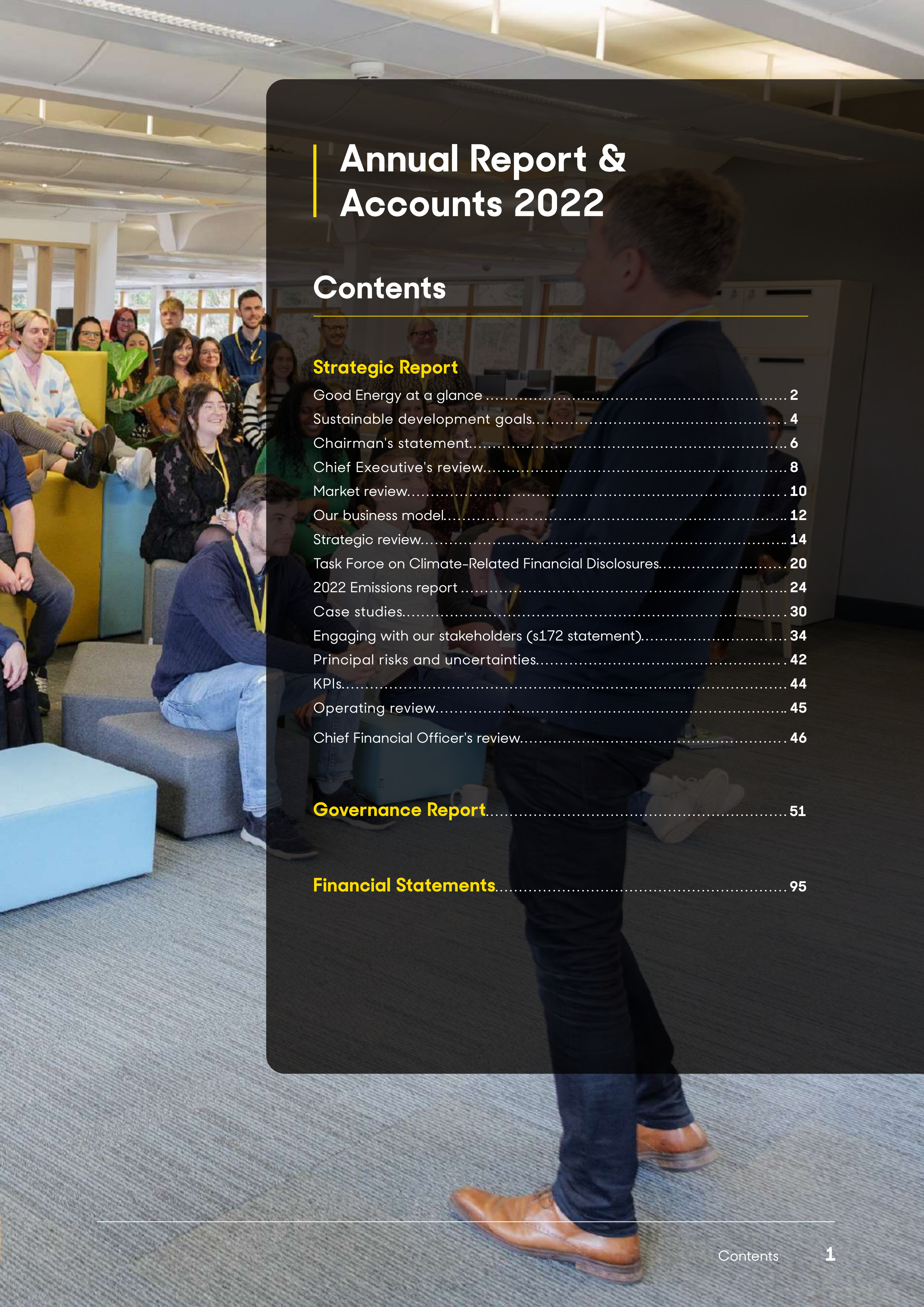
Annual Report

& Accounts

2022



Annual Report & Accounts 2022

Contents

Good Energy at a glance

What we do Making it simple to generate, share, store, use and travel with clean power.

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

Our transition to a green energy services company

Completed sale of 47.5MW generation portfolio to facilitate future investment and M&A.

Renewable supply underpins energy service offering, proving stable growth in a regulated market.

Energy Supply

SOLAR & GENERATION

Launched export tariffs for solar homes.

HEAT PUMPS

Acquired heat pump & solar installation business, creating new high-margin revenue stream.

TRANSPORT

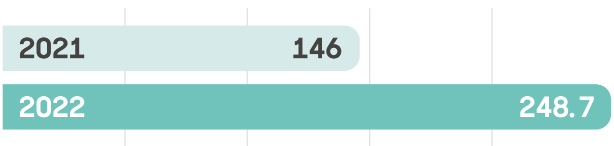
Completed Series A Funding to scale Zap-Map.

Helping more people decarbonise and increase energy independence.

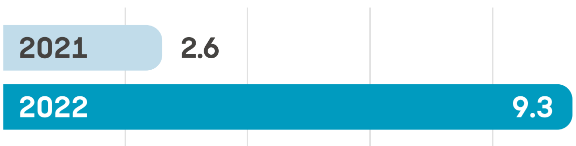
Energy Supply & Services

Financial performance

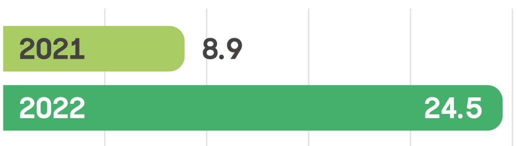
Revenue £m



Profit before tax £m[1]



Cash & cash equivalents £m



- **70%** revenue increase
- Resilient PBT performance in challenging conditions
- Cash and cash equivalents **£24.5m**
- Underlying **£5.2m** of cash generated from operations
- Strong balance sheet following restructure post sale of generation assets
- Significant improvement in cash collections
- Government support schemes mitigating impact of very high commodity driven price points across the industry in Q4 2022

Non-financial highlights

- **795k** customer relationships, nearing our one million target[2]
- Renewable electricity generated in 2022 saved 106 million kg of carbon, equivalent to 134 football pitches worth of trees
- 'World class employer' accreditation
- Science based targets commitment to reduce emissions by **50% by 2030**
- **Over 40k total smart meters installed** – 50% of our supply customers

WORLD CLASS
TO WORK FOR
2022
cert.b.co.uk

Our green credentials

Which? Eco Provider — October 2022 — Energy Companies

Highest rated energy Eco Provider by Which?

Uswitch Green Tariff Gold Standard

All tariffs accredited Gold Standard by Uswitch's independent panel

Excellent — Trustpilot

Customers rate us 'Excellent' for service on Trustpilot

ethicalconsumer.org BEST BUY

Longstanding Ethical Consumer Best Buy

Our investment case

- Strong balance sheet
- Investing in high growth markets
- **£5bn – £10bn** addressable market opportunity
- Expected **10 – 20% market growth** in energy services

1. 2021 PBT is reported profit before tax from continuing operations
2. Domestic, business, FiT supply and Zap Map registered users, as at 31 December 2022

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)

For over 20 years we have been dedicated to supporting the growth of independent, renewable generation in the UK. This means we offer our community of over 1,700 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. We also support more people to generate clean energy for themselves.

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 have entered 2023 a very different business to the one we were 12 months before, having taken these tangible steps in our transition to become a green energy services business during the year under review."

Overview

Setting out in 2022, we aimed to make progress on our strategy across supply, generation and transport of helping one million homes and businesses cut their carbon by 2025. We made substantial strides in executing our strategy by funding Zap-Map's growth; investing in generation services by launching smart export and acquiring a clean technology installation business; and maintaining a trusted truly green supply business against a very volatile backdrop.

We have entered 2023 a very different business to the one we were 12 months before, having taken these tangible steps in our transition to become a green energy services business during the year under review. This, together with the fact that we remain substantially debt free and have a strong cash position for continued investment, is of benefit to all our stakeholders.

For our customers, they have access to a trusted partner which can now facilitate their ambition to generate green power for their home, and which can also ensure they earn more from the power they generate. For our investors, they have exposure to a highly exciting growth market and are benefitting from the value creation achieved through our investment into Zap-Map. Plus, this growth and expansion is underpinned by a stable energy supply business.

I opened my statement last year noting the tumultuous prior year we had witnessed. 2021 was dominated by the continuation of the global pandemic and national lockdowns and 2022 saw this volatility continue, driven by Russia's aggression in Ukraine and ensuing global supply chain issues.

Forward prices for electricity and gas hit extraordinary levels, reaching highs of over 10 times the norms of recent years[i]. As a supplier which buys all of its power from renewable sources, due to the mechanics of the UK market Good Energy was far from immune from the knock-on effects. These increased costs drove a 70.7% increase in revenues and forced multiple price increases upon customers.

The rising costs emphasised the need to shift away from fossil fuels and encouraged people to insulate themselves from the high prices by switching to solar power, with double the number of rooftop installations taking place in the year versus 2021[ii].

Amidst these volatile conditions, we exited the year in a strong position. We have a robust balance sheet, continue to invest in high growth markets and are helping more homes and businesses save money and decarbonise.

Strategic developments

Despite the challenging market context, 2022 was a transformational year for Good Energy. We are well positioned for high margin sales growth from green energy services going forward. We now have a strong platform from which to execute on an extremely compelling opportunity, and we are excited to take this part of the business to the next level in 2023.

In January 2022, we completed the sale of our generation assets. This provided us with a robust and substantially debt-free balance sheet as well as funds to invest in our green energy services proposition and in turn, the next wave of decarbonisation.

Not long after, we participated in a £9m Series A fundraise by Zap-Map, the UK's leading electric vehicle mapping platform. Fleetcor, one of the world's leading business payment firms took a minority stake, as they continue building on their fuel card offering to enable businesses to transition to electric vehicles. This deal values Zap-Map at £26.3m post money and adds non-cash profit to our balance sheet.

In December, we completed the acquisition of Igloo Works, an established UK based heat pump installation business with capability for solar installs, too. The acquisition represents a significant milestone in delivering on Good Energy's strategy to accelerate its capability in decentralised energy services, complementing its established energy supply business. It also supports Good Energy's ambition to help one million customers cut carbon by 2025, creating a new service in the crucial clean, green heating space. We expect to see further acquisitions in the domestic energy services space and we look forward to updating the market on progress in due course.

Capital allocation

Our substantially debt free position and strong cash balance allows us to continue to invest for sustainable growth, including further acquisitions in energy services and our capital allocation policy reflects this. However, we recognise the importance of a dividend to many shareholders.

Following a good operational performance in 2022 and reflecting our confidence in the ongoing business, the Board recommend a final dividend for 2022 of 2.0p per ordinary share, taking our full year dividend to 2.75p (2021: 2.55p).

Board

At the AGM in June, Juliet Davenport, founder, former CEO and then Non-Executive Director stood down from the Good Energy Board. I want to take this opportunity to thank Juliet for her enormous contribution to the wider energy transition. On behalf of the Board, I want to thank her deeply for her contribution and look forward to seeing her continue to inspire and lead the way towards a cleaner, greener future.

Looking ahead

We are seeing a softening in volatility of the energy market currently. Good Energy remains well positioned both from a shorter-term balance sheet perspective, but also from a longer-term strategic growth perspective. The climate crisis already provided urgency to transition to a clean energy system. The current economic and political turmoil provides geopolitical urgency to achieve greater energy independence too.

The opportunity ahead of us is a compelling one. We are focussed on fast growth areas, with good margin and low working capital intensity. We have identified a target addressable market of almost 900,000 households in the next two years, which equates to a c. £5 billion target addressable market. Including the medium term meaningful green actions households, this increases to a c. £10 billion opportunity. Our engaged customer base of green-minded households provides us with a strong initial pipeline for our energy services and the interest in our new services from this community has been highly encouraging.

Good Energy has a more powerful role than ever to play in accelerating the transition to renewables and we look forward to providing updates during what we expect to be another busy year for your company.

Will Whitehorn

Chairman

i. Ofgem wholesale market indicators www.ofgem.gov.uk/energy-data-and-research/data-portal/wholesale-market-indicators
ii. MCS data for 2022 solarenergyuk.org/news/rooftop-solar-power-installations-double-in-a-year/

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

Our future energy system will not be a handful of suppliers billing customers for energy produced by a few generators. It will be a decentralised, digitised, cleaner, greener grid where homes and businesses play an active role. Generating, sharing, storing, using and travelling with clean power.

For years, Good Energy has focused on realising this vision. And its urgency was more apparent than ever in 2022 as the volatility of our centralised, largely fossil fuel-based system drove surging costs for the industry and rising bills for customers.

Good Energy is already a major player in building a future energy system and our goal is to become the leading green energy services company in the UK. As the UK's largest voluntary Feed-in Tariff (FiT) administrator, and second largest overall, we are the only energy supplier which has more customers generating power than buying ours. With over 180,000 FiT customers we have more than 20% market share of the biggest decentralised energy scheme in the UK today.

Robust financial performance and strong cash balance

During the energy crisis, which took hold in late 2021 and did not let up throughout 2022, Good Energy continued to show robustness. We sold our two wind and six solar farms early in the year, enabling us to invest in our future strategy and the next wave of decarbonisation. The cash, alongside our prudent approach to hedging, has resulted in a strong balance sheet.

Our supply business has been a steady ship in choppy waters. After two years without a price change we implemented three in 2022, moving our prices as required to mitigate the huge volatility in the wholesale market through the year. Gas and electricity prices saw several substantial spikes with day ahead prices hitting their peak in August at more than 10 times the lows of two years prior. Our successful hedging strategy meant that whilst the market continued to rise into Winter 2022/23 we were able to implement an effective price reduction from 1 January 2023 once the government support was taken into account.

We called for government support on bills, which came through the Energy Bill Support Scheme and the Energy Price Guarantee, in addition to the Energy Bill Discount Scheme for businesses. Implementing these schemes effectively at short notice was a significant task. With clear communication to customers, we maintained the trust we have built, which will be essential as we evolve into a green energy services business.

Post period end, we are pleased to have signed our largest ever deal with renewable energy giant Ørsted to provide clean power to UK homes and businesses. Utilising the power from one of the world's largest offshore windfarms, Ørsted's Hornsea 1 offshore windfarm in the North Sea, the three year deal will provide 110GWh per annum, the most significant in terms of volume in Good Energy's history — and enough for almost 38,000 homes. This is testament to the strong working relationship we have built with Ørsted and speaks to the strong partnership approach we have.

Green shoots for decentralised energy

Despite the challenges of 2022 a cleaner, decentralised energy system began to emerge. Rooftop solar installations more than doubled compared to the previous year, the solar surge hitting highs not seen since the peak of the FiT scheme in 2015[iii].

This was largely driven by customers looking to curb their bills and took place without an especially competitive export tariff market. The rates offered under the government's replacement to FiT, the Smart Export Guarantee, were especially low in the context of high import prices.

The rapidly growing rooftop solar market is one Good Energy is perfectly positioned for and we have launched new tariffs to fairly reward people for switching to green energy. We launched smart export for FiT customers towards the end of 2022, meaning these customers could earn more than the deemed 50% rate for export under the scheme. And now we have launched Power for Good, a leading variable export tariff for households with solar power, offering a better export rate than under FiT or the standard rates under the government's Smart Export Guarantee.

Igloo Works was established as an installer of heat pumps, a crucial technology to get the UK off gas. This represents another significant growth opportunity, considering the government's stated target of 600,000 annual heat pump sales by 2028[iv]. Following the acquisition in December the company has been fully incorporated into the Good Energy brand and we have also built out this business's ability to install domestic solar panels. We have since completed our first solar installation, meaning that customers can now get a heat pump or solar panels from Good Energy as well as 100% renewable electricity to power it, or payment for what they export. We have an ambitious plan to ramp up sales from our current customer base – which has already expressed strong interest – as well as from new customers.

Travel with clean power

Another pillar of our strategy that saw growth in 2022 is electric transport. Despite supply chain issues and rising electricity prices, more than 265,000 electric cars were registered in 2022, a growth of 40% on 2021 with the total on UK roads now counting nearly 700,000[v]. Zap-Map maintained its strong market share in this rapidly growing contingent, reaching 1,000,000 downloads and over 500,000 registered users.

In its Series A Zap-Map raised £9m, including a further £3.7m from Good Energy in addition to £5.3m new strategic investment from global fleet payments giant Fleetcor. The transaction values the business at £26.3m with Good Energy's shareholding at 49.9%.

Zap-Map's revenue channels are all growing. Subscriptions show particular strength among new registered users. Zap-Pay, Zap-Map's solution to a fragmented EV charging payments experience, is now compatible with 25% of the UK's rapid chargers. Demand for Zap-Map's unique data is growing in lockstep with the market, and a new insights business unit is fulfilling this as a strong commercial proposition.

Outlook

Having established our goal to help one million homes and businesses cut their carbon by 2025 last year, we are already well on our way. We believe our target customer opportunity in energy services is a £5bn - £10bn market where we are focused on driving high margin, low capital intensity sales growth.

Further M&A will be a core near-term focus, following the success of recent buy and build acquisitions and a way to capitalise on the market opportunity. Our community of green-minded domestic customers provide a strong initial pipeline for acquired businesses and enquiries to date following the Igloo acquisition have been highly encouraging. Wholesale energy prices have eased into 2023, but we continue to take a prudent approach to trading to maintain our robust position.

With a strong balance sheet, a strategy of investment in high growth markets, Good Energy's cleaner, greener future as a services company looks very positive. Our ambition is to be the UK's leading provider of green energy services, with the ability to install green energy infrastructure and provide the best tariffs for the energy produced by our customers. The tangible steps made in 2022 have set the scene for an exciting 2023.

Nigel Pocklington

Chief Executive Officer

iii. MCS data for 2022 solarenergyuk.org/news/rooftop-solar-power-installations-double-in-a-year/

iv. Energy Security Bill factsheet: Low carbon heat scheme www.gov.uk/government/publications/energy-security-bill-factsheets/energy-security-bill-factsheet-low-carbon-heat-scheme

v. SMMT statistics, outlined by Zap-Map: www.zap-map.com/ev-market-statistics/

Market review

The energy market saw unprecedented volatility in 2022. Wholesale energy prices hit highs of over 10 times pre-2022 norms, fluctuating throughout the year but remaining at extreme levels.

These extreme highs and volatility were driven overwhelmingly by global gas prices due to the conflict in Ukraine and sanctions on Russia, and the UK was especially impacted due to its reliance on gas for both heating and electricity generation. The mechanics of the capacity market in the UK meant that even renewable electricity prices were driven upwards, increasing Good Energy's costs.

In 2022, in a more consolidated supply market, these increased costs impacted customers' bills. The energy price cap rose by 54% in April 2022, and soon looked to be three times the year prior from 1 October.

Government schemes

The government had announced it would be stepping in to support through the Energy Bills Support Scheme (EBSS), but as October approached it became clear that a greater level of intervention would be required.

The Energy Price Guarantee (EPG) was announced in September. A unit rate discount, it was applied from 1 October to reduce a typical annual dual fuel bill on a price capped tariff to £2,500, with the EBSS £400 payment made in monthly instalments over the winter period reducing this further.

Support for businesses was also introduced in the form of the Energy Bill Relief Scheme, operating similarly to the EPG by discounting unit rates.

Regulatory environment

Following the widespread failure of energy suppliers in 2021 the regulatory environment changed significantly, from a largely liberal approach to one of greatly increased scrutiny.

Ofgem's Market Compliance Review process demanded a new level of transparency from suppliers and has been applied with haste as the regulator looks to reform the market. The reviews have looked in detail at areas including Direct Debit processes, general standards of performance, customer service and customers in payment difficulty.

Vulnerable customers

Of greatest concern throughout this crisis has been the impact of increasing bills on vulnerable customers and the growing number in fuel poverty – defined as spending 10% or more of income on energy.

Whilst the government schemes shielded millions from the very worst of rising bills, the price cap of £2,500 in place from October is still nearly double the level a year prior, meaning significant bill shock for many. For those previously on cheaper fixed deals which largely do not exist in the market any longer, this increase will have been even sharper.

Particular focus has been given to prepayment customers, as the method of payment more common for lower income households. Good Energy has a very small proportion of customers which pay via this method – just 1% compared to around 14% across the industry[vi]. We do not install traditional prepayment meters, as we believe they are not a good solution for any customer. We offer smart prepayment in conjunction with debt management plans as a way for customers to take control of their usage.

Good Energy campaigned vocally not only for the government support schemes to shield customers in the short term, but for investment into energy efficiency and renewables to reduce bills for the longer term. We joined Energy UK's Vulnerability Commitment and began offering the Warm Home Discount. As part of the latter we donated to the fuel poverty charity National Energy Action. We also made a special donation to our long-term partners Friends of the Earth in support of their United for Warm Homes campaign.

We are now reducing our smart prepayment prices, making our smart prepay tariff the cheapest price capped tariff on the market from 1 April – ahead of the government announcing its plans for all suppliers to do this.

Good Energy has called for the implementation of a social tariff available to lower income customers industry wide to make energy bills fairer. Ultimately, we believe the most important aspect of the pathway to a permanently fairer energy system is greater investment in renewables, flexibility and energy efficiency to make energy cheaper and greener for everyone.

vi. 4 million customers on prepayment meter reported by Ofgem in 2020, with increases reported since https://www.ofgem.gov.uk/publications/more-help-prepayment-customers-and-those-struggling-bills


Social distancing
while outside

Our business model

Creating long-term value for all our stakeholders

Our purpose is to create a **cleaner, greener future.**

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

External drivers

- The climate crisis
- The energy crisis
- Regulatory and political

Evolution of focus

From large-scale generation and supply to small-scale generation and services.

What we do

Make it simple to use, generate, store and travel with clean power.

Energy Services

EV Charging

- Smart charging
- Search, plan, pay

Solar & Storage

- Reduce costs
- Store and share

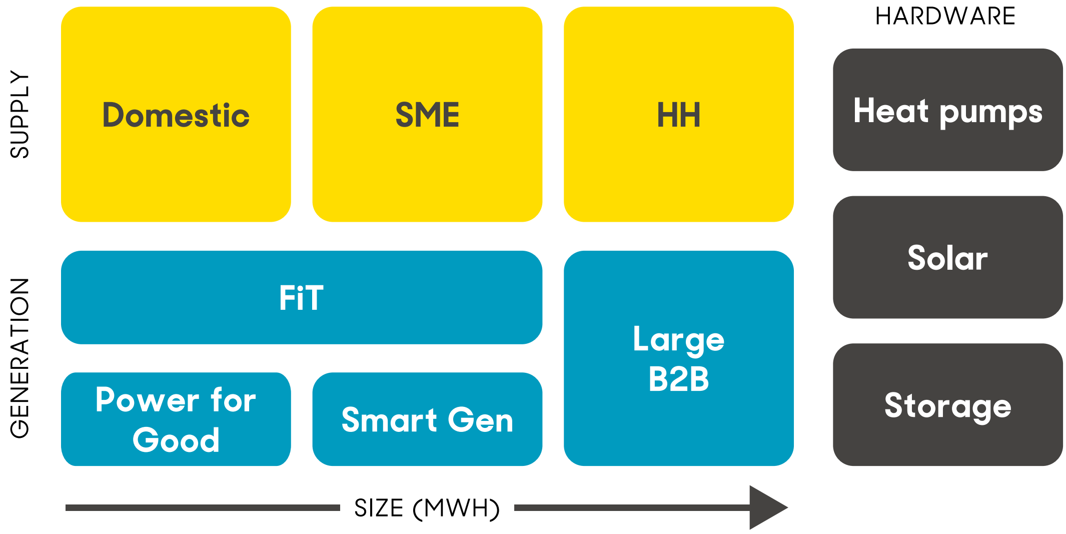
Supply & Services

- Truly renewable
- Flexibility services

Heat Pump

- Cut carbon
- Savings with solar

Our products

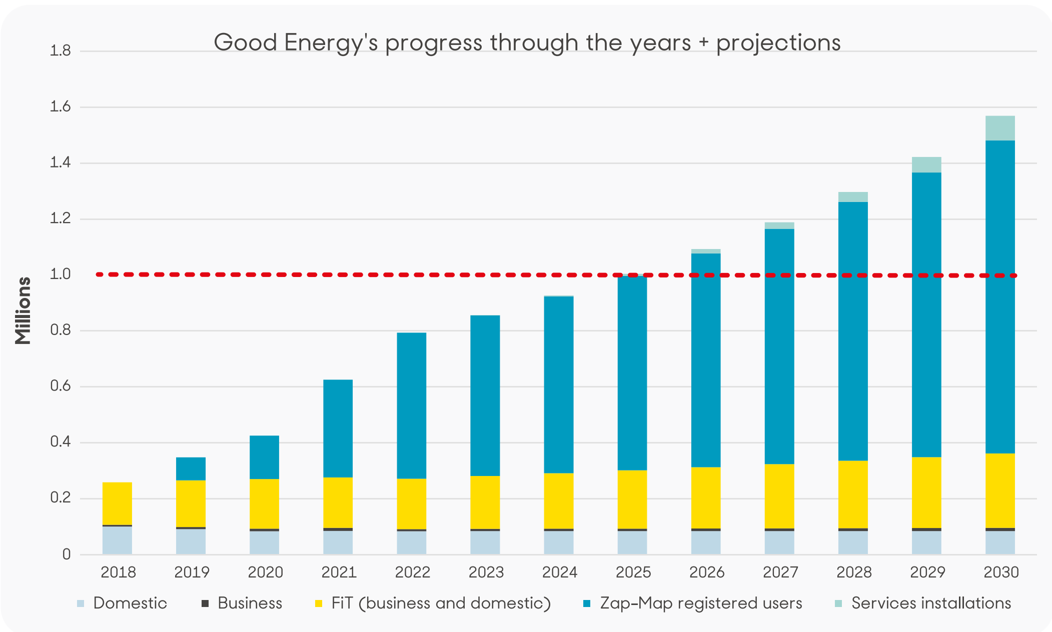


Our values are fair, inclusive, focused, straightforward.

