SEC Newgate, 14 Greville Street, London, EC1N 8SB.

All voting was undertaken on a poll. The table on the next page shows the votes received for and against each of the Requisitioned Resolutions.

Requisitioned general meeting voting results

| Resolution | For | | Against | | Total | | Withheld |
|------------|-----------|------|-----------|------|------------|-------|----------|
| | Votes | % | Votes | % | Votes | % ISC | Votes |
| 1 | 4,581,943 | 41.7 | 6,411,473 | 58.3 | 10,993,416 | 65.5 | 35,198 |
| 2 | 4,658,286 | 42.8 | 6,226,697 | 57.2 | 10,884,983 | 64.9 | 143,631 |

Consequently, neither of the Requisitioned Resolutions received sufficient support from the Company's shareholders to be passed.

Invasion of Ukraine

On 24 February 2022, Russia invaded Ukraine. Since this date the uncertainty around gas and oil supplies to western Europe from Russia; the impact of global sanction on Russia and their subsequent global impacts; and the additional inflationary pressure placed on both UK and global economies related to the impacts of the invasion have created a non-adjusting post balance sheet event. For Good Energy the impacts of this are currently uncertain.

The wholesale market for electricity and gas spiked significantly in the weeks following the invasion but has since settled down to a level like what had been seen at various points in the past six months (when wholesale markets were already proving very volatile). The Company's hedge positions as outlined in the operating review on pages 30 and 31, mitigates the immediate impacts of the conflict, but there will remain uncertainly through 2022 as the conflict and related inflationary impacts develops. The Company has mitigations it can employ through 2022 to offset further risks caused by the situation.

Zap-Map Board update

As announce on 10 March 2022, Nigel Pocklington has been appointed Chair of Zap-Map. He takes over the role from Good Energy Founder and Non-Executive Director Juliet Davenport, who now steps down from the Zap-Map Board. Nigel bolsters the Board's expertise in building successful online platform businesses, together he and existing independent Non-Executive Director Tim Jones have a wealth of experience from leadership roles at AutoTrader, Moneysupermarket.com Group and Hotels.com.

Approved by the Board of Directors



Nigel Pocklington

Chief Executive Officer
27 April 2022

Statement of Directors' responsibilities in respect of the annual report and the financial statements



Will Whitehorn

Chairman

"The Directors submit their Annual Report and Accounts for Good Energy Group plc for the year ended 31 December 2021"

The Directors submit their Annual Report and Financial Statements (Annual Report and Accounts) for Good Energy Group plc for the year ended 31 December 2021. The directors' report required under the Companies Act 2006 comprises this Governance & Directors' Report and the Nomination & Remuneration Report.

The Company is required to set out a fair review of the Group's activities and a description of the principal risks and uncertainties facing the business as detailed in the Strategic Report. This requirement includes an analysis of the development and performance of the Group's business during the financial year, and the position of the Group at the end of the reporting period consistent with its size and complexity.

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation, including company law which requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and IFRSs have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors have prepared the Group financial statements and parent company financial statements in accordance with IFRSs in conformity with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company. These records must also enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for the system of internal controls, for safeguarding the assets of the Group and parent company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance & Directors report confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group's consolidated financial statements, which have been prepared in accordance with IFRSs give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Governance Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

The Annual Report and Accounts, including the Strategic Report, Governance & Directors' Report, Remuneration Report and Financial Statements, have been prepared and approved by the Board and are published in accordance with, and with reliance on, applicable English company law. The

liabilities of Directors in relation to the Annual Report and Accounts are subject to the limitations and restrictions provided by such law.



Will Whitehorn

Chairman

On behalf of the Board

27 April 2022



Independent Auditors' report to the members of Good Energy Group plc

Opinion

We have audited the financial statements of Good Energy Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to SME listed entities, 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.

In addition to those matters set out in the "Key audit matters" section below, we identified going concern of the group and of the parent company as an area of audit focus. The current energy crisis has seen multiple energy suppliers becoming insolvent following the significant increase in wholesale prices for gas and electricity. Due to this, there is a potential risk for companies operating in the energy sector for their ability to continue to operate as a going concern.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment.
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern.
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios, based on OFGEM stress testing and as submitted to and reviewed by OFGEM.
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern, including hedging position, derogation from the OFGEM price cap and forecasted gas and electricity prices in the going concern assessment period.

- Reviewing the appropriateness of the directors' disclosures in the financial statements which details the results of the OFGEM stress testing and why the scenario in which a breach of the bank facility is deemed to be not a plausible scenario.

Based on the work we have performed, including the review of the results of the stress testing as disclosed in note 1 to the financial statements, which was based upon the scenarios requested by OFGEM we have noted that the current performance are in line with budget and the OFGEM central price scenario, rather than the extreme scenarios in the OFGEM modelling. We have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve 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 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The matters set out below are in addition to going concern which, as set out in the "Conclusions relating to going concern" section above, was also identified as a key audit matter.

| Key Audit Matter | How our scope addressed this matter |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Revenue recognition, specifically the estimated unbilled income.</p> <p>The group's accounting policy in respect of revenue recognition is set out in the accounting policy note 2.5 and also the critical accounting estimates in relation to this in note 4.2.1.</p> <p>The group's primary revenue streams relate to the provision of gas and electricity supply, of which a significant proportion is accrued revenue at the year-end based up an estimation of the amount of unbilled charges at the year end, being £24.4m in 2021 compared to £16.4m in 2020 largely as a result of the increased prices in Quarter 4 of 2021.</p> <p>The accrued income is calculated using system-generated information based on industry expected usage per property, customer tariffs and seasonality variations, the approach has been modified since the prior year.</p> <p>For commercial customers the amounts are calculated using industry accepted norms from the software provider with no management over-ride or assumptions included.</p> <p>For domestic customers there is an internally developed IT report which calculates the accrued income based on management assumptions around seasonality and, where information is not available for a small number of customers, estimates of the tariff and usages.</p> <p>Due to the accrued income being an estimation there is a high risk of management bias.</p> | <p>Our response</p> <p>Our procedures over revenue recognition in particular around the cut-off and accrued income included, but were not limited to:</p> <ul style="list-style-type: none">• Obtained an understanding of the processes and controls over the recognition of revenue and performing walk-through procedures to validate that controls were appropriately designed and implemented.• Performed IT general and application controls work around the commercial billing system.• Confirmed that revenue is being recognised in the correct period by recalculating for a sample of customers, across both domestic and commercial, the accrued income based on the last billed date and expected usage up until the year-end.• Verified the tariff inputs used in the accrued income and revenue calculations are correct.• Compared a sample of accrued income balances to bills raised post year-end where there were actual meter reads to check the accuracy of the estimated usage and revenue recorded in relation to this.• Performed a code review on the internally written IT report which calculates the domestic customers accrued income balance to ensure it is achieving its intended aims and that the management assumptions included therein are reasonable. <p>Our observations</p> <p>Our work performed in relation to the accrued income reports confirmed that the calculation of the year end accrued income is appropriate performed. Based on substantive testing of post year end invoices no material issues were noted in respect of the accrued income calculated at the year end.</p> |

Key Audit Matter

How our scope addressed this matter

Expected Credit Losses

Expected credit losses are disclosed in accounting policies 3.1.3 and 4.2.2 and in Note 20 of the Financial Statements.

There is an expected credit loss (ECL) provision of £11.8m (2020:£8.9m) at the year-end against gross amounts receivable from customers of £47.6m (2020: £34.3m).

The simplified approach to ECL under IFRS 9 was calculated using a provision matrix to calculate ECL for trade receivables and unbilled revenue. Management's judgement is used to determine the future likely recovery rates based on days past due for groupings of various customer segments that have similar loss patterns and the Group's historic observed default rates, calibrated to adjust the historic credit loss experience with forward-looking information.

ECL are sensitive to changes in circumstances and of forecasted economic conditions. Therefore, there is high estimation uncertainty and the actual credit losses may vary greatly from expected due to unforeseen circumstances.

There is a risk that the assumptions used by management in calculating the ECL provision may be susceptible to management bias and the valuation of ECL amounts against trade receivables and unbilled income may be misstated.

Our response

Our response over expected credit losses included, but were not limited to:

- Obtained management's calculation of the ECL provision and tested the mathematical accuracy of the provisioning method as well as testing the accuracy of the analysis of debt collection rates being used to verify they were appropriate.
- Tested the ageing of trade debtors.
- Reviewed and challenged the key assumptions used by management around collection rates, segmentation and overlays and performed sensitivity analysis on the impact of these rates on the ECL provision.
- Performed analysis of the year-end debt balance collection rates to determine if there have been any unexpected movement post year-end that are not in line with the provision rates used.

Our observations

Having assessed management's judgements, the integrity of data driving the calculations and performing sensitivity analysis we can conclude that the ECL provision is appropriate. We are satisfied that the disclosure in the financial statements fairly reflects the approach and assumptions used.

Zap-Map goodwill

The impairment considerations in regards to the goodwill and other assets relating to Zap-Map, via the group's investment in their subsidiary Next Green Car Limited, are disclosed in accounting policy 4.2.5.

The value of Zap-Map within the consolidated accounts is £1.4m held within intangibles in Note 17 of the Financial Statements.

The Group is required to test the Zap-Map for impairment. Given the Zap-Map app is in early in its lifecycle there is a risk of management bias in the valuation model used to support the carrying value of the assets of Zap-Map in the consolidated balance sheet.

Our response

Our response over the impairment considerations of Zap-Map included, but were not limited to:

- Held discussions with Zap-map management to understand future plans and scenario planning undertaken to support the value held and the assumptions made within the DCF model used to support the headroom for the goodwill.
- Involved the Mazars internal valuations team to perform procedures over the valuation model. This included evaluation of the mathematical accuracy of the discounted cash flow (DCF) model as well as reasonableness of the assumptions used therein compared to industry norms for the growth rates, discount rate and terminal value. We also performed sensitivity analysis on the assumptions used.
- Compared the valuation model produced by the group against an externally produced valuation on the Zap-Map business.
- Reviewed the disclosure in the financial statements with respect to this balance.

Our observations

We have concluded that the assumptions used in the valuation model used for impairment purposes was appropriate.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

| | |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall materiality | £1.1m |
| How we determined it | The overall materiality level has been determined with reference to a benchmark of revenue. |
| Rationale for benchmark applied | In our view, the above measure is the most relevant measure of the underlying performance of the company in a year where wholesale energy prices have increased significantly and earnings have been volatile and therefore, has been selected as the materiality benchmark. The percentage applied to this benchmark is 0.75%. |
| Performance materiality | Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £0.6m, which represents 55% of overall materiality. |
| Reporting threshold | We agreed with the directors that we would report to them misstatements identified during our audit above £0.03m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. |

Parent company materiality

| | |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall materiality | £0.4m |
| How we determined it | The overall materiality level has been determined with reference to a benchmark of net assets. |
| Rationale for benchmark applied | Net assets is deemed the most appropriate measure given the parent company is an investment holding company with no revenue. The percentage applied to this benchmark is 2%. |
| Performance materiality | Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £0.2m, which represents 60% of overall materiality. |
| Reporting threshold | We agreed with the directors that we would report to them misstatements identified during our audit above £0.01m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. |

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, we treated the Good Energy Generation Assets No. 1 (GEGAN) sub-group as one component and then all components of the group, including the parent company, were subject to full scope audit performed by the group audit team.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for

which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on pages 108 to 109, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and OFGEM regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations.
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities.
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit.
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to provision for expected credit losses, power purchase costs, impairment of indefinite life assets, revaluation of generation assets, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud.
- Gaining an understanding of the internal controls established to mitigate risks related to fraud.
- Discussing amongst the engagement team the risks of fraud.
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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 the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Jonathan Barnard (Senior statutory auditor)

For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria St
Bristol
BS1 6DP
27 April 2022





Financial Statements

| | |
|------------------------------------------------------|------------|
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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

| | Note | 2021 Underlying | 2021 Non- underlying items (note 7) | 2021 | 2020 Restated Underlying | 2020 Non- underlying items (note 7) | 2020 Restated | |
|------------------------------------------------------------------|----------|--------------------|----------------------------------------------|----------------|--------------------------------|----------------------------------------------|------------------|------|
| | | £000's | £000's | £000's | £000's | £000's | £000's | |
| Revenue | 6 | 146,045 | - | 146,045 | 130,649 | - | 130,649 | |
| Cost of sales | 6 | (119,019) | - | (119,019) | (101,065) | - | (101,065) | |
| Gross profit | | 27,026 | - | 27,026 | 29,584 | - | 29,584 | |
| Administrative expenses | 7 | (23,816) | (806) | (24,622) | (25,029) | (477) | (25,506) | |
| Operating profit/(loss) | 6 | 3,210 | (806) | 2,404 | 4,555 | (477) | 4,078 | |
| Finance income | 11 | 14 | - | 14 | 109 | - | 109 | |
| Finance costs | 12 | (584) | - | (584) | (4,172) | - | (4,172) | |
| Share of loss of associate | | - | - | - | (13) | - | (13) | |
| Profit/(loss) before tax | 6 | 2,640 | (806) | 1,834 | 479 | (477) | 2 | |
| Taxation | 13 | (340) | 153 | (187) | (72) | 91 | 19 | |
| Profit/(loss) for the year from continuing operations | | 2,300 | (653) | 1,647 | 407 | (386) | 21 | |
| Loss from discontinued operations, before tax | 5 | (6,752) | - | (6,752) | - | - | - | |
| Taxation on discontinued operations | 13 | 1,206 | - | 1,206 | - | - | - | |
| (Loss)/profit for the year | | (3,246) | (653) | (3,899) | 407 | (386) | 21 | |
| Attributable to: Good Energy Group PLC | | (2,736) | (653) | (3,389) | 532 | (386) | 146 | |
| Attributable to: Non-controlling Interests | | (510) | - | (510) | (125) | - | (125) | |
| (Loss)/Earnings per share | Basic | 14 | (16.7p) | (4.0p) | (20.7p) | 3.3p | (2.4p) | 0.9p |
| | Diluted | 14 | (16.7p) | (4.0p) | (20.7p) | 3.2p | (2.4p) | 0.9p |
| Earnings/(Loss) per share (continuing operations) | Basic | 14 | 17.1p | (4.0p) | 13.2p | 3.3p | (2.4p) | 0.9p |
| | Diluted | 14 | 17.0p | (4.0p) | 13.0p | 3.2p | (2.4p) | 0.9p |

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2021

| | Note | 2021 Underlying | 2021 Non- underlying items (note 7) | 2021 | 2020 Restated Underlying | 2020 Non- underlying items (note 7) | 2020 Restated |
|-----------------------------------------------------------------------------------------------------------------------|------|--------------------|-------------------------------------------------|---------|--------------------------------|-------------------------------------------------|------------------|
| | | £000's | £000's | £000's | £000's | £000's | £000's |
| (Loss)/profit for the year | | (3,246) | (653) | (3,899) | 407 | (386) | 21 |
| Other comprehensive income | | | | | | | |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax). | | | | | | | |
| Other comprehensive income for the year, net of tax (this relates to the revaluation of generation sites) | | 677 | | 677 | 13,313 | - | 13,313 |
| Total comprehensive income for the year attributable to owners of the parent company | | (2,569) | (653) | (3,222) | 13,720 | (386) | 13,334 |
| Attributable to: Good Energy Group PLC | | (2,059) | (653) | (2,712) | 13,845 | (386) | 13,459 |
| Attributable to: Non-controlling Interests | | (510) | - | (510) | (125) | - | (125) |

The notes on pages 132 to 198 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

Good Energy Group plc
Company registered no: 04000623

| | Note | 2021 | 2020 Restated |
|-------------------------------------------------------------------|------|----------------|---------------|
| | | £000's | £000's |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 209 | 58,602 |
| Right of use assets | 16 | 851 | 5,108 |
| Intangible assets | 17 | 3,891 | 4,833 |
| Deferred tax asset | 23 | 173 | - |
| Restricted deposit accounts | 3 | - | 4,552 |
| Total non-current assets | | 5,124 | 73,095 |
| Current assets | | | |
| Inventories | 19 | 7,682 | 13,264 |
| Trade and other receivables | 20 | 35,928 | 26,715 |
| Restricted deposit accounts | 3 | 2,414 | 698 |
| Cash and cash equivalents | 21 | 6,699 | 18,282 |
| Total current assets | | 52,723 | 58,959 |
| Held for sale assets | 5 | 64,798 | - |
| TOTAL ASSETS | | 122,645 | 132,054 |
| Equity and liabilities | | | |
| Capital and reserves | | | |
| Called up share capital | 22 | 840 | 833 |
| Share premium account | 22 | 12,790 | 12,790 |
| Employee Benefit Trust shares | 22 | (444) | (502) |
| Revaluation Surplus | | 11,693 | 12,472 |
| Retained earnings | | 4,774 | 6,854 |
| Total equity attributable to members of the Parent Company | | 29,653 | 32,447 |
| Non-controlling interest | | (325) | 185 |
| Total equity | | 29,328 | 32,632 |
| Non-current liabilities | | | |
| Deferred taxation | 23 | - | 4,135 |
| Borrowings | 24 | 5,066 | 53,431 |
| Provisions for liabilities | 26 | - | 1,316 |

| | | | |
|--------------------------------------------------|----|----------------|---------|
| Long term financial liabilities | | - | 13 |
| Total non-current liabilities | | 5,066 | 58,895 |
| Current liabilities | | | |
| Borrowings and other financial liabilities | 24 | 2,118 | 3,630 |
| Trade and other payables | 27 | 40,911 | 36,897 |
| Total current liabilities | | 43,029 | 40,527 |
| Liabilities associated with assets held for sale | 5 | 45,223 | - |
| Total liabilities | | 93,318 | 99,422 |
| TOTAL EQUITY AND LIABILITIES | | 122,646 | 132,054 |

The financial statements on pages 120 to 198 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by:



Nigel Pocklington

Chief Executive
27 April 2022

The notes on pages 132 to 198 form part of these financial statements.

