18 April 2024

Pod Point Group Holdings PLC

("Pod Point" or "the Group")

Full year results for the 12 months to 31 December 2023

Strong progress against Powering Up strategic initiatives; good H2 momentum

Pod Point, a leading provider of Electric Vehicle ('EV') charging solutions in the UK, is pleased to announce the following audited full year results for 2023, which are ahead of guidance for revenue and adjusted EBITDA. The Group is making strong progress against its Powering Up strategic initiatives, particularly against cost restructuring and the development of Energy Flex. 2024 guidance has been maintained for revenue, adjusted EBITDA and closing net cash, with an upgrade to our guidance for Energy Flex revenues.

Andy Palmer, Interim Chief Executive Officer of Pod Point, said:

"I am pleased that Pod Point has shown positive momentum during the second half of 2023 and that has been maintained so far in 2024. We are delivering against our nine operational targets, with our new product Solo 3S in production with upgraded product features such as OCPP compliance and solar compatability. Our cost savings programme is on track as is our planned capital-lite expansion into Europe. Through Energy Flex, we are providing a high quality solution to help balance supply and demand in the UK Grid. We outperformed our revenue target for Flex in 2023 and today upgrade our Flex revenue target of 2024 based on the strong performance since the start of the current financial year. Our balance sheet is robust and we are excited about our future opportunities."

Key Financials	**2023**	2022	**Change**
	£m	£m	
Revenue	**£63.8m**	£71.4m	(11)%
Adjusted EBITDA(1)	**£(15.3)m**	£(7.0)m	£(8.3)m
Loss Before Tax	**£(83.2)m**	£(19.9)m	£(63.3)m
Closing cash	**£48.7m**	£74.1m	£(25.4)m

Financial Highlights

- Installed base of communicating devices rose to 226k units, up 16% compared to 2022. Pod Point maintains its leading scaled position in the UK.
- Revenue of £63.8m, down 11% compared to 2022, largely due to the removal of the OZEV grant that boosted 2022 performance. The second half performance showed the early benefits of our Powering Up strategy, with H2 2023 revenue up 11% compared to H2 2022. The Home segment was up 3% for H2 2023 vs. H2 2022.
- Recurring and Energy Flex revenues £3.3m (2022: £2.2m), including maiden Energy Flex revenues in Q4
- Gross margin of 30.2%, up 700 bps compared to 2022 driven by pricing, operational efficiency and mix
- Adjusted EBITDA loss of £15.3m (2022: loss of £7.0m)
- Non-cash impairment charge relating to goodwill and other intangibles of £53.2m drove a Loss Before Tax of £83.2m (2022: £19.9m)
- Strong cash position of £48.7m (2022: £74.1m) and fully undrawn £30m credit facility

Strategic and Operational Highlights

- Leverage core in Home and Workplace
    - New contract wins included Barratt, Taylor Wimpey, Redrow, Roadchef, Group 1 and Knight Frank. The Group extended agreements with partners including Mercedes Benz, JLR, and Lex

Autolease
  - 25.3 million charging sessions delivered in 2023 - up by 12% compared to 22.5 million in 2022
  - 448 million kWh delivered by our chargepoints in 2023 up 22% year-on-year, avoiding the equivalent of 251,000 tonnes of CO_2e
  - Solo 3S (Arch 5), our new OCPP-compliant chargepoint is in volume production
  - On track to launch in two international markets in 2024
- Cost Optimisation
  - Restructuring programme on track, with first phase complete and second phase started. On track to deliver £6m of annualised savings by end of 2024
  - Gross margin up 700bps in 2023 (vs 2022); up 940bps in H2 2023 (vs H2 2022)
  - Celestica landed cost price remains highly competitive
- Build Customer Lifetime Value
  - Signed Flex contracts with Centrica, EDF and UK Power Network, entering new Energy Flex market segment through Centrica trial
  - Delivered £39,000 of Energy Flex revenues in 2023, significantly ahead of expectations
  - Year-to-date Energy Flex revenue well ahead of 2024 plan, so we upgrade of 2024 guidance to circa £300,000
  - Launch of consumer proposition on track for second half of 2024
- Appointment of CEO, Melanie Lane, starting on 1 May 2024.