How we create value for stakeholders

- **Employees** – a job with purpose, retain and develop
- **Customers** – satisfaction and cross sell opportunities
- **Investors** – improve margins and progressive dividend
- **Delivery partners and suppliers** – long-term relationships with carbon reduction targets
- **Policy makers and regulators** – collaborating for our purpose
- **Futureholders** – combatting climate crisis, a just transition

Our progress towards one million customers cutting carbon



· Assumes 10% increase in Zap registered users per year.
· Assumes doubling of heat pump and battery installs and an increase of 500 solar PV installs per year.
· Assumes stable domestic customers.
· Assumes 5% FiT and business

Strategic review

Introduction

Strategic update – Our transition to a green energy services company

We have a clear strategic vision: to support one million homes and businesses to cut carbon from their energy and transport use by 2025. Our aim is to power a cleaner, greener, world by making it simple to generate, share, store, use and travel by clean power.

TCFD R Risk management continued to be critical for all energy companies in 2022 due to the ongoing energy crisis. It helps us mitigate potential risks to the industry as we move to a predominantly renewables-based grid.

TCFD S In 2021 we announced the acceleration of our strategic shift to energy services and executed on this in 2022. The year started with the sale of the generation assets – using funds from our past to invest in our future – and ended with the acquisition of established heat pump installer Igloo Works Limited.

TCFD S Our strategic direction to capitalise on a rapidly growing market in decentralised, digitised clean energy and transport services based on 100% renewable power along with clear short, medium and long-term climate-related opportunities is detailed on the following pages and on page 42 (principal risks and uncertainties). This strategy is based on the anticipated increased demand for solar, heat and electricity across transport over the next 20 years and our decentralised model to help people get there. We continue to monitor the market to seize opportunities as they arise (Short term = within 2 years, medium = 3-10 years, long-term = 10 years+).

Aligning the business to our strategic vision

The renewable energy industry has gathered pace over the past twenty years – and we have evolved with it to make sure we are still best placed to achieve our founding purpose. Where our recent past focused on large scale generation and renewable supply, we can now have a greater impact by providing energy services, underpinned by renewable supply.

Energy services

Our definition of energy services focuses on three core areas:

- **Solar and generation**
- **Heat**
- **Transport**

Services and tariffs for domestic and small generators, the installation of solar, battery storage and heat pumps and the provision of electric vehicle services that help drivers search, plan and pay for charging.

These are high growth markets, typically requiring less working capital. We will deploy capital for both organic growth and M&A in these markets to build on our existing capabilities.

Renewable supply

We serve both domestic and business customers with fairly priced 100% renewable electricity. This is what underpins our energy services offering. We have proven operating capability and stable growth in a highly regulated market.

Energy services: a £5-10 billion opportunity TCFD S

In the summer of 2022, we undertook a detailed assessment of UK households to develop an extensive understanding of our target customers. In the UK, there are approximately 29 million domestic households. Our target customers want to go green, make a difference and save money. Of the 29 million households, we view 4.1 million households as our target customers.

Of these 4.1 million, our immediate focus is on a 1.1 million segment we label as 'green champions'. Typically older, wealthier homeowners, they are willing to invest to save money and combat climate change. A larger, but more medium-term focus of a further 3 million households are the 'meaningful green actions'[3].

Green Champions: 1.1 million households				
	Solar	Battery	Heat Pump	
Already installed	16%	6%	9%	
Installing within 2 years	32%	35%	22%	
Addressable market	295,680	361,900	220,220	Total: 877,800

Meaningful Green Action: 3 million households				
	Solar	Battery	Heat Pump	
Already installed	28%	20%	20%	
Installing within 2 years	41%	41%	33%	
Addressable market	885,600	984,000	792,000	Total: 2,661,600

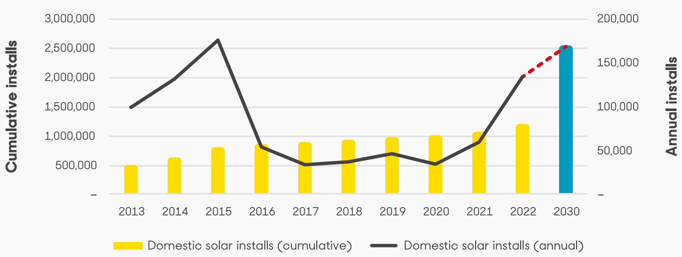
3. See page 36 to view Good Energy's survey to existing customers which revealed the relevant audience segmented for our immediate and medium-term focus.

This group is typically younger and want to make bold climate decisions, but have more barriers to adopting clean technologies. The table above demonstrates the interest in energy services in our key target segments, which equates to a c. £5 billion target addressable market. Including the medium term meaningful green actions households, this increases to a c. £10 billion opportunity. Whilst we will be unable to serve all of those customers, it identifies the scale of opportunity that exists today. This is no longer an early adopter market for energy enthusiasts.

Solar, heat pumps and EV markets are fast growth markets, with good margin and low working capital intensity. In comparison, there is unlikely to be near term growth in the domestic energy supply market and business supply growth must be selective. Margins are low, and working capital is higher due to elevated energy costs and trading collateral requirements. Energy services offers better returns than energy supply in both the short and long term.

Solar and generation

The UK solar market experienced near record growth in 2022 as energy prices remained high. Installs increased over 125% to 132,000 and are near peak levels seen in 2015 at the height of the Feed-in Tariff scheme. Domestic installs accounted for 88% of the volumes in 2022, as people shielded themselves against high energy costs.



Return to market highs driving sustained solar market growth
UK Domestic solar installations: actual and forecast to 2030

We anticipate cumulative capacity on the grid to be 7.5GWh by 2030 in order to be on track with net zero targets, which outlines a 9.9% CAGR to 2030[vii]. However, from install levels seen in 2022, we calculate this only requires a 2.9% annual growth in install levels to c. 167k per year. Energy costs are unlikely to fall in the short term, which will continue to fuel demand for installs.

Solar tariffs and innovation

In early 2023 we launched a new smart export tariff for households with solar panels. 'Power for Good' will pay 10p per kWh, making it one of the leading variable export tariff rates. It is aligned to the market, pays better than standard Smart Export Guarantee rates and will be reviewed quarterly.

The new tariff, which will require homes with solar panels to have a compatible smart meter, means a typical solar powered home could earn around £150 per year for the energy they share. That's in addition to saving around £500 on their annual energy bills.

Our ambition is for Good Energy to be known as the go-to supplier if you want the best tariffs for the power you generate from the solar panels on your roof.

We are already the second biggest solar power payment company in the UK through the FiT, administering hundreds of millions of pounds in payments for over 180,000 customers. We recently launched smart FiT export, meaning micro-generators on the FiT scheme will be paid for the actual amount they export rather than the deemed 50%.

Power for Good builds on our smart export tariff to become our first tariff of this kind for non-FiT customers, including those who installed their solar panels after the scheme closed in 2019.

Scaling solar and generation services

Following the acquisition of Igloo Works in December 2022, we also recently announced that we will install solar panels – benefiting from the continuing high demand for solar. We will continue to be acquisitive in this space to bolster our expertise in solar installation and increase our installation capacity. Whilst we have significant national demand from our own customer base, we will take a highly regionalised approach to developing installation capability.

The solar installation market remains highly fragmented; there are currently almost 2,000 registered installers, with the majority completing less than 200 installs per year. Our growth strategy is focused on a regional roll up of these companies to act as installation arms. We anticipate a number of acquisitions, similar to our approach with Igloo Works, in order to build a footprint to meet this demand. From this acquired base, we will grow install capacity organically and leverage the Good Energy credentials of a strong brand and corporate functions to drive increased reach and help customers cut carbon and save money. We expect to complete further acquisitions throughout 2023, whilst continuing to target our existing customer base.

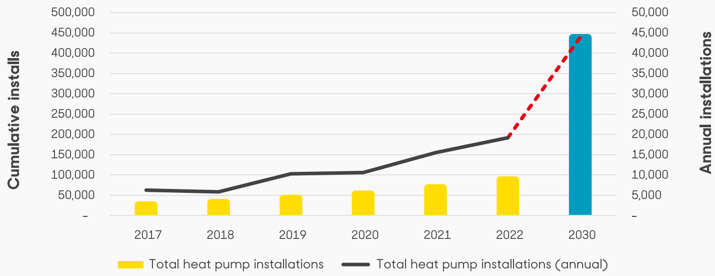
Heat

Like solar, the heat pump installation market has seen significant growth throughout 2022, with a 35% CAGR over the two years since 2020[viii]. Air source heat pumps account for over 85% of installations, as people looked to benefit from solar generation and shield themselves from rising gas costs.

The Boiler Upgrade Scheme was introduced in March 2022, offering £5,000 off the cost of installation. This replaces the former renewable heat incentive, but uptake has been slow as the upfront cost is still high for mainstream adoption.

Tipping point in heat installs, but more needed to be done

UK domestic heat pump installations: actual and forecast to 2030



Whilst growth in 2022 has been positive, a lot more needs to be done to hit net zero targets. Our modelling outlines over 400,000 installs per year by 2030 targets, requiring a 20% CAGR growth in installation volumes. This year has been a tipping point for heat pump installations, but there is still a need to reduce upfront costs, promote awareness and debunk performance myths.

To date, around 60% of people with heat pumps have had solar installed first[ix], outlining the benefit of using excess solar generation to meet some of the heat pump's electricity demand. We see this as a clear opportunity to market to our solar installation customers and Feed-in Tariff customer base.

Heat pump installations underway and growing

Following the acquisition of Igloo Works, heat pump installations have continued to grow. We are targeting 500 installations in 2023 and to build the capacity for 12,000 per year by 2026. Whilst these targets are ambitious, we believe we have a customer base and audience who are open to this. Initially our focus is on serving our c. 60k domestic energy supply customers, and selectively targeting both electric vehicle drivers and those with solar generation. In time, we have a future ambition to target the 1.5 million boiler replacement market, but this will take a meaningful shift in volume to reduce the up-front cost for mainstream consumers.

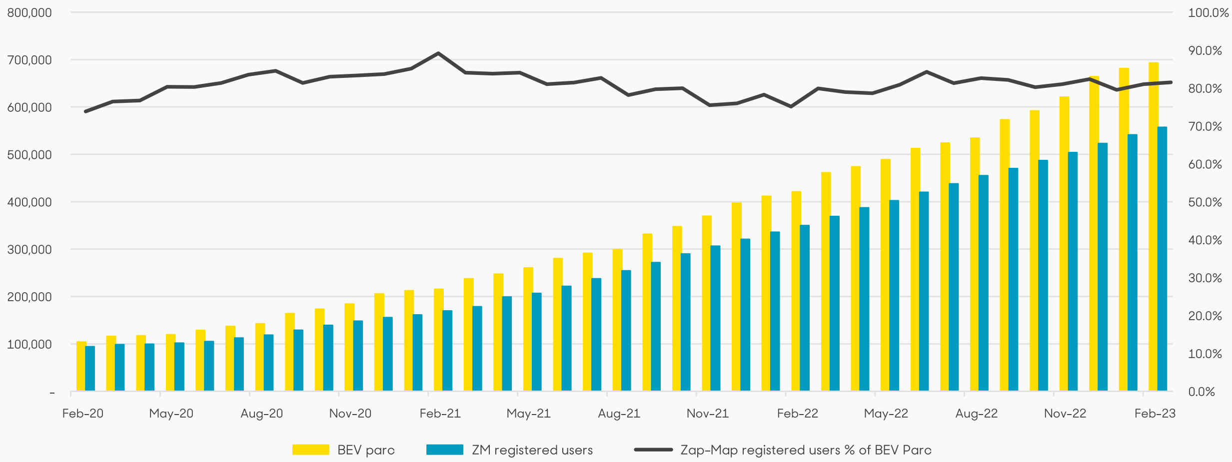
In March 2023 we incorporated the business into the Good Energy brand and have continued to develop a range of services to improve overall user experience. This will include energy tariffs to underpin the overall renewable offering and reduce the total cost of ownership.

Transport

The electric vehicle market saw continued growth in 2022, following impressive growth in recent years. EVs on the road now total over 1.1m, with over 60% of these being battery electric vehicles in 2022. These battery electric vehicles are Zap-Map's core market.

The Battery EV market grew 67% to over 700,000 in 2022 and has a 2-year CAGR of 80%. Cumulatively, Zap-Map now has over 1 million downloads of the app and over 550,000 registered users, up 63% in 2022 and a 2-year CAGR of 83%. The company retains its position as the market leader in the high growth electric vehicle market, with registered user penetration at over 80% of all electric vehicle drivers.

Zap-Map registered users vs battery EV parc



Zap-Map: Building scale and recurring revenue

In August 2022, Zap-Map closed a **£9m series A funding round i**ncluding investment from Good Energy and Fleetcor:

- **£5.3m** new investment from Fleetcor provided strategic opportunities to leverage Fleetcor's global footprint and partnerships with electric vehicle fleets and charging providers, supporting Zap-Map's international expansion plans.
- **Good Energy invested £3.7m** in line with its strategy to make it simple for people to generate, share, store, use and travel with clean power.

Zap-Map's commercial goals include building on its paid-subscription services and initiating international expansion. The funds raised are being deployed to fuel the expansion of Zap-Map's development team to deliver its product roadmap. They could also pave the way for Zap-Map's international expansion, which began in late 2022. The share of battery EV drivers that are registered Zap-Map users remained stable at around 80%, and the first steps have been taken towards international expansion.

Zap-Map's share of EV market has continued to transfer into revenue growth. They delivered over £1m in revenue in 2022 and are on track to double this recurring revenue in 2023 growing across its three core revenue streams.

- **Subscriptions**
  - Monthly or annual subscriptions for added-value features on mobile and in-car.
  - Active app users growing in line with BEV market growth. Targeting 10% of registered users on paid-subscription services.
- **Pay**
  - 12 charging networks now signed to Zap-Pay, covering 25% of the rapid charger network.
  - Zap-Pay utilisation continuing to increase. Higher charging costs on the public network allowing for more flexible payment offers.
  - Integration with fleet Allstar Electric card for payment, with Fleetcor.
- **Data and insights**
  - Dedicated insights business unit created to serve growing demand.
  - Increased need to understand the EV landscape for a growing range of businesses and organisations.
  - Zap-Map possesses the broadest and deepest data set, excellent market knowledge and a wide range of recurring data services. High growth potential.

Zap-Map growth

A major part of the Series A investment is to allow Zap-Map to build on its market leading data and mapping to develop its user experience. This will allow for existing services to be improved and new revenue streams to be developed. These include increasing subscriptions through value-add services, improve Zap-Pay functionality within the user journey and develop an API (Application Programme Interface) solution to allow the app functionality to be utilised within partner apps and platforms.

The API solution is a single-entry point to enable third party digital products. The Zap-Map platform is powered by scalable, secure, and tested APIs. The first iteration of this has been developed with Allstar, Fleetcor's UK fuel brand, as part of the Allstar Electric fuel card. Further API capability will be rolled out to a wide range of partners for search, payment, and planning. This provides a range of other companies one integration to leverage Zap-Map's unique applications.

Growth will be targeted across segments.

- Free users will have the widest choice, best data, and the simplest way to pay.
- Premium users can access added value charging features on mobile and in car.
- Insights and data services use rich data to support required growth in UK EV charging infrastructure.
- Strategic partners can gain the ability to build their own digital EV product set.

Monetisation will focus on developing recurring revenue streams by growing subscriptions, data API sales, insights and partner transaction fees. Payment transactions and advertising revenue will enhance revenues further.

Renewable supply

We continue to operate in both the domestic and business UK energy supply markets, remaining a premium provider for green-minded customers. We provide a range of import and export services, which underpin our overall offering. Our import services provide 100% renewable electricity to domestic, small businesses and smaller half-hourly business customers. We do not focus on large scale industrial customers. Our export services provide power purchase agreements (PPAs), Feed-in Tariff administration services and smart generation offers for domestic and business customers.

In domestic supply, we are witnessing a market with limited growth potential with the introduction of the market stabilisation charge, high wholesale costs and increased working capital requirements for purchasing power. We have continued to make good progress with our smart meter roll out and now have over 40,000 installed to date.

In Business supply, we have a clear size and sectoral targeting: small, medium sized enterprises (SMEs) and half-hourly metered business sites, with a focus on purpose driven businesses looking for a truly green supply product. Recent customer renewals include The Crown Estate, PricewaterhouseCoopers, Rapanui and BNP Paribas.

Our purchasing of PPAs is what sets us apart and allows us to provide 100% renewable electricity. This is sourced from over 1,700 individual generators including a mix of wind, solar, hydro and anaerobic digestion.

Near term growth pathway

Our strategic vision remains unchanged, in helping one million homes and businesses cut carbon from their energy and transport use by 2025. Our growth in 2023 will be achieved through:

- Roll out of solar services to our existing client base.
- Roll out of solar and heat pump installations.
- Acquire more capacity to accelerate services strategy faster.
- Drive uptake of new tariffs to maximise our customer base and potential customers.

For many, the purchase of an electric vehicle will be the trigger into further energy services products. Initially this will require the need to search, plan and pay for EV charging on the road, and charge at home with cheaper, smarter off-peak tariffs. Research by Zap-Map indicates that EV drivers are seven times more likely to have solar PV installed than the national average, with 29% of respondents having solar panels on their home.

For those with EVs, solar PV allows you to reduce your overall energy costs, supports off-grid consumption and increases value through providing the flexibility of exporting excess generation or storing it for avoiding expensive peak consumption. Our installation partner data shows that on average, 80% of solar PV installs are now also selling a battery storage system to maximise this benefit.

MCS (Microgeneration Certification Scheme) data shows that on average 60% of recent heat pump installations had solar PV installed first. This allows consumers to minimise overall heating costs by powering from solar, or replace increasingly expensive gas and oil products.

What ties this all together are smart energy tariffs that maximise the ability to save money and reduce carbon. These are smart meter enabled, and bespoke recommendations will allow us to remove complexity for consumers. In time, the technology potential will allow much of this to be automated to increase cost savings further. Smart charging, load shifting, and further flexibility services provide material upside.

We remain committed to building out this range of services through our investments in Zap-Map, Igloo Works and further M&A activity. Initially through the installation of solar, storage and heat pump hardware, before wrapping appropriate tariffs to optimise consumption. And finally, by monetising these assets as we scale up.

vii. Based on Acuity Knowledge Partners research conducted for Good Energy combined with government targets - 9.9% CAGR based on current volume installed today, vs requirement by 2030.
viii. MCS data, reported by Current+ /www.current-news.co.uk/mcs-announces-2022-as-record-year-for-certified-heat-pump-installations/
ix. Calculated using MCS data

Task Force on Climate-Related Financial Disclosures

Good Energy's Sustainability Manager Cherish Jackson

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.

Statement of compliance – We are voluntarily reporting the full recommendations laid out in the Task Force on Climate-Related Financial Disclosures (TCFD). In 2022, we became a TCFD signatory, representing our commitment to taking action to build a more resilient financial system through climate-related disclosure.

We have specifically disclosed 10 of the 11 disclosures except for Strategy c., primarily because the whole purpose of Good Energy is to help the transition to a 2°C or lower scenario with our strategy based around helping UK homes and businesses to play an active role in this transition. Due to the nature of Good Energy's core business and strategy, we have incorporated how we have met the TCFD recommendations and our future focuses using this icon TCFD making clear which pillar the references relate to throughout this report. The table opposite shows where key points are located.

TDFD pillar & recommended disclosures	Key reference points	Page number
Governance – the organisation's government around climate-related risks and opportunities a. Board oversight b. Managment's role	• Audit & Risk report: climate-related risks • Operations of the Board • Monthly carbon reporting • Our Green champions • Future focus	**p.67** TCFD G **p.65** **p.24** **p.22** **p.28**
Strategy – the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material a. Over the sort, medium and long-term b. Impact on businesses, strategy, and financial planning c. Resilience of strategy	• Strategic review: our transition to a green energy services / a £5-10 billion opportunity • Tracking our supply chain emissions • Carbon emissions • Future focus	**p.14** TCFD S **p.22** **p.29** **p.28**
Risk management – how the organisation identifies, assesses, and manages climate-related risks a. Identifying and assessing b. Managing c. Identifying, assessing, and managing are integrated into overall risks management	• Principal risks and uncertainties • Directors' report: Principle 4 • Strategic review: our transition to a green energy services company • The Board's committees • Audit & Risk report climate-related risks	**p.42** TCFD R **p.57** **p.14** **p.61** **p.68**
Metrics and targets – the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material a. Metrics used in line with strategy and risk management process b. Scope 1, 2 and 3 emissions and related risks c. Targets to manage climate-related risks and opportunities and performance against targets	• Strategic review • Carbon emissions • Science-based targets • Future focus • KPI's: carbon avoided	**p.14** TCFD M **p.29** **p.26** **p.28** **p.41**

Planet

Good Energy exists to enable people to take action against the climate crisis – and in 2022, the carbon avoided by supplying our customers with renewable electricity was equal to the amount sequestered by 37,451 acres of UK woodland (see page 29 for full calculations).

In comparison to our positive impact, we have a small footprint and are continually taking action to reduce it. In 2022, our carbon footprint reduced by 35% compared to 2021. This section covers how we measure the impact of our business operations and commit to reducing it.

TCFD G

Our sustainability framework

TCFD M

Our sustainability strategy is aligned with our organisation's purpose and business models and is the responsibility of our Sustainability Manager. We also have a framework of documents and voluntary certifications that support us to continue reducing our impacts to a neutral level where possible.

Process in Place	Purpose
ISO 14001: 2015 (Environmental management system)	Governing document framework
Carbon Emissions Inventory	Measures our impact
Carbon Emissions KPI	Monitors our impact
Science-Based Targets Initiative Commitment	Allows us to set evidence-based targets, measure and be transparent
Audit and Risk Committee People & Operations Board	Where we embed sustainability in practices and decision-making
Green Champions	Engage, collaborate and advocate change

Sustainability: 2022 challenges and achievements

A significant amount of our staff's day-to-day work now takes place at home. To support our people to be more sustainable, we launched a Sustainable Travel policy to help staff travel in greener ways. We are also launching a Green Home Office Stewardship Policy to provide information about making home working more sustainable, including recycling IT equipment and buying from preferred suppliers.

TCFD M

Sharing our sustainability actions

Being transparent about our activities maintains accountability for our transition to net zero. We have been publicly disclosing our carbon emissions since 2017, and have now made this information easier to find by creating a new page on our website.

TCFD M

Emissions data automation

Finding ways to make data gathering simpler is key to building a more complete picture of our emissions. In 2022, we launched a trial with our workplace management platform provider to prompt employees to provide commuting information when booking desks. In 2023, we will expand this pilot to cover staff energy use while working at home.

TCFD G

Green Champions

Our Green Champions support our people to be greener, introducing initiatives like Terracycle bins that decrease our waste footprint. They also have the opportunity to upskill in environmental management.

TCFD S

TCFD M

Tracking our supply chain emissions

To build a complete picture of Good Energy's impact, we have started to include emissions from our supply chain in our reporting. For instance, we have three suppliers that travel significant distances on our behalf, mainly to maintain or install energy meters.

In 2022 we worked with these suppliers to accurately record the mileage attributed to Good Energy customer meters, while also introducing processes for automating this data collection process as much as possible.

We are confident that we can now measure travel emissions from these suppliers, and will use these learnings to improve how we work with other suppliers in the future.

2022 emissions report

In 2022, we are pleased to announce that we saw our office-related emissions **decrease by 35%**.

Initiatives that contributed to this include:

- Introducing Terracycle in our offices, reducing non-recyclable waste by 59%.

- Securing a 100% biogas tariff in July 2021. 2021's 50% reduction in market-based emissions from gas consumption became a 100% reduction in 2022.

- Increasing our staff energy discount to encourage greater uptake of employee homes on renewable tariffs.

TCFD M

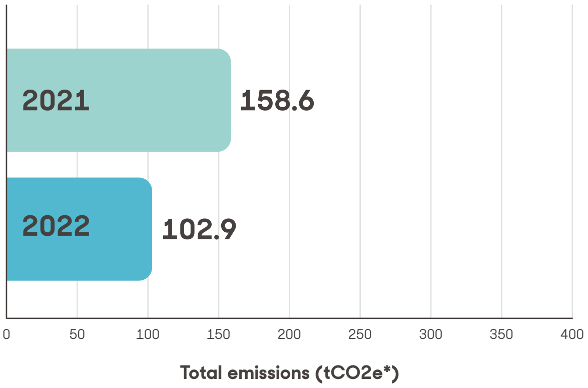
Monthly carbon reporting: a new KPI

TCFD G

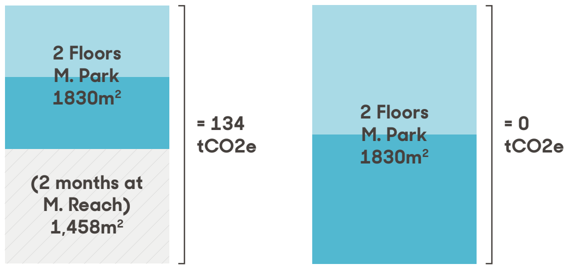
Throughout 2022 we tracked emissions on a **monthly basis** to quickly identify trends and proactively respond to them. A monthly carbon footprint figure is reported to our People and Operations board chaired by our Chief Operating Officer, Fran Woodward, as well as Audit and Risk Committee, chaired by our Non-Executive Director Nemone Wynn-Evans. See page 68 for more details about climate-related risks.