Parent Company Statement of Financial Position

As at 31 December 2021

Good Energy Group plc

Company registered no: 04000623

| | Note | 2021 | 2020 |
|----------------------------------|------|---------------|--------|
| | | £000's | £000's |
| Non-current assets | | | |
| Intangible assets | | 3 | 4 |
| Deferred taxation | | 311 | 313 |
| Investment in subsidiaries | 18 | 3,275 | 5,880 |
| Investment in group undertakings | 18 | 1,250 | 22,054 |
| Total non-current assets | | 4,839 | 28,251 |
| Current assets | | | |
| Trade and other receivables | 20 | 236 | 176 |
| Cash and cash equivalents | 21 | 496 | 4,948 |
| Held for sale assets | | 20,398 | - |
| Total current assets | | 21,130 | 5,124 |
| TOTAL ASSETS | | 25,969 | 33,375 |
| Equity and Liabilities | | | |
| Capital and reserves | | | |
| Share capital | 22 | 840 | 833 |
| Share premium account | 22 | 12,790 | 12,790 |
| Employee Benefit Trust shares | 22 | (444) | (502) |
| Retained Earnings | | 4,276 | 2,424 |
| Total Equity | | 17,462 | 15,545 |

| Non-current liabilities | | | |
|--------------------------------------------|----|---------------|--------|
| Long term financial liabilities | | - | 13 |
| Borrowings | 24 | 4,749 | 16,338 |
| Total non-current liabilities | | 4,749 | 16,351 |
| Current liabilities | | | |
| Borrowings and other financial liabilities | 24 | 3,264 | 1,089 |
| Trade and other payables | 27 | 495 | 390 |
| Total current liabilities | | 3,759 | 1,479 |
| Total liabilities | | 8,505 | 17,830 |
| TOTAL EQUITY AND LIABILITIES | | 25,969 | 33,375 |

The Parent Company's profit for the financial year was £1,998,000 (2020: profit of £729,000). The financial statements on pages 120 to 198 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by:



Nigel Pocklington

Chief Executive
27 April 2022

The notes on pages 132 to 198 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

| | Note | Share capital | Share premium account | EBT shares | Retained earnings | Revaluation surplus | Total equity attributable to members of the Parent Company | Non-controlling interest | Total equity |
|------------------------------------------------|------|---------------|-----------------------|------------|-------------------|---------------------|------------------------------------------------------------|--------------------------|---------------|
| | | £000's | £000's | £000's | £000's | £000's | £'000 | £000's | £000's |
| At 1 January 2020 as previously stated | | 832 | 12,790 | (549) | 5,707 | - | 18,780 | - | 18,780 |
| Prior year adjustment | 2.1 | - | - | - | 136 | - | 136 | - | 136 |
| At 1 January 2020 as restated | | 832 | 12,790 | (549) | 5,843 | - | 18,916 | - | 18,916 |
| Profit/(Loss) for the year | | - | - | - | 146 | - | 146 | (125) | 21 |
| Other comprehensive income for the year | | - | - | - | - | 13,313 | 13,313 | - | 13,313 |
| Total comprehensive income for the year | | - | - | - | 146 | 13,313 | 13,459 | (125) | 13,334 |
| Share based payments | 30 | - | - | - | 39 | - | 39 | - | 39 |
| Exercise of options | 30 | 1 | - | 47 | (15) | - | 33 | - | 33 |
| Acquisition of subsidiary | | - | - | - | - | - | - | 310 | 310 |
| Transfer of revaluation to retained earnings | | - | - | - | 841 | (841) | - | - | - |

| | | | | | | | | |
|--------------------------------------------------------------------------------------------------------|------------|---------------|--------------|--------------|---------------|---------------|------------|---------------|
| Total contributions by and distributions to owners of the parent, recognised directly in equity | 1 | - | 47 | 865 | (841) | 72 | 310 | 382 |
| At 31 December 2020 | 833 | 12,790 | (502) | 6,854 | 12,472 | 32,447 | 185 | 32,632 |

The notes on pages 132 to 198 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2021

| | Note | Share capital | Share premium account | EBT shares | Retained earnings | Revaluation surplus | Total equity attributable to members of the Parent Company | Non-controlling interest | Total equity |
|--------------------------------------------------------------------------------------------------------|------|---------------|-----------------------|--------------|-------------------|---------------------|------------------------------------------------------------|--------------------------|----------------|
| | | £000's | £000's | £000's | £000's | £000's | £'000 | £000's | £000's |
| At 1 January 2021 | | 833 | 12,790 | (502) | 6,854 | 12,472 | 32,447 | 185 | 32,632 |
| Loss for the year | | - | - | - | (3,389) | - | (3,389) | (510) | (4,899) |
| Other comprehensive income for the year | | - | - | - | 677 | - | 677 | - | 677 |
| Total comprehensive income for the year | | - | - | - | (2,712) | - | (2,712) | (510) | (3,222) |
| Exercise of options | 30 | 7 | - | 58 | (40) | - | 25 | - | 25 |
| Dividend paid | 28 | - | - | - | (108) | - | (108) | - | (108) |
| Transfer of revaluation to retained earnings | | - | - | - | 779 | (779) | - | - | - |
| Total contributions by and distributions to owners of the parent, recognised directly in equity | | 7 | - | 58 | 631 | (779) | (83) | - | (83) |
| At 31 December 2021 | | 840 | 12,790 | (444) | 4,773 | 11,693 | 29,652 | (325) | 29,327 |

The notes on pages 132 to 198 form part of these financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 December 2021

| | Note | Share capital | Share premium account | EBT shares | Retained earnings | Total equity |
|-------------------------------------------------------------------------------------------------|------|---------------|-----------------------|--------------|-------------------|---------------|
| | | £000's | £000's | £000's | £000's | £000's |
| At 1 January 2020 | | 833 | 12,790 | (549) | 1,671 | 14,745 |
| Profit for the year and total comprehensive income | | - | - | - | 729 | 729 |
| Share based payments | 30 | - | - | - | 39 | 39 |
| Exercise of options | 30 | 1 | - | 47 | (15) | 33 |
| Dividend paid | 28 | - | - | - | - | - |
| Total contributions by and distributions to owners of the parent, recognised directly in equity | | - | - | 47 | 24 | 71 |
| At 31 December 2020 | | 833 | 12,790 | (502) | 2,424 | 15,545 |
| At 1 January 2021 | | 833 | 12,790 | (502) | 2,424 | 15,545 |
| Profit for the year and total comprehensive income | | - | - | - | 1,998 | 1,998 |
| Share based payments | 30 | - | - | - | - | - |
| Exercise of options | 30 | 7 | - | 58 | (39) | 26 |
| Dividend paid | 28 | - | - | - | (108) | (108) |
| Total contributions by and distributions to owners of the parent, recognised directly in equity | | 7 | - | 58 | (147) | (82) |
| At 31 December 2021 | | 840 | 12,790 | (444) | 4,275 | 17,461 |

The notes on pages 132 to 198 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

| | Note | 2021 | 2020 |
|-----------------------------------------------------------------------------|------|-----------------|----------------|
| | | £000's | £000's |
| Cash flows from operating activities | | | |
| Cash generated from operations | 29 | 3,901 | 11,425 |
| Finance income | | 620 | 19 |
| Finance cost | | (2,902) | (3,735) |
| Income tax received | | - | 66 |
| Net cash flows generated from operating activities | | 1,619 | 7,775 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 15 | (248) | (4) |
| Purchase of intangible fixed assets | 17 | (760) | (473) |
| Withdrawal of deposits from restricted accounts | | 1,971 | (228) |
| Acquisition of subsidiary | | - | 107 |
| Net cash flows generated from/(used in) investing activities | | 963 | (598) |
| Cash flows from financing activities | | | |
| Payments of dividends | 28 | (108) | - |
| Proceeds from borrowings | | 6,786 | - |
| Repayment of borrowings | | (18,076) | (2,184) |
| Capital repayments of leases | | (616) | (411) |
| Proceeds from sale of share options | | 26 | 33 |
| Net cash flows used in financing activities | | (11,988) | (2,562) |
| Net (decrease)/increase in cash and cash equivalents | | (9,408) | 4,615 |
| Cash and cash equivalents at beginning of year | | 18,282 | 13,667 |
| Cash and cash equivalents at end of year | | 6,699 | 18,282 |
| Cash and cash equivalents for discontinued operations at end of year | | 2,175 | - |

The notes on pages 132 to 198 form part of these financial statements.

Parent Company Statement of Cash Flows

For the year ended 31 December 2021

| | Note | 2021 | 2020 |
|---------------------------------------------------------------------|------|----------------|---------|
| | | £000's | £000's |
| Cash flows from operating activities | | | |
| Cash used in operations | 29 | (1,829) | (2,365) |
| Interest paid | | (724) | (640) |
| Net cash flows used in operating activities | | (2,553) | (3,005) |
| Cash flows from investing activities | | | |
| Investment in subsidiaries | 18 | (1,250) | (200) |
| Cash dividend received | | 5,917 | - |
| Net cash flows generated from/(used in) investing activities | | 4,667 | (200) |
| Cash flows from financing activities | | | |
| Proceeds from intercompany loans | | 1,159 | 2,517 |
| Proceeds from the exercise of share options | | 26 | 33 |
| Payments of dividends | 28 | (108) | - |
| Repayments of borrowings | | (11,905) | - |
| Repayments of intercompany loans | | 4,261 | - |
| Net cash (used in)/generated from financing activities | | (6,567) | 2,550 |
| Net decrease in cash and cash equivalents | | (4,452) | (655) |
| Cash and cash equivalents at beginning of year | | 4,948 | 5,603 |
| Cash and cash equivalents at end of year | | 496 | 4,948 |

The notes on pages 132 to 198 form part of these financial statements.

Notes to the Financial Statements

1. General Information

Good Energy Group PLC ("the Company") is listed on the Alternative Investment Market of the London Stock Exchange, is incorporated in England and Wales and domiciled in the United Kingdom. The Group's shares are publicly traded. The registered office is located at Good Energy, Monkton Park Offices, Monkton Park, Chippenham, Wiltshire, United Kingdom, SN15 1GH.

The ultimate parent of the Group is Good Energy Group PLC. There is no ultimate controlling party of the Group.

The principal activities of Good Energy Group PLC are those of a holding and management company to the Group and a lender to, generation development sites.

The principal activities of its subsidiaries include the purchase, generation and sale of electricity from renewable sources, as well as the sale of gas and services relating to micro-renewable generation, and the sale of EV market data services.

The purpose of the Annual Report and Financial Statements is to provide information to members of the Company and its subsidiaries (together "the Group"). It contains certain forward looking statements relating to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can differ from those anticipated. Nothing in the Annual Report and Financial Statements should be construed as a profit forecast.

These financial statements are presented in pounds sterling, which is the functional currency and presentational currency of the Group, as this is the currency of the primary environment in which the Group operates. All values are rounded to the nearest thousand (£000), except where otherwise indicated.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for Generation sites (classified as Property, plant and equipment) that have been measured under the revaluation model, or historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 4, and in the following accounting policy notes: revenue recognition (2.5), property, plant and equipment (2.6), leases (2.7), inventories (2.11) and credit risk (3.1.3).

The accounting policies adopted, other than as documented above, are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those financial statements.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation of financial statements (continued)

There are two prior year adjustments, described and detailed in the tables below.

The elimination of Renewable Obligation Certificates (ROCs) which were generated within the group, and an offsetting reduction in the ROC compliance provision (where our obligation can be met by using £0 value ROCs), noted by the Group's new auditors.

Adjustments to the treatment of leases under IFRS 16 being the removal of future lease payment increases where the increase is determined by a future index rate, as a result of a prior year adjustment to align with the accounting standard, noted by the Group's new auditors.

| | At 31 December 2020 | Prior year adjustment 2019 & 2020 | At 31 December 2020 (restated) | At 31 December 2019 | Prior year adjustment 2019 | At 31 December 2019 (restated) |
|--------------------------|---------------------|-----------------------------------|--------------------------------|---------------------|----------------------------|--------------------------------|
| Balance sheet (extract) | £000's | £000's | £000's | £000's | £000's | £000's |
| Right-of-use assets | 5,924 | (816) | 5,108 | 6,483 | (834) | 5,649 |
| Inventories | 14,625 | (1,361) | 13,264 | 9,941 | (1,490) | 8,451 |
| Total assets | 134,231 | (2,177) | 132,054 | 116,364 | (2,324) | 114,040 |
| Borrowings | 5,343 | (1,036) | 4,307 | 5,316 | (970) | 4,346 |
| Lease Liabilities | | | | | | |
| Trade and other payables | 38,258 | (1,361) | 36,897 | 35,487 | (1,490) | 33,997 |
| Total liabilities | 101,819 | (2,397) | 99,422 | 97,584 | (2,460) | 95,127 |
| Retained earnings | 6,634 | 220 | 6,854 | 5,707 | 136 | 5,843 |

| | At 31 December 2020 | Prior year adjustments | At 31 December 2020 (restated) |
|---------------------------------------------|---------------------|------------------------|--------------------------------|
| Statement of Comprehensive Income (extract) | £000's | £000's | £000's |
| Cost of sales | (101,082) | 17 | (101,065) |
| Finance costs | (4,239) | 67 | (4,172) |
| (Loss)/profit before tax | (82) | 84 | 2 |

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.3 Going concern

The financial statements have been prepared on the going concern basis as the Directors have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period.

The Group has had a resilient financial performance despite significant pressure from commodity markets and low wind levels, impacting on the year's performance.

The cash released through the sale of the generation asset portfolio completed January 2022, has provided the Group with £20.7m of unrestricted cash to date with a further £0.5m of deferred consideration due in June 2022.

Looking to the future, the Group has performed a going concern review, going out until June 2023, considering both an internal base case, and various externally provided scenarios. The scenarios were provided by Ofgem in February 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, and having applied a reverse stress test, the possibility that financial headroom could be exhausted is remote.

The scenarios are a combination of price and demand-based impacts reflecting the volatility in the wholesale and supply market currently. All scenarios include the same base hedge position for Good Energy as that is what is in place at time of publishing this assessment. (We are well hedged for summer 2022 and plan to incrementally increase hedging for winter 2022). All scenarios assume domestic customer churn continues at minimal levels (Q4 2021 <5% versus 15%+ prior to H2 2021). Churn is expected to remain low until wholesale prices stabilise and the default price cap catches up to be fully reflective of the wholesale costs of power and gas seen by suppliers.

The scenarios are:

Scenario 1 - Low Price

Scenario 2 - Central Price

Scenario 3 - High Price

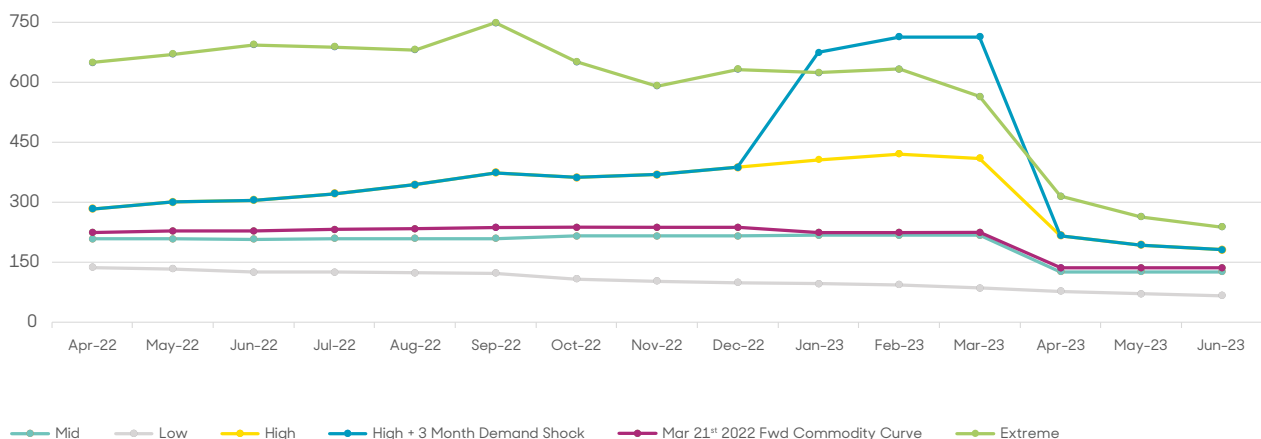
Scenario 4 - High Price with 3-month demand shock Q1 2023 (15% increase in gas usage vs monthly norms, 2% increase in electricity usage vs monthly norms)

Scenario 4a - High Price with 1 month demand shock (Non OFGEM Scenario. 15% increase in gas usage vs monthly norms, 2% increase in electricity usage vs monthly norms)

Scenario 5 - Extreme Price

The wholesale prices covered by these scenarios are demonstrated in the below chart. Whilst the chart reflects gas wholesale costs, the chart for electricity wholesale costs looks very similar as gas powered power stations help set electricity wholesale prices.