Financial Summary	**2023 £'000**	**2022 £'000**	**Year on year change**
Total revenue	**63,756**	**71,409**	**(10.7)%**
Home	26,972	41,400	(34.9)%
UK Commercial	22,997	21,503	6.9%
UK Distribution	5,400	4,273	26.4%
Owned Assets	8,348	4,233	97.2%
Energy Flex	39	-	n/a
Gross profit	**19,240**	**16,589**	**16.0%**
Gross margin	30.2%	23.2%	700bps
Adjusted EBITDA[(1)]	**(15,270)**	**(7,040)**	**(8,230)**
Loss before tax	**(83,185)**	**(19,924)**	**(63,261)**
Closing cash	**48,743**	**74,103**	**(25,360)**

Headline KPIs	**2023**	**2022**	**Year on year change**
CO_2e avoided by Pod Point's owned and operated chargepoints being used (ktonnes)	**399**	**278**	**44%**
Home units installed	**33,513**	**53,961**	**(38)%**
Average revenue per home chargepoint	**805**	**767**	**5%**
Total home chargepoints installed and able to communicate	**199,442**	**173,754**	**15%**
Energy transferred across our Network (GWh)	**448**	**367**	**22%**
Total chargepoints communicating	**226,032**	**195,096**	**16%**

Notes

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation and impairment charges, and also excluding both amounts charged to the income statement in respect of the Group's share based payments arrangements and adjusting for large corporate transaction and restructuring costs. These have been separately identified by the Directors and adjusted to provide an underlying measure of financial performance. The reconciliation is set out in Note 4, which also provides a summary of the amounts arising from the large corporate transactions and restructuring costs.

(2) PiV defined as "Plug-in Vehicles"

(3) Average recurring revenue per unit is calculated as recurring revenue divided by the total number of Commercial units installed and able to communicate at a period end. Commercial units shipped but not installed by Pod Point are not included in this statistic

Current trading and outlook

The Group has made a good start to the year, despite private plug-in vehicle demand remaining weak. The Group is making good progress against all nine of its operational targets set at the Capital Markets Day.

Building on the positive momentum in H2 2023, the Home segment remains in growth in 2024 as we leverage our market-leading position and diversified distribution partnerships. Workplace is seeing good underlying progress, but planned exits on the back of our Powering Up strategy means reported growth in the year will be adversely affected.

2024 is a transitional year for the Group, as we execute our restructuring plan and exit non-strategic business segments. Overall, our guidance for full year 2024 revenue and adjusted EBITDA is unchanged. Revenues are expected to be around £60m, with the Group exiting mid single digit million pounds of non-core revenues. Adjusted EBITDA losses are expected to be around £14m. We will deliver growth in our core Home segment and expect to see significant positive momentum in our Energy Flex segment.

We have embedded ROI disciplines across all areas of the Group to ensure careful cashflow management. We maintain our guidance on cash, and expect to end 2024 with around £15m of net cash and be undrawn on our £30m credit facility.

Webcast presentation

There will be a webcast presentation for investors and analysts this morning at 09:00am. Please contact podpoint@teneo.com if you would like to attend.

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About Pod Point Group Holdings plc

Pod Point was founded in 2009. Driven by a belief that driving shouldn't cost the earth, Pod Point is building the infrastructure needed to enable the mass adoption of electric vehicles and to make living with an EV easy and affordable for everyone. As at 31 December 2023 the company has 226k chargepoints installed and able to communicate on its network in the UK and is an official chargepoint supplier for major car brands.

Pod Point works with a broad range of organisations and customers to offer home and commercial charging solutions.

Pod Point is admitted to trading on the London Stock Exchange under the ticker symbol "PODP."

Chief Executive Officer's statement

Powering Up to deliver significant growth and value

2023 has been a challenging year for Pod Point, the EV market and the broader chargepoint market. Financial and operational performance were below our expectations at the start of the year, albeit we saw much greater stability in our performance in the second half of the year, following leadership changes, and the implementation of renewed focus and prioritisation. We made strong progress during the year in terms of maintaining our position as one of the largest home charging networks in the UK, delivering great customer service, expanding our distribution relationships across many routes to market and reinforcing our strong brand awareness brand awareness.