Working with emissions in the value chain means that emissions data is not always readily available. Where monthly emissions data is not available, averages of the previous reporting period are used with the aim of backfilling the data once obtained.

Carbon emissions



Office energy (electricity & gas)



2022 With green gas and green electricity tariffs, Monkton Park is now at **0 tCO2e**

Most emissions in 2022 came from:

(tCO2e)

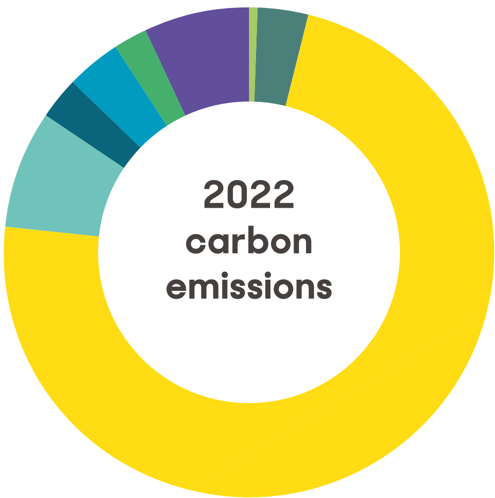
Commuting - 74.5

Home work heating* - 7.8

*homework heating methodology significantly increased in accuracy in 2022

Grid Loss - 7

87% decrease	
135% increase	
100% decrease	

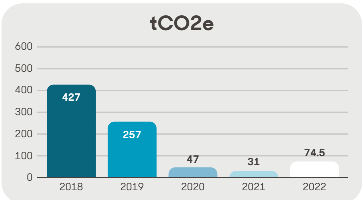


Carbon emissions breakdown:

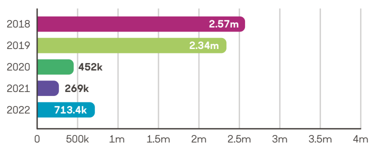
(tCO2e)

- **Water** - 0.62
- **Gas** - 0
- **Electricity** - 0
- **Refrigerants** - 0.18
- **Business travel** - 3.3
- **Commuting** - 74.5
- **Home work heating** - 7.8
- **Equipment** - 2.8
- **Waste** - 0.1
- **Paper** - 3.5
- **Fruit and milk** - 2.2
- **Grid Loss** - 7

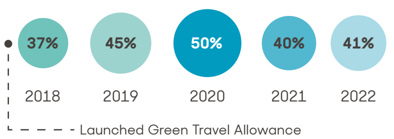
Commuting



Total travelled in km



Percentage of public transport taken

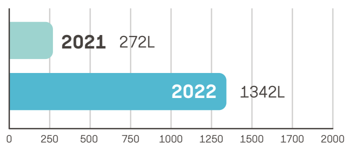


Waste

As a result of clearing furniture ahead of the office move

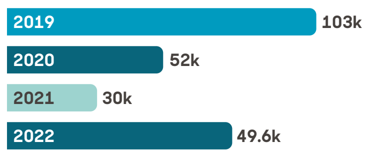
Milk (dairy)

Total in litres

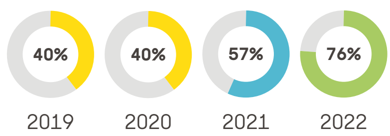


Business travel

Total travelled in km



Percentage of public transport taken



*tCO2e = Tonnes of carbon dioxide equivalent

TCFD M

Science based targets

The Science-Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reduction targets in line with the latest climate science. It is focused on accelerating action across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

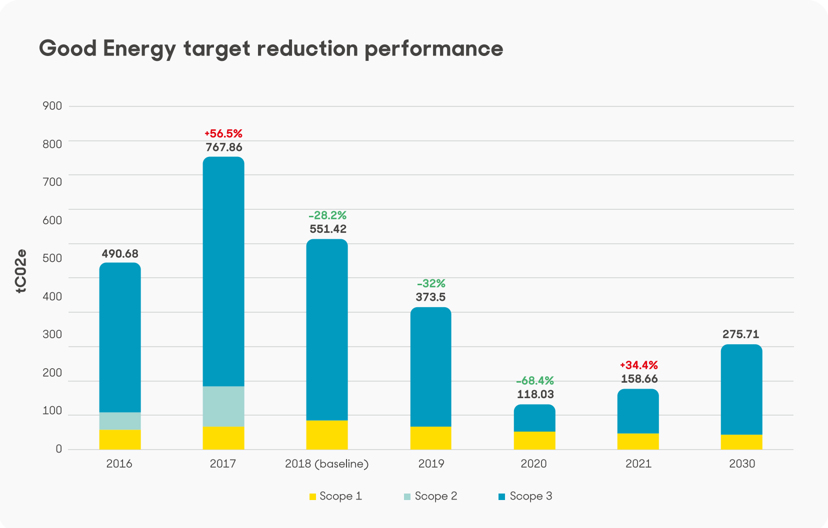
In March 2022, the SBTi approved Good Energy's near-term science-based target of reducing emissions by 50% by 2030.

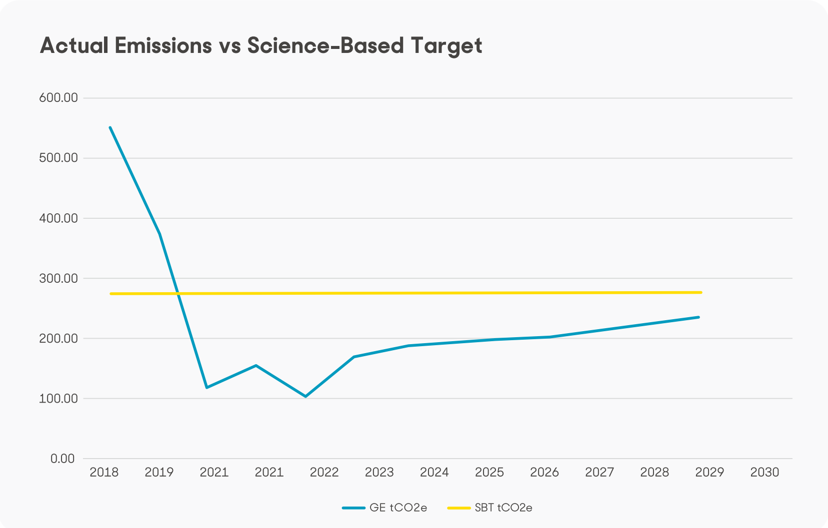
We have also chosen to include scope 3 emissions within our target. Our scope 1 and 2 emissions are almost at a residual level through use of renewable energy, so our efforts must focus on our full value chain. Since we have been calculating scope 3 emissions since 2017, we have a clear picture of where we have made reductions and where we still need to take action.

TCFD M

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 again.



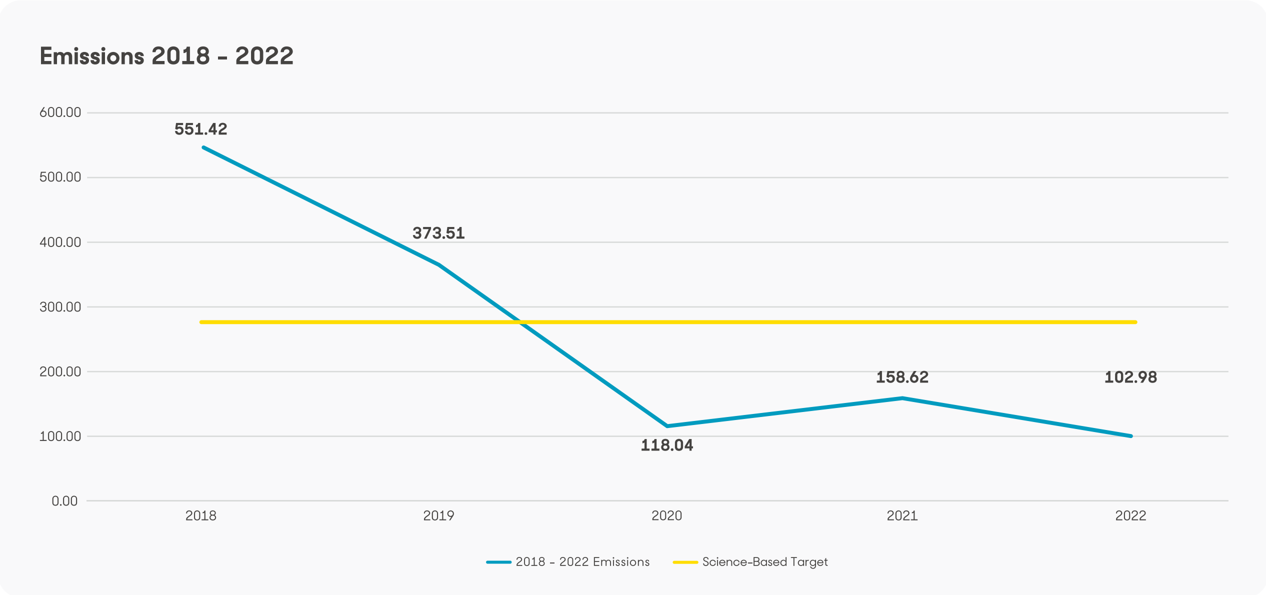


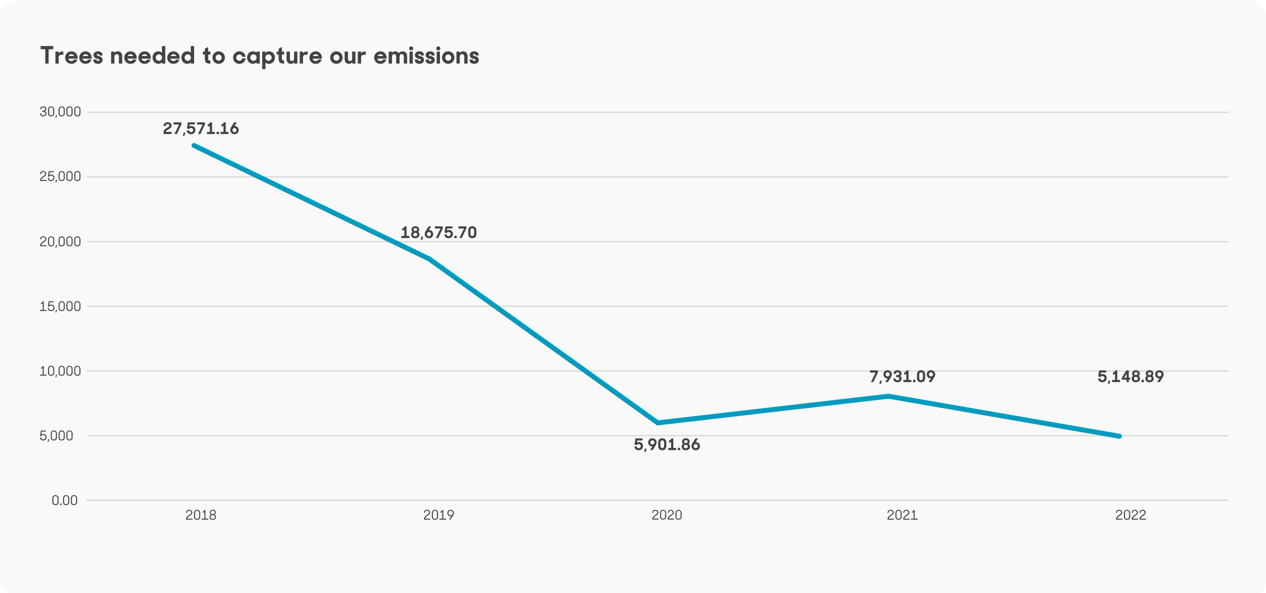
The above graph shows a slightly exaggerated and over-estimated increase of overall emissions due to expected increases in scope 3 emissions over the next few years. The reason for the expected increase in emissions comes from extending the scope of our scope 3 calculation by including emissions from our supply chain.

TCFD M

Putting our carbon footprint into context

To provide a material measure of what our emissions look like, the graphs below show our emissions since 2018, and the number of trees that would be needed to absorb these.





Cumulatively, we have needed 65,228.70 trees to capture our emissions since 2018. Our emissions across this 5-year period are equivalent to the annual emissions of 283.6 passenger vehicles on the road for one year.

Emissions strategy: future focus

We used 2022 to gain accurate, reliable and transparent emissions data from parts of our supply chain, meaning we are now in a good position to include these data sets within our monthly reporting. This will provide greater transparency on where our emissions are coming from and help us make informed decisions on how to best manage our supply chain.

Challenges and goals that we have identified for future action include:

Digital carbon tracking: significant emissions result from cloud computing, over which we currently have no oversight. In 2023, we aim to establish a robust methodology for reporting digital emissions within the scope of our monthly carbon reporting. TCFD M

Greener home working: we will embed our Green Home Office Stewardship Policy to provide tools and support for staff to be as green as possible. We will also explore how to use our workplace management platform to capture home working emissions data. TCFD S TCFD M

Maintaining employee participation in our sustainability strategy: we will continue to recruit Green Champions to get varied input and fill spaces left by leavers. TCFD G

Zero waste to landfill: we commit to an 80% reduction in non-recyclable waste from our office by the end of 2023. TCFD M

Green supply chain: we will work to introduce carbon emissions data collection during supplier tendering and onboarding processes. TCFD R

2022 carbon emissions summary

Our greenhouse gas emissions for the full year of 2022 are presented in the table below.

TCFD S
TCFD M

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.

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_2e	tCO_2e	tCO_2	tCH_4	tN_2O
Scope 1	**Stationary combustion**				**Loc. Based**	**Market based**			
	Natural Gas (green)	GJ	1,175.972	Energy Portal	0.125	0.000			
	Refrigerants								
	R-410 A	kg	0.090	DEFRA guidance on FGAS		0.188	-	-	-
	Scope 1 emissions				**0.125**	**0.188**	**-**	**-**	**-**
Scope 2	**Electricity consumption**				**Loc. Based**	**Market based**	**Loc. Based**	**Loc. Based**	**Loc. Based**
	Electricity UK - Monkton Park (Green)	kWh	364,851.257	Energy Portal	70.555	0.000	69.763	0.292	0.500
	Scope 2 emissions				**70.555**	**0.000**	**69.763**	**0.292**	**0.500**
Scope 3					**Loc. Based**	**Market based**			
	Business travel	km	49.622.307	Expense Reports		3.296	3.57	0.004	0.029
	Commuting	km	713,444.784	Hybrid Working Survey		74.504	73.75	0.036	0.782
	Home Work Heating (Brown Gas and Electricity)	kWh	44,424.840	Hybrid Working Survey	0.396	7.782	8.15	0.015	0.012
	Home Work Heating (Green Gas)	GJ	4.030	Hybrid Working Survey		0.000			
	Home Work Equipment	kWh	27,624.900	Hybrid Working Survey	2.537	2.805	5.28	0.022	0.038
	Waste	tonne	7.094	Waste Transfer Notes		0.136	-	-	-
	Procurement	tonne	4.618	Supplier Paper Reports		3.513	-	-	-
	Food and Drink	kg	2,426.126	Supplier Records		2.975			
	Electricity UK grid loss (homeworking + office)	kWh	398,777.647	Surveys and Readings		7.054	6.979	0.028	0.048
	Water	m3	2,964.827	Energy Portal		0.624	-	-	-
	Scope 3 emissions				**2.932**	**102.690**	**97.738**	**0.105**	**0.910**
	Total emissions				**73.612**	**102.878 tCO_2e**	**167.501 tCO_2**	**0.397 tCH_4**	**1.409 N_2O**

Supporting people to generate, share and travel with clean power

Explore the services we provide that enable our community of customers, generators and shareholders to power a cleaner, greener future together.

Our 100% renewable electricity

Good Energy has always been committed to 100% renewable electricity. Our strategy for growing renewables continues to be supporting the decentralisation of clean energy. This includes buying electricity from independent British generators, as well as enabling homes and businesses to generate, use and sell their own power.

Meet the generators

There are over 1,700 independent generators selling renewable electricity to Good Energy via Power Purchase Agreements. We're telling the stories of these green heroes in our Meet the Generator series, available at **goodenergy.co.uk/learn/generator-stories**.

Fre-energy

Biogeneration can produce electricity 24/7, whatever the weather – making it an important part of creating a flexible, reliable electricity grid based on renewable sources. Fre-energy use anaerobic digestion to transform farm waste into biogas used for generating electricity, and natural fertiliser.

> "The energy balance in this country is running on a knife-edge. To deal with that, we need a multitude of resources. [AD] is running 24/7"
>
> **Chris and Denise, Fre-energy**

Tongue Gill Hydro

How far would you go to help the environment? Jo and Bev sold their dream home to fund a dream project: setting up a hydroelectric generator in Grasmere, Cumbria. Today, the site generates enough electricity each year to supply 150 homes. As well as selling renewable electricity to Good Energy, the hydro has allowed Jo and Bev to protect the woodland around the river that feeds the generator. Years later, it's a beacon of biodiversity.

> "It took a huge leap of faith, but we really did believe in what we were doing [...] selling our electricity and knowing that it's gone to a truly green company means so much to us".
>
> **Jo and Bev, Tongue Gill Hydro**

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

Greener heat

2022 is the year in which we officially became a heat pump installer, through the acquisition of established installation company Igloo Works in December. This is a significant evolution of our strategy and our support for green and renewable heating, which included our Green Heat tariff in 2020, a first-of-its-kind tariff that supported people who had already adopted heat pump technology.

You can read more about how Good Energy has become a heat pump installer on pages 9 and 16.

Green gas

2022 marked our sixth year of offering carbon neutral green gas. 10% of the gas we supply is renewable biogas from British suppliers, generated via anaerobic digestion of organic waste.

We continued to contribute to Gold Standard projects to offset the rest of our carbon emissions, operated by Climate Care. These include household biogas schemes in India and in Sichuan and Wenchang in China. The final project we support is a grid-scale biogas generator in Turkey.

TCFD S
TCFD M

Carbon avoided by supplying 100% renewable electricity and green gas

Customer energy usage	Consumption figures (kWh)	CO_2 avoided (kg)
Gas Consumption	426.16 million	7.75 million
Electricity Consumption	649.54 million	98.38 million
	Total CO2 avoided in 2022 (tonnes)	106,137.9

The carbon avoided by supplying our customers with 100% renewable electricity and green gas is equivalent to taking 90,000 fossil fuel cars off the road*.

*. The saving provided by using Good Energy's 100% renewable electricity is arrived at using carbon intensity data provided by National Grid ESO, adjusted for the seasonality of our customers' electricity usage. The saving from our 10% green gas product is calculated using the UK Government's Green House Gas Reporting Guidance for 2022.

Supporting climate action

COP27: sponsoring the Local Conference of Youth

Good Energy now has a strong legacy of supporting youth voices in the climate movement, having sponsored the UK Local Conference of Youth (LCOY) that took place before COP25, and the main UN Conference of Youth that took place before COP26 in Glasgow in 2021.

We continued this support in 2022 as the headline sponsor of the UK LCOY ahead of COP27. The event took place at Manchester University and featured a keynote speech from Good Energy's Good Future Board member Mahnoor Kamran. LCOY fed into the Global Youth Statement which was handed to the COP President for COP27 in Sharm El Sheikh.

Recognised for being genuinely green

For years, Good Energy has raised the issue of greenwashing in the energy industry. Awareness of the widespread practice of purchasing renewable certificates without buying renewable energy has grown, with the energy regulator and Competition and Markets Authority (CMA) committing to tighten the rules for companies seeking to make environmental claims in their marketing.

We are aware that greenwashing can be difficult to spot, and have welcomed the increased attention being given to supporting consumers to make informed choices.

Here are the organisations and publications that have recognised Good Energy as a genuinely green supplier.

Recommended by Friends of the Earth

Good Energy has supported Friends of the Earth for well over a decade. From sharing their campaigns with customers to sponsoring events like their Basecamp activist gathering, we share their commitment to looking after our planet. Now, we're delighted to strengthen our partnership by being recommended by them as an energy supplier.

Which? Eco Provider for Energy

Non-profit consumer protection organisation Which? launched its Eco Provider accreditation scheme in October 2021. It's Eco Provider for Energy accreditation is based on examining supplier practices when it comes to sourcing renewable energy, as well as how it communicates these to consumers - awarding suppliers a score out of 20.

Good Energy has held this accreditation for two years running, tying with just two other companies in first place with a score of 15 out of 20.

Uswitch Green Tariff Gold Standard

All our energy tariffs are Gold accredited

Britain's leading utility switching service added a Green Tariff accreditation in 2021 to make it easier for consumers to find tariffs that match their environmental values. We have received the highest grade, Gold Standard, for the past two years.

Ethical Consumer Best Buy

Before awarding a Best Buy label, Ethical Consumer's researchers rate both the product and the company against more than 20 environmental, human rights and animal welfare criteria. Good Energy has been a Best Buy for energy for over 9 years.

People

How we engage with our stakeholders, including our customers, employees and the wider energy industry.

Good Energy employees

At Good Energy, we work in a way that reflects our values: straightforward, fair, inclusive and focused. We strive to create a workplace in which everyone can work together to achieve our purpose of powering a cleaner, greener future.

Our 'World-Class' Best Companies accreditation.

In 2022, we were delighted to receive a top 3-star rating by Best Companies, based on survey responses from the Good Energy team. 3-stars puts us in the position of 'World-Class' employer. Our Best Companies rating also included being ranked 2nd in the national list of utilities employers, 52nd in the 100 Best Large Companies to Work For in the UK, and 22nd in the South West regional list.

WORLD CLASS
TO WORK FOR
2022
cert.b.co.uk

This huge achievement is testament to the way in which everyone at Good Energy puts our values into practice, demonstrating incredible peer-to-peer support and teamwork over a challenging few years. It is also valuable for our recruitment initiatives and will help us attract and retain more talent.

Gender Pay Gap Report

In 2022 the gap between average pay received between men and women was 21% and the mean gap between bonus amounts was 23%. We pay men and women in like for like roles equally and fairly, but have fewer women in our senior roles, especially in our technology and development functions. Internal development into these roles remains a key objective.

Within our 'head of' roles we have increased the percentage of women from 10% to just over 30% in 2022. Our pipeline of female early career talent through to middle management roles is strong with 59% of women at our management level.

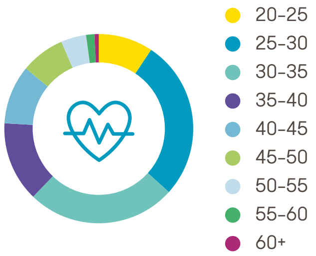
Diversity and Inclusion

Establishing a genuinely diverse workforce gives us the benefit of a variety of perspectives and ability to better serve a wide range of customers. Since 2021, we have focused on increasing what we know about the makeup of Good Energy, so we can understand where our policies need improvement.

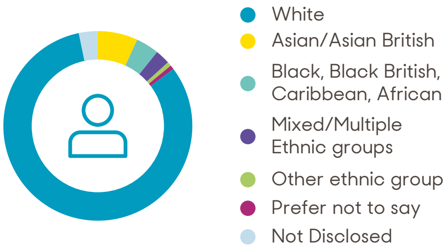
In 2022, key projects included joining Inclusive Employers, which gives our team access to workshops on everything from supporting neurodivergent colleagues to challenging unconscious bias. We are also developing our policies on shared parental leave, menopause and inclusive recruitment practices.

Who we are at Good Energy

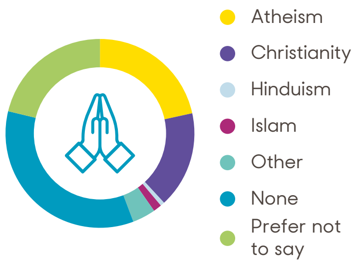
Age range



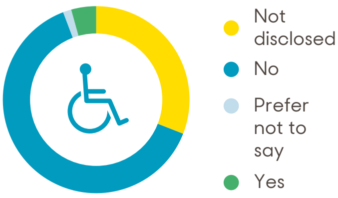
Ethnicity



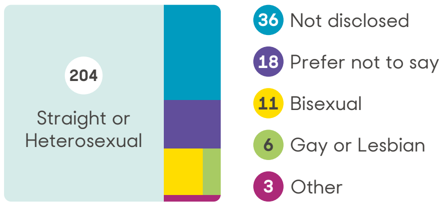
Religion



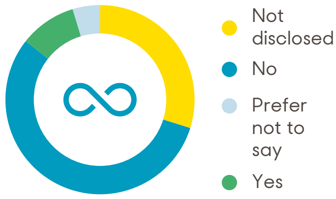
Disability



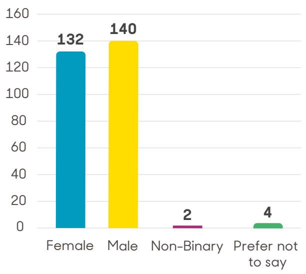
Sexual Orientation



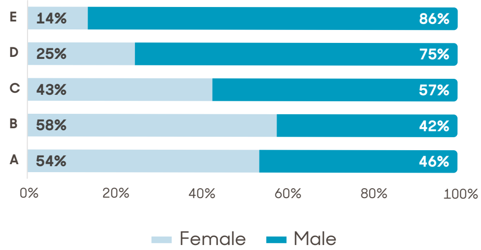
Neurodiversity



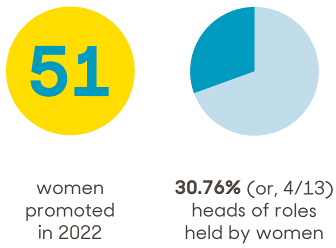
Gender Identity



Gender by Grade



Developing female talent



Employee engagement

We are proud of the work we do to keep Good Energy employees well-informed and engaged with the company's strategy.