Going Concern - Gas (p/therm) Commodity Cost Development



Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.3 Going concern (continued)

From a tariff perspective all scenarios reflect the movement in default/deemed price capped tariffs directly linked to wholesale costs developments. However only in the High & Extreme price scenarios are SVT price rises assumed. As Good Energy has a derogation from the price cap, it is allowed to change the level of its Standard Variable tariff (SVT) tariff to reflect the true cost of supplying renewable energy. This derogation allows Good Energy to change price sooner than changes to default/deemed tariff changes, allowing us to match more effectively between cash in and cash out of the business. This derogation remains in place until the end of the Ofgem price cap, currently planned for Dec 2023.

In all scenarios except Scenario 4, cashflow remains sufficient to meet all commitment as they fall due without additional mitigations being implemented. In Scenario 4 additional mitigations would be required, however the business is confident sufficient mitigations could be delivered if required. These mitigations could include discretionary costs reductions, additional prices increase as well as working capital optimisation. In addition, the business believes a 3-month demand shock to be excessive, demand shocks seen previously such as "beast from the East" tend to cause a one-month exceptional impact only.

Other impacts not included in the modelling include low wind output levels in a year. The company hedges to seasonal normal levels of wind, solar and temperature. 2021 was a year of significantly lower wind than seasonally normal which had a negative financial impact on the business. However, the business has not modelled this as a going concern scenario for two reasons. The first is modelling to seasonal norms will work over a longer-term basis, and secondly, we have taken steps to mitigate the impacts of low wind within our portfolio from 2022 onwards.

All scenarios modelled include repayment of £0.2m of Bond debt in June 2022. The earliest the remaining bond debt of £4.7m can be requested for repayment is June 2023, although experience suggests the amount formally requested to be repaid at this point will be in the hundreds of thousands only. Excluding bond debt, the business has no other material (£1m+) debt repayments due in the next 18 months.

Therefore, Directors are confident in the ongoing stability of the Group, and its ability to continue operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors adopt the going concern basis in preparing the financial statements

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.5 Revenue recognition

The Group is in the business of providing supplies of electricity and gas, the generation of power, the sale of advertising space and EV market data, as well as Feed-in-Tariff (FiT) administration services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the FiT administration services below, because it typically controls the goods or services before transferring to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in notes 4.1.1 and 4.2.1.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract. The Group recognises contract liabilities when customers are in a credit position.

2.5.1 Power supply

Revenue for the supply of electricity is accrued based on industry data flows and National Grid data. Revenue calculated from energy sales includes an estimate of the quantity in units of electricity or gas supplied to customers by profile class in the 12 months preceding the end of the period, and an estimate of the average sales price per unit, and standing charge.

10% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption. The estimate is made using historical consumption patterns, industry estimated consumption rates, and takes into consideration industry reconciliation processes, upon which the Group takes a prudent position until final reconciliation data is available from the industry 14 months after the supply date.

Unbilled revenue is superseded when customer meter reads are received; at which point estimates are adjusted to actual usage. Transaction price is explicitly stated per unit and per day. Unbilled revenue is estimated using the most likely outcome approach.

For gas, revenue is accrued based on information received from the Group's gas shipper, Barrow Shipping Limited, which includes details of all the sites held, their estimated annual quantities of gas used adjusted by a pre-determined weather correction factor. This information is subsequently adjusted and invoiced based on customer and industry meter reads. Transaction price is explicitly stated per unit and per day.

Revenue is recognised over time as the electricity or gas is delivered to the customer. The transaction price is clearly stated, there are no separate performance obligations to which a portion of the transaction price needs to be allocated, and there is no variable consideration. Discounts are given to 100% of customers who meet certain criteria, and a provision is built up monthly to account for these, offsetting against revenue over time as the discount is incurred, which is in line with IFRS 15 Revenue from Contracts with Customers.

For electricity and gas supply, payment is collected either as a direct debit or paid on receipt of bill in arrears. Overdue amounts are reviewed regularly for impairment and provision made as necessary. No refunds, returns or warranties are applicable.

Power supply revenue is split between the electricity and gas segments within the segmental analysis in note 6.

2.5.2 Feed-in-Tariff (FiT) revenue

Some of the generation sites receive FiT subsidy revenue from OFGEM. The FiT scheme (introduced in April 2010) is a government scheme designed to promote the uptake of renewable generation technologies. FiT payments are received quarterly for the electricity that the generating asset has generated and exported in the period, based on meter readings supplied. This is a single performance obligation (to generate renewable electricity) and the transaction price is explicitly set out per unit of electricity generated. The performance obligation is satisfied immediately when the power is generated. Payment is received from OFGEM approximately 45 days after the end of the period of generation. No refunds, returns or warranties are applicable. FiT revenue is included within the electricity generation segment visible in note 5.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.5 Revenue recognition (continued)

2.5.3 Feed-in-Tariff (FiT) administration services

The Group provides FiT administration services to micro-generators who are signed up to the FiT scheme. For FiT services, revenue is earned from OFGEM for administering the scheme, which is deemed to be the transaction price. For FiT services, there is an initial fee paid by OFGEM for taking on a generator, and then an ongoing amount that is received annually for provision of FiT services.

The initial fee is spread over the period from when the customer signs up with Good Energy until the following April, when the FiT compliance year ends for a new customer, and the ongoing fee that is received is spread over the 12 month compliance period. No refunds, returns or warranties are applicable.

FiT administration services is included within the FiT administration segment within the segmental analysis in note 6.

2.5.4 Renewable Obligation Certificates (ROCs) revenue recognition

ROCs are awarded to the Group from OFGEM based on generation of power. These ROCs are sold on receipt of certificates from OFGEM allowing transfer of title. ROC revenue is deemed to be subsidy revenue rather than revenue from contracts with customers.

The amount of revenue recognised on sale is in accordance with a contractual agreement where the pricing is based on OFGEM's minimum ROC value (the buy-out) and a prudent estimate of the re-cycle element of the final value of a ROC once all energy suppliers have complied or paid the penalty for non-compliance with the renewables obligation (the recycle). A final adjustment to ROC revenue and profit is recognised once OFGEM have announced the final out-turn ROC price, but this is not accounted for in advance of the receipt of the final out-turn price as the transaction price is not measurable. The amount receivable is a contingent asset.

The performance obligation is satisfied when the power is generated as this ensures the certificates are generated by OFGEM. There is a three-month delay from generation to invoice, and payment is made 5 days after receipt of the invoice. No refunds, returns or warranties are applicable.

ROCs revenue is included within the electricity generation segment visible in note 5.

2.5.5 Power generation revenue

Revenue is generated when the wind or solar asset produced power that is sold to Good Energy Limited through a Power Purchase Agreement fixed price per MWh, which is the transaction price. The performance obligation is satisfied at a point in time; immediately when the power is generated. Payment is made no more than one month after the delivery month of the power ends. No refunds, returns or warranties are applicable.

Power generation revenue is included within the electricity generation segment visible in note 5.

2.5.6 Advertising revenue

The Group has contracts to provide advertising space to companies on the nextgreencar.com website and Zap-map app. Advertising contracts are entered into for adverts to run for a set period of time, and explicitly state the transaction price. Payment is made on receipt of bill in advance. The performance obligation for revenue recognition is satisfied over time based upon the amount of time that the advert has been running on the platforms. No refunds, returns or warranties are applicable.

Advertising revenue is included within the energy as a service segment within the segmental analysis in note 6.

2.5.7 Sale of EV market data

The Group sells licences for access to data feeds on the EV market and sells data insight reports. The transaction is explicitly stated in the contract. The performance obligation for the data feed licence is satisfied over time as the customer has a licence to access data when they require for a set contracted time period. Payment is made on receipt of bill in advance. The performance obligation for the sale of data insight reports is satisfied at the point in time the report is delivered to the customer. No refunds, returns or warranties are applicable.

Sale of EV market data revenue is included within the energy as a service segment within the segmental analysis in note 6.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

The Group recognises part of an asset when that cost is incurred, if the recognition criteria are satisfied. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they are incurred.

Generation assets are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A valuation is completed at least every 3 years, with a formal external valuation taking place at least every 5 years.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, less any estimated residual value, on the following bases:

| | |
|----------------------------------|----------------------------|
| Fixtures, fittings and equipment | between 3 and 5 years |
| Leasehold improvements | over the life of the lease |
| Generation assets | between 20 and 29 years |
| Assets under construction | not depreciated |

Depreciation of property, plant and equipment is included in the Consolidated Statement of Comprehensive Income in those expense categories consistent with the function of the asset.

An item of property, plant and equipment is derecognised upon disposal (i.e. at the date on which the recipient obtains control), or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (being the difference between the carrying amount of the asset and the net disposal proceeds) is included in profit or loss, upon derecognition.

2.6.1 Impairment of property, plant and equipment (including right-of-use assets)

The useful economic lives of assets and their residual values are reviewed on an annual basis and revised where considered appropriate.

At each reporting date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in carrying value is charged to the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset, and is recognised in the period in which it occurs.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.7 Leases (the Group as a lessee)

For any new contracts entered into on or after 1 January 2019, the Group performs an assessment at the inception of a contract to determine whether the contract is, or contains, a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration".

The Group applies a single recognition and measurement approach for all leases, with the exception of those which are short-term, or which comprise low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

At the lease commencement date (i.e. the date on which the underlying asset is made available for use), the Group recognises a right-of-use asset on the Statement of Financial Position. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use asset comprises:

- the initial measurement of the lease liability,
- any initial direct costs incurred by the Group,
- an estimate of any costs required to dismantle or remove the asset at the end of the lease, and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the estimated useful life of the right-of-use assets and the end of the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group classifies its right-of-use assets in a manner consistent with that of its property, plant and equipment, which includes the application of the same estimated useful life bases – please see note 2.6 for details.

The Group also assesses the right-of-use assets for impairment, when such indicators exist. Please refer to note 2.6.1 for the accounting policy in respect of impairment.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments included in the measurement of the lease liability include:

- fixed payments (including in-substance fixed payments) less any incentives receivable,
- variable lease payments that depend on an index or rate, and
- amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Group, along with payments of penalties for termination of the lease if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognised as expenses in the period in which the event of condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the rate implicit in the lease is not readily determinable. Subsequent to initial measurement, the amount of lease liabilities is increased to reflect the accretion of interest and reduced to reflect lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine the lease payments) or a change in the assessment of an option to purchase the underlying asset.

In the Statement of Financial Position, the Group's lease liabilities are included within borrowings (please refer to note 26).

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.7 Leases (the Group as a lessee) (continued)

(c) Short-term leases and leases of low value assets

The Group has elected to apply the recognition exemption in respect of short-term leases (i.e. those which have a lease term of 12 months from the lease commencement date, and do not contain a purchase option), as well as the recognition exemption applicable to leases of assets that are considered to be low value.

Instead of recognising a right-of-use asset and lease liability, lease payments in relation to these are recognised as an expense in the Statement of Comprehensive Income, on a straight-line basis over the lease term.

2.8 Goodwill, intangible assets and amortisation

Goodwill is measured as the difference between:

- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, and
- the aggregate of:
 - (i) the value of consideration transferred (at fair value),
 - (ii) the amount of any non-controlling interest, and
 - (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

2.8.1 Definite life intangible assets

Definite life intangible assets comprise software licences and website development costs, which meet the criteria of IAS 38 Intangible Assets, and are carried at cost less accumulated amortisation and impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs, where relevant.

2.8.2 Indefinite life intangible assets

Indefinite life intangible assets comprise goodwill and the power supply licence. The power supply licence is held as an indefinite life intangible asset according to the criteria of IAS 38 Intangible Assets, and is carried at cost less accumulated impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs, where relevant.

2.8.3 Amortisation

Amortisation on definite life intangible assets is charged to the Consolidated Statement of Comprehensive Income (included within administrative expenses) on a straight-line basis over the estimated useful life of the intangible asset. The estimated useful lives for intangible assets with definite lives are as follows:

| | |
|----------------------------------------|------------------------|
| Software licenses | between 3 and 10 years |
| Website development costs | between 2 and 5 years |
| Assets under the course of development | not amortised |

An intangible asset is derecognised upon disposal (i.e. at the date on which the recipient obtains control), or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (being the difference between the carrying amount of the asset and the net disposal proceeds) is included in profit or loss, upon derecognition.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.8 Goodwill, intangible assets and amortisation (continued)

2.8.4 Impairment of intangible assets

The Directors regularly review intangible assets for impairment and provision is made if necessary. Assets with indefinite useful lives are not subject to amortisation, therefore are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Any impairment in carrying value is charged to the Statement of Comprehensive Income within administrative expenses and is recognised in the period in which it occurs.

2.9 Investments in subsidiaries

The Parent Company holds investments in subsidiary companies and these are accounted for at cost less impairment in the Parent Company financial statements only.

2.10 Inventories

2.10.1 Renewable Obligation Certificates (ROCs)

Under the provisions of the Utilities Act 2000, all electricity suppliers are required to procure a set percentage of their supplies from accredited renewable electricity generators. This obligation can be fulfilled by the purchase and surrender of ROCs originally issued to generators, or by making payments to OFGEM who then recycle the payments to purchasers of ROCs. Notwithstanding that Good Energy Limited, a subsidiary company, supplies electricity sourced entirely from renewable generation over a 12 month period, its percentage obligation to submit ROCs is set by OFGEM. The cost obligation is recognised as electricity is supplied and charged as a cost of sale in the Consolidated Statement of Comprehensive Income. Any gains or losses on disposal of ROCs which are in excess of the Group's compliance obligations are included as an adjustment to the compliance cost included within cost of sales. Externally generated ROCs are valued at the lower of purchase cost and estimated realisable value. Internally generated ROCs are not carried at cost with a corresponding adjustment to the OFGEM accrual.

2.10.2 Carbon Offset Instruments

Carbon Offset Instruments are used by the Group to offset emissions generated by gas supply, as part of the Group's green gas offering. These instruments are recognised as inventory at the lower of cost and net realisable value.

2.11 Financial instruments

The Group uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

Financial instruments recognised on the Consolidated Statement of Financial Position include: cash and cash equivalents, trade receivables, trade payables, borrowings, and financial assets and financial liabilities at fair value through profit and loss.

Financial assets and liabilities are recognised on the Consolidated Statement of Financial Position when the Group has become a party to the contractual provisions of the instrument.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.11 Financial instruments (continued)

2.11.1 Financial assets at amortised cost

The Group's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are solely payments of principal and interest. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less allowances for expected credit losses (ECLs). These are held in a business model which intends to hold the financial assets to collect the contractual cash flows rather than through sale. Trade receivables are shown inclusive of unbilled amounts to customers.

The Group recognises an allowance for ECLs for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

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

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted deposits are held by financing providers to cover debt service and maintenance expenses on generation sites to which the funding relates.

Short-term security deposits are held by trading exchanges to cover short-term electricity trades.

2.11.2 Financial assets and financial liabilities at fair value through profit or loss (FVTPL) and equity instruments

Both financial assets and financial liabilities at FVTPL are initially recognised at fair value in the Statement of Financial Position. Any fair value gains and losses on subsequent remeasurement are recognised directly in profit or loss.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2.11.3 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the course of ordinary business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently held at amortised cost.

2.11.4 Borrowings

The Group expenses borrowing costs over the term of the loan facility. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.11 Financial instruments (continued)

Part of the specific asset. Details of the Group's borrowings are included in note 25.

2.12 Disposal groups held for sale

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is highly probable. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. They are not depreciated or amortised.

2.13 Non-underlying costs

Non-underlying items are those that in the Directors' view should be separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Group's financial performance.

2.14 Current and deferred taxation

The tax charge or credit included in the Consolidated Statement of Comprehensive Income for the period comprises current and deferred tax. Current and deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognised within equity.

Current tax is the expected tax payable or receivable based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income as it excludes items of income or expense that are taxable or deductible in other years, and it further excludes permanent differences (i.e. items that are never taxable or deductible).

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the expected tax payable or recoverable on temporary differences which arise between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit, and is provided for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated based on tax rates and tax laws that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority. The Group intends to settle its current tax assets and current tax liabilities on a net basis.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.15 Decommissioning costs

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove the generation assets and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciated amount is then depreciated prospectively over its useful economic life. The unwinding of the discount on the decommissioning provision is included in the Consolidated Statement of Comprehensive Income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

2.16 Share-based payments

The Group applies IFRS 2 to share-based payments. The Group operates a share-based payment compensation plan, under which the entity grants key employees the option to purchase shares in the Company at a specified price maintained for a certain duration.

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each financial period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

When the options are exercised, and the Group issues new shares to meet that obligation, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Pensions

The Group operates a defined contribution pension scheme. Under this scheme the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. The pension charge for the year represents the amounts payable by the Group in respect of the year.

2.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors review the Group's internal reporting in order to assess performance and allocate resources.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.20 Finance income and finance costs

Finance income is received in respect of cash deposits and is recognised in the Statement of Comprehensive Income using the effective interest method. Finance costs comprise interest on external debt, finance lease interest costs and the amortisation of loan issue costs. Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.21 Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

2.22 Changes in accounting policies and disclosures

New and amended standards and interpretations

The following new and amended standards and interpretations that are effective from 1 January 2021 have been applied with no impact on the financial statements.

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-Related Rent Concessions beyond 30 June 2021: Amendments to IFRS 16
- Extension of the Temporary Exemption from applying IFRS 9: Amendments to IFRS 4

Notes to the Financial Statements

3. Financial and Capital Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including currency risk, cash flow and fair value interest rate risk, and commodity price risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Group has cash resources available to it and prepares – in the operating entities of the Group – forecasts for the forthcoming year. In the Directors' opinion, these forecasts indicate that the Group will have sufficient resources to fund the continuation of trade.

The Group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants.