A critical milestone for the Group was delivered in November, with the launch of our transformation plan - Powering Up. The Group's new focused strategy is the culmination of an intense period of work. The transformation plan is built on three inter-connected priorities: focusing on our core strengths and leveraging them into adjacent markets; driving customer lifetime value through grid load management services or 'Energy Flex' and recurring revenues; and implementing our cost optimisation programme to ensure the Group's operating model is set up for success. This new strategy has received strong support from EDF, our largest shareholder.

Review of the year

Our financial performance in 2023 was disappointing, however, my view is that in the long term the year will be seen as a temporary setback for Pod Point and was the year we put in place the foundations for our transformation. Today, we have a much clearer view of the financial drivers of our business and a clear strategic focus. The delivery of our new strategy will create significant value over the long term, as we move towards both adjusted EBITDA profitability and positive cash flows. As we laid out at the 2023 Capital Markets Day, 2024 will be a year of transition as we exit some non-core parts of our business and adjust our cost base; however, we will deliver underlying growth in our core Home and Workplace segments and see significant positive momentum in our Energy Flex segment.

Powering Up, Pod Point's transformation plan, builds on the Group's core strengths in its brand, leading market share and broad partnerships, by prioritising Home and Workplace segments and developing an Energy Flex recurring revenue stream to build customer lifetime value, combined with a significant cost out programme.

We made progress across many areas of our core strengths that give us confidence in our transformation plan. We also closed the year in line with our Capital Markets Day guidance and slightly better on our cash position, hopefully demonstrating improved forecasting capability and a 'turning of the corner.'

The Group will drive market share recovery and operational improvement by building on strong foundations in three areas, each of which showed momentum in 2023:

1. **Brand development.** Building on our Trustpilot and third-party scores, we continue our digital promotion activities and have added above-the-line advertising to underpin our trusted status. We also strengthened our consumer brand appeal during the year with the launch of Pod Point's first ever above-the-line advertising campaign. Backed by an investment of £140k, our campaign of 30 second radio commercials reached around 3.42m people over a period of three months, with the message referencing our Which Trusted Trader accreditation and What Car? 'Best Home Charger 2023' accolade.

2. **Product development.** Pod Point refreshed and updated its product roadmap during the year and will launch the Solo 3S home charger in spring 2024. This will be OCPP compatible and EU compatible to support our international expansion plans and provide solar integration.

3. **Customer channel expansion.** The Group has a broad set of commercial partners across OEMs, housebuilders, car dealerships and leasing groups that have helped establish Pod Point as the largest network in the UK. New client wins during 2023 include Barrett, Redrow, Taylor Wimpey, Roadchef, Group 1 and Knight Frank. Major extensions include Mercedez Benz, JLR and Lex Autolease.

Consumers really appreciate what we do and how we do it - and we were pleased to maintain our excellent reputation on both Trustpilot and Reviews.io, with ratings of 4.2 and 4.6 respectively, at year end, from many thousands of customer reviews. The fact that customers place such trust in us, particularly at a time when energy companies in general are facing significant criticism, was underlined when consumers voted us the What Car? Best Home Charger Provider for 2023. We scored almost perfect marks for our quick service, and also topped the table for satisfaction.

The What Car? accolade was followed by Which? announcing that Pod Point was the UK's only EV charging provider to be awarded Which? Trusted Trader approved status for our installation service.

Another key highlight came with the introduction of our EV Exclusive tariff, which builds on our partnership with our major shareholder, EDF. We are the only business in our industry with such a close relationship with

with our major shareholder, EDF. We are the only business in our industry with such a close relationship with a leading energy company and through this unique partnership our customers are now able to charge their vehicles via a new and more affordable overnight rate.

Powering Up: a new strategy to deliver significant growth and value

We aim to power up 1 million customers and help make living with an EV easy and affordable for everyone.

Powering Up, our new strategy is committed to achieving sustainable leadership in the Home and Workplace markets. This is joined by two new strategic elements.