- **Weekly Vlogs from Executive team members** update employees on current projects, news and business priorities.
- **Monthly Team Briefs for the whole company** give teams around the business a forum to present updates to the rest of the company and hear from the executive team. Everyone can put questions to the presenters in person, or anonymously via a digital platform.
- **Regular employee engagement surveys** to understand responses to key developments, such as attitudes to hybrid working and our diversity and inclusion initiatives.

Employee-led initiatives

Many valuable projects to promote our workplace culture are spearheaded by our people. In 2022 our new monthly networking lunch, Nibble & Natter, was launched by participants on our career development programme as a way for our hybrid workforce to connect with colleagues from different teams.

Our Culture Champions collate feedback on working practices and help shape new developments – for example, playing a key role in our office refurbishment. Our Inclusion Champions share our diversity and inclusion strategy with teams across the business, and lead awareness activities such as National Inclusion Week, Pride Month and more. The team also provided support in establishing our pregnancy loss policy, which was introduced in early 2023 to support all employees who experience pregnancy loss (including partners). We have also set up a team of Green Champions, who work on making the working environment even more sustainable.

Our customers

We keep our customers up to date on our activities and new services via regular communications. From our monthly newsletters for domestic, business and Feed-in Tariff customers, to blogs and press releases published on our website and on our social media channels.

During 2022, we worked hard to engage with our customers throughout the energy crisis – as well as better understand their needs to make sure we're delivering a service and products they value.

Understanding our customers

Good Energy retained its 'Excellent' rating on Trustpilot in 2022, which is in 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.

To maintain a high standard of service, we gather in-the-moment feedback from customers during or immediately following calls with our customer care teams. We also carry out surveys, conduct customer focus groups and invite customers to join trials for new products and services.

In 2022, we conducted our largest ever surveys to better understand our customers' motivations for joining Good Energy and their interest in products such as heat pumps, solar panels and EVs. We invited 9,000 existing domestic customers to take the survey and over 4,400 took part - an incredible response rate that shows how engaged our customers are.

This survey built on our market research into awareness of sustainability and interest in green products among UK adults (see page 14). We used the questions used in this market research to identify how many of our customers fit into our target market segments. For example, we learnt that 33% of our customers are Green Champions, who want to do everything they can to help the environment. We also learnt that just 0.6% of our customers are within the Meaningful Green Action segment, who are driven to make significant green changes (like switching to an EV), but don't think small individual actions alone are enough to make an impact on climate change.

Communicating with customers during the energy crisis

Due to rising energy costs, with wholesale costs peaking at more than 10 times the lows of 2020, 2022 was a year when more people paid more attention to their energy bills than ever before. We were forced to implement three price rises within the year and as a trusted supplier, provided straightforward explanations to our customers as to why this was happening.

Price increase notifications included clear and concise information on what is happening to bills. We created additional content for those wishing to dig deeper, with articles such as our blog on why renewable electricity is impacted by the price of gas receiving widespread attention and national press coverage.

Increasingly, previously simple customer interactions about bills would come with broader questions about energy prices. To answer these queries, we invested regular resource and time into training customer-facing staff on the complexities of the energy market, and equipping them with Q&A materials. We not only maintained but increased our 'excellent' TrustPilot score from 4.6 to 4.7 through 2022.

Businesses we supply

We continue to support thousands of businesses across Britain with 100% renewable electricity supply and Feed-in Tariff portfolio management. Despite a challenging year in the energy industry, we were pleased to renew the supply contract for the Crown Estate. The Company also took on new customers, including The Wave – an inland surfing facility that's committed to meeting its power demand with renewables.

> "From day 1 we said we would only ever use renewable energy – it would be so wrong to power our waves with fossil fuels and contribute to the acidification of the ocean.
>
> We want to also set an example to other businesses and convince them to opt for green energy suppliers too."
>
> **Jay, General Manager at The Wave**

Strategic Report

Governance Report

Financial Statements

Supporting Feed-in Tariff generators

Good Energy is still in the unique position of having more customers generating electricity than are on supply. We manage the Feed-in Tariff (FiT) payments for thousands of renewable electricity sites – including businesses like Ecovision Asset Management.

We have worked with Ecovision for nearly 10 years, and manage 5,000 of their FiT registered sites. With portfolios this large, any data inaccuracies in meter readings leading to missed payments can add up to thousands of pounds in lost revenue. Our business FiT team worked to check through the details for every site we manage for Ecovision – a process that brought read failures down and revenues up by £500,000 a year.

> "We have always found Good Energy to be professional, effective and willing to help. Our account manager is a superhero!"
>
> **Sarah Nichols, Head of Operations, Ecovision Asset Management Ltd**

As the second-largest FiT administrator in Britain, we're committed to delivering a seamless, digital-first service. In 2022, we introduced new tools to make it simpler for customers to manage their FiT accounts, including an online switching service, instant validation for meter readings and digital meter verification.

Increasing our digital services has reduced the work and cost required by our team to manage FiT accounts. We currently manage 58,000 domestic Feed-in Tariff accounts - each of which would have needed an in-person meter inspection every two years. From early 2022, we introduced a new standard practice of remotely verifying meters from photographs instead. The reduction of in-person meter inspections will save Good Energy over £445,000 every two years.

Heat pump installation

Good Energy acquired trusted heat pump installer, Igloo Works, at the end of 2022. The Works team have successfully installed heat pumps for households across southern Britain, with a busy programme of installations booked in for 2023, now under the Good Energy name.

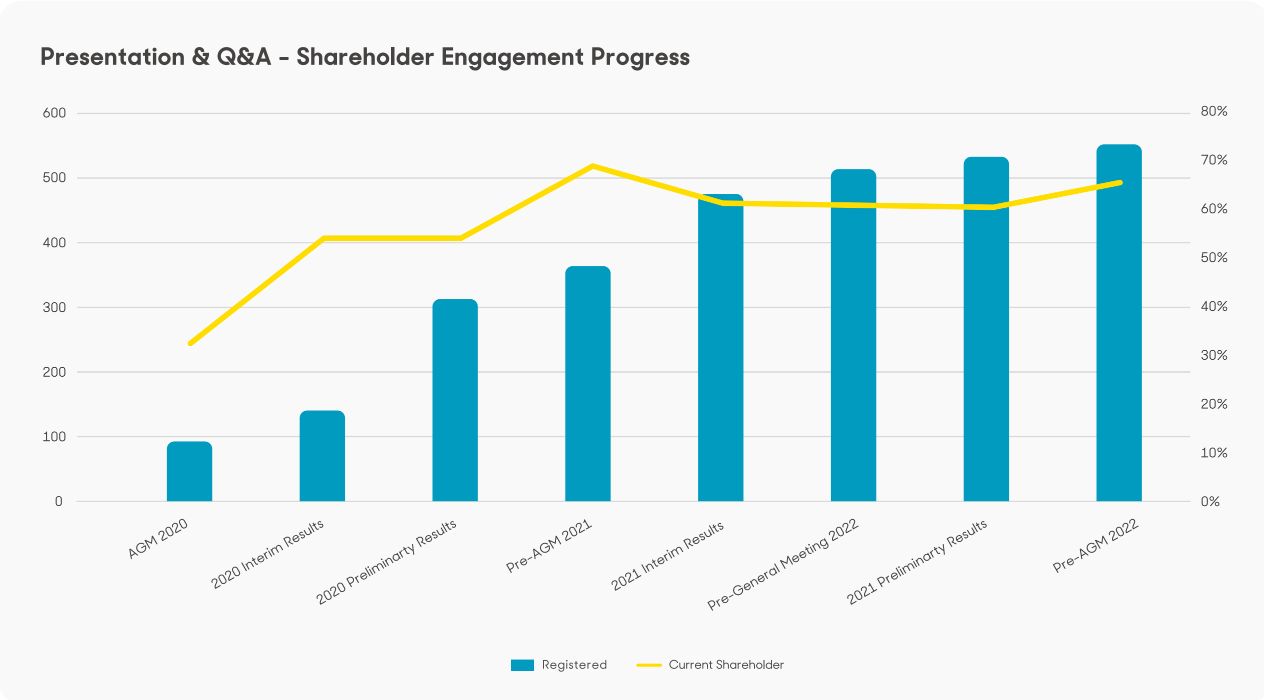
> "With all the coverage in the press about the government looking to ban gas boilers in the future we questioned why we would spend £5,000 on a new one [...]
>
> We were aware that by choosing an air source heat pump we wouldn't be choosing the cheapest option. For our family we decided the extra £1,000 was money well spent to have a much cleaner and environmentally better heating option that will last much longer than a boiler."
>
> **Charlotte, Igloo Works heat pump customer**

Our local community

Another focus of ours during 2022 has been raising our presence within our local community to advocate and educate about using renewable energy. We've spoken at local small businesses conferences about how we're achieving our net zero goals, and how other organisations can set and achieve them. We want to make sure that no-one is left behind in the transition to the low carbon economy.

Shareholders

The Board actively engages with the Company's shareholder base, from its individual customer shareholders right up to the institutional investors. We run online shareholder presentations, where all shareholders have the opportunity to submit questions to the Executive Directors. As well as market announcements on key business developments, we send an investor newsletter covering recent activities around three times a year. We also run online shareholder presentations, where all shareholders have the opportunity to submit questions to the Board.



This graph illustrates increased registered attendee levels for online investor presentations since their implementation in 2020

The effectiveness of our engagement is demonstrated by a large, long-standing loyal shareholder base – many of whom are also customers. The requisitioned general meeting in February 2022 achieved a high voting turnout, showing strong support from shareholders following the Board's recommendations on matters presented.

The Board recognises that the views of its stakeholders are important and carried out an investor survey in 2022 to better understand engagement and behaviour. Detailed shareholder analysis has been undertaken with plans to increase further creative engagement methods.

Bondholders

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

The Board's increased interaction with bondholders in 2021 continued through 2022. The Board introduced a one-off additional bond repayment window in summer 2022 with redemption payments being made in December 2022. As this was an out of usual process, it resulted in increased bondholder queries which were managed promptly.

Policymakers and regulators

The Company maintains a constructive dialogue with policymakers 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.

2022 was an exceptionally busy year for energy policy and regulation. The businesses expertise was used to help our customers understand the high cost of energy, why it is driven by fossil fuels, and the actions that need to be taken to make prices more sustainable long term.

The Company defended Good Energy's unusual position as a supplier derogated from the price cap, ensuring that the interventions made by government to control the cost of energy for consumers has not resulted in the elimination of truly green products from the market. We ensured the business was equipped with the right information to implement the many government schemes, which have been conceived and implemented at extremely short notice.

We worked with Ofgem and our industry colleagues to ensure that the regulatory environment of the future encourages responsible behaviour from financially resilient energy suppliers. In line with our company values and objectives, we've worked with industry counterparties to identify and address some of the issues facing microgeneration and local green power.

Delivery partners and suppliers

Our tailored approach to engaging with our suppliers means that leaders of different functions are responsible for the providers within their area of expertise. Our Procurement Policy and Good Procurement Guide set out principles to make sure the Company's money is spent wisely and ethically.

Our Procurement team provides centralised support to make sure all our function leaders have a consistent approach when dealing with providers. This includes introducing processes such as a new Contract Owner Policy, implemented in 2022 to ensure responsible spending by all functions across the business. Moving forward, we will focus on developing the recently acquired Igloo Works supply chain so that we can deliver our growth plans for 2023 and beyond.

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 in 2022, and make changes such as updating our employee travel policy. These changes will continue to inform our ongoing relationships with suppliers.

Statement of our commitments under Section 172 of the Companies Act 2006

The preceding section has detailed how we engage with all our stakeholders. This is in accordance with our commitments under Section 172 of the Companies Act 2006, which 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. In doing so, Directors must 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.

Outcome of commitments to act in consideration of Section 172

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 34-41.

Read more about our strategic direction on pages 14-19.

Read more about our purpose, values and culture on pages 60-61.

Principal risks

Risk management approach:

Good Energy understands the importance of a strong risk and assurance framework and as such has taken further steps this year to make improvements. The refreshed operating model has welcomed additional training and resourcing across the Information Governance, Risk and Compliance Teams as well as the introduction of an Operational Quality Assurance function. Risks are monitored closely for their potential impact on the Company and are used to make informed decisions around the delivery and evolution of the Group's Strategy.

TCFD R Ongoing risk management proved to be critical for all energy companies in 2021 and through 2022 due to the energy crisis. It helps us mitigate potential risks to the industry in the move to a predominantly renewables-based grid. This has led to the acceleration of our energy services strategy.

Principal risks and uncertainties

Wholesale market and price volatility

TCFD S As the Energy Crisis continued through 2022 and into 2023 we have continued to experience wholesale market and price volatility. Whilst our position remained strong due to our robust hedging strategy, we saw additional pressures from trading counter parties and lower generation volumes from our power purchase agreements.

These changes 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 and a withdrawal of new fixed rates.

TCFD S 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 and implemented to ensure maintenance of this position.

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.

The government support packages launched this fiscal year have lowered customer bills (and therefore reduce the risk of debt), without detriment to the payments required to support that tariff. Good Energy fully supports these schemes for both Domestic and Business customers.

Regulatory and political risk

We have seen unprecedented change across the energy industry this year with the introduction of the Energy Prices Act 2022, the government support schemes and the change to Ofgem's ways of working. Good Energy continues to invest in its regulatory and compliance capability, which enables effective responses to change and reduce risks around regulatory investigation.

The introduction of Ofgem's Market Compliance Reviews highlighted where we can focus improvements. This was principally regarding process documentation as our actual customer service levels and outcomes are strong. This is supported by Energy UK who assessed Good Energy as worthy of its Vulnerability Commitment scheme and by our consistently high Trust Pilot scores and customer ratings which are independently reviewed and scored by the Citizens Advice Bureau.

TCFD S

Purpose and Brand

The Good Energy brand promises a truly green product for our customers as we support the fight against greenwashing in the industry. To ensure we are maintaining our purpose we put the Company through a comprehensive external Brand Promise audit each year to provide independent assurance that we are aligned to our environmental objectives and identified opportunity to further embed these objectives into our operational activities. During 2022 we committed to the Science Based Targets, which further drives our environmental objectives. Read more about our target on page 26.

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.

TCFD R

Climate-related risks are identified, analysed and assessed by the Information Governance, Risk and Compliance teams in conjunction with the Sustainability Partner and recorded on relevant risk registers, which cover current and emerging risks. These are assessed and managed by implementing necessary controls and setting clear objectives and presented to senior leaders annually. In future, we plan to embed an acceptable residual risk score and formal methodology for climate change risks specifically in our corporate risk register.

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.

Key performance indicators

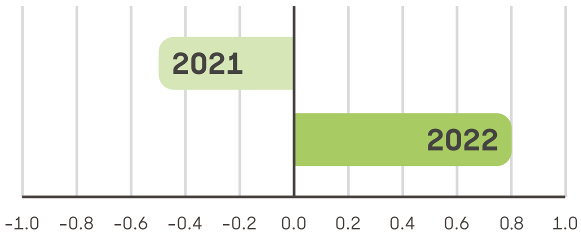
Good Energy measures its progress with a number of key performance indicators (KPIs) which closely align with our business.

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

Operating margin (%)[4]

1%

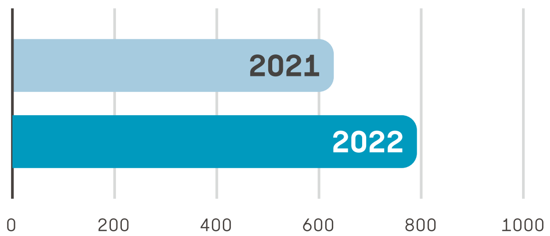
Measures profitability as a proportion of revenue after operating costs



Total customer relationships (000's)

37%

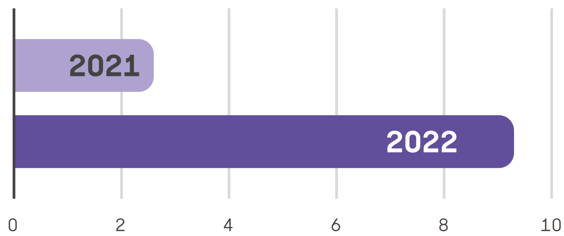
Measures domestic, business, FiT supply and Zap Map registered users



Profit before tax (£m)

222%

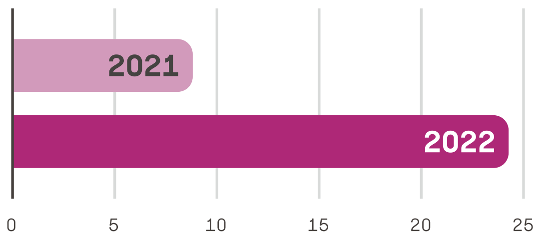
Measures profitability as a proportion of revenue after operating costs



Cash & cash equivalents (£m)

176%

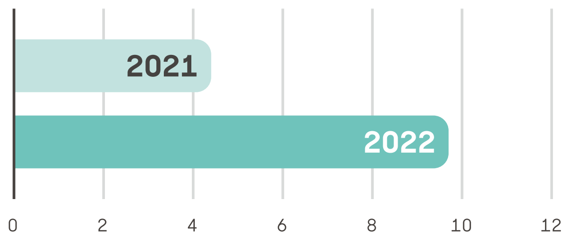
Measures the un-restricted cash and cash equivalents held by the business at a point in time



EBITDA (£m)[5]

119%

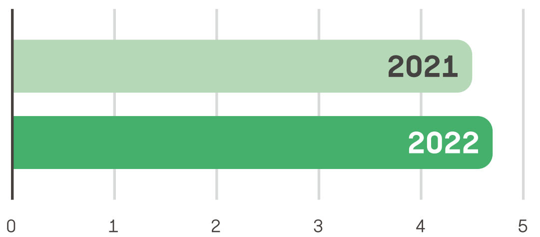
Measures profitability of the company before the cost of interest, tax, depreciation and amortisation



TrustPilot rating (stars)

4%

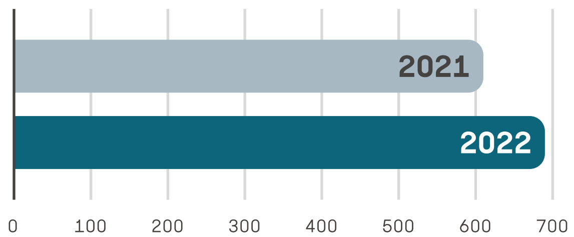
Measures customer satisfaction reviews Good Energy receives



Carbon avoided (GWh)

1% TCFD M

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



4. Reflects continuing underlying operations
5. Represents reported EBITDA (incl. non-underlying costs) plus discontinued operations

Operating review

Wholesale energy market conditions

Power prices

The development of power prices in the last 24 months has been significant, with COVID impacts and subsequent recovery followed by geopolitical events that drove a dramatic, rapid, and fluctuating upward trend in wholesale power and gas costs. Day ahead gas prices started the year at £1.53/therm and peaked at £6.44/therm on 26 August. By mid-January 2023, prices had dropped to £1.10/therm, driven by high European gas storage levels, LNG imports into Europe, a warmer than seasonal normal winter and a general removal of risk pricing as the industry adapted to the loss of Russian Oil and Gas flows.

Weather conditions in 2022 have reflected a warmer year than ever recorded before. The provisional UK mean temperature for 2022 was 10.0 °C, which is 0.9 °C above average, reaching 10.0 °C for the first time and exceeding the UK's previous warmest year (2014, 9.9 °C). Overall Good Energy gas supply volume was down 17% in 2022 (vs 2021) as the warm temperature combined with price and political reasons to drive down usage.

Overall electricity supply volumes were up 2.5% (vs 2021) reflecting continued COVID recovery and increased business supply volumes.

Our renewable supply business.

Cash collections

Significant rise in cash collections in 2022 driven by increased tariffs (SVT, Price Cap and Commercial tariffs) and the recovery from teething problems experienced in the implementation of our new business billing platform, Ensek, which impacted collection during Q2 and Q3 2021.

There is a continued focus on good quality business partners to ensure future growth comes hand in hand with good collections performance. Cash collections continue to be a priority for the business, with rising wholesale prices requiring tariff increases and increased collections to continue to sustain the business.

Business

Total business supply customers fell by 30.6% to 8,000. The decline was planned to enable focus on key customer segments going forwards. Despite this reduction in customer numbers, business supply volumes grew by 5%, reflecting higher usage contracts. (2022: 457 GWh (Gigawatt hours), 2021: 435 GWh).

Domestic

We remain committed to ensuring that we offer a fair priced, transparent 100% renewable electricity proposition. Elevated energy prices will drive increasing awareness in the sector.

Feed in tariff (FiT)

FiT administration provides the foundation of our energy services model. Despite the FiT scheme closing to new entrants in March 2019, we continue to administer the scheme for domestic and business customers. Customer numbers increased 0.1% to 180,300 (vs 2021).

Generation performance

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, installations are now progressing well. In 2022, 13,000 meters were installed in the year delivering on our 2022 target. Over 40,000 meters have been installed to date.

Chief Financial Officer's review

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

Overview

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

Financial performance

Profit and loss

Revenue increased 70% in the period to £248.7m (2021: £146.0m) driven by increased tariffs which have followed the volatility seen in worldwide wholesale power and gas costs. Cost of sales increased by 84% to £218.8m (2021 £119.0m) driven by geopolitical impacts on wholesale costs.

Reported gross profit increased 10.7% to £29.9m (2021: £27.0m). Gross margin decreased to 12.0% (2021: 18.5%). The 6.5% decline in underlying margins reflects that whilst prices rose, they could not keep pace with rapidly increasing wholesale costs through H1 2022 (price cap).

Total administration costs increased 14% to £28.1m. This increase relates to the booking of expected credit loss (ECL) provisions at 2022 year-end rates, alongside the planned expansion of Zap-Map, energy services investments, and inflationary pressures experienced by all businesses during 2022.

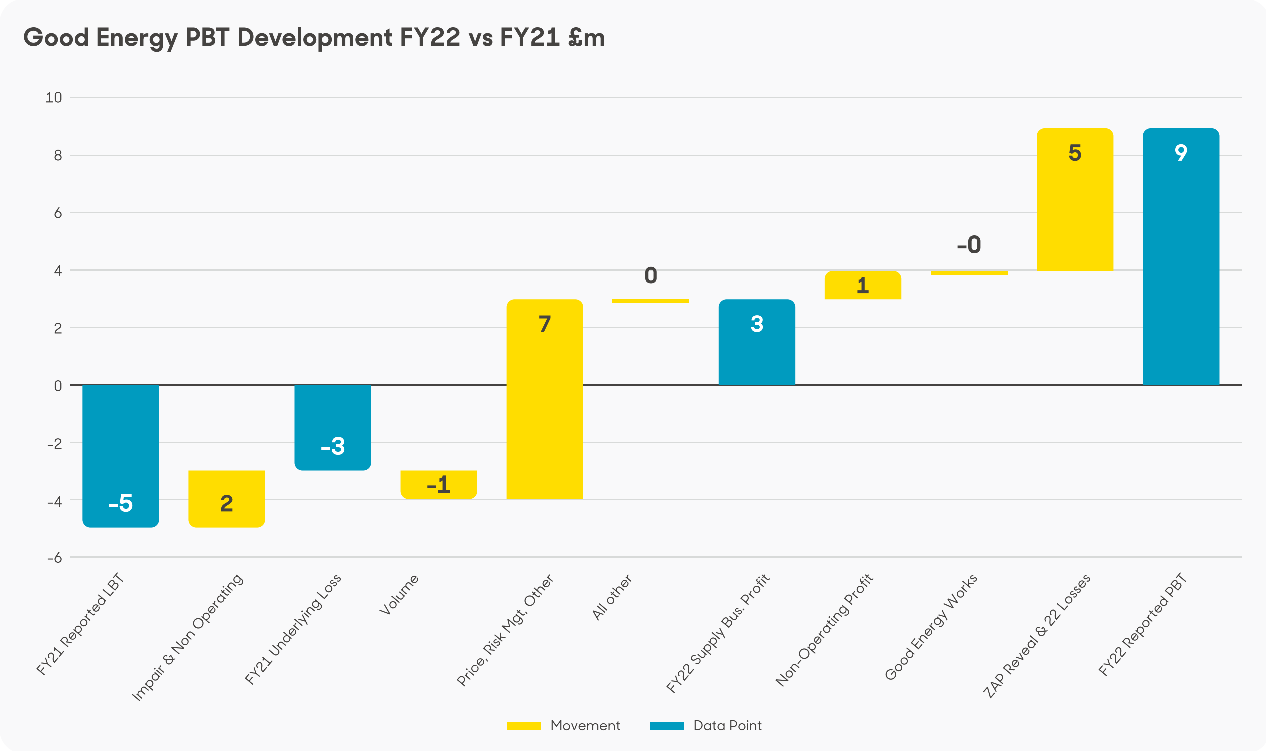
Finance costs decreased by 40% to £0.4m due to a combination of significant debt reduction over the past few years and the sale of the generation asset portfolio.