A maturity analysis of financial instruments based on contractual undiscounted cash flows is provided below:

| Consolidated 31 December 2021 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------------|---------------------|--------------------------|--------------------------|--------------|
| | £000's | £000's | £000's | £000's |
| Corporate bond | 557 | 4,748 | - | - |
| Borrowings | 1,007 | - | - | - |
| Lease liabilities | 555 | - | 317 | - |
| Trade and other payables | 41,253 | - | - | - |
| Total | 43,372 | 4,748 | 317 | - |

| Consolidated 31 December 2020 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------------|---------------------|--------------------------|--------------------------|---------------|
| | £000's | £000's | £000's | £000's |
| Corporate bond | 1,357 | 16,359 | - | - |
| Borrowings | 4,671 | 4,761 | 14,940 | 31,221 |
| Lease liabilities | 624 | 612 | 1,280 | 7,942 |
| Trade and other payables | 38,258 | - | - | - |
| Total | 44,910 | 21,732 | 16,220 | 39,163 |

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.1 Financial risk factors (continued)

3.1.1 Liquidity risk (continued)

| Parent 31 December 2021 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------|---------------------|--------------------------|--------------------------|--------------|
| | £000's | £000's | £000's | £000's |
| Corporate bond | 557 | 4,748 | - | - |
| Lease liabilities | 7 | - | - | - |
| Loans from group companies | 2,700 | - | - | - |
| Trade and other payables | 495 | - | - | - |
| Total | 3,759 | 4,748 | - | - |

| Parent 31 December 2020 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------|---------------------|--------------------------|--------------------------|--------------|
| | £000's | £000's | £000's | £000's |
| Corporate bond | 1,357 | 16,359 | - | - |
| Lease liabilities | 27 | 7 | - | - |
| Loans from group companies | - | - | - | - |
| Trade and other payables | 390 | - | - | - |
| Total | 1,774 | 16,366 | - | - |

IFRS 16 requires that the maturity analysis of lease liabilities are disclosed separately from the maturity analyses of other financial liabilities.

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.1 Financial risk factors (continued)

3.1.2 Market Risk

3.1.2a Currency risk

The Group is exposed to foreign exchange risk arising from certain generation asset maintenance contracts which are payable in Euros. Management have set up a policy, that when it is deemed appropriate, the Group will forward buy Euros against these contracts to reduce foreign exchange exposure. As at 31 December 2021, no Euros (2020: no Euros) were purchased forward.

3.1.2b Cash flow and fair value interest rate risk

The financial risk is the risk to the Group's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. For short-term bank overdraft facilities, the Group does not use derivative instruments to reduce its exposure to interest rate fluctuations as the policy of the Group is not to rely on short-term borrowing facilities for any significant duration. The Directors use interest rate swaps if they consider their exposure to interest rate risk to be material. For long term borrowings, the Group may use interest rate swaps to fix the interest rate payable on these material balances in order to mitigate the risk of any fluctuations in interest rates. There were no such swaps at the year end and the interest rate risk at 31 December 2021 is considered to be nil.

3.1.2c Commodity price risk

The Group's operations result in exposure to fluctuations in energy prices. Management monitors energy prices and analyses supply and demand volumes to manage exposure to these risks. The Group typically buys power forwards in order to mitigate some of the risk of commodity price fluctuations.

If the wholesale market moves significantly upwards or downwards, the price risk to the Group will depend upon a number of factors including the excess or deficiency of power being supplied by renewable power purchase contracts in place at the time. The Group may be required to pass on the price risk to customers. Retail prices can be amended with 30 days' advance notification to customers. The Group closely monitors movements in the wholesale market and assesses trends, so it is ready to take necessary action when required.

Vertical integration of the Group during 2021 helped further mitigate exposure to changes in power prices.

3.1.3 Credit risk

The Group's exposure to credit risk arises from its receivables from customers. At 31 December 2021 and 31 December 2020, the Group's trade and other receivables were classed as due within one year, details of which are included in note 20. The Group's policy is to undertake credit checks where appropriate on new customers and to provide for expected credit losses (ECLs) based on estimated irrecoverable amounts determined by reference to specific circumstances and past debt collection experience. Credit risk is also in part mitigated by the policy to offer direct debit as a preferred method of payment for customers. At the end of the reporting period the Directors have provided for specific expected credit losses and believe that there is no further credit risk.

The Group's management would consider a default to occur should a customer debt remain unpaid after 12 months. This is appropriate due to the seasonal nature of the business and the use of direct debit as a common method of payment. Write offs are performed on an individual customer basis upon cessation of trade in the case of business customers, or if extensive debt collection efforts are unsuccessful.

Credit risk also arises from cash and cash equivalents, and deposits with banks and financial institutions. The Directors monitor the credit quality of the institutions used when considering which banks and financial institutions funds should be placed with.

The ECL model has been calculated in line with requirements under IFRS 9. The Group's trade receivables have no significant financing component, so the Group has used the simplified method for providing for these under IFRS 9. Therefore, the impairment loss is measured at lifetime ECL. Trade debtors have been segmented into categories of customer type and debt age, meaning the debt is split into categories with similar expected credit losses.

An impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.2 Capital risk management

The borrowing and cash relating to the discontinued operation is not shown in this note.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders, and to maintain an optimal capital structure.

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position, plus net debt. The capital structure of the Group is as follows:

| | Note | 2021 | 2020 |
|---------------------------------------------------------|------|---------------|---------------|
| | | £000's | £000's |
| Total borrowings | 24 | 7,185 | 58,097 |
| Less: cash in restricted deposit accounts (non-current) | | - | (4,552) |
| Less: cash in restricted deposit accounts (current) | | (2,414) | (698) |
| Less: cash and cash equivalents | 21 | (6,701) | (18,282) |
| Net debt | | (1,931) | 34,565 |
| Total equity | | 27,681 | 32,412 |
| Total capital | | 25,750 | 66,977 |
| Gearing ratio | | (7.5%) | 51.6% |

During 2021 the Group's strategy was to ensure debt funding from lenders was sustainable against long term power generation assets. These assets have highly predictable revenue streams and are considered stable for long-term borrowing. After the year end, the Group restructured the financing on its renewable generation asset portfolio to consolidate and simplify funding facilities (See note 35 for information on this restructuring).

The Group's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 December 2021 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a monthly or quarterly basis.

3.3 Fair value estimation

The Group measures certain financial instruments at fair value, at each reporting date. Fair value is defined as "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date". The fair value measurement assumes that the transaction to sell the asset or to transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market available for the asset or liability, which must be accessible by the Group.

All financial assets and financial liabilities subject to measurement at fair value and disclosed within these financial statements are categorised within the fair value hierarchy, the levels of which are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

3.3 Fair value estimation (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included within Level 3.

As part of our overall financial review, we continue to monitor the fair value of all of our investments through both an understanding of the wider environment in addition to the underlying economics of all assets across the business.

The table below presents the Group's financial assets that are measured at fair value, by valuation method at 31 December 2021.

| 2021 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|---------|---------|---------|--------|
| | £000's | £000's | £000's | £000's |
| Assets | | | | |
| Generation sites (note 5) | - | 19,575 | - | 19,575 |
| Total financial assets | - | 19,575 | - | 19,575 |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|---------|---------|---------|--------|
| | £000's | £000's | £000's | £000's |
| Assets | | | | |
| Generation sites | - | - | 58,554 | 58,554 |
| Total financial assets | - | - | 58,554 | 58,554 |

During the prior year, the group adopted the revaluation policy for its generation site assets recognising a valuation of £62,045,000. The valuation was performed by Jones Lang LaSalle Limited an accredited external independent valuer using the discounted cash flow methodology. This financial asset has been defined as Level 3. Further details about this policy adoption can be found in Note 2.4, disclosures on the Significant unobservable inputs and sensitivities are provided in Note 15.

During the current year, a revaluation of the generation assets was performed using the discounted cash flow methodology on the held for sale date of 24 November 2021, followed by a valuation of fair value less costs to sell at the year end. The offer to purchase the generation assets and the costs to sell the assets are considered to be directly observable inputs and are therefore categorised as Level 2 in the fair value hierarchy.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates

In the process of applying the Group's accounting policies, management has to make judgements and estimates that have a significant effect on the amounts recognised in the financial statements. These judgements and estimates are evaluated continually and are based on historical experience and other factors, including expectations of future events.

Given the nature of the estimates and judgements made, it is not appropriate to provide sensitivity analyses, unless explicitly stated otherwise. Actual results may differ from the initial judgement or estimate, and any subsequent changes are accounted for at a time when updated information becomes available.

The most critical of these accounting judgements and estimates are detailed below.

4.1 Judgements

4.1.1 Judgements over revenue from contracts with customers

The Group applied the following judgements that affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in contracts

Good Energy's revenues from contracts with customers include unit charges and standing charges for the supply of electricity and gas, operational generation site revenue, and FiT administration fees. Most of these performance obligations are easily identifiable and are separable.

For FiT administration revenue from customers who are new to the FiT scheme, Good Energy is required to both register and administer that customer for a year, and there is a higher administration payment from OFGEM as a result. Registering a customer to the FiT scheme and administering their account are not separable performance obligations, as there is no fee for registering and not administering the customer.

(b) Principal versus agent considerations

Contracts are entered into with customers to supply electricity and gas, which is a service delivered over time (as the customer consumes the electricity or gas), in which the Group is the principal.

FiT administration contracts are entered into with the customer, to supply administration services on behalf of OFGEM. The Group acts as an agent for OFGEM, not a principal, because the Group is not entitled to revenue from the customers' FiT sites, only the administration fee.

Payment normally takes place after performance by the Group; NHH customers with 15-day payment terms and HH customers with 30-day payment terms. Some customers pay by monthly direct debit and the Group aims to recover billed amounts every 3 months.

4.1.2 Leases: determining if a contract contains a lease

Under IFRS 16, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time, in exchange for consideration.

The Group assesses whether it has the right to obtain substantially all of the economic benefits from use of the identified asset, as well as the right to direct the use of that asset.

The Group also determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The majority of the Group's lease arrangements concern the sites on which its generation assets are located. These arrangements require additional consideration in respect of various lease costs associated with the sites, being primarily base rent, substation rent and easements/access rights.

Access rights in particular refer to land easements or rights to use, access or cross the land of another entity or individual, for a specified purpose. The lease arrangements give the Group the right to use the land but do not give the Group exclusivity of use or right to control.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates (continued)

4.1 Judgements (continued)

4.1.2 Leases: determining if a contract contains a lease (continued)

In assessing whether these land easements and access rights form part of the relevant leases, management have determined the following;

- The land easements and access rights are distinct identified assets, which enable to Group to access the land and wind/solar farms, for the specific purposes of power generation, and maintenance of the generation equipment. These land easements and access rights are active for the duration of the lease term, meaning that they are deemed specific, not perpetual, in nature.
- The Group receives substantially all of the economic benefits from the use of those easements and access right, for the specific purposes of power generation and maintenance of the generation equipment.
- The leases state that the landlord must not breach the Group's right as a tenant to access the land. The Group instructs maintenance, repair and replacement work to be completed on the generation assets by third parties, which requires the Group to have the right to direct the use of the identified assets – being the land easements and access rights.

On the basis of the above, management have concluded that these land easements and access rights therefore be treated as part of the underlying lease.

4.2 Estimates

4.2.1 Estimates over revenue from contracts with customers

Revenue calculated from energy sales includes an industry estimate of the quantity in units of electricity or gas supplied to the Group's customers during the 12 months preceding the end of the reporting period. It also includes an estimate in the form of the average sales price per unit, and standing charge.

17% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption.

The estimate is made using historical consumption patterns, industry estimated consumption rates, seasonality data available, and takes into consideration industry reconciliation processes, upon which the Group takes a prudent position until final reconciliation data is available from the industry 14 months after the supply date.

The Group identified the amount of accrued income subject to estimation uncertainty is approximately £1.1m out of a total carrying amount of £26m held on the balance sheet at the year end included within note 20.

4.2.2 Provision for expected credit losses of trade and intercompany receivables, and contract assets

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (e.g. by customer type).

The provision matrix is initially based on the Group's historic observed default rates, calibrated to adjust the historic credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The group has considered external benchmarks for future macroeconomic indicators (e.g. GDP, unemployment rates), applied against our segmented customer base to reach an estimate of the future impact caused by changes in macro economic conditions. This overlay of macro economic indicators has resulted in an incremental provision release of £0.4m out of a total carrying amount of £12m held on the balance sheet at the year end. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

The assessments undertaken in recognising provisions have been made in accordance with IFRS 9. A provision for impairment of trade receivables is established based on an expected credit loss model. Information about the ECLs on the Group's trade receivables is disclosed in note 20.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates (continued)

4.2 Estimates (continued)

4.2.2 Provision for expected credit losses of trade and intercompany receivables, and contract assets (continued)

The Parent Company also holds material receivable balances with its subsidiaries, for which the expected credit loss model is also used in establishing a provision for impairment, in accordance with IFRS 9. Information about the Parent Company loans to Group undertakings can be found per note 18.

4.2.3 Power purchase costs

Power purchase costs can typically take 14 months from the date of supply to be finalised due to the processes that the energy market has to complete in order to finalise generation and consumption data for any one particular month. Therefore, there is an element of power purchase costs that needs to be estimated based on a combination of in-house and industry data that is available at any particular point in time. The estimation uncertainty relates to a carrying amount of £3.4m held on the balance sheet at the year end included within note 27.

4.2.4 Inventories

The Group carries Renewable Obligation Certificates (ROCs) as inventory in its Consolidated Statement of Financial Position. These are valued at the lower of cost or estimated realisable value. Gains or losses made on ROCs which are subsequently sold, are only recognised in the Statement of Comprehensive Income when they crystallise.

The final out-turn value of a ROC is only published by Ofgem in October following the compliance year (April to March) which may require a final adjustment to gains or losses on the sale or purchase of ROCs previously recognised in the Consolidated Statement of Comprehensive Income. The estimation uncertainty relates to a carrying amount of £5.6m held on the balance sheet at the year end included within note 19.

4.2.5 Impairment of indefinite life assets

The carrying values of indefinite life assets included in intangible assets as disclosed in Note 17 are: goodwill of £1,984,000 (2020: £2,369,000), and a power supply licence of £180,000 (2020: £180,000) which relates to the subsidiary, Good Energy Ltd. In arriving at the conclusion that these assets have an indefinite life, management have observed that the power supply license is awarded until any breach of conditions stipulated by Ofgem. The treatment of goodwill is aligned with relevant accounting standards. An impairment review is undertaken annually or more frequently.

The result of this review was that no impairment is required in respect of the carrying values of the indefinite life assets.

The indefinite life assets are held within two separate cash generating units (CGUs), £923k within Next Green Car Ltd and £1,061k within Good Energy Ltd. Two separate impairment reviews have therefore been carried out.

The key assumptions for value in use excluding goodwill in Next Green Car Ltd are as follows:

- Growth rate beyond five year plan: 1%
- Pre-tax discount rate: 5%

When reviewing goodwill on Next Green Car Ltd we perform a value-in-use assessment using discounted cashflows. This assessment is subject to significant estimation uncertainty surrounding appropriate growth and discount rates. As a result of the impairment assessment the directors do not believe there is any reason for impairment at this time.

The projected cash flows have been based on financial forecasts by senior management for a 10 year period with a 5% nominal growth rate applied to periods within the forecasted period and a 1% terminal growth rate after 10 years. This long term growth rate for Zap Map has been based on the expected long term growth rate for the EV market. A period longer than 5 years has been used in this assessment because of expected short-term negative net cashflows, and an expected higher growth rate in the EV market over the next 10 years compared with the terminal growth rate. The post-tax discount rate applied to cash flow projections for Zap Map is 30%. This post-tax cost of capital was assessed at a higher rate than all other CGUs due to Zap Map entering its scale-up phase, as well as the specific risk characteristics of the forecast cash flows.

Notes to the Financial Statements

4. Critical Accounting Judgements and Estimates (continued)

4.2 Estimates (continued)

4.2.5 Impairment of indefinite life assets (continued)

Sensitivity analysis has been conducted on the cost of capital for Zap Map as the Directors noted that an increase in the post-tax discount rate by 6% was required before the carrying value of the CGU equalled its recoverable amount. Also the terminal growth rate could decrease to 0% without causing an impairment. Directors believe there to be significant headroom and therefore no impairment is required.

The key assumptions for value in use excluding goodwill in Good Energy Ltd are as follows:

- Growth rate beyond five year plan: 1.0%
- Pre-tax discount rate: 4.75%

The projected cash flows have been adjusted to allow for normalised business (i.e. no new business activity costs or revenue are included), and are considering a prudent case. It was concluded that the future cash flows do exceed the value of indefinite life assets, and therefore no impairment is required.

Sensitivity analysis has been conducted on the cost of capital for Good Energy Ltd and the Directors noted that an increase of the post-tax discount rate to 100% would still leave significant headroom before impairment was required. Also the terminal growth rate could decrease to -5% with headroom remaining. Directors believe there to be significant headroom and therefore no impairment is required.

4.2.6 Revaluation of property, plant and equipment

The Group carries its Generation sites at revalued amounts, changes in fair value are recognised in OCI, using valuation methodology based on a discounted cash flow (DCF) model. A carrying amount of £56,181,000 was held on the balance sheet at year end. Key assumptions are provided in Note 15.

Notes to the Financial Statements

5. Discontinued Operations

On 24 November 2021, the Group publicly announced the decision of its Board of Directors to sell the Good Energy Holding Company No. 1 Limited group including its wholly owned subsidiaries ("GEGAN group"). The sale of GEGAN group was completed on 19 January 2022. At 31 December 2021 GEGAN group was classified as a disposal group held for sale and as a discontinued operation. The business of GEGAN group represented the entirety of the Group's Electricity Generation operation segment until 24 November 2021. With GEGAN group being classified as discontinued operations, the Electricity Generation segment is no longer presented in the segment note.