Firstly, we will replicate our UK strengths in European markets through a focus on capital- lite international growth. Set to launch in 2024, our Solo 3S chargepoint is solar and OCPP compatible, which means it can be used by customers in Europe. We will leverage our links with EDF - a major supplier of chargepoints in France - to drive volume. We have identified some markets that are of initial interest, like France, Spain, Belgium and Ireland. Our commitment is to enter two of these markets during 2024, in a capital-lite way of predominantly supply to third-party partners. We will not replicate our UK operating model in these European markets.

The second new element of Powering Up is that we will drive Energy Flex value through grid load management - partnering with EDF and other energy companies. All energy companies buy their electricity in advance, but sometimes have to supplement this with more expensive supplies to meet short-term demand. With customers' agreement, we will use our technology to monitor the peaks and troughs of this short-term demand and operate their EV chargepoints at the optimum moments when their EV is plugged in. We do this while always ensuring that their vehicles are fully charged when they need them to be.

This will help the energy companies reduce purchases of short-term supplies of electricity at inflated prices, and we will share the savings with our customers. Ultimately, the aim is to make Energy Flex bi-directional, which means we will sell electricity from the car battery back to the grid when prices are advantageous. Again, the benefits will be shared with customers, which we reflected in our expectation of £40-50 of per annual value to Pod Point. We saw the first revenues from Energy Flex at the end of 2023. These were small but significant - because they proved that the concept works.

Funding: sufficient to deliver our strategy

The Group has sufficient funding to execute its strategy and we upgraded our expected year-end 2023 to a final cash position of £48.7m. We expect positive cash flow in 2027.

EDF, the Group's largest shareholder, has shown its support for the Group's new strategy and has provided a five-year credit facility of £30m to provide additional funding headroom . We do not anticipate drawing on the facility in 2024.

Looking ahead

The market is likely to remain challenging with increased consumer uncertainty in anticipation of potential changes to UK Government policy and ongoing volatility in private new EV demand. However, the UK market should see significant tailwinds from the zero emission vehicle ("ZEV") Mandate legislation that requires auto manufacturers to materially increase ZEV sales mix, from 22% in 2024 to 38% by 2027 and 80% by 2030.

Pod Point will focus on the operational execution of our new strategy, which will include the orderly exit of some non-core parts of our existing business. 2024 will be a transition year for the Group, reflecting the impact of these exits and only a part-year of the anticipated £6m of annualised cost savings.

We gave clear financial guidance and operational targets for 2024 at our Capital Markets Day in November 2023 and I am pleased to confirm that we are well on track to achieve these targets. We will soon have Solo 3S in market and have upgraded our guidance on Flex revenues in 2024 to be at least £0.3m.

On a personal level, it has been a privilege to lead a close-knit group of colleagues working as one focused team to refresh, refocus and ready our business for the challenges ahead. Together, we have ensured that Pod Point is well-positioned for the future. The appointment of Melanie Lane as permanent CEO with effect from 1st May 2024 was announced on 20th February 2024, and I look forward to working with her as she continues the implementation of our strategy. In the meantime, I am excited to continue playing my part in the future of this great Company, as Chair, as we navigate the next stage of our journey.

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Andy Palmer
Chief Executive Officer

Chief Financial Officer's statement

Income statement

2023 has been a year marked by a change in trajectory. A change of leadership in the middle of the year, and a refreshed and refocused strategy announced in November, marks the beginning of a period of change and transformation that will extend into 2024. As a result, our trading and financial performance reflected a mixed picture.

The performance headlines of the business clearly present a challenging overall picture, but one that masks several areas of positive progress with total revenue declining to £63.8 million from £71.4 million in 2022, a year on year decrease of 11%. Whilst revenue in our UK Home segment declined year on year due to the removal of the OZEV grant, which greatly benefited FY2022 performance, encouragingly we saw revenue growth across all our other segments. We also generated our first revenue from Energy Flex, demonstrating progress against one of our key strategic objectives.

Across the year, we saw a marked revenue improvement during the second half. Within a year that was down overall 11%, the first half declined by 26% on 2022, but this turned around to a growth of 11% year on year in the second half, driven by improved performance in Home.