Reported profit before tax of £9.3m includes £7.8m of profit recognised on the deconsolidation of the Zap-Map investment due to relevant accounting treatment, alongside £(2.0)m of losses related to the costs associated with the Zap-Map business in 2022. Underlying profit before tax is £3.5m which includes price, weather, industry and the non-repeat of 2021 impairment. Adding back £1.3m of financing costs, depreciation and amortisation gives £4.8m EBITDA for the period.

Reported tax credit at H1 2022 include the impact of one-off benefits related to generation business sale.

The reported profit for the period was £8.6m (2021: -£3.9m). This reflects the increase in value of the Zap Map investment as explained above and extraordinary market conditions seen since H2 2021 and continuing to this day.

Financial bridge 2021 to 2022*



Cash flow and cash generation

The increased tariffs alongside the recovery from 2021 business billing migration issues has seen a significant improvement in collections year on year. Collections in H1 were up 72% and in H2 were up 88% versus the same periods in 2021.

There was a net increase in cash of £17.8m, which includes the proceeds from the sale of the Generation assets (£20.3m – net of fees) alongside the further strategic investment in Zap-Map of £2.7m and the acquisition of Igloo Works for £1.8m.

Cash and cash equivalents at the end of Dec 2022 were £24.5m, with a further £8.4m sat in restricted deposit accounts. £4.5m of this amount relates to Government support scheme monies received in late December for application to business and domestic customer accounts in January.

Funding and debt

Our business is debt free on a net basis.

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 split £10k within short term liabilities and £4.9m within long term liabilities. This is due to an annual redemption request window for bondholders in December of each year.

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 earnings per share increased to 55.7p (2021: -20.7p).

Dividend

Following stable operational performance in 2022, the sale of the generation portfolio and reflecting our confidence in the ongoing business, the Board recommend a final dividend for 2022 of 2.0p per ordinary share.

Good Energy continues to operate a scrip dividend scheme and the payment timetable of the final dividend will be announced in due course.

*. A profit bridge slide has been included in the Investor presentation, which is available on the Company's website: www.goodenergy.co.uk/investors/results-presentations/

Expected Credit Loss (ECL)

ECL charge in the year was £3.6m, this is an increase of £0.7m (2021: £2.9m).

The main impact of the year is elevated tariffs. Revenues have significantly increased but this has been partially offset by Government support schemes reducing the impact of higher prices on end customers.

Zap-Map investment

2022 saw a P&L loss related to Zap-Map of £(2.0) m, which increased £(1.0)m from 2021 following a period of continued investment. This was expected and related to Zap-Map's growth plan. From 8 August 2022 Good Energy decreased its stake to a 49.9% minority shareholding and deconsolidated Zap-Map which is now an associate.

Generation portfolio sale

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

On 20 January 2022 the Company announced, that following a competitive process, the disposal of the 47.5MW generation portfolio was complete with Bluefield Solar Income Fund. Total consideration of £21.2m was received for the sale.

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

Events after the balance sheet

Good Energy voluntarily withdrew the Company's ordinary shares ("Ordinary Shares") from trading on the AQSE Growth Market at the end of March. Trading in the Ordinary Shares ceased at 4:30 p.m. on 31 March 2023. Trading in the Ordinary Shares will continue on the AIM market of the London Stock Exchange

Rupert Sanderson

Chief Financial Officer

Governance Report

Board of Directors

William (Will) Whitehorn

Chairman (Independent)

Responsibilities

CB NR

Skills and experience

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.

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

CEO

Skills and experience

Nigel became CEO of Good Energy plc in May 2021 to lead Good Energy's development as an innovative supplier at the forefront of the transition to net zero. 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, Remuneration Committee chair and Senior Independent Director at Kin + Carta plc, a global digital transformation business focused on helping make the journey to becoming a digital business tangible, sustainable and profitable.

Nigel regularly comments on renewables and energy policy matters in print, radio and television.

Joined Board

May 2021

CEO Chief Executive Officer
AR Audit & Risk Comittee
CFO Chief Financial Officer
NR Nomination & Renumeration Comittee
CB Chairman of the Board
Member Chair

Rupert Sanderson

Chief Financial Officer

Responsibilities

CFO

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

Timothy (Tim) Jones

Non-Executive Director (Independent)

Responsibilities

AR NR

Skills and experience

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.

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

Board of Directors

Emma Tinker

Non-Executive Director (Independent)

Responsibilities

NR AR

Skills and experience

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.

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

AR NR

Skills and experience

With extensive experience in financial services, Nemone brings skills across audit, risk management, business development, corporate finance, corporate governance, investor relations and marketing. She is currently Board Chair at the Shepherds Friendly Society.

Nemone also holds a number of roles across a range of companies, including as a Non-Executive at Hinckley & Rugby Building Society where she chairs the Nominations Committee, as a Non-Executive Director at the Income & Growth Trust VCT plc where she chairs 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.

Nemone began her career in the City of London and has worked with many listed PLC and PRA/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 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 s172 of the Companies Act 2006. The full integrated s172 statement is available on pages 34 to 41. 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

TCFD S

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.

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 all its shareholders.

TCFD R

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 all shareholders through the implementation of its strategy, focusing on:

- **Energy services:** Services which help homes and businesses generate, store, use and share their own power.
- **Transport:** Making it simple to own, drive, power and pay for an electric vehicle.
- **Renewable supply:** Fairly priced, real 100% renewable electricity for committed green customers.

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.

For an update on the excellent progress made in pursuit of this strategy, read our strategic review on pages 14-19.

Read more about our business model on pages 12-13.

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 all 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 all 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 and the impact of it in the year, in our integrated s172 statement on pages 34-41 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 for the second year running. The research from Which? rates energy companies on sustainability, awarding Good Energy the highest score and Eco Provider badge.
- We have long-term power purchase agreements with our community of over 1,700 independent UK generators, buying power directly from them and using it to match every kWh customers use.

- 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.
- Our 'Excellent' 4.7* rating on TrustPilot, accredited by customers.
- 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 about our "World Class Employer" accreditation on page 34.

Read more about our wider stakeholder engagement on pages 34-41.

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.

TCFD R

Risk management training courses which include climate-related risks, are held for all 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.

Read more about our principal risks on pages 42-43.

Read more on risk management and controls in the Audit & Risk Committee Report on pages 67-69.

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

The Board currently comprises two Executive, the Chairman and three Non-Executive Directors as described on pages 52-54. 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 turbulence of the energy market, additional ad hoc meetings took place during 2022. For Board meetings, the management team submit reports for consideration and the Board has a formal schedule of matters reserved to it. The Board has access to the company secretarial team and is 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 reporting period Non-Executive Directors spent 20-25 days with Good Energy, the latter if they are Chair of a Committee.

The Board		
Role of the Board	• Setting Group strategy and objectives in collaboration with the Executive. • Providing leadership, knowledge and experience to support and guide the Executive. • Engaging with all shareholders.	• Overseeing and monitoring business performance, internal controls, corporate governance and risk management. • TCFD R Oversight of principal risks – including competitive position, political risk and programme delivery.
Chairman William Whitehorn	• Effective running of the Board and its Committees in accordance with principles of good corporate governance. • Setting the Board agenda.	• 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	• Providing knowledge, skills and external experience to challenge the Company's management team and independently advise the Chairman and the Executive.	
Chief Executive Nigel Pocklington	• Overseeing the day-to-day operation of the Group's business. • Developing and implementing the Group's strategy as approved by the Board.	• Establishing and maintaining formal and appropriate delegations of authority. • Maintaining a close working relationship with the Chairman.
Chief Financial Officer Rupert Sanderson	• Developing and implementing the Group's strategy as approved by the Board. • Establishing and maintaining formal and appropriate delegations of authority.	• 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	• The Board and each Director has unlimited access to the Company Secretary. LDC Nominee Secretary Limited served as the Company Secretary throughout 2022 and on 16 December 2022, Computershare Company Secretarial Services Limited took over as the Company Secretary. Alongside our in-house Company Secretarial team, they are responsible for:	• Acting as Secretary to the Board and its Committees, ensuring compliance with Board procedures and corporate governance requirements, Directors' induction and ongoing training requirements. • 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 responsible for approving the appointment of Executives, setting Executive remuneration and devising incentive programmes, agreeing financial and accounting policies and ensuring that all 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 three Non-Executive Directors. 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 does not consider that the appointment of a Senior Independent Director is appropriate at this time.
- The Board has constituted two Committees: Audit & Risk and Nomination & Remuneration. Both Committees comprise only independent Non-Executive Directors.
- All current Directors hold shares in the Company although the Company does not require them to do so.

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 Nomination & Remuneration Committee also works to ensure the right balance of skills, knowledge and capabilities on the Board. Changes are made to the composition of the Board and its Committees to ensure the right balance of complementary skills and capabilities for Good Energy's strategic direction.

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 below.

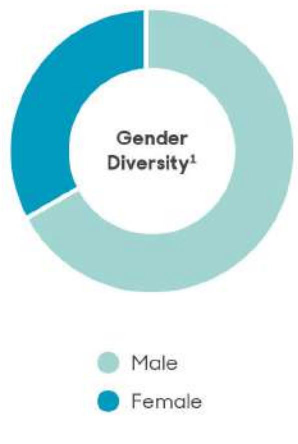
The Company encourages each Director to identify their individual training needs to support the effective operation of the Board and the delivery of the Company's strategy. The Company offers specific training on renewable energy and energy markets both in house and using external providers as appropriate.

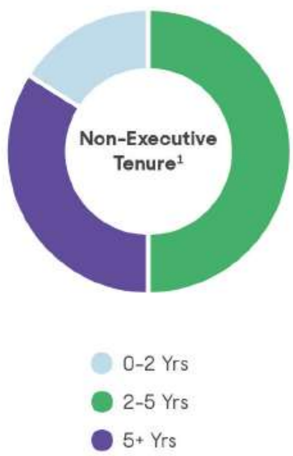
The Board continues to have briefings on a variety of topics including developments in corporate governance and appropriate handling of personal data, insight from shareholders, customers and staff on their views and expectations of Good Energy as well as formal briefing from the Company's nominated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

Procedures are in place to enable individual Directors to seek independent and/or external advice at the expense of the Company.

Read more about the Board of Directors on pages 52-54.

Read more about the Nomination & Remuneration Committee on pages 71-72.





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 65.

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 core values are to be fair, straightforward and inclusive. In early 2023, we updated our fourth value, determined, to focused. This change is in response to our acquisition of Igloo Works and the creation of combined values that reflect the values of both teams coming together.

We are committed to acting ethically in all our business relationships and expect the same high standards from our suppliers and other business partners. We communicate our policies internally and externally, to support all relevant stakeholders to uphold our values.

Our Modern Slavery Act statement is published on our website, setting out our commitment to minimising risks of forced labour within our company and supply chain.

Our Code of Good Conduct is core to providing a positive customer experience, and is reviewed and updated if necessary annually as the Group continues to evolve. It is accessible on the company intranet, with an online learning module provided to all employees as part of their induction. Good Energy's Code of Good Conduct reflects the Board's duties under s172 of the Companies Act 2006. The code covers seven themes which underpin our customer-centric approach: IT Security, Operating with Integrity, Whistleblowing, Valuing our People, Expenses, Information Governance and Procurement.

Our Code of Good Conduct:

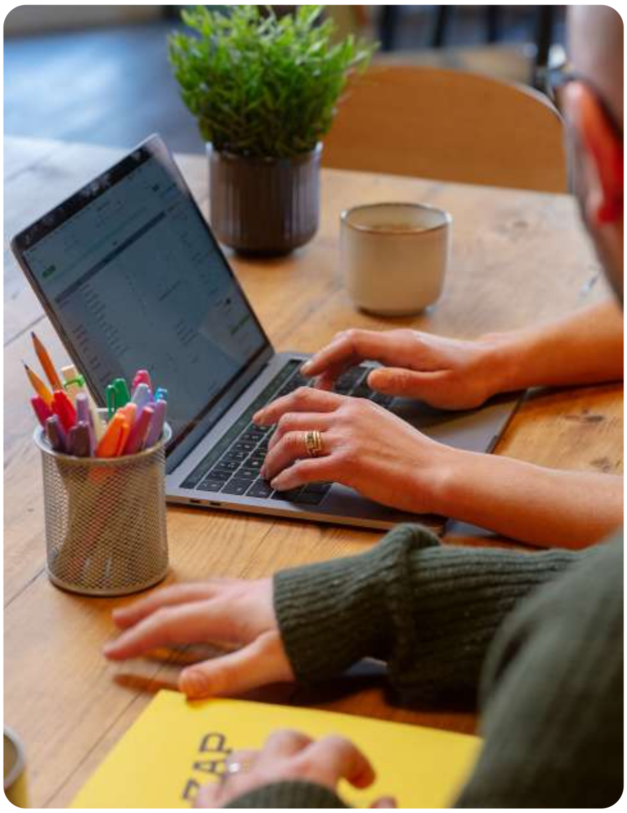
- Provides a framework to empower Good Energy employees to make informed decisions that are in the best interests of the Company, its customers and other stakeholders;
- Reflects the environment in which the Company operates;
- Mitigates risk;
- Explains where our employees can get advice including where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

Promoting an inclusive and fair culture

We value people's differences in creating a more productive and innovative organisation with an engaged workforce. 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. This includes making reasonable adjustments during the hiring process and to working practices to accommodate the needs of people who are disabled or become disabled during employment with Good Energy.

Formal and informal flexible working requests are open to everyone. To further support the diversity of our workforce, our team of employee Inclusion Champions help shape our diversity and inclusion initiatives. We are also opening up more hybrid and remote roles to broaden our recruitment pool.

Finally, we conduct regular Pulse surveys on issues affecting our workforce, to make sure everyone can share their experiences. We also carry out annual employee engagement surveys using the Gallup approach.



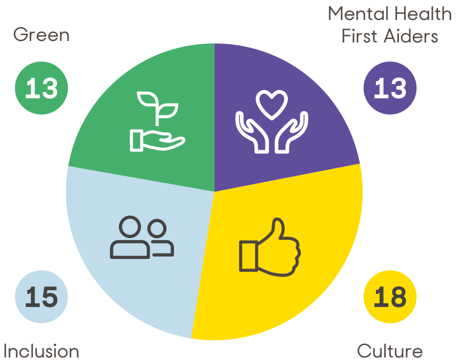
How we work

10% of roles are hybrid (between home and office)

50% of roles are remote

26 people have requested flexible working

Employees involved in our **Champion groups: 48**



Best Companies Survey outcomes

79% agreed: This job is good for my personal growth

90% of staff agreed: I love working for this organisation

Our gender pay gap report is set out on page 34.

Our section 172 statement is available on pages 34-41.

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 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	TCFD R Oversight of principal risks

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.

TCFD R In 2022, the Audit & Risk Committee committed to overall responsibility of climate-related risks and opportunities aligning with the TCFD requirements. No risks were reported.

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 all 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. Engagement levels can be viewed on page 39 of the s172 statement.

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 at www.goodenergy.co.uk/investors/ and an option to sign up to investor related alerts.

The Board also recognises the importance of maintaining effective engagement with other stakeholders and taking into account the interests of internal and external stakeholders when making decisions. Examples of ways in which Good Energy maintains active communication with other stakeholders are described in our section 172 statement on pages 34-41 of the strategic report.

The Board and its Committees

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

Biographies of the Board's Directors are set out pages 52-54. Details of the Directors' remuneration, including share options, are set out in the Nomination & Remuneration report on pages 73, 74 and 77.

Details of the Directors' interests in ordinary shares in the capital of the Company are set out on page 80 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 on page 61. 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 regularly reviewed.

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.

On 20 May 2022, the Company announced Founder and Non-Executive Director, Juliet Davenport, would step down from the Board. Juliet Davenport chose not to stand for re-election as a Non-Executive Director in order to allow for the continued expansion of her portfolio career in the energy industry. The Board thanks Juliet for her enormous contribution to Good Energy and the wider energy transition to renewables.

Read more about the Board of Directors on pages 52-54.

Read about succession planning on page 66.

Independence of the Non-Executive Directors

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

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 2022:

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

● Chair ○ Member - Not applicable/invitation only

Board and Committee Attendance

Name	Board	Audit & Risk Committee	Nomination & Remuneration Committee
Executive Directors			
Nigel Pocklington	7/7	4/4*	5/5*
Rupert Sanderson	7/7	4/4*	N/A*
Non-Executive Directors			
Will Whitehorn[1]	6/7	4/4*	5/5
Tim Jones	7/7	5/5	5/5
Emma Tinker	7/7	5/5	5/5
Nemone Wynn-Evans	7/7	5/5	5/5
Former Directors			
Juliet Davenport[2]	2/3	0/2	0/3

1. Will Whitehorn was unable to attend one Board meeting due to prior commitments, however he provided full comments on the materials discussed to the Board ahead of the meeting and was briefed following the meeting.

2. Juliet Davenport stood down as a Non-Executive Director on 22 June 2022. She was not a member of the committees as she was not deemed independent by virtue of her previous CEO role.

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

TCFD G

Operations of the Board

Details of the number of scheduled Board meetings and attendance of Directors is set out in the table on page 64. 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. Given the nature of the business, all meetings deal with climate-related matters.

TCFD S

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 including meetings relating to the requisitioned general meeting in early 2022. 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.

TCFD S

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.

Executive Team

An outline of the roles and responsibilities of the Chairman, Chief Executive, other Chief Financial Officer and, Non-Executive Directors are provided on pages 58.

As at 31 December 2022, the Executive team comprised the Chief Executive, Chief Financial Officer, Chief Operating Officer, Technology Director, Marketing and External Affairs Director and Director of Product & Propositions.

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 & Operations Board, Energy Board and Energy Services Board, which was introduced in 2023. Executive and Sales & Operations meetings are weekly.

Board and Directors' Performance Evaluation

In 2021, the Board intended to conduct an external Board review in the year, Following due consideration by the Board it was agreed that an internal evaluation was in the best interests of the Company at this time. An internal Board and Director's Performance evaluation was undertaken. Results are in the process of being analysed to enable a robust discussion for actions to be set for 2023 to ensure an effective Board.

Succession planning

The Board periodically reviews its approach to succession planning, which includes contingency, short-medium-long term planning.

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 71-72.

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 invite all shareholders to its 2023 AGM. 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.

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 2023 AGM will be announced in the second quarter of 2023.

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 was 30 June 2022, and the Company received and repaid £169,125 worth of redemption requests on that date.

The Company opened an additional repayment window in H2 2022 and on 30 December 2022, had received and repaid £230,940 worth of redemption requests.

Further details are available on the Group's website: www.goodenergy.co.uk/investors/good-energy-bonds-ii/, 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 42-43.

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.

TCFD G

Audit & Risk Committee

The members of the Audit & Risk Management Committee are shown on page 63.

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. More frequent reviews took place in 2022 due to geopolitical and economic events.

The Audit & Risk Committee 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 acquisition of Igloo Works Limited;
- oversaw ongoing improvement of financial and operational reporting and controls;
- oversaw the implementation of a new finance system;
- were consulted on the adjustments to financial reporting and provisioning as a result of the energy crisis and its economic impact;
- reviewed the performance of the Group's auditors;
- were informed on the risk materiality throughout the energy wholesale cost increases; and
- ensured the principal risks remained monitored and mitigated where possible.

Risk control environment and internal audit

The Company has an established risk and internal audit function which sits with the Chief Operating Officer. The function is led by the Head of Information Governance, Risk and Compliance.

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 42-43 in the strategic report.

Following the acquisition of Igloo Works Limited on 2 December 2022, the Board has taken additional responsibility for the health & safety at the subsidiary. Any and all matters are reported to the Board with each Audit & Risk Committee meeting. Risks and mitigations relating to Igloo Works Limited are recorded on the Good Energy Group plc corporate risk register, maintained by the Head of Information Governance, Risk and Compliance.

TCFD G

Climate-related risks (TCFD)

In 2022, the Executive team, along with the Audit & Risk Committee committed to ongoing formal oversight of the process, decision making and responsibility of all climate-related risks. The Audit & Risk Committee is informed of material changes to any climate-related risks identified and updates on carbon reduction at each meeting. No material risks were reported in the year.

The Company also established an ESG sub-Committee of the Audit & Risk Committee in the year, formed of key stakeholders across the business and led by the Sustainability Manager. The Committee focuses on ESG reporting including carbon emissions and gender pay gap reporting.

Documentation regularly presented to the Committee is described on pages 68-73 of the 2021 Annual Report.

External Audit

Auditor appointment

Following a competitive tender process for its audit work, overseen by the Audit & Risk Committee, the Group appointed Mazars as auditors during 2021. Mazars appointment was confirmed by members at the 2021 AGM. The Committee are satisfied with the performance of Mazars and recommend their re-appointment to shareholders at the forthcoming AGM and 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.

Audit and non-audit fees

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

For the financial year ended 31 December 2022, 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.

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 2022.

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 strong financial performance in 2022 despite significant pressure from commodity markets and has continued its strategic growth into Energy services.

The unrestricted cash balance at the end of 2022 stood at £24.5m, giving the business a strong and stable base to deliver on businesses commitments and to deliver its strategic objectives.

Looking to the future, the Group has performed a going concern review, going out until the end of 2024, considering both a base case, and various externally provided scenarios. The scenarios were provided by Ofgem in late 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, the business can demonstrate that it can meet all tested scenarios with sufficient cash reserves in place to support further unexpected challenges.

The scenarios are price-based impacts reflecting the volatility in the wholesale and supply market seen over the past 18 months. All scenarios include existing hedge positions for Good Energy (Mar23).

All scenarios assume domestic customer churn continues at minimal levels as seen in the supply industry over the past 2 years. This low level of churn is expected to remain until wholesale prices stabilise and suppliers develop confidence in the future stability of wholesale costs. The scenarios assume the Government support schemes EBSS ends in March 2023, and that EPG support (and the equivalent EBRS/EBDS scheme for business) continue but with support levels reduced from March 2023 (EPG support assumed to start at £3000 dual fuel domestic annual bill). The scenarios are:

1. Scenario 1 – Central Price
2. Scenario 2 – Low Price
3. Scenario 3 - High Price
4. Scenario 4 – Very High Price
5. Budget 2023

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. (See graph below)

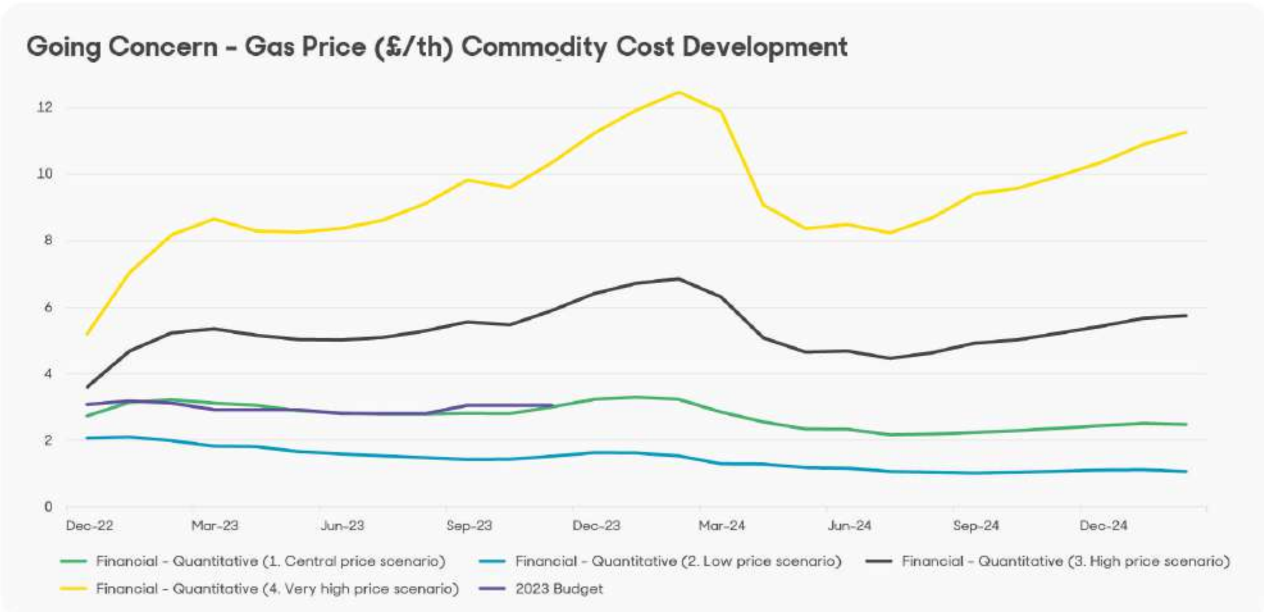
From a tariff perspective all scenarios reflect the movement in default/deemed price capped tariffs directly linked to wholesale costs developments. These deemed and default price movements were provided by Ofgem to ensure these key assumptions mirrored the wholesale costs scenarios. As Good Energy has 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. However, for the purpose of going concern modelling, the business has prudently assumed its SVT tariff is priced at the level of the price cap.