The results of GEGAN group for the year are presented below:

| | 2021 | Restated 2020 |
|-------------------------------------------------------------------------------------|----------------|----------------|
| | £000's | £000's |
| Revenue | | |
| Revenue from contracts with customers | 405 | 1,761 |
| FiT/ROC subsidy revenue | 2,109 | 1,232 |
| Inter-segment revenue | 5,974 | 5,786 |
| Inter-segment adjustment | (5,974) | (5,786) |
| Total revenue | 2,514 | 2,993 |
| Cost of sales | (5,250) | (5,509) |
| Gross Loss | (2,736) | (2,516) |
| Administrative Expenses | (383) | (869) |
| Operating Loss | (3,119) | (3,385) |
| Net finance income/(costs) | (2,309) | (3,194) |
| Impairment loss/(profit) on the remeasurement to fair | (1,324) | - |
| Loss before tax from discontinued operations | (6,752) | (6,579) |
| Taxation benefit: Related to pre-tax loss from the ordinary activities for the year | 1,206 | - |
| Loss for the year from discontinued operations | (5,546) | (6,579) |

In accordance with IFRS 5, inter-segment revenue between the discontinued group and the continuing business totalling £6.0m (2020: £5.8m) has been excluded from revenue. Without this adjustment, the loss before tax for the discontinued group would have been £1.0m (2020: loss before tax of £0.8m).

The major classes of assets and liabilities of the GEGAN group classified as held for sale at 31 December 2021 are, as follows:

| | 2021 |
|-----------------------------------------------------------|----------------|
| | £000's |
| Non-current assets | |
| Property, plant and equipment | 57,506 |
| Right-of-use assets | 4,280 |
| Intangible assets | 385 |
| Restricted deposit accounts | 866 |
| Total non-current assets | 63,037 |
| Current assets | |
| Trade and other receivables | 910 |
| Cash and cash equivalents | 2,175 |
| Total current assets | 3,085 |
| Cost to sell | (1,325) |
| Held for sale assets | 64,797 |
| Non-current liabilities | |
| Deferred taxation - NC | 4,759 |
| Borrowings - LT | 33,665 |
| LT Financial Liabilities | 3,263 |
| Provisions for liabilities | 1,339 |
| Total non-current liabilities | 43,026 |
| Current liabilities | |
| Borrowings - ST | 1,485 |
| Trade and other payables | 409 |
| ST Financial Liabilities | 302 |
| Total current liabilities | 2,196 |
| Liabilities directly associated with assets held for sale | 45,222 |
| Net assets directly associated with disposal group | 19,575 |

The net cash flows of the discontinued operations in the year are as follows:

| | 2021 | 2020 |
|--------------------------|--------------|--------------|
| | £000's | £000's |
| Operating | 3,193 | 3,352 |
| Investing | 3,665 | 86 |
| Financing | (7,764) | (3,692) |
| Net cash outflows | (906) | (253) |

| Loss per share: discontinued operations | 2021 | 2020 |
|-----------------------------------------|--------|--------|
| | £000's | £000's |
| Basic | (33.8) | (40.2) |
| Diluted | (33.8) | (40.2) |

Write down of property plant and equipment

The recoverable amount has been taken as the final agreed sale price subsequent to the sale completion of GEGAN group on 19 January 2022, less costs to sell. A remeasurement of discontinued operations of £1.3m was performed at the held for sale date.

Notes to the Financial Statements

6. Segmental Analysis

The chief operating decision-maker has been identified as the Board of Directors (the 'Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Board considers the business from a business class perspective, with each of the main trading subsidiaries accounting for each of the business classes.

The main segments are:-

- Electricity Supply
- FiT Administration
- Gas Supply
- Electricity Generation companies (including wind and solar generation companies),
- Energy as a Service (including Zap-map and nextgreencar.com),
- Holding companies, being the activity of Good Energy Group PLC.

No operating segments have been aggregated to form the above reportable operating segments.

The Board assesses the performance of the operating segments based primarily on summary financial information, extracts of which are reproduced below. An analysis of profit and loss, assets and liabilities and additions to non-current asset, by class of business, with a reconciliation of segmental analysis to reported results follows.

Transfer prices between operating segments are in a manner similar to transactions with third parties.

Notes to the Financial Statements

6. Segmental Analysis (continued)

| Year ended 31 December 2021 | Electricity Supply | FIT Administration | Gas Supply | Total supply companies | Electricity Generation | Energy as a Service | Holding companies/ consolidation adjustments | Total |
|------------------------------------------|--------------------|--------------------|---------------|------------------------|------------------------|---------------------|----------------------------------------------|------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Revenue | | | | | | | | |
| Revenue from contracts with customers | 116,521 | 5,323 | 23,491 | 145,335 | - | 643 | 1 | 145,979 |
| FIT/ROC subsidy revenue | 66 | - | - | 66 | - | - | - | 66 |
| Total revenue | 116,587 | 5,323 | 23,491 | 145,401 | - | 643 | 1 | 146,045 |
| Expenditure | | | | | | | | |
| Cost of sales | (103,339) | (647) | (14,851) | (118,837) | - | (154) | (28) | (119,019) |
| Inter-segment cost of sales* | (5,974) | - | - | (5,974) | - | - | - | (5,974) |
| Inter-segment cost of sales adjustment | 5,974 | - | - | 5,974 | - | - | - | 5,974 |
| Gross profit/(loss) | 13,248 | 4,676 | 8,640 | 26,564 | - | 489 | (27) | 27,026 |
| Administrative expenses | | | | (17,849) | - | (1,448) | (3,612) | (22,909) |
| Depreciation & amortisation | | | | (1,578) | - | (134) | (1) | (1,713) |
| Operating profit/(loss) | | | | 7,137 | - | (1,093) | (3,640) | 2,404 |
| Net finance income/(costs) | | | | (67) | - | (2) | (501) | (570) |
| Share of Loss of Associate | | | | - | - | - | - | - |
| Profit/(loss) before tax | | | | 7,070 | - | (1,095) | (4,141) | 1,834 |
| Segments assets & liabilities | | | | | | | | |
| Segment assets | | | | 63,415 | - | 633 | (6,201) | 57,847 |
| Segment liabilities | | | | (47,826) | - | (1,549) | 1,281 | (48,094) |
| Net assets/(liabilities) | | | | 15,589 | - | (916) | (4,920) | 9,753 |
| Additions to non-current assets | | | | 1,746 | - | 3 | - | 1,749 |

*The corresponding intersegment revenue is associated with the Generation assets segment which is being presented as a discontinued operation. See note 5.

Notes to the Financial Statements

6. Segmental Analysis (continued)

| Year ended 31 December 2020 | Electricity Supply | FIT Administration | Gas Supply | Total supply companies | Electricity Generation | Energy as a Service | Holding companies/ consolidation adjustments | Total |
|------------------------------------------|--------------------|--------------------|---------------|------------------------|------------------------|---------------------|----------------------------------------------|----------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Revenue | | | | | | | | |
| Revenue from contracts with customers | 97,385 | 5,467 | 24,462 | 127,314 | 1,761 | 342 | - | 129,417 |
| FiT/ROC subsidy revenue | | | | - | 1,232 | - | - | 1,232 |
| Inter-segment revenue | | | | - | 5,786 | - | (5,786) | - |
| Total revenue | 97,385 | 5,467 | 24,462 | 127,314 | 8,779 | 342 | (5,786) | 130,649 |
| Expenditure | | | | | | | | |
| Cost of sales | (77,826) | (600) | (16,909) | (95,335) | (5,509) | (60) | (161) | (101,065) |
| Inter-segment cost of sales | (5,786) | - | - | (5,786) | - | - | 5,786 | - |
| Gross profit/(loss) | 13,773 | 4,867 | 7,553 | 26,193 | 3,270 | 282 | (161) | 29,584 |
| Administrative expenses | | | | (19,622) | (869) | (598) | (2,481) | (23,570) |
| Depreciation & amortisation | | | | (1,812) | - | - | (124) | (1,936) |
| Operating profit/(loss) | | | | 4,759 | 2,401 | (316) | (2,766) | 4,078 |
| Net finance income/(costs) | | | | (42) | (3,194) | - | (827) | (4,063) |
| Share of Loss of Associate | | | | - | - | - | (13) | (13) |
| Profit/(loss) before tax | | | | 4,717 | (793) | (316) | (3,606) | 2 |
| Segments assets & liabilities | | | | | | | | |
| Segment assets | | | | 54,502 | 73,815 | 320 | 4,778 | 133,415 |
| Segment liabilities | | | | 41,217 | 61,723 | 215 | (2,372) | 100,783 |
| Net assets | | | | 13,285 | 12,092 | 105 | 7,150 | 32,632 |
| Additions to non-current assets | | | | 899 | 6 | 23 | - | 928 |

All turnover arose within the United Kingdom.

Consolidation adjustments relate to inter-company sales of generated electricity and the elimination of inter-company balances.

Notes to the Financial Statements

7. Operating Profit and Administrative Expenses

| | Note | 2021 | 2020 |
|------------------------------------------------------------|------|---------------|---------------|
| | | £000's | £000's |
| The operating profit is stated after charging: | | | |
| Depreciation of property, plant and equipment | 15 | 66 | 3,621 |
| Depreciation of right of use assets | 16 | 516 | 856 |
| Amortisation of intangible assets | 17 | 1,133 | 1,218 |
| Auditors' remuneration | | | |
| Audit of parent and consolidated financial statements | | 109 | 132 |
| Audit of subsidiaries | | 108 | 143 |
| Additional fees in relation to prior year audit | | 8 | 78 |
| Subtotal (audit) | | 225 | 353 |
| Other services | | - | - |
| Subtotal (non-audit) | | - | - |
| The administrative expenses comprise the following: | | | |
| Staff costs | | 12,090 | 11,475 |
| Rent and office costs | | 2,772 | 3,080 |
| Marketing costs | | 1,739 | 1,344 |
| Professional fees and bank charges | | 3,143 | 2,783 |
| Expected credit loss provision | | 3,134 | 3,719 |
| Depreciation and amortisation | | 1,713 | 1,960 |
| WIP writedown | | 38 | 325 |
| Impairment loss | | - | 77 |
| Revaluation loss | | - | 522 |
| (Loss)/Gain on disposals | | (7) | 221 |
| Total | | 24,622 | 25,506 |
| Split between: | | | |
| Continuing administrative expenses | | 23,816 | 25,029 |
| Non-underlying costs | | 806 | 477 |
| Total | | 24,622 | 25,506 |

Notes to the Financial Statements

7. Operating Profit and Administrative Expenses (continued)

Non-underlying costs in the year relate to third party and legal and professional advice in response to a takeover bid by Ecotricity on 22 July 2021 for the entire issued ordinary share capital of Good Energy Group PLC not already owned by Ecotricity. These costs incurred are not part of the ongoing and underlying success of the business and have been reported separately.

Non-underlying costs in the prior year relate to our investment in a customer services technology platform with Kraken Technologies Ltd. These costs incurred are not part of the ongoing and underlying success of the business and have been reported separately.

8. Parent Company Statement of Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these financial statements. The Parent Company profit or loss for the year (after taxation) is disclosed at the foot of the Parent Company Statement of Financial Position.

9. Staff Costs

Staff costs, including Directors' remuneration, were as follows:

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| | £000's | £000's |
| Wages and salaries | 9,928 | 10,719 |
| Social security costs | 1,173 | 1,024 |
| Share based payments | - | 39 |
| Other pension costs | 515 | 498 |
| Total staff costs | 11,616 | 12,280 |
| Total expensed staff costs | 11,616 | 12,280 |

Details of share based payments can be found in note 30.

No staff members were employed by the parent company during the year. The average monthly number of employees, including the Directors, during the year was as follows:

| | 2021 | 2020 |
|--------------------------------------------|------------|------------|
| | Number | Number |
| Operations | 92 | 89 |
| Business services | 185 | 183 |
| Total management and administration | 277 | 272 |

Notes to the Financial Statements

10. Directors' and Key Management Remuneration

| Directors' and Key Management emoluments | 2021 | 2020 |
|------------------------------------------|--------------|--------------|
| | £000's | £000's |
| Short term employee benefits | 1,118 | 1,031 |
| Post employment benefits | 64 | 80 |
| Share based payments | 287 | - |
| Total | 1,469 | 1,111 |

Key Management are considered to be the Directors of Good Energy Group PLC and the executive team. The emoluments relating to these teams are included in the table above.

During the year retirement benefits were accruing to 3 Directors of the Group (2020: 3) in respect of money purchase pension schemes.

In respect of the highest paid Director, the Group paid remuneration of £565,000 (2020: £237,000), including contributions to money purchase pension schemes of £27,580 (2020: £28,000).

Individual remuneration for the Directors is set by the Remuneration Committee of the Board which consists entirely of Non-Executive Directors. Appropriate Keyman Insurance policies are in place.

During the year, 90,000 share options were exercised by current or former Directors and Key Management (2020: 21,822). The aggregate amount of gains made by current Directors or Key Management on the exercise of share options was £474,312 (2020: £nil).

Details of the Directors' remuneration as required by AIM rule 19 are given in the table in the Directors' remuneration report on page 98 and are included in this note by cross reference.

11. Finance Income

| | 2021 | 2020 |
|-------------------------------------|-----------|------------|
| | £000's | £000's |
| Bank and other interest receivables | 14 | 16 |
| Fair value gains | - | 93 |
| Total finance income | 14 | 109 |

Fair value gains in the prior year primarily relate to the write back of an initial contingent consideration liability, set up for a product milestone target for Next Green Cars Ltd. This target failed to be met in July 2020.

Notes to the Financial Statements

12. Finance Costs

| | 2021 | 2020 |
|-------------------------------|------------|--------------|
| | £000's | £000's |
| On bank loans and overdrafts | 3 | 2,782 |
| On corporate bond | 485 | 831 |
| Other interest payable | 27 | 232 |
| Interest on lease liabilities | 69 | 327 |
| Total finance costs | 584 | 4,172 |

13. Taxation

| | 2021 | 2020 |
|---------------------------------------------------|----------------|-------------|
| | £000's | £000's |
| Analysis of tax charge for the year | | |
| Current tax | | |
| Current tax | - | - |
| Adjustments in respect of prior years | (35) | (66) |
| Adjustments in respect of assets held for sale | 10 | - |
| Total current tax (see below) | (25) | (66) |
| Deferred tax | | |
| Origination and reversal of temporary differences | (979) | 225 |
| Adjustments in respect of prior years | (15) | (178) |
| Total deferred tax (see note 23) | (994) | 47 |
| Tax on profit on ordinary activities | (1,019) | (19) |

Adjustments in respect of prior year deferred tax amounts are from differences in profit before tax and qualifying fixed assets arising on finalisation of tax computations.

| | 2021 | 2020 |
|-----------------------------------------------------------------------------------------|----------------|-------------|
| | £000's | £000's |
| Income tax expense reported in the statement of profit and loss – continuing operations | 187 | (19) |
| Tax from Discontinued operations | (1,206) | - |
| Total tax charge for the year | (1,019) | (19) |

Notes to the Financial Statements

13. Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained as follows:

| | 2021 | 2020 |
|-------------------------------------------------------------------------------------------------------|----------------|-------------|
| | £000's | £000's |
| Accounting profit/(loss) before tax from continuing operations | 1,834 | (82) |
| Loss before tax from discontinued operations | (6,752) | - |
| Accounting loss before income tax | (4,918) | (82) |
| Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | (934) | (16) |
| Tax effects of: | | |
| Expenses not deductible for tax purposes | 66 | 31 |
| Effects of changes in tax rate | (61) | 69 |
| Share-based payment adjustment | (79) | 86 |
| Prior year adjustments | (50) | (244) |
| Deferred tax on losses not recognised | 39 | 55 |
| Total tax charge for the year | (1,019) | (19) |

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and have been reflected in the measurement of deferred tax balances at the year end.

Notes to the Financial Statements

13. Taxation (continued)

Corporation tax payable

| | Parent Company | | Consolidated | |
|--------------------------------------------|----------------|--------|--------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000's | £000's | £000's | £000's |
| UK Corporation Tax on profits for the year | - | - | - | - |

14. (Loss)/Earnings per Share

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares during the year after excluding 250,880 (2020: 268,270) shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

| | Consolidated | |
|--------------------------------------------------------------|----------------|-------------|
| | 2021 | 2020 |
| (Loss)/Profit attributable to owners of the Company (£000's) | (3,389) | 146 |
| Basic weighted average number of ordinary shares (000's) | 16,399 | 16,350 |
| Basic (loss)/earnings per share | (20.7p) | 0.9p |

| Continuing operations | Consolidated | |
|----------------------------------------------------------|--------------|-------------|
| | 2021 | 2020 |
| Profit attributable to owners of the Company (£000's) | 2,157 | 146 |
| Basic weighted average number of ordinary shares (000's) | 16,399 | 16,350 |
| Basic earnings per share | 13.2p | 0.9p |

Notes to the Financial Statements

14. (Loss)/Earnings per Share (continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. Where the vesting of these awards is contingent on satisfying a service or performance condition, the number of potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive ordinary shares are actually dilutive only when the average market price of the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards).