Whilst revenue declined, our gross profit increased by £2.6 million to £19.2 million and our overall gross margin percentage improved by 7ppts year to year to 30.2%. This was due to improvements in our supply chain, operational efficiencies, and a higher mix of business coming from higher margin revenue streams, for example the growth in our UK Distribution business unit.

Over the period, we continued to invest in overhead areas to support and drive future growth, focused on sales and marketing, customer service and other support functions. This moved the business to an adjusted EBITDA loss of £15.3 million in 2023 (2022: £7.0 million loss).

After further capital investment of £12.3 million, including £11.5 million in software and product development and £0.5 million in owned assets, 2023 year-end cash and cash equivalents were £48.7 million compared to £74.1 million at the end of 2022.

Unadjusted losses after tax increased to £83.4 million in 2023 (2022: £20.2 million). Adjusted EBITDA losses increased in 2023 to £15.3 million from £7.0 million in 2022. Depreciation, amortisation and impairment costs totalled £64.0 million in 2023 (2022: £7.7 million). Net finance income was £1.2 million (2022: £0.1 million). Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment charges, and also excluding both amounts charged to the income statement in respect of the Group's share-based payments arrangements and adjusting for large corporate transaction and restructuring costs. This measure has been separately identified by the Directors and adjusted to provide an underlying measure of financial performance. The reconciliation is set out in note 4. Note 5 provides a summary of the amounts arising from the large corporate transactions and restructuring costs.

The Group's revenue is generally derived from sales of its goods and services and is classified under one of the following: (i) UK Home, (ii) UK Commercial, (iii) UK Distribution, (iv) Owned Assets and (v) Energy Flex. The Group generates its revenues from the installation and operation of EV chargepoints in the UK. Revenue is typically recognised on completion of an installation, in stages for larger installations or upon delivery of a chargepoint where a customer does not require installation services.

Summary income statement

	Year ended 31st December 2023 £'m	Year ended 31st December 2022 £'m	Year-on-year change
Total revenue	**63.8**	**71.4**	**(11%)**
Gross profit	**19.2**	**16.6**	**16%**
Gross margin	30.2%	23.2%	7.0ppts
Adjusted EBITDA	**(15.3)**	**(7.0)**	**(8.3)**
Loss before tax	**(83.2)**	**(19.9)**	**(63.3)**
Closing cash	**48.7**	**74.1**	**(25.4)**

Business segment review[1]

The following table sets out the revenue for each of our business segments for the years ending 31st December 2023 and 2022:

	Year ended 31st December 2023 £'m	Year ended 31st December 2022 £'m	% change
UK Home	27.0	41.4	(35%)
UK Commercial	23.0	21.5	7%
UK Distribution	5.4	4.3	26%
Owned Asset	8.4	4.2	97%
Energy Flex[2]	0.0	-	-
Total	**63.8**	**71.4**	**(11%)**

[1] 2022 figures restated for the new segment definitions

[2] Energy Flex revenue in 2023 was £39k

Below, we review each of our business segments, including revenue drivers and gross margin:

UK Home business segment

- We saw revenue in our UK Home business unit decline to £27.0 million from £41.4 million in 2022; this represented a 35% year-on-year reduction. This was, in part, due to the cessation of the OZEV grant during the first half of 2022
- New PiV registrations increased 24% to 455,998 in 2023 from 368,616 in 2022, primarily driven by the fleet market rather than private customer demand. Despite this increase in the market, our Home revenue declined, which was disappointing
- While revenue declined by 54% comparing H1 2023 to H1 2022, we saw H2 2023 improve by 3% compared to H2 2022, indicating an improving trajectory on performance. In addition, we also saw some forward momentum across the year with H2 2023 revenue 17% higher than H1 2023
- The number of Pod Point home chargepoints installed fell to 33,513 versus 53,964 in the full year of 2022
- Percentage gross margin in 2023 increased to 28.1% compared to 19.2% in 2022; this increase was driven by improvements to our supply chain and an increase in our average revenue per installed chargepoint to £805 from £767 in 2022
- Gross profit was £7.6 million in 2023, only down 5% (2022: £8.0 million) with lower revenue partially offset by improvements in gross margin percentage
- We renewed a number of key customer contracts during the year including Mercedes and JLR, and now have over 65 operational fleet accounts with businesses including Coca-Cola and DHL