In all scenarios cashflow remains sufficient to meet all commitment as they fall due without additional mitigations being implemented or a need for additional funding sources to be found. Further to this, in all scenarios the business could deliver additional mitigations which could include discretionary costs reductions, additional prices increase as well as working capital optimisation to further strengthen the cash position to cover unexpected shocks.

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. In 2021 there was a year of significantly lower wind than seasonally normal which had a materially 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 significant steps to mitigate the impacts of low wind within our portfolio and thus feel the scenario is already addressed.

All scenarios prudently reflect the repayment of £3.8m of bond debt in 2022/2023, however, formal redemptions mean less than £0.1m is officially due for repayment in 2023. 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.



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 that is diverse 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. In 2020 a Diversity & Inclusion working group of 'Inclusion Champions' was established, involving employees from across the business. The Inclusion champions continue to work on employee engagement, analysing data and implementing initiatives to enhance the Company's commitment to a diverse workplace. In 2022, Good Energy became an Inclusive Employers member, giving all employees access to expert inclusion and diversity support from established leaders in the field, via webinars and other resources. More details are available in the strategic report on pages 34-35.

The Company considers inclusion and diversity through its recruitment selection processes, opportunities for development and promotion and reviews of pay and benefits. Diversity, equality & inclusion guidance and online training is provided to all employees during induction.

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 and 2023, 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. As at 31 December 2022, at Board level we have 33% (2 of 6) women. We recognise with the recruitment of Nigel Pocklington as CEO and with the retirement of Juliet Davenport as Non-Executive Director, the gender gap of Board members has widened. Steps described on page 34 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:

- 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 66.

Read more about the skills and experience of the Directors on pages 52-54.

Read more about our gender pay gap on page 34.

Remuneration

Information about the remuneration of the Directors of the Company for the year ended 31 December 2022 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 75; and
- a Performance Share Plan for Executive Directors and members of the senior management team, details of which are set out on page 76.

The Company has been transparent in reporting its third CEO pay ratio relative to its employees. See page 81 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.

In 2022, Juliet Davenport received a pro-rated bonus relating to her time as CEO in 2021. This was agreed as part of her CEO settlement agreement and was aligned with bonus paid to all employees, receiving 25% of their maximum potential bonus. See pages 74-75 for more detail.

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-Executives 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 are directly linked to achieving the Company's purpose and strategy and they were also benchmarked during the year against AIM company data and adjusted where necessary to reflect the growth of the Company.

Service agreements, notice periods and termination payments

Name	Position	Date of contract	Notice period	Annual Salary (£)
Executive Directors				
Nigel Pocklington[3]	Chief Executive Officer	6 April 2021	6 months	260,000
Rupert Sanderson	Chief Financial Officer	8 January 2020	6 months	178,167

Name	Position	Date of contract	Notice period	Annual Salary (£)
Non-Executive Directors				
Will Whitehorn		26 July 2018[4]		45,000
Tim Jones		01 December 2017		30,000
Emma Tinker		02 September 2016		30,000
Nemone Wynn-Evans		01 January 2019		32,000

3. 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.

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

Salaries/Fees, annual bonus and benefits

Name	Salary/fee 2022 (£)	Pension 2022 (£)	Benefits in Kind 2022 (£)	Annual Bonus 2022 (£)[7]	Total 2022 (£)	Total 2021 (£)
Executive Directors						
Nigel Pocklington[5]	260,000	26,000	1,797	32,590	320,387	191,075
Rupert Sanderson	178,167	17,877	3,006	18,500	217,550	214,959
Sub-total	438,167	43,877	4,803	51,090	537,937	406,034
Former Executive Directors						
Juliet Davenport	–	–	–	–	–	252,639
Total	438,167	43,877	4,803	51,090	537,937	658,673

Non-Executive Directors						
Will Whitehorn	46,418	–	–	–	46,418	45,412
Tim Jones	30,000	–	–	–	30,000	28,750
Emma Tinker	31,011	–	–	–	31,011	30,381
Nemone Wynn-Evans	32,813	–	–	–	32,813	32,129
Juliet Davenport[6]	28,721	–	–	16,625[2]	45,346	30,151
Sub-total	168,963	–	–	16,625	185,588	166,823
Overall total	**607,130**	**43,877**	**4,803**	**67,715**	**723,525**	**825,496**

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

6. Pro-rata for the period of directorship. Juliet Davenport remained employed as CEO until 31 July 2021 when she transitioned to a Non-Executive Director until she stood down from the Board on 22 June 2022. A portion of Juliet Davenport's annual salary related to her position as a non-executive director at Zap-Map which ended in March 2022. Please see the next page regarding the 2021 bonus paid, of which Juliet Davenport was pro-rated and in relation to her employment in 2021.

7. Please see the next page regarding the 2021 bonus paid.

Annual bonus scheme

Operation of the scheme

TCFD M

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 CO_2 reduction, which is considered to be a standard BAU operations focus for the business. No changes were made to the operation of the bonus scheme during this reporting 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 three 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 three 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 mid-year and at the end of the relevant financial year. Annual targets for each of the three Company performance metrics will be set by the Nomination & Remuneration Committee.

The Group considers that the targets for 2023 are commercially sensitive and are not therefore disclosed. However, retrospective disclosure of targets for the year ending 31 December 2022 is provided in the table below.

Measure	Strategic objective	Weighting
Group profit before tax	Deliver profit growth	60%
Propositions	Deliver propositions for growth	20%
TrustPilot rating	Maintain customer satisfaction ratings	20%

2022 targets and performance

The Company achieved the threshold profit before tax and accordingly a bonus payable in respect of 2022's performance.

2021 targets and performance

Although the Company did not achieve the profit before tax threshold in relation to the 2021 annual bonus scheme, following the significant commitment and effort shown by the whole Company to navigate the energy crisis in 2021, the Nomination and Remuneration Committee assessed the Company's financial position and decided to award an exceptional company wide recognition bonus. This was paid at the end of June 2022. This company wide bonus was aligned across the business with all employees receiving 25% of their maximum potential bonus, including the Executive Directors. Amounts paid to the Executive Directors can be found in the table oppposite on page 74.

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 PSP 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 then 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 Nomination & 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. Since 2021, awards 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 2022 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 that matured in 2022, 53% 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 2022 are shown below.

Name	Date option granted	Number of options outstanding as at 31 December 2022	Option price	Exercised during period	Gain on options exercised	Cancelled/ surrendered during period
Nigel Pocklington	22/10/2021	88,136	£2.51	-	-	-
	11/04/2022	97,159	£2.27	-	-	-
Sub-total		185,295		-	-	-
Rupert Sanderson	19/04/2021	39,306	£1.78	-	-	34,857
	22/10/2021	55,763	£2.51	-	-	-
	11/04/2022	69,159	£2.27	-	-	-
Sub-total		164,228		-	-	34,857
Total		**349,523**		**-**	**-**	**34,857**

Strategic Report

Governance Report

Financial Statements

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 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 2022, 16,860,099 ordinary shares of 5p each were in issue. The Company is listed on the AIM of the London Stock Exchange. Its shares were quoted on the Aquis Exchange (formally NEX Growth Market) until 31 March 2023.

Significant shareholders

At 31 December 2022, 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	4,740,091	28.1%
Martin Edwards & family	1,423,315	8.5%
Hargreaves Lansdown plc	1,139,194	6.8%
Juliet Davenport	636,081	3.8%

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 2022, authority was proposed to allot new ordinary shares up to a nominal value of £280,209, equivalent to one-third of the issued share capital of the Company at that time. The Directors also proposed to allot up to two thirds of the total issued share capital of the Company, but only in the case of a rights issue.

The Board notes that these authorities were not passed by shareholders and is disappointed not to have received this limited additional flexibility to pursue opportunities in the interests of the Company and its shareholders.

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 2022 and reflecting our confidence in the ongoing business, the Board recommend a final dividend for 2022 of 2.0p per ordinary share, taking our full year dividend to 2.75p.

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 2023.

Directors

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

Nigel Pocklington, Rupert Sanderson, Will Whitehorn, Emma Tinker, Tim Jones and Nemone Wynn Evans. Full details and biographies are set out on pages 52-54. Juliet Davenport stepped down at the AGM in June 2022.

Directors' interests and their interests in the Company's shares[8]

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 2022	%age of issued share capital	No. shares as at 31 December 2021	%age of issued share capital
Current Directors				
Nigel Pocklington	7,500	0.04	7,500	0.04
Rupert Sanderson	19,004	0.11	19,004	0.11
Will Whitehorn	52,000	0.31	52,000	0.31
Tim Jones	9,489	0.06	9,489	0.06
Emma Tinker	1,579	0.01	1,563	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.

Political Donations

No political donations were made in the year.

TCFD S

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. 2022 is our second 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 29.

More information about our approach to the TCFD reporting framework are on pages 21-22.

Gender Pay

The Board welcomed the introduction in 2017 of Gender Pay gap reporting. In 2022, the Group's mean gender pay gap is 21%. 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 34.

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.

8. Certain Directors hold share options as detailed on page 77 within the Nomination & Remuneration Report.

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

CEO pay ratio

Good Energy have voluntarily chosen to disclose CEO pay ratio with employee pay for the last three years.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	11:1	9:1	6:1
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). 2022 is the third year we have reported CEO pay ratio, taking CEO pay as at 31 December 2022.

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 2022 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[9]	25th percentile	Median	75th percentile
Salary	260,000	25,000	34,088	47,000
Total pay and benefits	320,387	28,609	36,721	56,367

The table shows the salary and total pay amounts for 2022. 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. Since the acquisition of Igloo Works Limited in December 2022 the Group has an additional interest to maintain and manage the subsidiary's supply chains. Whilst the subsidiary does not meet Modern Slavery reporting thresholds, the Group intends to consider any risks, including modern slavery, that may apply in respect of the subsidiary's supply chain. The Group's full statement under section 54 of the Modern Slavery Act 2015 for the period ended 31 December 2022 is published on its website goodenergy.co.uk/ modernslavery-act-statement.

Related Party Transactions

Related party transactions are set out in note 33 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

Good Energy voluntarily withdrew the Company's ordinary shares ("Ordinary Shares") from trading on the AQSE Growth Market. Therefore, trading in the Ordinary Shares ceased at 4:30 p.m. on 31 March 2023. Trading in the Ordinary Shares continues on the AIM market of the London Stock Exchange.

Approved by the Board of Directors

Nigel Pocklington

Chief Executive Officer
5 May 2023

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 2022"

The Directors submit their Annual Report and Financial Statements (Annual Report and Accounts) for Good Energy Group plc for the year ended 31 December 2022. 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 UK adopted 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 UK adopted 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
5 May 2023

Independent auditor's 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 2022 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 2022 and of the group's profit 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 a key audit matter. The current energy crisis has seen a number of energy suppliers becoming insolvent following the significant increase in wholesale prices for gas and electricity. This indicates there is a risk that companies operating in the energy sector may not be able to continue as a going concern. Good Energy have so far proved resilient as a result of their hedging strategy, pricing strategy (with the company having a derogation from the price cap) and the proceeds from the sale of the generation business. However, there continues to be an increased risk for companies operating in the energy sector around their ability to continue to operate as a going concern and so we have deemed it to be a key audit matter.

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;
- Obtaining and 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; forecasted gas and electricity prices; level of bank support available; impact of continuing government support schemes; and likely future repayment rates of the bond in the going concern assessment period; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements which details the results of the OFGEM stress testing.

Based on the work we have performed, including the review of the results of the OFGEM stress testing as disclosed in note 2.3 to the financial statements, which was based upon the scenarios requested by OFGEM we have noted that the current actual performance to date is in line with Good Energy's budget subject to explainable differences and the latest price forecasts to date are in line with the OFGEM low price scenario, rather than the base or high 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.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Revenue recognition, specifically the estimated unbilled income The group's accounting policy in respect of revenue recognition is set out in the accounting policy note 2.4 and also the critical accounting judgements and estimates in relation to this in notes 4.1.1 and 4.2.1 respectively. 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 £42.9m in 2022 compared to £23.7m in 2021 largely as a result of the increased prices in 2022. The accrued income is calculated using system-generated information based on industry expected usage per property, customer tariffs and seasonality variations. The approach and methodology remains largely consistent with the prior year. For commercial customers the amounts are calculated using industry accepted norms from the software provider with no management over-ride or assumptions included. For domestic customers there is an internally developed IT report which calculates the accrued income based on management assumptions around seasonality and, where information if not available for a small number of customers, estimates of the tariff and usages. Due to the accrued income being an estimation there is a high risk of management bias.	**Our response** Our procedures over revenue recognition in particular around the cut-off and accrued income included, but were not limited to: · Obtaining an understanding of the processes and controls over the recognition of revenue and performing walkthrough procedures to validate that controls were appropriately designed and implemented; Performing IT general and application controls work around the commercial billing system; · Performing IT general and application controls work around the commercial billing system; · Confirming 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. · Verifying that the tariff inputs used in the accrued income and revenue calculations are correct. · Comparing 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; · Performing 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. **Our observations** 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.

Key Audit Matter	How our scope addressed this matter
Expected Credit Losses (ECL) Expected credit losses are disclosed in financial risk and capital management disclosure 3.1.3 and critical accounting estimates 4.2.2 and in Note 20 of the Financial Statements. There is an expected credit loss (ECL) provision of £15.4m (2021: £11.8m) at the year-end against gross trade and unbilled receivables from customers of £68.4m (2021: £47.7m). 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 was not limited to: · Obtaining management's calculation of the ECL provision and testing 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. · Testing the ageing of trade debtors. · Reviewing and challenging the key assumptions used by management around collection rates, segmentation and the appropriateness of not having any future overlay included in the provision this year based on the economic outlook for 2023. · Performing sensitivity analysis on the impact of changes to the assumptions made on the ECL provision. · Performing analysis of the year-end debt balance collection rates to determine if there have been any unexpected movements 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.

Key Audit Matter	How our scope addressed this matter
Loss of control for Zapmap. The accounting treatment and fair value considerations of the Zap-Map associate are disclosed in note 3.3 and in accounting policy 2.9. The value of Zap-Map as an associate within the consolidated accounts is £12.6m being £13.3m less Good Energy's £0.7m share of losses for the last 4 months of the year as held within equity investments in associate in Note 19 of the Financial Statements. In August 2022 Good Energy reduced their shareholding in Zapmap following the latest funding round. Management's judgement was that control has been lost and therefore the entity is being equity accounted for going forwards rather than consolidated as a subsidiary. There is a risk that the Group can still exercise control by other means and therefore equity accounting is inappropriate. Subject to equity accounting being appropriate the Group will also need to determine what the fair value of their non controlling interest is at the date of loss of control, which is subject to management judgement	**Our response** Our response over the loss of control and subsequent fair value measurement of Zap-Map included, but was not limited to: · Reviewing and challenging management's paper setting out the judgement on the loss of control and confirming this is in line with IFRS 10. · Considering the valuation of the NCI at the point of deconsolidation, with the involvement of the Mazars internal valuations team to perform procedures over the valuation model and methodology. This included challenging the assumptions used to allocate value to the preference shares recognising the additional value they hold over the ordinary shares. · Reviewed the disclosure in the financial statements with respect to the transaction. **Our observations** Having challenged management's judgement over the accounting for ZapMap post funding round and also the exercise carried out to assess the fair value of the non-controlling interest at the date of loss of control we are satisfied that the carrying value of the investment is not materially misstated.

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	£2.5m
How we determined it	1% 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 the key to the business' success is their ability to pass on the increased costs to customers through their management of tariffs. Earnings have been volatile and margin low and therefore, revenue has been selected as the materiality benchmark in line with the prior year.
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 £1.5m, 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 £0.07m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£0.3m
How we determined it	2% 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.
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, 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 their 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 84-85, tthe 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 these 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, non-compliance with implementation of government support schemes relating to the energy support schemes 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:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, 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 with relevant licensing or regulatory authorities including OFGEM;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

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, revenue recognition (which we pinpointed to the cut-off assertion and valuation of accrued income), 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; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and 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 is available 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

5 May 2023

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

		Note	2022	2021 Underlying	2021 Non-underlying items	2021
			£000's	£000's	£000's	£000's
Revenue		6	**248,682**	**146,045**	-	**146,045**
Cost of sales		6	(218,768)	(119,019)	-	(119,019)
Gross profit			**29,914**	**27,026**	**-**	**27,026**
Administrative expenses		7	(28,109)	(23,816)	(806)	(24,622)
Other operating income		6	66	-	-	-
Operating profit/(loss)		**6**	**1,871**	**3,210**	**(806)**	**2,404**
Finance income		10	633	14	-	14
Finance costs		11	(351)	(584)	-	(584)
Gain arising on loss of control of subsidiary		18	7,767	-	-	-
Share of loss of associate		18	(712)	-	-	-
Profit/(loss) before tax		**6**	**9,208**	**2,640**	**(806)**	**1,834**
Taxation (charge)/credit		12	(637)	(340)	153	(187)
Profit/(loss) for the year from continuing operations			**8,571**	**2,300**	**(653)**	**1,647**
Profit/(loss) from discontinued operations, before tax			64	(6,752)	-	(6,752)
Taxation on discontinued operations		5	-	1,206	-	1,206
Profit/(loss) for the year			**8,635**	**(3,246)**	**(653)**	**(3,899)**
Attributable to: Good Energy Group PLC			**9,227**	**(2,736)**	**(653)**	**(3,389)**
Attributable to: Non-controlling Interests			(592)	(510)	-	(510)
Earnings/(Loss) per share	Basic	13	55.7p	(16.7p)	(4.0p)	(20.7p)
	Diluted	13	55.6p	(16.7p)	(4.0p)	(20.7p)
Earnings/(Loss) per share (continuing operations)	Basic	13	51.7p	17.1p	(4.0p)	13.2p
	Diluted	13	51.7p	17.0p	(4.0p)	13.0p

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2022

	Note	2022	2021 Underlying	2021 Non-underlying items	2021
		£000's	£000's	£000's	£000's
Profit/(loss) for the year		8,635	(3,246)	(653)	(3,899)
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
Total comprehensive income for the year attributable to owners of the parent company		**8,635**	**(2,569)**	**(653)**	**(3,222)**
Attributable to: Good Energy Group PLC		**9,227**	**(2,059)**	**(653)**	**(2,712)**
Attributable to: Non-controlling Interests		(592)	(510)	-	(510)

The notes on pages 107 to 170 form part of these financial statements.

Strategic Report

Governance Report

Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2022

Good Energy Group plc
Company registered no: 04000623

	Note	2022	2021
		£000's	£000's
Non-current assets			
Property, plant and equipment	14	**117**	209
Right of use assets	15	**324**	851
Intangible assets	16	**3,503**	3,891
Deferred tax asset	23	**162**	173
Equity investments in associate	18	**12,578**	-
Total non-current assets		**16,684**	5,124
Current assets			
Inventories	19	**9,212**	7,682
Trade and other receivables	20	**57,497**	35,928
Restricted deposit accounts	3	**8,462**	2,414
Cash at bank and in hand	21	**24,487**	6,699
Total current assets		**99,658**	52,723
Held for sale assets	5	**-**	64,798
TOTAL ASSETS		**116,342**	122,645
Equity and liabilities			
Capital and reserves			
Called up share capital	22	**844**	840
Share premium account	22	**12,915**	12,790
Employee Benefit Trust shares		**(7)**	(444)
Revaluation Surplus		**-**	11,693
Retained earnings		**25,234**	4.774
Total equity attributable to members of the Parent Company		**38,986**	29,653
Non-controlling interest		**-**	(325)
Total equity		**38,986**	29,328
Non-current liabilities			
Borrowings	24	**4,927**	5,066
Total non-current liabilities		**4,927**	5,066

Consolidated Statement of Financial Position (continued)

As at 31 December 2022

Good Energy Group plc
Company registered no: 04000623

Current liabilities			
Borrowings and other financial liabilities	24	**294**	2,118
Trade and other payables	27	**72,135**	40,911
Total current liabilities		**72,429**	43,029
Liabilities associated with assets held for sale	5	**-**	45,223
Total liabilities		**77,356**	93,318
TOTAL EQUITY AND LIABILITIES		**116,342**	122,646

The financial statements on pages 96 to 106 were approved by the Board of Directors on 5 May 2023 and signed on its behalf by:

Nigel Pocklington

Chief Executive
5 May 2023

The notes on pages 107 to 170 form part of these financial statements.

Parent Company Statement of Financial Position

As at 31 December 2022

Good Energy Group plc
Company registered no: 04000623

	Note	**2022**	2021
		£000's	£000's
Non-current assets			
Intangible assets		**-**	3
Deferred taxation		**111**	311
Shares in group undertakings	17	**10,260**	3,275
Loans to group undertakings	17	**-**	1,250
Total non-current assets		**10,371**	4,839
Current assets			
Trade and other receivables	20	**5,224**	236
Cash at bank and in hand	21	**4,021**	496
Held for sale assets		**-**	20,398
Total current assets		**9,245**	21,130
TOTAL ASSETS		**19,616**	25,969
Equity and Liabilities			
Capital and reserves			
Share capital	22	**844**	840
Share premium account	22	**12,915**	12,790
Employee Benefit Trust shares		**(7)**	(444)
Retained Earnings		**527**	4,276
Total Equity		**14,279**	17,462

Parent Company Statement of Financial Position (continued)

As at 31 December 2022

Good Energy Group plc
Company registered no: 04000623

Non-current liabilities			
Long term financial liabilities		**-**	-
Borrowings	24	**4,922**	4,749
Total non-current liabilities		**4,922**	4,749
Current liabilities			
Borrowings and other financial liabilities	24	**10**	3,264
Trade and other payables	27	**405**	495
Total current liabilities		**415**	3,759
Total liabilities		**5,337**	8,505
TOTAL EQUITY AND LIABILITIES		**19,616**	25,969

The Parent Company's loss for the financial year was £3,289,000 (2021: profit of £1,998,000). The financial statements on pages 96 to 106 were approved by the Board of Directors on 5 May 2023 and signed on its behalf by:

Nigel Pocklington

Chief Executive
5 May 2022

The notes on pages 107 to 170 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	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)	(3,899)
Other comprehensive income for the year		–	–	–	677	–	677	–	677
Total comprehensive income for the year		**-**	**-**	**-**	**(2,712)**	**-**	**(2,712)**	**(510)**	**(4,222)**
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 107 to 170 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2022

	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 2022		840	12,790	(444)	4,773	11,693	29,652	(325)	29,327
Profit for the year		-	-	-	9,227	-	9,227	(592)	8,635
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**9,227**	**-**	**9,227**	**(592)**	**8,635**
Share based payments	30	-	-	-	198	-	198	-	198
Scrip dividends issued	28	3	125	-	(128)	-	-	-	-
Exercise of options	30	1	-	437	(232)	-	206	-	206
Dividend paid	28	-	-	-	(297)	-	(297)	-	(297)
Disposal of subsidiary		-	-	-	-	-	-	917	917
Transfer of revaluation to retained earnings		-	-	-	11,693	(11,693)	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity		**4**	**125**	**437**	**11,234**	**(11,693)**	**107**	**917**	**1,024**
At 31 December 2022		**844**	**12,915**	**(7)**	**25,234**	**-**	**38,986**	**-**	**38,986**

The notes on pages 107 to 170 form part of these financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 December 2022

	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 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**
At 1 January 2022		**840**	**12,790**	**(444)**	**4,275**	**17,461**
Loss for the year and total comprehensive income		–	–	–	(3,289)	(3,289)
Share based payments	30	–	–	–	198	198
Exercise of options	30	1	–	437	(232)	206
Scrip dividends issued	28	3	125	–	(128)	–
Dividend paid	28	–	–	–	(297)	(297)
Total contributions by and distributions to owners of the parent, recognised directly in equity		4	125	437	(459)	107
At 31 December 2022		**844**	**12,915**	**(7)**	**527**	**14,279**

The notes on pages 107 to 170 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022	2021
		£000's	£000's
Cash flows from operating activities			
Cash generated from operations	29	**5,180**	5,871
Finance income		**17**	620
Finance cost		**(70)**	(2,902)
Income tax received		**-**	-
Net cash flows generated from operating activities		**5,127**	3,589
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(9)**	(248)
Purchase of intangible fixed assets	16	**(125)**	(760)
Investment in associate		**(3,494)**	-
Proceeds from disposal of held for sale assets		**20,351**	-
Acquisition of subsidiary, net of cash held in the subsidiary		**(1,725)**	-
Net cash flows generated from/(used in) investing activities		**14,998**	(1,008)
Cash flows from financing activities			
Payments of dividends	28	**(297)**	(108)
Proceeds from borrowings		**-**	6,786
Repayment of borrowings		**(1,619)**	(18,076)
Capital repayments of leases		**(626)**	(616)
Proceeds from exercise of share options		**205**	26
Net cash flows used in financing activities		**(2,337)**	(11,988)
Net (decrease)/increase in cash and cash equivalents		**17,788**	(9,408)
Cash and cash equivalents at beginning of year		**6,699**	18,282
Cash and cash equivalents at end of year		**24,487**	6,699
Cash and cash equivalents for discontinued operations at end of year		**-**	2,175

Transfers (to)/from restricted deposit accounts were previously classified as investing activities and have been restated as operating activites in the current year.