The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares during the year was 269p (2020: 184p). The dilutive effect of share-based incentives was 145,752 (2020: 395,679). The dilutive effect of share-based incentives for continuing operations was 145,752 shares (2020: 395,679 shares). The conversion of share options has an anti-dilutive effect in 2021 therefore the basic and diluted earnings per share are presented as the same figure.

| | Consolidated | |
|--------------------------------------------------------------|----------------|--------|
| | 2021 | 2020 |
| (Loss)/Profit attributable to owners of the Company (£000's) | (3,389) | 146 |
| Weighted average number of diluted ordinary shares (000's) | 16,544 | 16,746 |
| Diluted (loss)/earnings per share | (20.7p) | 0.9p |

| Continuing operations | Consolidated | |
|------------------------------------------------------------|---------------|--------|
| | 2021 | 2020 |
| Profit attributable to owners of the Company (£000's) | 2,157 | 146 |
| Weighted average number of diluted ordinary shares (000's) | 16,544 | 16,746 |
| Diluted earnings per share | 13.0p | 0.9p |

| Discontinued operations | Consolidated | |
|------------------------------------------------------------|----------------|---------|
| | 2021 | 2020 |
| Loss attributable to owners of the Company (£000's) | (5,546) | (6,579) |
| Weighted average number of diluted ordinary shares (000's) | 16,544 | 16,746 |
| Diluted loss per share | (33.8p) | (39.3) |

Notes to the Financial Statements

15. Property, Plant and Equipment

| Consolidated Year ended 31 December 2021 | Leasehold improvements | Furniture, fittings & equipment | Generation assets | Total |
|---------------------------------------------|---------------------------|---------------------------------------|----------------------|----------------|
| | £000's | £000's | £000's | £000's |
| Cost or valuation | | | | |
| At 1 January 2021 | 677 | 1,072 | 62,045 | 63,457 |
| Additions | 107 | 120 | 21 | 248 |
| Revaluation adjustment* | - | - | (4,561) | (4,561) |
| Reclassified as held for sale (note 5) | - | - | (57,506) | (57,506) |
| At 31 December 2021 | 447 | 1,192 | - | 1,639 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | (340) | (1,024) | (3,491) | (4,855) |
| Charge for the year | (19) | (47) | (3,191) | (3,257) |
| Disposals | - | - | - | - |
| Eliminated on revaluation* | - | - | 6,682 | 6,682 |
| At 31 December 2021 | (359) | (1,071) | - | (1,430) |
| Net book value | | | | |
| At 1 January 2021 | - | 48 | 58,554 | 58,602 |
| At 31 December 2021 | 88 | 121 | - | 209 |

* The generation assets were revalued at the held for sale date by £2,121k. This has been recognised in OCI less deferred tax of £1,444k.

Notes to the Financial Statements

15. Property, Plant and Equipment (continued)

| Consolidated Year ended 31 December 2020 | Leasehold improvements | Furniture, fittings & equipment | Generation assets | Total |
|-----------------------------------------------|---------------------------|---------------------------------------|----------------------|----------|
| | £000's | £000's | £000's | £000's |
| Cost or valuation | | | | |
| At 1 January 2020 | 677 | 1,317 | 60,721 | 62,715 |
| Revaluation of assets | - | - | 15,914 | 15,914 |
| Transfer of depreciation at revaluation date | - | - | (14,590) | (14,590) |
| Acquired from a subsidiary | - | 9 | - | 9 |
| Additions | - | 4 | - | 4 |
| Disposals | (337) | (258) | - | (595) |
| At 31 December 2020 | 340 | 1,072 | 62,045 | 63,457 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | (543) | (1,256) | (14,590) | (16,389) |
| Transfer of depreciation at revaluation date* | - | - | 14,590 | 14,590 |
| Charge for the year | (118) | (12) | (3,491) | (3,621) |
| Impairment | - | (5) | - | (5) |
| Disposals | 321 | 249 | - | 570 |
| At 31 December 2020 | (340) | (1,024) | (3,491) | (4,855) |
| Net book value | | | | |
| At 1 January 2020 | 134 | 61 | 46,131 | 46,326 |
| At 31 December 2020 | - | 48 | 58,554 | 58,602 |

*This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

Notes to the Financial Statements

16. Right of Use Assets and Leases

The Group has lease contracts for the access to, and use of, land on which its generation assets are located, office buildings, other equipment and software licences.

Leases of land (inclusive of access rights) typically have lease terms of between 20 and 30 years, office buildings of between 4 to 6 years, whilst other equipment and software licences have lease terms of between 3 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets

The Group also has certain leases of printers, laptops, and coffee and water machines, with low value underlying assets. The Group has applied the recognition exemption in respect of these leases.

Each lease generally imposes a restriction from subleasing the underlying assets to another party, therefore the right-of-use assets can only be used by the Group.

The lease payments within all of the Group's lease agreements (with the exception of short-term leases, leases of low value underlying assets, and those leases containing a variable lease payment component) are linked to annual charges in the Retail Price Index.

The Group has several leases subject to variable lease payments which do not depend on an index or rate. These relate to the Group's generation assets, where the lease payments are based on the actual performance of the asset (which in turn is dependent upon the weather). These payments are not, in substance, fixed, and therefore are excluded from the initial measurement of the lease liability and right-of-use asset.

The Group classifies its right-of-use assets in a manner consistent with that of its property, plant and equipment. The carrying values of the right-of-use assets, together with the depreciation charge split by class of underlying asset, are shown below:

Notes to the Financial Statements

16. Right of Use Assets and Leases (continued)

| Consolidated Year ended 31 December 2021 | Land, land easements and buildings | Furniture, fittings and equipment | Generation assets | Total |
|------------------------------------------------|------------------------------------------|--------------------------------------|----------------------|----------------|
| | £000s | £000's | £000s | £000's |
| Cost | | | | |
| At 1 January 2021 | 5,169 | 1,393 | 1,250 | 7,812 |
| Additions | 738 | - | - | 738 |
| Reassessment of lease liabilities | 39 | - | - | 39 |
| Assets held for sale (note 5) | (3,759) | - | (1,250) | 5,009 |
| At 31 December 2021 | 2,187 | 1,393 | - | 3,580 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | (1,157) | (1,393) | (154) | (2,704) |
| Charge for the year* | (702) | - | (55) | (757) |
| Assets held for sale (note 5) | 522 | - | 209 | 731 |
| At 31 December 2021 | (1,337) | (1,393) | - | (2,730) |
| Net book value | | | | |
| At 1 January 2021 | 4,012 | - | 1,096 | 5,108 |
| At 31 December 2021 | 850 | - | - | 850 |

*The £55k generation assets charge and £186k of the land and buildings charge relates to generation assets which is presented as part of the discontinued operations that are held for sale at the year end.

Notes to the Financial Statements

16. Right of Use Assets and Leases (continued)

| Consolidated Year ended 31 December 2020 (Restated) | Land, land easements and buildings | Furniture, fittings and equipment | Generation assets | Total |
|-----------------------------------------------------------|------------------------------------------|--------------------------------------|----------------------|---------|
| | £000s | £000s | £000's | £000's |
| Cost | | | | |
| At 1 January 2020 Restated | 4,799 | 1,393 | 1,250 | 7,442 |
| Reassessment of lease liabilities | 370 | - | - | 370 |
| At 31 December 2020 | 5,169 | 1,393 | 1,250 | 7,812 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | (539) | (1,154) | (100) | (1,793) |
| Charge for the year | (545) | (239) | (54) | (838) |
| Impairment | (73) | - | - | (73) |
| At 31 December 2020 | (1,157) | (1,393) | (154) | (2,704) |
| Net book value | | | | |
| At 1 January 2020 | 4,260 | 239 | 1,150 | 5,649 |
| At 31 December 2020 | 4,012 | - | 1,096 | 5,108 |

Notes to the Financial Statements

16. Right of Use Assets and Leases (continued)

Set out below are the carrying amounts of lease liabilities (included within borrowings) and the movements during the period:

| | 2021 | 2020 |
|-------------------------------------------|------------|--------------|
| | £000s | £000s |
| At 1 January | 4,307 | 4,349 |
| Additions | 738 | - |
| Remeasurement of Lease liabilities | 39 | 370 |
| Accretion of interest | 319 | 371 |
| Payments | (951) | (783) |
| Liability arising on assets held for sale | (3,565) | - |
| At 31 December | 887 | 4,307 |
| Current (see note 24) | 562 | 612 |
| Non-current (see note 24) | 327 | 3,695 |
| Total | 889 | 4,307 |

The maturity analysis of lease liabilities is disclosed in note 24.

The following are the amounts recognised in the Statement of Comprehensive Income:

| | 2021 | 2020 |
|-------------------------------------------------------------------------------------------------|--------------|--------------|
| | £000s | £000s |
| Depreciation of right-of-use assets (included within cost-of-sales and administration expenses) | 757 | 858 |
| Interest expense on lease liabilities | 319 | 371 |
| Expense relating to leases of low-value assets (included within administration expenses) | 102 | 87 |
| Variable lease payments (included within administration expenses) | 92 | 115 |
| Total amount recognised in the Statement of Comprehensive Income | 1,270 | 1,429 |

During the year, the Group had the following:

- Total cash outflows for leases of £951,000;
- No transactions giving rise to gains or losses arising from sale and leaseback transactions;
- No amounts relating to short-term leases.

The Group has lease contracts for the land on which its generation assets sit. Included within these lease arrangements are variable lease payments, which are based on the actual performance of each site (which itself is dependent upon the weather).

Each lease arrangement contains a base rent payment, reflective of the minimum rental payments within the contract. This rental obligation is guaranteed to the landlord. Additional rental payments included are based on the revenue generated by each site.

Notes to the Financial Statements

16. Right of Use Assets and Leases (continued)

If a site performs particularly well, the landlord will receive a top-up payment – known as 'revenue rent' – which is calculated at a percentage of the revenue generated and is considered a variable lease payment. These amounts are not considered to be material.

The Group also has lease contracts concerning office buildings which include extension and termination options.

Materially, for all leases, management do not expect to exercise any options to extend the lease term and expect to not exercise any options to terminate the lease.

At the Statement of Financial Position date, the Group had no lease commitments in respect of leases committed to, but not yet commenced. The Group has not yet entered into any lease agreements in respect of the construction of new premises.

17. Intangible Assets

| Consolidated Year ended 31 December 2021 | Power supply licence | Software licences | Website development costs | Goodwill | Assets under the course of development | Total |
|------------------------------------------------|----------------------------|----------------------|---------------------------------|--------------|----------------------------------------------|----------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Cost | | | | | | |
| At 1 January 2021 | 180 | 7,425 | 213 | 2,369 | 491 | 10,678 |
| Acquired in business combination | - | - | - | - | - | - |
| Additions | - | 11 | - | - | 749 | 760 |
| Transfers from assets under development | - | 185 | 70 | - | (255) | - |
| Disposals | - | (120) | (64) | - | (252) | (436) |
| Assets held for sale (note 5) | - | (1) | - | (385) | - | (386) |
| At 31 December 2021 | 180 | 7,500 | 219 | 1,984 | 733 | 10,616 |
| Accumulated amortisation | | | | | | |
| At 1 January 2021 | - | (5,470) | (166) | - | (209) | (5,845) |
| Charge for the year | - | (1,108) | (25) | - | - | (1,133) |
| Impairment | - | - | - | - | - | - |
| Disposals | - | 2 | 43 | - | 209 | 254 |
| At 31 December 2021 | - | (6,576) | (148) | - | - | (6,724) |
| Net book value | | | | | | |
| At 1 January 2021 | 180 | 1,955 | 47 | 2,369 | 282 | 4,833 |
| At 31 December 2021 | 180 | 924 | 71 | 1,984 | 733 | 3,892 |

Notes to the Financial Statements

17. Intangible Assets (continued)

| Consolidated Year ended 31 December 2020 | Power supply licence | Software licences | Website development costs | Goodwill | Assets under the course of development | Total |
|-------------------------------------------------------------|----------------------------|----------------------|---------------------------------|----------|----------------------------------------------|---------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Cost | | | | | | |
| At 1 January 2020 | 180 | 6,468 | 149 | 1,446 | 949 | 9,192 |
| Acquired in business combination | - | 402 | - | 923 | 8 | 1,333 |
| Additions | - | - | - | - | 473 | 473 |
| Transfers from assets under the course of development | - | 875 | 64 | - | (939) | - |
| Disposals | - | (320) | - | -- | | (320) |
| Impairment | - | - | - | - | (209) | (209) |
| At 31 December 2020 | 180 | 7,425 | 213 | 2,369 | 282 | 10,469 |
| Accumulated amortisation | | | | | | |
| At 1 January 2020 | - | (4,640) | (98) | - | - | (4,738) |
| Charge for the year | - | (1,150) | (68) | - | - | (1,218) |
| Disposals | - | 320 | - | - | - | 320 |
| At 31 December 2020 | - | (5,470) | (166) | - | - | (5,636) |
| Net book value | | | | | | |
| At 1 January 2020 | 180 | 1,828 | 51 | 1,446 | 949 | 4,454 |
| At 31 December 2020 | 180 | 1,955 | 47 | 2,369 | 282 | 4,833 |

Assets under the course of development relate largely to implementation costs for the customer billing system Ensek. All amortisation amounts are included within administration expenses.

Notes to the Financial Statements

17. Intangible Assets (continued)

The carrying values of indefinite life assets included in intangible assets are: goodwill of £1,984,000 (2020: £2,369,000), and a power supply licence of £180,000 (2020: £180,000) which relates to the subsidiary, Good Energy Limited. In arriving at the conclusion that these assets have an indefinite life, management have observed that the power supply licence is awarded until any breach of conditions stipulated by OFGEM. The treatment of goodwill is aligned with relevant accounting standards. An impairment review is undertaken annually or more frequently.

The result of this review was that no impairment is required in respect of the carrying values of the indefinite life assets.

The indefinite life assets are held within two separate cash generating units (CGUs), £923k within Next Green Car Ltd and £1,061k within Good Energy Ltd. Two separate impairment reviews have therefore been carried out.

The key assumptions for value in use excluding goodwill in Next Green Car Ltd are as follows:

| Value in use assumptions | 2021 | 2020 |
|-----------------------------------|---------|---------|
| Gross margin* | 15%-20% | 20%-30% |
| Growth rate beyond five year plan | 1% | 3% |
| Pre-tax discount rate | 5% | 8% |

*Annual margins have been modelled in the five year cashflow at varying levels.

When reviewing goodwill on Next Green Car Ltd we perform a value-in-use assessment using discounted cashflows. This assessment is subject to significant estimation uncertainty surrounding appropriate growth and discount rates. As a result of the impairment assessment the directors do not believe there is any reason for impairment at this time.

The projected cash flows have been based on financial forecasts by senior management for a 10 year period with a 5% nominal growth rate applied to periods within the forecasted period and a 1% terminal growth rate after 10 years. This long term growth rate for Zap Map has been based on the expected long term growth rate for the EV market. A period longer than 5 years has been used in this assessment because of expected short-term negative net cashflows, and an expected higher growth rate in the EV market over the next 10 years compared with the terminal growth rate. The post-tax discount rate applied to cash flow projections for the Zap Map is 30%. This post-tax cost of capital was assessed at a higher rate than all other CGUs due to Zap-Map's entering its scale-up phase, as well as the specific risk characteristics of the forecast cash flows.

Sensitivity analysis has been conducted on the cost of capital for Zap Map and the Directors noted that an increase of the post-tax discount rate by 6% was required before the carrying value of the CGU equalled its recoverable amount. Also the terminal growth rate could decrease to 0% without causing an impairment. Directors believe there to be significant headroom and therefore no impairment is required.

The key assumptions for value in use excluding goodwill in Good Energy Ltd are as follows:

- Growth rate beyond five year plan 1.0%
- Pre-tax discount rate 4.75%

The projected cash flows have been adjusted to allow for normalised business (i.e. no new business activity costs or revenue are included), and are considering a prudent case. It was concluded that the future cash flows do exceed the value of indefinite life assets, and therefore no impairment is required.

Sensitivity analysis has been conducted on the cost of capital for Good Energy Ltd and the Directors noted that an increase of the post-tax discount rate to 100% would still leave significant headroom before impairment was required. Also the terminal growth rate could decrease to -5% with headroom remaining. Directors believe there to be significant headroom and therefore no impairment is required.

Notes to the Financial Statements

18. Investments and Subsidiaries

| Parent Company Year ended 31 December 2021 | Shares in Group undertakings | Loans to Group undertakings | Total |
|-----------------------------------------------|---------------------------------|--------------------------------|--------------|
| | £000's | £000's | £000's |
| Cost and net book value | | | |
| At 1 January 2021 | 5,880 | 22,054 | 27,934 |
| Additions | - | 1,250 | 1,250 |
| Assets held for sale | (2,605) | (17,793) | (20,398) |
| Repayments | - | (4,261) | (4,261) |
| At 31 December 2021 | 3,275 | 1,250 | 4,525 |

| Parent Company Year ended 31 December 2020 | Shares in Group undertakings | Loans to Group undertakings | Total |
|-----------------------------------------------|---------------------------------|--------------------------------|----------|
| | £000's | £000's | £000's |
| Cost and net book value | | | |
| At 1 January 2020 | 4,646 | 24,514 | 29,160 |
| Additions | 1,234 | 9,046 | 10,280 |
| Repayments | - | (11,506) | (11,506) |
| Disposals | - | - | - |
| At 31 December 2020 | 5,880 | 22,054 | 27,934 |

Loans to Group undertakings are repayable by 31 December 2035. Interest rates charged on these loans range from 0.00% to 8.85%. Repayments include dividends not settled in cash.