UK Commercial business segment

- We delivered a strong performance, with revenue of £23.0 million compared to £21.5 million in 2022, an increase of 7%
- Number of chargepoints installed was 5,231 compared to 5,781 in 2022
- The increased revenues and improvements to our supply chain helped to increase total gross margin in 2023 to £6.1 million, compared to £4.1 million in 2022 - an increase of 48%
- Percentage gross margin increased from 19.1% in 2022 to 26.3% in 2023 - an improvement of 7ppts that was driven by improved operational efficiency and aforementioned
- We won or renewed several key customer contracts during the year, including Cemex and Genuit
- We will be moving away from new business in our historical segments, such as fleet depot, destination/public charging and multi-tenancy

UK Distribution business segment

- We delivered a strong performance, with revenue of £5.4 million compared to £4.3 million in 2022, an increase of 26%
- The increased revenues helped to increase total gross margin in 2023 to £3.1 million, compared to £2.2 million in 2022 - an increase of 39%
- Percentage gross margin increased from 52.5% in 2022 to 57.8% in 2023, a 5ppts improvement reflecting reductions in supply chain costs
- We won or renewed several key customer contracts during the year, including Barratt Homes, Bellway and Taylor Wimpey

Owned Asset business segment

- We delivered a strong performance with revenue of £8.4 million compared to £4.2 million in 2022, an increase of 97%
- The total number of sites installed at the period end increased to 598 from 570 at the end of 2022. The total number of chargepoints installed at the period end increased to 1,337 from 1,271 at the end of 2022, including 142 DC rapid chargepoints at the end of 2023 compared to 132 at the end of 2022
- This increase in revenues and chargepoints helped to increase gross margin in 2023 to £2.5 million compared to £2.3 million in 2022 - an increase of 8%
- Percentage gross margin in 2023 decreased to 29.5% compared to 54.0% in 2022 - due to a change in mix towards lower margin tariff related income
- Gross capital deployed on assets increased to £7.0 million at the end of 2023, compared to £6.5 million at the end of 2022

Energy Flex business segment

- We generated our first revenues in our new Energy Flex business unit; this was £39,000 revenue in Q4 and represents a key step forward against one of our strategic objectives discussed in the Capital Markets Day
- This revenue was generated from participation in local grid flexibility schemes with the DNOs

Cost of sales

Cost of sales principally comprises the cost of chargepoints and related parts installed, other installation costs such as trench digging, electrical cable running and parking bay markings and the cost of labour, which includes both in-house staff and third-party contractors. Where a commercial installation is incomplete at a period end, we accrue revenue and cost of sales according to the percentage completion of the project.

Where we own and operate a chargepoint and charge customers to charge their vehicles, the costs of the related electricity and credit card/banking transaction fees are included in cost of sales. Cost of sales decreased by £10.3 million (19%) from £54.8 million in 2022 to £44.5 million in 2023. The decreased cost of sales was driven by lower activity and non-recurring supply chain costs in the previous year.

Gross profit

Total gross profit increased in 2023 to £19.2 million compared to £16.6 million in 2022, an increase of 16%. In addition, we saw gross margin percentage increased by 7ppts from 23.2% to 30.2%.

Administrative expenses

Total administrative expenses, excluding impairments, as disclosed on the Income Statement increased to £51.4 million (2022: £37.5 million), an increase of 37%.

FY2023 costs include an impairment charge for goodwill and other intangible assets of £53.2 million (2022: £0.6 million). The FY2023 impairment charge arises in our UK Commercial and UK Distribution segments, in which certain parts of the business have been declared no longer core during 2023 as set out in the CEO's statement above. The impairment charge reflects significant levels of goodwill and other intangibles allocated to Commercial segments at the acquisition of the Group by EDF, and the reduced forecast cashflows from these segments as our strategy has evolved.