The notes on pages 107 to 170 form part of these financial statements.

Parent Company Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022	2021
		£000's	£000's
Cash flows from operating activities			
Cash used in operations	29	**(8,776)**	(1,829)
Interest paid		**(49)**	(724)
Net cash flows used in operating activities		**(8,825)**	(2,553)
Cash flows from investing activities			
Investment in subsidiaries	17	**(1,750)**	(1,250)
Proceeds from disposal of held for sale assets		**20,351**	
Equity investment in associate	18	**(3,494)**	-
Cash dividend received		**-**	5,917
Net cash flows generated from/(used in) investing activities		**15,107**	4,667
Cash flows from financing activities			
Proceeds from intercompany loans		**-**	1,159
Proceeds from the exercise of share options		**1**	26
Proceeds from issue of shares		**205**	-
Payments of dividends	28	**(297)**	(108)
Repayments of borrowings		**(2,666)**	(11,905)
Repayments of intercompany loans		**-**	4,261
Net cash (used in)/generated from financing activities		**(2,757)**	(6,567)
Net decrease in cash and cash equivalents		**3,525**	(4,452)
Cash and cash equivalents at beginning of year		**496**	4,948
Cash and cash equivalents at end of year		**4,021**	496

The notes on pages 107 to 170 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.

The principal activities of its subsidiaries include the purchase 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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 5 May 2023. The directors have the power to amend and reissue the financial statements.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with UK adopted 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, 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 (2.4), property, plant and equipment (2.5), leases (2.6), inventories (2.10) and credit risk (3.1.3).

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.

The accounting policies adopted, other than as documented above, are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those financial statements.

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 2022. 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 strong financial performance in 2022 despite significant pressure from commodity markets and has continued its strategic growth into Energy services.

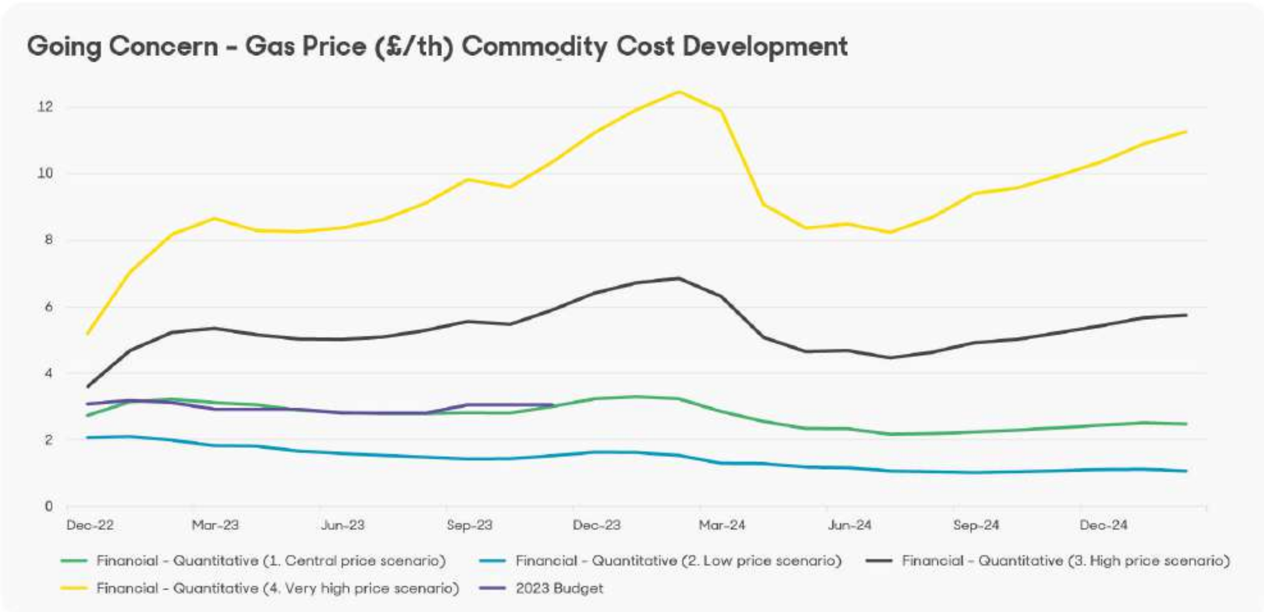
The unrestricted cash balance at the end of 2022 stood at £24.5m, giving the business a strong and stable base to deliver on businesses commitments and to deliver its strategic objectives.

Looking to the future, the Group has performed a going concern review, going out until the end of 2024, considering both a base case, and various externally provided scenarios. The scenarios were provided by OFGEM in late 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, the business can demonstrate that it can meet all tested scenarios with sufficient cash reserves in place to support further unexpected challenges.

The scenarios are price-based impacts reflecting the volatility in the wholesale and supply market seen over the past 18 months. All scenarios include existing hedge positions for Good Energy (Mar23). All scenarios assume domestic customer churn continues at minimal levels as seen in the supply industry over the past 2 years. This low level of churn is expected to remain until wholesale prices stabilise and suppliers develop confidence in the future stability of wholesale costs. The scenarios assume the Government support schemes EBSS ends in March 2023, and that EPG support (and the equivalent EBRS/EBDS scheme for business) continue but with support levels reduced from Apr-23 (EPG support assumed to start at £3,000 dual fuel domestic annual bill). The scenarios are:

1. Scenario 1 – Central Price
2. Scenario 2 – Low Price
3. Scenario 3 – High Price
4. Scenario 4 – Very High Price
5. Budget 2023

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.



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. These deemed and default price movements were provided by OFGEM to ensure these key assumptions mirrored the wholesale costs scenarios. 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. However, for the purpose of going concern modelling, the business has prudently assumed its SVT tariff is priced at the level of the price cap.

In all scenarios cashflow remains sufficient to meet all commitment as they fall due without additional mitigations being implemented or a need for additional funding sources to be found. Further to this, in all scenarios the business could deliver additional mitigations which could include discretionary costs reductions, additional prices increase as well as working capital optimisation to further strengthen the cash position to cover unexpected shocks.

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. In 2021 there was a year of significantly lower wind than seasonally normal which had a materially 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 significant steps to mitigate the impacts of low wind within our portfolio and thus feel the scenario is already addressed.

All scenarios prudently reflect the repayment of £3.8m of bond debt in 2022/2023, however, formal redemptions mean less than £0.1m is officially due for repayment in 2023. 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)

2.4 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.

2.4.1 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.

1% 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.

2.4.2 Feed-in-Tariff revenue

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.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.4 Revenue recognition (continued)

2.4.3 Feed-in-Tariff 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.

2.4.4 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.

2.4.5 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.

2.4.6 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)

2.5 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 repaid 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
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.

2.5.1 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)

2.6 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 24).

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.6 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.

2.7 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.

2.7.1 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.

2.7.2 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.

2.7.3 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)

2.7 Goodwill, intangible assets and amortisation (continued)

2.7.4 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.

2.8 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.

2.9 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as "the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies".

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. Generally, there is a presumption that a holding of 20% or more of the voting power of the investee results in significant influence.

To support this presumption - and when the Group has less than a 20% holding - the Group considers all relevant facts and circumstances in assessing whether it has significant influence, including:

- Representation on the Board of Directors or equivalent governing body of the investee.
- Participation in policy making processes.
- The interchange of managerial personnel.

The Group reassesses whether or not there is significant influence over an investee if facts and circumstances indicate that there are one or more changes to the above.

The Group's investments in associates are accounted for using the equity method. Under this method, the investment in the associate is initially recognised at cost. Subsequent movements in the carrying value of the investment are accounted for by recognising the Group's share of the associate's profit or loss since the acquisition date, as well as any fair value movements in the associate's net assets.

Gains or losses from the associate's operating activities are recognised in the Consolidated Statement of Comprehensive Income, outside of operating profit. Any changes in OCI of the associate is presented as part of the Group's OCI.

Goodwill relating to the associate is included in the carrying value of the investment, and is not separately tested for impairment. Rather, the entire carrying amount of the investment is tested for impairment.

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.

2.9.1 Impairment of investments in associates

The Group recognises an impairment loss if, and only if, there is a triggering event giving rise to objective evidence that the associate is impaired, and that the triggering event has an impact on the future estimated cash flows from the net investment that can be reliably estimated. Where such evidence exists, the Group calculates the amount of the impairment as the difference between the recoverable amount of the investment (being the higher of its value in use and its fair value less costs to sell) and its carrying value.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.9 Investments in associates (continued)

Any impairment is recognised within the "Share of Profit of Associate" line in the Consolidated Statement of Comprehensive Income.

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.

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.

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.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.11 Financial instruments (continued)

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 part of the specific asset. Details of the Group's borrowings are included in note 24.

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. extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.14 Current and deferred taxation (continued)

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.

2.15 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.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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 2022 have been applied with no impact on the financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Onerous contracts – Costs of fulfilling a contract: Amendments to IAS 37
- Reference to the Conceptual Framework: Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 Leases
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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 2022	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	**10**	**4,921**	-	-
Borrowings	-	-	-	-
Lease liabilities	**284**	**6**	-	-
Trade and other payables	**72,119**	-	-	-
Total	**72,413**	**4,927**	-	-

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	5,065	-	-

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 2022**	**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	**10**	**4,922**	**-**	**-**
Lease liabilities	**-**	**-**	**-**	**-**
Loans from group companies	**-**	**-**	**-**	**-**
Trade and other payables	**397**	**-**	**-**	**-**
Total	**407**	**4,922**	**-**	**-**

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	-	-

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 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 2022 is considered to be nil. None of the group's cash balances or restricted deposit accounts are exposed to interest rate risk. The interest rate on the bond is 4.75% and the only other exposure to this risk is on a small amount of interest income which is considered immaterial to warrant the preparation of a sensitivity analysis.

3.1.2b 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 and 2022 helped further mitigate exposure to changes in power prices. Fluctuations in commodity prices flow directly into the price cap set by Ofgem, therefore commodity risk will be offset by revenue fluctuations as the price cap adjusts for commodity cost movements. A sensitivity analysis on commodity price risk is therefore not considered necessary.

3.1.3 Credit risk

The Group's exposure to credit risk arises from its receivables from customers. At 31 December 2022 and 31 December 2021, 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.

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

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.

3.2 Capital risk management

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	2022	2021
		£000's	£000's
Total borrowings	24	**5,221**	7,185
Less: cash in restricted deposit accounts (current)		**(8,462)**	(2,414)
Less: cash and cash equivalents	21	**(24,487)**	(6,699)
Net debt		**(27,728)**	(1,928)
Total equity		**38,987**	27,681
Total capital		**11,259**	25,753
Gearing ratio		**(246.3%)**	(7.5%)

The Group's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 December 2022 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a monthly or quarterly basis.

Notes to the Financial Statements

3. Financial and Capital Risk Management (continued)

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).

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 at 31 December 2021.

2021	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
Assets				
Generation sites	–	19,575	–	19,575
Total financial assets	–	19,575	–	19,575

During the prior 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.

1% 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 £1.8m out of a total carrying amount of £42m 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 group has considered external benchmarks for future macro-economic indicators and concluded that the inclusion of a macroeconomic overlay was not appropriate in the ECL calculation as at 31 December 2022 due to falling wholesale prices and the resulting decrease in Ofgem’s energy price cap. In addition, wider macroeconomic pressures such as inflation are likely to fall rapidly during 2023.

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 17.

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 £6.9m 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 £9.2m 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 16 are: goodwill of £2,866,000 (2021: £1,984,000), and a power supply licence of £180,000 (2021: £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 a cash generating units (CGU) of £1,061k within Good Energy Ltd. An impairment review has been carried out.

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

4. Critical Accounting Judgements and Estimates (continued)

4.2 Estimates (continued)

4.2.6 Investment in associate

During the current year, the group recognised an investment in associate in respect of Zap-Map, measured under the equity method. An independent external valuation was carried out to determine a fair value for the purposes of calculating the initial value of the investment in the associate.

On 8th August 2022, the group holding in Zap-Map was restructured. Zap-Map undertook a Series A funding round in which the Group participated. Following a competitive process, the Series A funding round was successfully completed with the Group and Fleetcor UK Acquisition Limited ("Fleetcor") investing in the round. Following the transaction, Good Energy has a significant minority 49.9% shareholding and Fleetcor will have a shareholding of 19.9%. Fleetcor purchased its 19.9% stage for an investment of £5.3m.

The valuation of the revised holding in Zap-Map has been conducted using the Merton model valuing the company's holding at £13.2m as of December 31st, 2022. The valuation of Zap-Map can be considered subjective due to various factors. Firstly, the fact that Zap-Map's shares are unlisted shares; secondly, the mix of Ordinary and Preference share holdings; thirdly, the volatility assumption made within the valuation modelling; and finally, the application of value to a significant minority shareholding. The valuation was based on current prices in an active market for similar companies within the industry and is therefore categorised as Level 2 in the fair value hierarchy.

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:

	2022	2021
	£000's	£000's
Revenue		
Revenue from contracts with customers	**494**	405
FiT/ROC subsidy revenue	**-**	2,109
Inter-segment revenue	**-**	5,974
Inter-segment adjustment	**-**	(5,974)
Total revenue	**494**	2,513
Cost of sales	**(300)**	(5,250)
Gross Profit/(Loss)	**194**	(2,736)
Administrative Expenses	**(33)**	(383)
Operating Profit/(Loss)	**161**	(3,119)
Net finance income/(costs)	**(97)**	(2,309)
Impairment loss/(profit) on the remeasurement to fair	-	(1,324)
Profit/(Loss) before tax from discontinued operations	**64**	(6,752)
Taxation benefit: Related to pre-tax loss from the ordinary activities for the year	**-**	1,206
Profit/(Loss) for the year from discontinued operations	**64**	(5,546)

Notes to the Financial Statements

5. Discontinued Operations (continued)

In accordance with IFRS 5, inter-segment revenue between the discontinued group and the continuing business totalling £6.0m was excluded from revenue in the prior year. Without this adjustment, the loss before tax for the discontinued group would have been £1.0m in 2021.

The major classes of assets and liabilities of the GEGAN group classified as held for sale at 31 December 2021 were 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

Notes to the Financial Statements

5. Discontinued Operations (continued)

The net cash flows of the discontinued operations in the year are as follows:

	2022	2021
	£000's	£000's
Operating	**(64)**	3,193
Investing	**20,351**	3,665
Financing	**-**	(7,764)
Net cash outflows	**20,287**	(906)

Earnings/(Loss) per share: discontinued operations	**2022**	2021
	£000's	£000's
Basic	**0.4p**	(33.8)
Diluted	**0.4p**	(33.8)

Write down of property plant and equipment

The recoverable amount was 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 in the prior year 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
- Energy as a Service (including Zap-map, nextgreencar.com and Igloo Works Limited),
- 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 in the prior year 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 2022	Electricity Supply	FIT Admin-istration	Gas Supply	Total supply companies	Energy as a Service	Holding companies/ consolidation adjustments	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue							
Revenue from contracts with customers	205,942	5,588	36,500	**248,030**	652	-	**248,682**
Total revenue	205,942	5,588	36,500	**248,030**	652	-	**248,682**
Expenditure							
Cost of sales	(190,391)	(688)	(27,516)	**(218,595)**	(196)	23	**(218,768)**
Gross profit/(loss)	15,551	4,900	8,984	**29,435**	456	23	**29,914**
Administrative expenses				**(20,685)**	(2,041)	(3,577)	**(26,303)**
Net other operating income/ (costs)				**(156)**	170	52	**66**
Depreciation & amortisation				**(1,806)**	-	-	**(1,806)**
Operating profit/ (loss)				**6,788**	(1,415)	(3,502)	**1,871**
Net finance income/(costs)				**(96)**	(3)	381	**282**
Gain arising on loss of control of subsidiary					7,767		**7,767**
Share of Loss of Associate					(712)		**(712)**
Profit/(loss) before tax				**6,692**	5,637	(3,121)	**9,208**
Segments assets & liabilities							
Segment assets				**68,248**	56	48,038	**116,342**
Segment liabilities				**(60,156)**	(279)	(16,921)	**(77,356)**
Net assets/ (liabilities)				**8,092**	(223)	31,117	**38,986**
Additions to non-current assets						133	**133**

Notes to the Financial Statements

6. Segmental Analysis (continued)

Year ended 31 December 2021	Electricity Supply	FIT Admin-istration	Gas Supply	Total supply companies	Energy as a Service	Holding companies/ consolidation adjustments	Total
	£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)
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

All turnover arose within the United Kingdom.

Notes to the Financial Statements

7. Operating Profit and Administrative Expenses

	Note	2022	2021
		£000's	£000's
The operating profit is stated after charging:			
Depreciation of property, plant and equipment	14	**98**	66
Depreciation of right of use assets	15	**526**	516
Amortisation of intangible assets	16	**653**	1,133
Auditors' remuneration			
Audit of parent and consolidated financial statements		**113**	109
Audit of subsidiaries		**112**	108
Additional fees in relation to prior year audit		–	8
Subtotal (audit)		**225**	225
Other services		–	–
Subtotal (non-audit)		–	–
The administrative expenses comprise the following:			
Staff and associated costs		**14,565**	12,090
Office costs		**3,900**	2,772
Marketing costs		**461**	1,739
Professional fees and bank charges		**3,747**	3,143
Expected credit loss provision		**3,636**	3,134
Depreciation and amortisation		**1,277**	1,713
WIP writedown		–	38
Impairment loss		298	–
Gain/(loss) on disposals		–	(7)
Total		**28,109**	24,622
Split between:			
Continuing administrative expenses		**28,109**	23,816
Non-underlying costs		**-**	806
Total		**28,109**	24,622

Non-underlying costs in the prior year relate to third party legal and professional advice in response to a takeover bid by Ecotricity for the entire issued share capital of Good Energy Group PLC not already owned by Ecotricity. The costs incurred are not part of the ongoing and underlying success of the business and were reported separately.

Notes to the Financial Statements

8. Staff Costs

Staff costs, including Directors' remuneration, were as follows:

	2022	2021
	£000's	£000's
Wages and salaries	**11,436**	9,928
Social security costs	**1,290**	1,173
Share based payments	**198**	–
Other pension costs	**619**	515
Total staff costs	**13,543**	11,616
Total expensed staff costs	**13,543**	11,616

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:

	2022	2021
	Number	Number
Operations	**113**	92
Business services	**179**	185
Total management and administration	**292**	277

Notes to the Financial Statements

9. Directors' and Key Management Remuneration

Directors’ and Key Management emoluments	2022	2021
	£000’s	£000’s
Short term employee benefits	**1,049**	1,118
Post employment benefits	**85**	64
Share based payments	**190**	287
Total	**1,324**	1,469

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 (2021: 3) in respect of money purchase pension schemes.

In respect of the highest paid Director, the Group paid remuneration of £320,384 (2021: £565,000), including contributions to money purchase pension schemes of £26,000 (2021: £27,580).

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, 170,956 share options were exercised by current or former Directors and Key Management (2021: 90,000). The aggregate amount of gains made by current Directors or Key Management on the exercise of share options was £90,509 (2021: £474,312).

Details of the Directors’ remuneration as required by AIM rule 19 are given in the table in the Directors’ remuneration report on page 74 and are included in this note by cross reference.

10. Finance Income

	2022	2021
	£000’s	£000’s
Bank and other interest receivables	**17**	14
Preference share dividends	**187**	–
Discount on purchase of preference shares	**429**	–
Total finance income	**633**	14

Notes to the Financial Statements

11. Finance Costs

	2022 £000's	2021 £000's
On bank loans and overdrafts	-	3
On corporate bond	**237**	485
Other interest payable	**70**	27
Interest on lease liabilities	**44**	69
Total finance costs	**351**	584

12. Taxation

	2022 £000's	2021 £000's
Analysis of tax charge for the year		
Current tax		
Current tax	-	-
Adjustments in respect of prior years	(516)	(35)
Adjustments in respect of assets held for sale	-	10
Total current tax (see below)	(516)	(25)
Deferred tax		
Origination and reversal of temporary differences	**(117)**	(979)
Adjustments in respect of prior years	**1,270**	(15)
Total deferred tax (see note 24)	**1,153**	(994)
Tax on profit on ordinary activities	**637**	(1,019)

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.

	2022 £000's	2021 £000's
Income tax expense reported in the statement of profit and loss – continuing operations	**637**	187
Tax from Discontinued operations	-	(1,206)
Total tax charge for the year	**637**	(1,019)

Notes to the Financial Statements

12. Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained as follows:

	2022	2021
	£000's	£000's
Accounting profit before tax from continuing operations	**9,208**	1,834
Profit/(loss) before tax from discontinued operations	**64**	(6,752)
Accounting profit/(loss) before income tax	**9,272**	(4,918)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	**1,762**	(934)
Tax effects of:		
Expenses not deductible for tax purposes	**208**	66
Non-taxable income	**(1,557)**	-
Effects of changes in tax rate	**(28)**	(61)
Share-based payment adjustment	**58**	(79)
Prior year adjustments	**754**	(50)
Deferred tax on consolidation	**(570)**	-
Deferred tax on losses not recognised	**10**	39
Total tax charge/(credit) for the year	**637**	(1,019)

Factors that may affect future tax charges

The UK Budget 2022 announcements on 15 March 2023 confirmed that the UK's main corporation tax rate will increase to 25% 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.

Corporation tax payable

	Parent Company		**Consolidated**	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
UK Corporation Tax on profits for the year	**-**	-	**-**	-

13. Earnings/(Loss) 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 79,924 (2021: 250,880) shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

	Consolidated	
	2022	2021
Profit/(loss) attributable to owners of the Company (£000's)	**9,227**	(3,389)
Basic weighted average number of ordinary shares (000's)	**16,575**	16,399
Basic earnings/(loss) per share	**55.7p**	(20.7p)

Continuing operations	Consolidated	
	2022	2021
Profit attributable to owners of the Company (£000's)	**8,571**	2,157
Basic weighted average number of ordinary shares (000's)	**16,575**	16,399
Basic earnings per share	**51.7p**	13.2p

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 242p (2021: 269p). The dilutive effect of share-based incentives was 10,497 (2021: 145,752). The dilutive effect of share-based incentives for continuing operations was 10,497 shares (2021: 145,752 shares).

	Consolidated	
	2022	2021
Profit/(loss) attributable to owners of the Company (£000's)	**9,227**	(3,389)
Weighted average number of diluted ordinary shares (000's)	**16,585**	16,544
Diluted earnings/(loss) per share	**55.6p**	(20.7p)

Notes to the Financial Statements

13. Earnings/(Loss) per Share (continued)

Continuing operations	Consolidated	
	2022	2021
Profit attributable to owners of the Company (£000's)	**8,571**	2,157
Weighted average number of diluted ordinary shares (000's)	**16,585**	16,544
Diluted earnings per share	**51.7p**	13.0p

Discontinued operations	Consolidated	
	2022	2021
Profit/(loss) attributable to owners of the Company (£000's)	**64**	(5,546)
Weighted average number of diluted ordinary shares (000's)	**16,585**	16,544
Diluted loss per share	**0.4p**	(33.8p)

Notes to the Financial Statements

14. Property, Plant and Equipment

Consolidated **Year ended 31 December 2022**	**Leasehold improvements**	**Furniture, fittings & equipment**	**Total**
	£000's	**£000's**	**£000's**
Cost or valuation			
At 1 January 2022	447	1,192	1,639
Additions	–	9	9
On acquisition of subsidiary	–	22	22
Eliminated on disposal of subsidiary	–	(39)	(39)
At 31 December 2022	**447**	**1,184**	**1,631**
Accumulated depreciation			
At 1 January 2022	(359)	(1,071)	(1,430)
Charge for the year	(56)	(42)	(98)
Depreciation eliminated on disposal of subsidiary	–	14	14
At 31 December 2022	**(415)**	**(1,099)**	**(1,514)**
Net book value			
At 1 January 2022	88	121	209
At 31 December 2022	**32**	**85**	**117**

Notes to the Financial Statements

14. Property, Plant and Equipment (continued)

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	340	1,072	62,045	63,457
Additions	107	120	21	248
Revaluation adjustment*	–	–	(4,561)	(4,561)
Reclassified as held for sale	–	–	(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 was recognised in OCI less deferred tax of £1.444k in the prior year.