Notes to the Financial Statements

18. Investments and Subsidiaries (continued)

The Group had the following subsidiaries at 31 December 2021 (all of which have the same registered address as Good Energy Group PLC unless otherwise noted, which can be found within the Directors and Corporate Resources section on the final page of this report):

| Name | Country of incorporation and place of business | Proportion of ordinary shares directly held by Parent Company | Nature of business |
|-------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|
| Good Energy Limited | UK | 100% | Supply of renewably sourced electricity and FIT administration |
| Good Energy Gas Limited | UK | 100% | Supply of gas |
| Good Energy Generation Limited | UK | 100% | An investor in potential new generation sites |
| Good Energy Generation Holding Company No.1 Limited | UK | 100% | Holding company for a generating asset sub group |
| Good Energy Generation Assets No.1 Limited* | UK | 100% | Holding company for generating assets subsidiaries |
| Good Energy Hampole Windfarm Limited* | UK | 100% | Generation of electric power by wind turbine machinery |
| Good Energy Woolbridge Solar Park (010) Limited* | UK | 100% | Generation of electric power by solar panels |
| Good Energy Creathorne Farm Solar Park (003) Limited* | UK | 100% | Generation of electric power by solar panels |
| Good Energy Rook Wood Solar Park (057) Limited* | UK | 100% | Generation of electric power by solar panels |
| Good Energy Carloggas Solar Park (009) Limited* | UK | 100% | Generation of electric power by solar panels |
| Good Energy Lower End Farm Solar Park (026) Limited* | UK | 100% | Generation of electric power by solar panels |
| Good Energy Cross Road Plantation Solar Park (028) Limited* | UK | 100% | Generation of electric power by solar panels |
| Good Energy Delabole Windfarm Limited | UK | 100% | Generation of electric power by wind turbine machinery |
| Good Energy Cedar Windfarm Limited* | UK | 85% | Development of an energy generating asset |
| Good Energy Lanyon Solar Park (011) Limited | UK | 100% | Development of an energy generating asset |

| | | | |
|-----------------------------------------------------|----|-------|-----------------------------------------------|
| Good Energy Mapperton Solar Park (007) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Tidal Limited | UK | 100% | Investment holding company |
| Good Energy Development (No.1) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.4) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.5) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.6) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.7) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.8) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.12) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.16) Limited | UK | 100% | Development of an energy generating asset |
| Llangyfelach Community Solar Farm C.I.C | UK | 100% | Development of an energy generating asset |
| Worminster Down Somerset Community Solar Farm C.I.C | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.24) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.26) Limited | UK | 100% | Development of an energy generating asset |
| Good Energy Development (No.30) Limited | UK | 100% | Development of an energy generating asset |
| Next Green Car Ltd** | UK | 50.1% | Development of EV Charging point platform app |

*Entities indirectly owned by Good Energy Group PLC.

** Registered address: Unit 66, Spike Island, 133 Cumberland Road, Bristol, England, BS1 6UX.

The subsidiaries above have all been included in the consolidated financial statements.

Notes to the Financial Statements

18. Investments and Subsidiaries (continued)

Impairment

The Group performed an impairment test in December 2021. The Group considers the relationship between its market capitalisation and its book value, as well as forward looking estimates of cash flows, when reviewing for indicators of impairment. As at 31 December 2021, the market capitalisation of the Group was higher than the book value of its equity. Management concluded from these reviews that no indicators of impairment existed.

The recoverable amount of the intercompany loan receivable balance in the Parent Company has been determined based on an assessment of forward looking estimates of cash flows and a probability of default. The projected cash flows have been adjusted to allow for normalised business (i.e. no new business activity costs or revenue are included), and are considering a prudent case. The pre-tax discount rate applied to cash flow projections is 4.75%, and cash flows beyond the five-year period are extrapolated using a 1.0% growth rate. It was concluded that the future cash flows do exceed the value of the intercompany loan receivable, and therefore no expected credit loss provision is required.

Key assumptions used in impairment calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Discount rate
- Growth rates used to extrapolate cash flows beyond the forecast period

Discount rate – the discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the time value of money. The discount rate is derived from the Group's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. A discount rate of 50% would still leave significant headroom, and would not trigger an indication of impairment.

Growth rate estimates – rates are based on management's prudent estimates of expected growth. A decrease in the growth rate estimate to 0% would still leave significant headroom, and would not trigger an indication of impairment.

19. Inventories

| | Parent Company | | Consolidated | |
|-----------------------------------|----------------|--------|--------------|---------------|
| | 2021 | 2020 | 2021 | 2020 Restated |
| | £000's | £000's | £000's | £000's |
| Renewable Obligation Certificates | - | - | 7,087 | 13,116 |
| Emission Certificates | - | - | 594 | 148 |
| Total | - | - | 7,681 | 13,264 |

As at 31 December 2021 there were Renewable Obligation Certificates (ROCs) of £5,584,765 (2020 restated: £5,448,333) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs were not available for sale before the end of the financial year. The cost of inventories recognised as an expense, including any impairment value, and included in 'cost of sales' amounted to £14.0m (2020: £12.1m).

Notes to the Financial Statements

20. Trade and Other Receivables

| | Parent Company | | Consolidated | |
|-----------------------------------------------------------|----------------|--------|--------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000's | £000's | £000's | £000's |
| Gross trade receivables and unbilled receivables | 83 | 57 | 47,686 | 34,278 |
| Provision for impairment/non-payment of trade receivables | - | - | (11,792) | (8,882) |
| Net trade receivables and unbilled receivables | 83 | 57 | 36,758 | 25,396 |
| Prepayments and other debtors | 140 | 112 | - | 1,157 |
| Other taxation | 12 | 7 | 35 | 162 |
| Total | 235 | 176 | 35,929 | 26,715 |

Where a customer account is in credit this is included in contract liabilities (see note 27 Trade and Other Payables).

The Group has identified that the amount of accrued income subject to estimation uncertainty is approximately £1.1m.

The Group has a provision in place to set aside an allowance to cover potential impairment and non-payment of trade receivables. An expected credit loss provision has been calculated on trade receivables in accordance with IFRS 9 Financial Instruments. Some trade receivables are with customers who do not have externally available credit ratings.

The movements on the provision for impairment and non-payment of trade receivables is shown below:

| Movement on the provision for impairment and non-payment of trade receivables | 2021 | 2020 |
|-------------------------------------------------------------------------------|---------------|--------------|
| | £000's | £000's |
| Balance at 1 January | 8,882 | 7,345 |
| Increase in allowance for impairment/non-payment | 3,134 | 3,719 |
| Impairment/non-payment losses recognised | (224) | (2,182) |
| Balance at 31 December | 11,792 | 8,882 |

| Trade receivables 31 December 2021 | Days past due | | | | | | Total £000's |
|--------------------------------------------------|-----------------|---------|----------|------------|------------|----------|-----------------|
| | Contract assets | Current | <30 days | 30-60 days | 61-90 days | >91 days | |
| | £000's | £000's | £000's | £000's | £000's | £000's | |
| Expected credit loss rate | - | 3.3% | 7.9% | 17.0% | 31.2% | 90.1% | |
| Estimated total gross carrying amount at default | - | 30,934 | 4,294 | 1,488 | 804 | 11,030 | 48,550 |
| Expected credit loss rate | - | 1,015 | 340 | 253 | 251 | 9,931 | 11,792 |

Notes to the Financial Statements

20. Trade and Other Receivables (continued)

| Trade receivables 31 December 2020 | | | Days past due | | | | Total £000's |
|--------------------------------------------------------|------------------------------|-------------------|--------------------|-------------------------|-------------------------|--------------------|-----------------|
| | Contract assets £000's | Current £000's | <30 days £000's | 30-60 days £000's | 61-90 days £000's | >91 days £000's | |
| Expected credit loss rate | - | 8% | 8.1% | 13.9% | 23.3% | 80.8% | |
| Estimated total gross carrying amount at default | - | 17,891 | 4,984 | 2,193 | 1,211 | 7,999 | 34,278 |
| Expected credit loss | - | 1,425 | 403 | 304 | 282 | 6,467 | 8,882 |

All trade receivables are designated as financial assets measured at amortised cost.

21. Cash and Cash Equivalents

| | Parent Company | | Consolidated | |
|--------------------------|----------------|--------------|--------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000's | £000's | £000's | £000's |
| Cash at bank and in hand | 496 | 4,948 | 3,531 | 14,259 |
| Short-term bank deposits | - | - | 2 | 1,895 |
| Security deposits | - | - | 3,166 | 2,128 |
| Total | 496 | 4,948 | 6,699 | 18,282 |

Included within cash at bank and in hand for both the Parent Company and the Group is £389,101 (2020: £372,000) in respect of monies held by the Good Energy Employee Benefits Trust.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings as follows:

| | Parent Company | | Consolidated | |
|--------------|----------------|--------------|--------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000's | £000's | £000's | £000's |
| AA | - | - | - | - |
| A+ | 392 | 4,854 | 390 | 15,628 |
| A | 10 | - | 3,076 | 950 |
| A- | - | - | 3,139 | 1,178 |
| B | 94 | 94 | 94 | 526 |
| BBB+ | - | - | - | - |
| Total | 496 | 4,948 | 6,699 | 18,282 |

Cash and cash equivalents are all financial assets designated as financial assets at amortised cost.

Notes to the Financial Statements

22. Share Capital and Share Premium

| | Parent Company & Consolidated | | | | |
|-----------------------------|-------------------------------|----------------------------------------|---------------|-----------------------|---------------|
| | Number of Authorised shares | Number of shares issued and fully paid | Share Capital | Share Premium Account | Total |
| | | | £000's | £000's | £000's |
| At 1 January 2020 | 20,000,000 | 16,621,245 | 832 | 12,790 | 13,622 |
| Proceeds from shares issued | - | 21,822 | 1 | - | 1 |
| At 31 December 2020 | 20,000,000 | 16,643,067 | 833 | 12,790 | 13,623 |
| Proceeds from shares issued | - | 140,847 | 7 | - | 7 |
| At 31 December 2021 | 20,000,000 | 16,783,914 | 840 | 12,790 | 13,630 |

The ordinary shares are the only class of shares in the Company. Holders of ordinary shares are entitled to vote at general meetings of the Company and receive dividends as declared. The Articles of Association of the Company do not contain any restrictions on the transfer of shares or on voting rights.

In 2021, the Company issued 140,847 ordinary shares of 5p each in settlement of the exercise of share options, for a total exercise consideration of £7,000. This relates to a scrip dividend issue of 4,641 shares (2020: no scrip dividends issued).

Clarke Willmott Trust Corporation Limited holds in trust 250,880 (2020: 268,270) ordinary shares of the Company for the present and the future beneficiaries of the Good Energy Group Employee Share Option Scheme. These are deducted from equity as the Employee Benefit Trust shares shown in the Consolidated and Parent Company Statements of Changes in Equity. During the year the Trust disposed of 17,390 (2020: 25,000) shares as a result of options exercised and acquired nil (2020: nil) shares.

The Board recommend a final dividend for 2021 of 1.8p per ordinary share, taking the full year dividend to 2.55p.

Notes to the Financial Statements

23. Deferred Taxation

The provision for deferred taxation is made up as follows:

| Consolidated | 2021 | 2020 |
|---------------------------------------------------------------|--------------|--------------|
| | £000's | £000's |
| At 1 January | 4,135 | 903 |
| Charged to the Consolidated Statement of Comprehensive Income | (994) | 47 |
| Elimination on disposal of subsidiaries | - | - |
| Acquisition of subsidiaries | - | 62 |
| Charged to equity | 1,442 | 3,123 |
| At 31 December | 4,583 | 4,135 |

| Deferred tax assets | 2021 | 2020 |
|----------------------------------|--------------|--------------|
| | £000's | £000's |
| On short term timing differences | 130 | 132 |
| Losses | 2,212 | 878 |
| Interest deductible | - | 54 |
| Total | 2,342 | 1,064 |

| Deferred tax liabilities | 2021 | 2020 |
|---------------------------------------|----------------|----------------|
| | £000's | £000's |
| On accelerated capital allowances | (2,779) | (2,029) |
| Revaluation of Generation sites | (4,111) | (3,123) |
| Acquisition of subsidiary fair values | (35) | (47) |
| Total | (6,925) | (5,199) |

Notes to the Financial Statements

23. Deferred Taxation (continued)

| | Accelerated capital allowances | Revaluation of Generation sites | Acquisition of subsidiary fair values | Short-term timing differences | Losses | Interest deductible | Total |
|--------------------------------------------|--------------------------------|---------------------------------|---------------------------------------|-------------------------------|--------------|---------------------|----------------|
| | £000's | | | £000's | £000's | £000's | £000's |
| Deferred tax assets/(liabilities) | | | | | | | |
| At 1 January 2020 | (2,060) | - | - | 181 | 976 | - | (903) |
| Credited/(charged) to the income statement | 31 | - | 15 | (49) | (98) | 54 | (47) |
| Acquisition of subsidiary | - | - | (62) | - | - | - | (62) |
| Charged to equity | - | (3,123) | - | - | - | - | (3,123) |
| At 31 December 2020 | (2,029) | (3,123) | (47) | 132 | 878 | 54 | (4,135) |
| (Charged)/credited to the income statement | (297) | - | 12 | (2) | 1,334 | (54) | 994 |
| Assets held for sale | (454) | 454 | - | - | - | - | - |
| Credited to OCI | - | (1,442) | - | - | - | - | (1,442) |
| At 31 December 2021 | (2,779) | (4,111) | (35) | 130 | 2,212 | - | (4,583) |

Deferred tax on losses incurred pre 1 April 2017 has only been recognised to the extent that the relevant companies which incurred the losses have sufficient deferred tax liabilities available for offset. Should deferred tax be recognised on all such losses, the deferred tax asset and profit after tax would increase by £220,169 relating to losses of £880,675.

Notes to the Financial Statements

24. Borrowings and Other Financial Liabilities

| | Parent Company | | Consolidated | |
|----------------------------|----------------|--------------|--------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 (Restated) |
| | £000's | £000's | £000's | £000's |
| Current: | | | | |
| Bank and other borrowings | 7 | - | 1,007 | 1,955 |
| Bond | 557 | 1,063 | 557 | 1,063 |
| Loans from Group companies | 2,700 | - | - | - |
| Lease liabilities | - | 26 | 555 | 612 |
| Total | 3,264 | 1,089 | 2,119 | 3,630 |

| | Parent Company | | Consolidated | |
|---------------------------|----------------|---------------|--------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 (Restated) |
| | £000's | £000's | £000's | £000's |
| Non current: | | | | |
| Bank and other borrowings | - | - | - | 33,405 |
| Bond | 4,749 | 16,331 | 4,749 | 16,331 |
| Lease liabilities | - | 7 | 317 | 3,695 |
| Total | 4,749 | 16,338 | 5,066 | 53,431 |

The Group has an undrawn bank overdraft of £nil (2020: undrawn bank overdraft £10,000,000) as at 31 December 2021. There is a revolving credit facility of £4,000,000 in place, of which £1,000,000 was drawn down at 31 December 2021. The facility in the prior year was secured by guarantees from Good Energy Limited, Good Energy Gas Limited and other Group entities.

During the year the bank loans relating to the Parent Company's subsidiary, Good Energy Delabole Wind Farm Limited were repaid. This was previously secured by a mortgage debenture on that company dated 16 January 2010 incorporating a fixed and floating charge over all current and future assets of that subsidiary.

Notes to the Financial Statements

24. Borrowings and Other Financial Liabilities (continued)

At 31 December 2021, £38,310,000 (2020: £32,644,636) of the bank loans relate to the Parent Company's subsidiary, Good Energy Generation Assets No. 1 Limited. The loan is secured by a mortgage debenture on that company and its subsidiaries dated 17 December 2014, incorporating charges over the shares of that company and those of its subsidiaries. The facility will be repaid from future cash flows arising from the subsidiaries of that company with repayments of capital and interest scheduled quarterly over a period of 18 years commencing 17 December 2014. Interest is payable at 6.85% and the outstanding principal balance is partially exposed if annual RPI inflation exceeds 3%. Costs incurred in raising finance were £3,481,000 (2020: £2,754,299) and are being amortised over the life of the loan.

After the year end the group completed a group restructuring. As part of this Good Energy Delabole Wind Farm Limited was brought within the Good Energy Generation Assets No. 1 Limited sub-group, its bank loans were repaid in full with additional debt issued to Good Energy Generation Assets No. 1 Limited as part of a revised facility with Gravis Capital Partners LLP. This is a non-adjusting subsequent event, more details of this transaction are disclosed within Note 34.

| Parent Company | Inter-company loan | Bond | Bank and other borrowings | Lease liabilities | Total |
|---------------------------|--------------------|--------|---------------------------|-------------------|--------|
| | £000's | £000's | £000's | £000's | £000's |
| 31 December 2021 | | | | | |
| Due less than 1 year | 2,700 | 557 | 7 | - | 3,264 |
| Due between 1 and 5 years | - | 4,749 | - | - | 4,749 |
| Total | 2,700 | 5,306 | 7 | - | 8,013 |

| Parent Company | Inter-company loan | Bond | Bank and other borrowings | Lease liabilities | Total |
|---------------------------|--------------------|--------|---------------------------|-------------------|--------|
| | £000's | £000's | £000's | £000's | £000's |
| 31 December 2020 | | | | | |
| Due less than 1 year | - | 1,063 | - | 26 | 1,089 |
| Due between 1 and 5 years | - | 16,331 | - | 7 | 16,338 |
| Total | - | 17,394 | - | 33 | 17,427 |

The maturity profile of the bond is included in note 3.1.1.

Notes to the Financial Statements

24. Borrowings and Other Financial Liabilities (continued)

| Consolidated | Bond | Bank and other borrowings | Lease liabilities | Total |
|---------------------------|--------------|---------------------------|-------------------|--------------|
| | £000's | £000's | £000's | £000's |
| 31 December 2021 | | | | |
| Due less than 1 year | 557 | 1,008 | 555 | 2,120 |
| Due between 1 and 5 years | 4,749 | - | 317 | 5,067 |
| Due more than 5 years | - | - | - | - |
| Total | 5,306 | 1,008 | 872 | 7,187 |

| Consolidated | Bond | Bank and other borrowings | Lease liabilities (Restated) | Total (Restated) |
|---------------------------|---------------|---------------------------|------------------------------|------------------|
| | £000's | £000's | £000's | £000's |
| 31 December 2020 | | | | |
| Due less than 1 year | 1,063 | 1,955 | 612 | 3,630 |
| Due between 1 and 5 years | 16,331 | 10,404 | 1,541 | 28,276 |
| Due more than 5 years | - | 23,001 | 2,154 | 25,155 |
| Total | 17,394 | 35,360 | 4,307 | 57,061 |

The fair values of borrowings have been calculated taking into account the interest rate risk inherent in the loans and the bond. The fair value estimates and carrying values of borrowings (excluding issue costs) in place at 31 December 2021 are:

| | 2021 | 2021 | 2020 | 2020 |
|---------------------------------------------|------------|----------------|------------|----------------|
| | Fair value | Carrying value | Fair value | Carrying value |
| | £000s | £000s | £000s | £000s |
| Good Energy Delabole Wind farm Ltd | - | - | 4,672 | 4,657 |
| Good Energy Generation Assets No. 1 Limited | 39,513 | 38,310 | 32,962 | 32,645 |
| Corporate bond | 5,189 | 4,902 | 16,586 | 17,422 |

Borrowings are designated as other financial liabilities held at amortised cost.

The Good Energy Generation Assets No. 1 Limited loan is included as part of the liabilities that are held for sale.

Notes to the Financial Statements

25. Changes in Liabilities Arising from Financing Activities

| | 1 January 2021 | Cash flows | New leases | New Debt | Reclass | Other | Liabilities assets HFS | 31 December 2021 |
|----------------------------------------------------------------------------------|----------------|------------|------------|----------|----------|--------|------------------------|------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Current interest-bearing loans and borrowings (excluding items listed below) | 3,018 | (13,419) | - | 698 | 12,645 | 107 | (1,485) | 1,563 |
| Non-current interest-bearing loans and borrowings (excluding items listed below) | 49,736 | (4,657) | - | 6,088 | (12,645) | (105) | (33,665) | 4,752 |
| Current lease obligations | 612 | 169 | 85 | - | - | (9) | (302) | 555 |
| Non-current lease obligations | 3,695 | (785) | 664 | - | - | 6 | (3,263) | 317 |
| Total liabilities from financing activities | 57,061 | (18,692) | 749 | 6,786 | - | (1) | (38,715) | 7,187 |

The 'Other' column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings, including obligations under leases to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

26. Provisions for Liabilities

A provision has been recognised for decommissioning costs associated with wind farms and solar parks owned and operated by the Group. The value of the provision below wholly relates to the decommissioning provision. The decommissioning provision is based on MWh or number of turbines for the respective generating sites.

| | 2021 | 2020 |
|---------------------------------------------------------|---------|-------|
| | £000s | £000s |
| 1 January | 1,316 | 1,294 |
| Charged to Profit or Loss | 23 | 22 |
| Liability associated with assets held for sale (Note 5) | (1,339) | - |
| 31 December | - | 1,316 |

Notes to the Financial Statements

27. Trade and Other Payables

| | Parent Company | | Consolidated | |
|---------------------------------|----------------|------------|---------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 (Restated) |
| | £000's | £000's | £000's | £000's |
| Trade payables | (16) | 17 | 6,532 | 1,905 |
| Accruals | 511 | 373 | 25,948 | 27,460 |
| Social security and other taxes | - | - | 1,334 | 1,050 |
| Contract liabilities | - | - | 7,097 | 6,482 |
| Total | 495 | 390 | 40,911 | 36,897 |

Trade payables, accruals and other payables are designated as other financial liabilities held at amortised cost. The accruals include liabilities such as the ROC accruals for the current compliance period, unbilled transmission network charges and the Groups FIT pot contribution.

All of the contract liabilities in 2020 as shown above were recognised as revenue in 2021.

28. Dividends Paid

Amounts recognised as distributions to shareholders in the year (based on the number of shares in issue at the record date) are as follows:

| Consolidated | 2021 | 2020 |
|-----------------------------------------------------------------|------------|----------|
| | £000's | £000's |
| Final dividend for prior year of 0p per share (2020: 0p) | - | - |
| Interim dividend for current year of 0.75p per share (2020: 0p) | 108 | - |
| Sub-total | 108 | - |
| Dividends waived | - | - |
| Total | 108 | - |

Dividends waived represent dividends that would accrue on shares held by the Good Energy Group Employee Benefits Trust were they not held by the Trust.

A final dividend of 1.80p per share was proposed on 29 March 2022, subject to shareholder approval at the Company's AGM.

Of the total dividend distributed for the year, £1,000 (2020: £nil) was paid in the form of scrip dividends with a balance of £107,000 (2020: £nil) settled in cash.

Notes to the Financial Statements

29. Cash Generated from Operations

Reconciliation of net income to net cash provided by operating activities:

| | Parent Company | | Consolidated | |
|----------------------------------------------------------------------------------------------------------------------------|----------------|----------------|--------------|---------------|
| | 2021 | 2020 | 2021 | 2020 Restated |
| | £000's | £000's | £000's | £000's |
| Profit before tax from continuing operations | 1,998 | 649 | 1,834 | 2 |
| Loss before tax from discontinuing operations | - | - | (6,752) | - |
| Profit/(loss) before income tax | 1,998 | 649 | (4,918) | 2 |
| Adjustments for: | | | | |
| Depreciation of PPE and ROU assets | - | 47 | 4,014 | 4,458 |
| Amortisation & impairment of intangibles | 1 | (2) | 1,133 | 1,218 |
| Loss on assets disposals | - | - | 182 | 25 |
| Impairment of assets | - | - | - | 287 |
| Revaluation of generation site | - | - | 1,324 | 522 |
| Fair value adjustment of contingent consideration | - | (86) | - | (86) |
| Net gain on financial assets at FVTPL | (13) | (6) | - | (6) |
| Share based payments | - | 39 | - | 39 |
| Share of loss of associate | - | 13 | - | 13 |
| Dividend income from subsidiaries | (5,917) | (4,000) | - | - |
| Other finance costs - net | 533 | 917 | 2,257 | 4,156 |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation) | | | | |
| Inventories | - | - | 5,582 | (4,813) |
| Trade and other receivables | (60) | (78) | (10,098) | 2,844 |
| Trade and other payables | 105 | 142 | 4,424 | 2,766 |
| Cash (outflow)/inflow from operations | (3,353) | (2,365) | 3,900 | 11,425 |

Notes to the Financial Statements

30. Share-Based Payments

In order to retain the services of key employees and to incentivise their performance, the Parent Company operates the Good Energy Employee Share Option Scheme under which certain employees of the Group are granted options to acquire Ordinary 5p shares at future dates. No costs in respect of these options (2020: £39,000) are recognised in the Consolidated Statement of Comprehensive Income. As at 31 December 2021, the following options had been issued:

| | Number of options | | Weighted average exercise price | | Total exercise consideration | |
|----------------------------------|-------------------|-----------|---------------------------------|------|------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | (Number) | (Number) | (£) | (£) | £000's | £000's |
| Outstanding at beginning of year | 628,009 | 1,255,293 | 0.68 | 0.81 | 428 | 1,022 |
| Granted | 473,109 | - | 2.18 | - | 1,030 | - |
| Exercised | (153,596) | (46,822) | 0.18 | 0.70 | (27) | (32) |
| Cancelled/surrendered | (238,994) | (580,462) | 0.59 | 0.97 | (140) | (561) |
| Outstanding at the end of year | 708,528 | 628,009 | 1.82 | 0.68 | 1,291 | 428 |

In order to partially fulfil the options granted, 250,880 (2020: 268,270) shares representing approximately 35% (2020: 43%) of the options outstanding have already been issued and held by Clarke Willmott Trust Corporation Limited as the Trustee of the Good Energy Group Employee Benefits Trust. Dividends have been waived on these shares.

Notes to the Financial Statements

30. Share-Based Payments (continued)

The options expire at various dates up to November 2028. Share options outstanding at the end of the year have the following expiry date and exercise price:

| Grant-vest | Expiry year | Exercise price in £ per share options | Share options (thousands) | |
|------------|-------------|---------------------------------------|---------------------------|------|
| | | | 2021 | 2020 |
| 2012-2015 | 2025 | 0.50 | - | - |
| 2012-2015 | 2023 | 1.15 | 87 | 104 |
| 2013-2016 | 2023 | 1.25 | 144 | 144 |
| 2015-2017 | 2027 | - | - | - |
| 2015-2017 | 2027 | 2.29 | - | - |
| 2015-2018 | 2028 | 2.25 | 50 | 50 |
| 2018-2021 | 2028 | 0.05 | 29 | 330 |
| 2021-2022 | 2023 | 1.78 | 141 | - |
| 2021-2024 | 2025 | 2.51 | 258 | - |
| | | | 709 | 628 |

There were 473,109 share options granted in the current year. The right to exercise share options expires in line with contractual agreements between the group and the holder made at the grant date, or varied by agreement with both the Group and the holder.

See note 10 for the total expense recognised in the Income Statement for share options granted to Directors and employees.

31. Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £518,000 (2020: £498,000).

Total contributions of £73,000 (2020: £148,000) were payable to the fund at the end of the financial year and are included in other payables.

The Group has no further pension liability either realised or contingent and in line with the Group's environmental position all employer contributions are invested within a suitable fund.

Notes to the Financial Statements

32. Related Party Transactions

As at 31st December 2021, Tidal Lagoon Power Ltd owed the Group £17,000 in respect of electricity supplied to its head office. The electricity was supplied by the Group in the ordinary course of its business and on arm's length rates and terms. The CEO of Tidal Lagoon Power Ltd is Mark Shorrocks, the husband of Juliet Davenport. £17,000 of this debt has been provided for through the Group's expected credit loss provision.

On 8 April 2021 Good Energy Group plc made a £1m strategic investment via a convertible loan note into Zap-Map's parent company Next Green Car Ltd ("NGCL"). On 22 December 2021, Good Energy Group plc provided a secured loan of up to £0.5m to NGCL.

A portion of Juliet Davenport's annual salary related to her position as a non-executive director at Zap Map. This non-executive position ended in March 2022.

During the year the Group sold some old office furniture to Juliet Davenport for £60.

33. Subsequent Events

Generation asset sale

As announced in a strategic update on 25 November 2021, the Company appointed KPMG LLP to lead a sale process for the Company's entire 47.5MW generation portfolio. Following a competitive process, the disposal (Disposal) of the portfolio was completed with Bluefield Solar Income Fund (BSIF) on 19 January 2022.

The initial consideration of £16.4m, less distributions since the lockbox date of £0.7m, resulted in £15.7m being paid to the Company on completion.

The final deferred consideration payment has been agreed as follows:

£4.3m has now been paid, with a further up to £0.5m to be paid on 30 June 2022, subject to Good Energy meeting all its payment obligations up to that date for power supplied by the portfolio to it under the power purchase agreements.

The total deferred consideration is there agreed to be up to £4.8m.

Of the £3.3m that will not be received, £2.3m arose due to the impact of a third-party energy yield assessment on the agreed financial model and £1m arose during detailed technical and financial due diligence.

Total consideration received to date is therefore £20.7m, with an agreed final total consideration of up to £21.2m by 30 June 2022.

Requisitioned general meeting

As announced on 14 January 2022, Ecotricity Group Limited requiring the Board to convene a general meeting of shareholders for the purpose of considering two resolutions, namely:

- an ordinary resolution to remove William Whitehorn from office as a director of the Company ("Resolution 1"); and
- a special resolution to direct the Board not to dispose of the Company's generation assets without shareholder approval ("Resolution 2").

The requisitioned General Meeting was held at 9am on Friday 11 February 2022 at SEC Newgate, 14 Greville Street, London, EC1N 8SB.

All voting was undertaken on a poll. The table overleaf shows the votes received for and against each of the Requisitioned Resolutions.

Notes to the Financial Statements

33. Subsequent Events (continued)

Requisitioned general meeting voting results

| Resolution | For | | Against | | Total | | Withheld |
|------------|-----------|------|-----------|------|------------|-------|----------|
| | Votes | % | Votes | % | Votes | % ISC | Votes |
| 1 | 4,581,943 | 41.7 | 6,411,473 | 58.3 | 10,993,416 | 65.5 | 35,198 |
| 2 | 4,658,286 | 42.8 | 6,226,697 | 57.2 | 10,884,983 | 64.9 | 143,631 |

Consequently, neither of the Requisitioned Resolutions received sufficient support from the Company's shareholders to be passed.

Invasion of Ukraine

On 24 February 2022, Russia invaded Ukraine. Since this date the uncertainty around gas and oil supplies to western Europe from Russia; the impact of global sanction on Russia and their subsequent global impacts; and the additional inflationary pressure placed on both UK and global economies related to the impacts of the invasion have created a non-adjusting post balance sheet event. For Good Energy the impacts of this are currently uncertain.

The wholesale market for electricity and gas spiked significantly in the weeks following the invasion but has since settled down to a level like what had been seen at various points in the past six months (when wholesale markets were already proving very volatile). The Company's hedge positions as outlined in the operating review on pages 30 to 31, mitigates the immediate impacts of the conflict, but there will remain uncertainty through 2022 as the conflict and related inflationary impacts develops. The Company has mitigations it can employ through 2022 to offset further risks caused by the situation.

Zap-Map Board update

As announced on 10 March 2022, Nigel Pocklington has been appointed Chair of Zap-Map. He takes over the role from Good Energy Founder and Non-Executive Director Juliet Davenport, who steps down from the Zap-Map Board. Nigel bolsters the Board's expertise in building successful online platform businesses, together he and existing independent Non-Executive Director Tim Jones have a wealth of experience from leadership roles at AutoTrader, Moneysupermarket.com Group and Hotels.com.

Notes to the Financial Statements

34. Subsidiary Undertakings Exempt from Audit

Good Energy Group PLC has provided the necessary parental guarantees under Section 479A of the Companies Act 2006, to enable the following companies exemption from audit:

Directly held subsidiaries:

| | |
|-----------------------------------------------------|-----------------------------------------|
| Good Energy Cedar Windfarm Limited | Good Energy Development (No.6) Limited |
| Good Energy Lanyon Solar Park (011) Limited | Good Energy Development (No.7) Limited |
| Good Energy Mapperton Solar Park (007) Limited | Good Energy Development (No.8) Limited |
| Good Energy Tidal Limited | Good Energy Development (No.12) Limited |
| Llangyfelach Community Solar Farm C.I.C | Good Energy Development (No.16) Limited |
| Worminster Down Somerset Community Solar Farm C.I.C | Good Energy Development (No.24) Limited |
| Good Energy Development (No.1) Limited | Good Energy Development (No.26) Limited |
| Good Energy Development (No.4) Limited | Good Energy Development (No.30) Limited |
| Good Energy Development (No.5) Limited | |

Indirectly held subsidiaries

Good Energy Carloggas Solar Park (009) Limited
Good Energy Creathorne Farm Solar Park (003) Limited
Good Energy Cross Road Plantation Solar Park (028) Limited
Good Energy Hampole Windfarm Limited
Good Energy Lower End Farm Solar Park (026) Limited
Good Energy Rook Wood Solar Park (057) Limited
Good Energy Woolbridge Solar Park (010) Limited.
Good Energy Delabole Windfarm Limited

35. Generation Assets: Technical Data

Wind Farms

Hampole, South Yorkshire
Turbine manufacturer: Senvion
No. of turbines: 4
Installed capacity: 8.2MW
Turbine power output: 2.05 MW

Delabole, Cornwall
Turbine manufacturer: Enercon
No. of turbines: 4
Installed capacity: 9.2MW
Turbine power output: 2.3 MW

Solar Farms

Woolbridge, Dorset
Solar modules: Yingli
Nominal capacity DC: 4,996 kWp

Solar Farms (continued)

Creathorne, Cornwall
Solar modules: Yingli
Nominal capacity DC: 1,841 kWp

Rook Wood, Wiltshire
Solar modules: ReneSola
Nominal capacity DC: 4,981 kWp

Lower End, Wiltshire
Solar modules: Jinko Solar
Nominal capacity DC: 4,999 kWp

Crossroads, Dorset
Solar modules: Jinko Solar
Nominal capacity DC: 4,999 kWp

Carloggas, Cornwall
Solar modules: ReneSola
Nominal capacity DC: 8,304 kWp

Directors and Corporate Resources

Directors

William Whitehorn (Non-Executive Chairman)
Nigel Pocklington (Chief Executive)
Rupert Sanderson (Chief Financial Officer)
Juliet Davenport (Chief Executive)
Timothy Jones (Non-Executive Director)
Emma Tinker (Non-Executive Director)
Nemone Wynn-Evans (Non-Executive Director)

Company Secretary

LDC Nominee Secretary Limited
70 Great Bridgewater Street, Manchester,
M1 5ES

Company Number

04000623

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Bankers

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Canons Way
Bristol BS99 7LB

The Co-operative Bank PLC
PO Box 101, 1 Balloon Street
Manchester M60 4EP

Legal Advisors

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Registrars

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