Notes to the Financial Statements

15. Right of Use Assets and Leases

Office buildings typically have lease terms of between 4 to 6 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 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 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:

Consolidated Year ended 31 December 2022	**Land, land easements and buildings**	**Total**
	£000s	**£000's**
Cost		
At 1 January 2022	2,187	2,187
At 31 December 2022	**2,187**	**2,187**
Accumulated depreciation		
At 1 January 2022	(1,337)	(1,337)
Charge for the year	(526)	(526)
At 31 December 2022	**(1,863)**	**(1,863)**
Net book value		
At 1 January 2022	850	850
At 31 December 2022	**324**	**324**

Notes to the Financial Statements

15. Right of Use Assets and Leases (continued)

Consolidated Year ended 31 December 2021	Land, land easements and buildings	Generation assets	Total
	£000s	£000s	£000's
Cost			
At 1 January 2021	5,169	1,250	6,419
Additions	738	-	738
Reassessment of lease liabilities	39	-	39
Assets held for sale	(3,759)	(1,250)	(5,009)
At 31 December 2021	**2,187**	**-**	**2,187**
Accumulated depreciation			
At 1 January 2021	(1,157)	(154)	(1,311)
Charge for the year	(702)	(55)	(757)
Assets held for sale	522	209	731
At 31 December 2021	**(1,337)**	**-**	**(1,337)**
Net book value			
At 1 January 2021	4,012	1,096	5,108
At 31 December 2021	**850**	**-**	**850**

Notes to the Financial Statements

15. 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:

	2022	2021
	£000s	£000s
At 1 January	**872**	4,307
Additions	–	738
Remeasurement of Lease liabilities	–	39
Accretion of interest	**44**	319
Payments	**(626)**	(951)
Liability arising on assets held for sale	–	(3,565)
At 31 December	**290**	887
Current (see note 24)	**284**	562
Non-current (see note 24)	**6**	327
Total	290	889

The maturity analysis of lease liabilities is disclosed in note 24.

The following are the amounts recognised in the Statement of Comprehensive Income:

	2022	2021
	£000s	£000s
Depreciation of right-of-use assets (included within cost-of-sales and administration expenses)	**526**	757
Interest expense on lease liabilities	**44**	319
Expense relating to leases of low-value assets (included within administration expenses)	**161**	102
Variable lease payments (included within administration expenses)	**-**	92
Total amount recognised in the Statement of Comprehensive Income	**731**	1,270

During the year, the Group had the following:

- Total cash outflows for leases of £787,000 (2021: £1,145,000);
- No transactions giving rise to gains or losses arising from sale and leaseback transactions;
- No amounts relating to short-term leases.

Notes to the Financial Statements

15. Right of Use Assets and Leases (continued)

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.

16. Intangible Assets

Consolidated Year ended 31 December 2022	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 2022	180	7,500	219	1,984	733	10,616
Acquired in business combination	-	-	-	1,805	-	1,805
Additions	-	-	-	-	124	124
Disposal of subsidiary	-	(402)	(6)	(923)	(273)	(1,604)
Impairment	-	-	-	-	(298)	(298)
At 31 December 2022	**180**	**7,098**	**213**	**2,866**	**286**	**10,643**
Accumulated amortisation						
At 1 January 2022	-	(6,576)	(148)	-	-	(6,724)
Charge for the year	-	(629)	(24)	-	-	(653)
Disposal of subsidiary	-	234	3	-	-	237
At 31 December 2022	-	**(6,971)**	**(169)**	-	**-**	**(7,140)**
Net book value						
At 1 January 2022	180	924	71	1,984	733	3,892
At 31 December 2022	**180**	**127**	**44**	**2,866**	**286**	**3,503**

Notes to the Financial Statements

16. Intangible Assets (continued)

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
Additions	–	11	–	–	749	760
Transfers from assets under development	–	185	70	–	(255)	–
Disposals	–	(120)	(64)	–	(252)	(436)
Assets held for sale	–	(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**

Assets under the course of development in the prior year related largely to implementation costs for the customer billing system Ensek. All amortisation amounts are included within administration expenses.

Notes to the Financial Statements

16. Intangible Assets (continued)

The carrying values of indefinite life assets included in intangible assets are: goodwill of £2,866,000 (2021: £1,984,000), and a power supply licence of £180,000 (2021: £180,000) which relates to the subsidiaries Good Energy Limited and Igloo Works 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 indefinite life assets are held within Good Energy Ltd. An impairment review has therefore been carried out.

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 basis for these assumptions are as per those disclosed in note 17. 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.

17. Investments and Subsidiaries

Parent Company Year ended 31 December 2022	**Shares in Group undertakings**	**Loans to Group undertakings**	**Total**
	£000's	**£000's**	**£000's**
Cost and net book value			
At 1 January 2022	3,275	1,250	4,525
Acquisition of subsidiary	1,813	-	1,813
Loss of control of subsidiary and subsequent investment in associate	5,172	(1,250)	3,922
At 31 December 2022	**10,260**	-	**10,260**

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

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

17. Investments and Subsidiaries (continued)

The Group had the following subsidiaries at 31 December 2022 (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 Works Limited	UK	100%	Heat pump installation
Good Energy Cedar Windfarm Limited*	UK	85%	Dormant
Good Energy Lanyon Solar Park (011) Limited	UK	100%	Dormant
Good Energy Mapperton Solar Park (007) Limited	UK	100%	Dormant
Good Energy Tidal Limited	UK	100%	Investment holding company
Good Energy Development (No.1) Limited	UK	100%	Dormant
Good Energy Development (No.4) Limited	UK	100%	Dormant
Good Energy Development (No.5) Limited	UK	100%	Dormant
Good Energy Development (No.6) Limited	UK	100%	Dormant
Good Energy Development (No.7) Limited	UK	100%	Dormant
Good Energy Development (No.8) Limited	UK	100%	Dormant
Good Energy Development (No.12) Limited	UK	100%	Dormant
Good Energy Development (No.16) Limited	UK	100%	Dormant
Llangyfelach Community Solar Farm C.I.C	UK	100%	Dormant
Worminster Down Somerset Community Solar Farm C.I.C	UK	100%	Dormant

Notes to the Financial Statements

17. Investments and Subsidiaries (continued)

Good Energy Development (No.24) Limited	UK	100%	Dormant
Good Energy Development (No.26) Limited	UK	100%	Dormant
Good Energy Development (No.30) Limited	UK	100%	Dormant

*Entities indirectly owned by Good Energy Group PLC.

The subsidiaries above have all been included in the consolidated financial statements.

Impairment

The Group performed an impairment test in December 2022. 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 2022, 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 100% 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 -5% would still leave significant headroom, and would not trigger an indication of impairment.

Notes to the Financial Statements

18. Investments in associates

Investments in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

	Principal place of business/Country of incorporation	Ownership Interest	
Name		**2022**	**2021**
Zap-Map Limited	United Kingdom	49.9%	50.1%

Following a successful Series A funding round completed on 8th August 2022, Good Energy's shareholding in Zap-Map fell from a controlling interest of 50.1% to a significant minority 49.9% stake. Zap-Map's results have therefore been deconsolidated from the Good Energy group and a gain of £7.8m has been recognised in the consolidated statement of comprehensive income, arising from Good Energy's loss of control in Zap-Map during the year.

The primary business of Zap-Map Limited is the provision of website, app and services in the electric vehicle sector.

Summarised financial information:

	2022
	£000s
Current assets	6,644
Non-current assets	946
Total assets	7,590
Current liabilities	(935)
Non-current liabilities	(10,739)
Total liabilities	(11,674)
Net assets/(liabilities)	**(4,084)**

There are no significant restrictions other than those set out in the Companies Act that prevent Zap-Map Limited from distributing a dividend.

Summarised statement of profit or loss and other comprehensive income:

	2022
	£000s
Revenue	503
Expenses	(1,930)
Profit before income tax	(1,427)
Income tax expense	-
Profit after income tax	**(1,427)**

Notes to the Financial Statements

18. Investments in associates (continued)

Reconciliation of the consolidated entity's carrying amount:

	2022
	£000s
Fair value of initial investment	13,290
Share of loss after income tax	(712)
Closing carrying amount	**12,578**

19. Inventories

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
Renewable Obligation Certificates	-	-	**8,767**	7,087
Emission Certificates	-	-	**425**	594
Consumables	-	-	**20**	-
Total	-	-	**9,212**	7,681

As at 31 December 2022 there were Renewable Obligation Certificates (ROCs) of £5,997,459 (2021: £5,584,765) 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 £16.1m (2021: £12.1m).

Notes to the Financial Statements

20. Trade and Other Receivables

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
Gross trade receivables and unbilled receivables	-	83	**69,007**	47,686
Provision for impairment/non-payment of trade receivables	-	-	**(15,428)**	(11,792)
Net trade receivables and unbilled receivables	-	83	**53,579**	35,894
Prepayments and other debtors	**5,224**	140	**1,330**	-
Other taxation	-	12	**2,588**	35
Total	**5,224**	235	**57,497**	35,929

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 £1.8m.

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	**2022**	2021
	£000's	£000's
Balance at 1 January	**11,792**	8,882
Increase in allowance for impairment/non-payment	**3,636**	3,134
Impairment/non-payment losses recognised	**-**	(224)
Balance at 31 December	**15,428**	11,792

Notes to the Financial Statements

20. Trade and Other Receivables (continued)

Trade receivables 31 December 2022	Current £000's	Days past due <30 days £000's	30-60 days £000's	61-90 days £000's	>91 days £000's	Total £000's
Expected credit loss rate	6.4%	15.0%	27.1%	39.1%	87.9%	
Estimated total gross carrying amount at default	41,471	3,041	1,805	1,492	12,780	60,589
Expected credit loss rate	**2,662**	**456**	**490**	**584**	**11,236**	**15,429**

Trade receivables 31 December 2021	Current £000's	Days past due <30 days £000's	30-60 days £000's	61-90 days £000's	>91 days £000's	Total £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**

All trade receivables are designated as financial assets measured at amortised cost.

21. Cash and Cash Equivalents

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
Cash at bank and in hand	**4,021**	496	**24,063**	3,531
Short-term bank deposits	–	–	–	2
Security deposits	–	–	**424**	3,166
Total	**4,021**	496	**24,487**	6,699

Included within cash at bank and in hand for both the Parent Company and the Group is £592,893 (2021: £389,101) in respect of monies held by the Good Energy Employee Benefits Trust.

Cash and cash equivalents at the end of December 2022 were £24.5m, with a further £8.4m sat in restricted deposit accounts. £4.5m of this amount relates to Government support scheme monies received in late Decmeber for application to business and domestic customer accounts in January 2023.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings as follows:

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
AA-	**593**	–	**593**	–
A+	**3,334**	392	**23,403**	390
A	–	10	–	3,076
A-	–	–	**397**	3,139
B	**94**	94	**94**	94
Total	**4,021**	496	**24,487**	6,699

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 2021	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
Proceeds from shares issued		28,626	1	–	1
Scrip dividends issued	–	47,559	3	125	128
At 31 December 2022	**20,000,000**	**16,860,099**	**844**	**12,915**	**13,759**

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 2022, the Company issued 47,559 (2021: 4,641) ordinary shares of 5p each in settlement of scrip dividends for a total exercise consideration of £128,705.

Clarke Willmott Trust Corporation Limited holds in trust 79,924 (2021: 250,880) 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 170,956 (2021: 17,390) shares as a result of options exercised and acquired 28,626 (2021: nil) shares.

The Board recommend a final dividend for 2022 of 2.0p (2021: 1.80p) per ordinary share, taking the full year dividend to 2.75p (2021: 2.55p).

Notes to the Financial Statements

23. Deferred Taxation

The provision for deferred taxation is made up as follows:

Consolidated	2022	2021
	£000's	£000's
At 1 January	4,583	4,135
Charged to the Consolidated Statement of Comprehensive Income	1,153	(994)
Elimination on disposal	(5,898)	-
Charged to equity	-	1,442
At 31 December	**(162)**	4,583

Deferred tax assets	2022	2021
	£000's	£000's
On short term timing differences	54	130
Losses	66	2,212
On accelerated capital allowances	42	-
Total	**162**	2,342

Deferred tax liabilities	2022	2021
	£000's	£000's
On accelerated capital allowances	-	(2,779)
Revaluation of Generation sites	-	(4,111)
Acquisition of subsidiary fair values	-	(35)
Total	-	(6,925)

The prior year balances include figures relating to the disposal group (GEGAN).

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 2021	**(2,029)**	**(3,123)**	**(47)**	**132**	**878**	**54**	**(4,135)**
Credited/ (charged) to the income statement	(297)	–	12	(2)	1,334	(54)	994
Assets held for sale	(454)	454	–	–	–	–	–
Charged to equity	–	(1,442)	–	–	–	–	(1,442)
At 31 December 2021	**(2,780)**	**(4,110)**	**(35)**	**130**	2,212	–	**(4,583)**
(Charged)/ credited to the income statement	2,822	(1,788)	35	(76)	(2,146)	–	(1,153)
Disposal	–	5,898	–	–	–	–	5,898
At 31 December 2022	**42**	**-**	**-**	**54**	**66**	**-**	**162**

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 £859,405 relating to losses of £3,347,620.

Notes to the Financial Statements

24. Borrowings and Other Financial Liabilities

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
Current:				
Bank and other borrowings	–	7	–	1,007
Bond	**10**	557	**10**	557
Loans from Group companies	–	2,700	–	–
Lease liabilities	–	–	**284**	555
Total	**10**	3,264	**294**	2,119

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
Non current:				
Bank and other borrowings	–	–	–	–
Bond	**4,922**	4,749	**4,921**	4,749
Lease liabilities	–	–	**6**	317
Total	**4,922**	4,749	**4,927**	5,066

The Group has an undrawn bank overdraft of £nil (2021: £nil) as at 31 December 2022. There is a revolving credit facility of £4,000,000 in place, of which £nil (2021: £1,000,000) was drawn down at 31 December 2022.

Intercompany loans are interest free and repayable on demand.

Notes to the Financial Statements

24. Borrowings and Other Financial Liabilities (continued)

Parent Company	Inter-company loan	Bond	Bank and other borrowings	Total
	£000's	£000's	£000's	£000's
31 December 2022				
Due less than 1 year	–	**10**	–	**10**
Due between 1 and 5 years	–	**4,922**	–	**4,922**
Total	–	**4,932**	–	**4,932**

Parent Company	Inter-company loan	Bond	Bank and other borrowings	Total
	£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

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 2022				
Due less than 1 year	**10**	–	**284**	**294**
Due between 1 and 5 years	**4,921**	–	**6**	**4,927**
Due more than 5 years	–	–	–	–
Total	**4,931**	–	**290**	**5,221**

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

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 2022 are:

	2022	**2022**	2021	2021
	Fair value	**Carrying value**	Fair value	Carrying value
	£000s	**£000s**	£000s	£000s
Corporate bond	**4,820**	**4,486**	5,189	4,902

Borrowings are designated as other financial liabilities held at amortised cost.

The corporate bond is categorised as Level 1 in the fair value hierarchy as this is based on quoted prices in an active market.

Notes to the Financial Statements

25. Changes in Liabilities Arising from Financing Activities

	1 January 2022	Cash flows	Interest	Other	31 December 2022
	£000's	£000's	£000's	£000's	£000's
Current interest-bearing loans and borrowings (excluding items listed below)	1,563	(1,788)	237	(2)	10
Non-current interest-bearing loans and borrowings (excluding items listed below)	4,752	169	-	-	4,921
Current lease obligations	555	(315)	44	-	284
Non-current lease obligations	317	(311)	-	-	6
Total liabilities from financing activities	7,187	(2,245)	281	(2)	5,221

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

In the prior year a provision was recognised for decommissioning costs associated with wind farms and solar parks owned and operated by the GEGAN group sold in January 2022. The value of the provision wholly related to the decommissioning provision based on MWh or number of turbines for the respective generating sites.

	2022	2021
	£000s	£000s
1 January	-	1,316
Charged to Profit or Loss	-	23
Liability associated with assets held for sale	-	(1,339)
31 December	-	-

Notes to the Financial Statements

27. Trade and Other Payables

	Parent Company		Consolidated	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
Trade payables	**-**	(16)	**11,465**	6,532
Accruals	**405**	511	**50,868**	25,948
Social security and other taxes	**-**	–	**377**	1,334
Contract liabilities	**-**	–	**9,425**	7,097
Total	**405**	495	**72,135**	40,911

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 2021 as shown above were recognised as revenue in 2022.

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	**2022**	2021
	£000's	£000's
Final dividend for prior year of 1.8p per share (2021: 0p)	**187**	–
Interim dividend for current year of 0.75p per share (2021: 0.75p)	**238**	108
Total	**425**	108

A final dividend of 2p per share was proposed on 23 March 2023, subject to shareholder approval at the Company's AGM.

Of the total dividend distributed for the year, £127,274 (2021: £1,000) was paid in the form of scrip dividends with a balance of £297,458 (2021: £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	
	2022	2021	**2022**	2021
	£000's	£000's	**£000's**	£000's
(Loss)/profit before tax from continuing operations	**(3,524)**	1,998	**9,208**	1,834
Profit/(loss) before tax from discontinuing operations	**-**	-	**64**	(6,752)
(Loss)/profit before income tax	**(3,524)**	1,998	**9,272**	(4,918)
Adjustments for:				
Depreciation of PPE and ROU assets	**-**	-	**624**	4,014
Amortisation & impairment of intangibles	**3**	1	**951**	1,133
Loss on assets disposals	**-**	-	**-**	182
Transfers (to)/ from restricted deposit accounts	-	-	**(1,515)**	1,971
Revaluation of generation site	**-**	-	**-**	1,324
Gain arising on loss of control of subsidiary	**-**	-	**(7,767)**	-
Net gain on financial assets at FVTPL	**-**	(13)	**-**	-
Gain on sale of assets held for sale	**47**	-	**(64)**	-
Share based payments	**198**	-	**198**	-
Share of loss of associate	**-**	-	**712**	-
Dividend income from subsidiaries	**-**	(5,917)	**-**	-
Other finance costs - net	**(381)**	533	**(281)**	2,257
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)				
Inventories	**-**	-	**(1,509)**	5,582
Trade and other receivables	**(4,551)**	(60)	**(21,253)**	(10,098)
Trade and other payables	**(568)**	105	**25,812**	4,424
Cash inflow/(outflow) from operations	**(8,776)**	(3,353)	**5,180**	5,871

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. During the year costs of £197,963 (2021: £Nil) in respect of these options have been recognised in the Consolidated Statement of Comprehensive Income, of which £105,062 relates to the prior year. As at 31 December 2022,the following options had been issued:

	Number of options		Weighted average exercise price		Total exercise consideration	
	2022	2021	**2022**	2021	**2022**	2021
	(Number)	(Number)	**(£)**	(£)	**£000's**	£000's
Outstanding at beginning of year	**708,528**	628,009	**1.82**	0.68	**1,291**	428
Granted	**435,701**	473,109	**2.27**	2.18	**989**	1,030
Exercised	**(199,582)**	(153,596)	**1.03**	0.18	**(206)**	(27)
Cancelled/surrendered	**(66,340)**	(238,994)	**1.78**	0.59	**(118)**	(140)
Outstanding at the end of year	**878,307**	708,528	**2.23**	1.82	**1,956**	1,291

In order to partially fulfil the options granted, 79,924 (2021: 250,880) shares representing approximately 9% (2021: 35%) 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.

The fairvalue of the share options granted during the year were measured using the black scholes model with the following inputs:

- Weighted average fair value at the measurement date: £2.42

- Exercise price: £2.27

- Expected life of share options: 3.01 years

- Annual risk-free interest rate: 1.454%

- Expected volatity: 36.61%

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Financial Statements

30. Share-Based Payments (continued)

The options expire at various dates up to November 2026. 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)	
			2022	2021
2012-2015	2023	1.15	-	87
2013-2016	2023	1.25	**60**	144
2015-2018	2028	2.25	**50**	50
2018-2021	2028	0.05	-	29
2021-2022	2023	1.78	**75**	141
2021-2024	2025	2.51	**258**	258
2022-2025	2026	2.27	**436**	-
			879	709

There were 435,701 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 9 for the total expense recognised in the Income Statement for share options granted to Directors and employees.

31. Business Combinations

On 2 December 2022 the Group acquired 100% of the voting equity instruments of Igloo Works Limited, a company whose principal activity is the provision of affordable heat pump installations. The acquisition will enable the group to build on its strategy to accelerate its capability in decentralised energy services.

Recognised amount of identifiable assets acquired and liabilities acquired:

	Book Value	Fair Value
	£000s	**£000s**
Property, plant and equipment	23	23
Inventories	20	20
Receivables	125	125
Cash	34	34
Payables	(194)	(194)
Total Identifiable net assets	**8**	**8**
Goodwill	**1,805**	
Consideration	**1,813**	

Notes to the Financial Statements

31. Business Combinations (continued)

The fair value of trade receivables at the acquisition date is £37,977. The gross contractual amount for trade receivables due is £37,977. All amounts are expected to be collected.

Fair value of consideration paid:

	£000s
Cash	1,759
Deferred consideration	**54**
Total consideration	**1,813**
Goodwill	**1,805**

The main factor leading to the recognition of goodwill is the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition. The goodwill recognised will not be deductible for tax purposes.

Acquisition costs of £130,218 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income. No issue costs have been recognised in respect of the transaction.

The results of Igloo Works Limited since its acquisition are as follows:

	Current period since acquisition
Turnover	**27,540**
Loss	**(230,175)**

Since the acquisition date, Igloo Works Limited has contributed £27,540 to group revenues and a loss of £230,175 to the group's results. If the acquisition had occurred on 1 January 2022 group revenue would have been £249,195,000 and group profit for the year would have been £7,794,000.

32. 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 £596,000 (2021: £518,000).

Total contributions of £182,000 (2021: £73,000) 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

33. Related Party Transactions

During the year the Group recognised £187k in respect of preference dividends due from irredeemable preference shares held in Zap-Map Limited. The amount was unpaid at the year end and is included within trade and other receivables.

34. Subsequent Events

Proposed dividend

A dividend of 2.0p per share (2021: 1.80p) was proposed on 23 March 2023, subject to shareholder approval at the Group's AGM.

AQSE Growth Market

Good Energy voluntarily withdrew the Company's ordinary shares ("Ordinary Shares") from trading on the AQSE Growth Market and trading in the Ordinary Shares ceased at 4.30pm on 31 March 2023. Trading in the Ordinary Shares will continue on the AIM market of the London Stock Exchange.

35. 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 Lanyon Solar Park (011) Limited
Good Energy Mapperton Solar Park (007) Limited
Good Energy Tidal Limited
Llangyfelach Community Solar Farm C.I.C
Worminster Down Somerset Community Solar Farm C.I.C
Good Energy Development (No.1) Limited
Good Energy Development (No.4) Limited
Good Energy Development (No.5) Limited
Good Energy Development (No.6) Limited
Good Energy Development (No.7) Limited
Good Energy Development (No.8) Limited
Good Energy Development (No.12) Limited
Good Energy Development (No.16) Limited
Good Energy Development (No.24) Limited
Good Energy Development (No.26) Limited
Good Energy Development (No.30) Limited

Directors and Corporate Resources

Directors

William Whitehorn (Non-Executive Chairman)
Nigel Pocklington (Chief Executive)
Rupert Sanderson (Chief Financial Officer)
Timothy Jones (Non-Executive Director)
Emma Tinker (Non-Executive Director)
Nemone Wynn-Evans (Non-Executive Director)

Company Secretary

Computershare Company Secretarial Services Limited
Bridgewater Road, Bristol, BS13 8AE

Company Number

04000623

Principal Place of Business and Registered Office

Monkton Park Offices,
Monkton Park
Chippenham
Wiltshire
SN15 1GH

Independent Auditors

Mazars
90 Victoria St
Bristol
BS1 6DP

Financial Advisors

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Bankers

Lloyds Bank
PO Box 112, Canons House,
Canons Way
Bristol
BS99 7LB

The Co-operative Bank PLC
PO Box 101, 1 Balloon Street
Manchester
M60 4EP

Legal Advisors

Norton Rose LLP
3 More London, Riverside
London
SE1 2AQ

Registrars

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol
BS99 6ZY

Acronyms and definitions

API: Application Programme Interface solution

CAGR: Compound annual growth rate

Default/deemed tariffs: Good Energy's default and deemed tariffs are supply tariffs which are subject to the energy price cap. A customer automatically switches to the default tariff if they are on a fixed tariff which comes to an end and they take no other action (such as switching to our SVT or another fixed tariff). Customers on deemed tariffs are other instances where there has not been an active choice to switch, such as where a customer has moved into a property supplied by Good Energy.

Deemed export payments: The precursor to smart export payments. Under the FIT scheme, generators are usually paid a 'deemed' export of 50%, based on the assumption that they export 50% of what they generate to the grid. Smart export tariffs pay them for the actual amount of export.

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

EBSS: The Energy Bill Support Scheme – government scheme that provided households with a one-off payment of £400 to support with winter energy costs. Other government energy support schemes include the Energy Price Guarantee (EPG) for consumers, and the Energy Bill Relief Scheme (EBRS) for businesses, which both reduce the per-unit rates of electricity and gas.

EPG: Energy price guarantee

EV: Electric vehicle

FIT: Feed in Tariff – government scheme live from 2010-1019 that pays small renewable generators.

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

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

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.

PPA: Power purchase agreements in which Good Energy contracts with renewable generators to buy electricity.

SVT: Atandard variable tariff

SME: Small and medium sized enterprises

M&A: Mergers and acquisitions

MCS: Microgeneration Certification Scheme, an independent scheme that defines, improves and certifies quality standards for low-carbon and renewable energy technologies and installers.

SBT: Science based targets: provide a clearly-defined pathway for companies to reduce greenhouse gas emissions (GHG), helping prevent the worst impacts of climate change and future-proof business growth.

MIX
Paper | Supporting responsible forestry
FSC® C148212
www.fsc.org

Eco designed by certified B Corporation leap.eco
Printed by philtone.co.uk on FSC-certified paper.

Annual Report & Accounts 2022

Good Energy Group PLC
Monkton Park Offices
Monkton Park
Chippenham
SN15 1GH

goodenergy.co.uk/investors