The year-on-year increase in total administrative expenses, excluding impairment, of £13.9 million was driven by a number of factors including:

i) A £3.1million increase in depreciation and amortisation, from £7.7 million to £10.8 million, reflecting significant investment in intangible fixed assets in the current and prior year

ii) An increase of £2.7 million in exceptional restructuring costs, from £0.1 million to £2.8 million, reflecting actions taken following the strategic review in late 2023

iii) A £1.9 million increase in marketing spend year on year, as the Group targeted growth in key segments

iv) A £6.2 million increase across staff and other costs, as the Group invested in back-office functions

Adjusted EBITDA

Despite the strong gross margin improvement, increased administrative costs moved the business from an adjusted EBITDA loss of £7.0 million in 2022 to a loss of £15.3 million in 2023.

Finance costs

Net finance income increased to £1.2 million in 2023 (2022: net finance income of £0.1m million), as a result of increased interest on bank deposits due to increased rates.

Taxation

The tax charge in 2023 of £0.2 million was broadly consistent with 2022 at £0.3 million. This relates to the Group's above the line income in respect of R&D tax credit claims.

Loss after tax

Operating loss before impairment of intangible assets increased from £19.4 million in 2022 to £31.2 million in 2023 as a result of lower trading performance as described above and £2.8 million of exceptional costs related to restructuring (up from £0.1 million in 2022). When including impairment losses of £53.2 million (2022: £0.6 million), as well as net finance income and tax charge as described above, losses after tax increased to £83.4 million in 2023 compared to £20.2 million in 2022.

Earnings per share

Basic and diluted loss per share increased to 54 pence from 13 pence as a result of the increased loss described above.

Dividend

We aim to prioritise the reinvestment of our cash flows into the considerable opportunities that exist for the growth of the business. With respect to dividends, the Directors see these as an important part of the capital allocation policy at the appropriate time in the future, and once commenced the Directors would anticipate operating a progressive dividend policy.

Capital expenditure

During the period under review, we increased investment in internally generated intangible assets (software and hardware development) to improve our product and service offerings and invest in the platforms to drive future growth.

We continued to capitalise expenditure on additions and improvements to our hardware and software as new functionality and services were developed. Total expenditure relating to internal staff costs of £8.7 million was capitalised in 2023 compared to £5.7 million in 2022. Investment in owned chargepoints (predominantly via our Tesco relationship) reduced to £0.5 million (2022: £1.9 million) reflecting the end of the roll-out of chargepoints across the Tesco estate. In addition we capitalised license fees, third-party development, and other costs associated with product development of £2.8 million (2022: £4.2 million) and incurred £0.3 million cost associated with computer equipment (2022: £0.5 million). Making total capital expenditure of £12.3 million (2022: £12.3m).

Cash flow

Closing cash and cash equivalents were £48.7 million (2022: £74.1 million).

Cash outflow from operating activities increased to £12.8 million from £9.0 million in 2022. This was the result of higher operating losses, partially offset by an improvement in working capital driven by tighter cash management.

Cash outflows from investing activities were £10.7 million, reflecting fixed asset additional described above, offset by bank interest receivable. In 2022 there was an investing inflow of £38.2 million, including £50.0 million of movements in short-term investments. The underlying net outflow was £11.8 million.

Cash outflow from financing activities increased to £1.8 million (2022: £1.3 million), in part due to increased lease payments in respect of vehicles.

Balance sheet

Management of the balance sheet remained strong. Working capital movements represented a net inflow of £6.1 million across trade and other receivables, inventory, deferred income, trade and other payables and provisions. Internally generated fixed assets grew as we continued to build the software platforms that will drive future growth.

Related party transactions

During 2023, transactions with related parties included sale of goods of £0.2 million (2022: £0.5 million) and purchase of goods of £0.5 million (2022: £0.4 million). These transactions were undertaken with EDF Group companies. Additionally, EDF has provided a £30m credit facility to the Group. There were no other transactions with significant shareholders.

Going concern

In adopting a going concern basis for the preparation of the financial statements, the Directors have made appropriate enquiries and have considered the Group's business activities, cash flows and liquidity position, and the Group's principal risks and uncertainties, in particular economic and competitive risks.

The Directors have taken into account reasonably possible future economic factors in preparing and reviewing trading and cash flow forecasts covering the period to 30 April 2025, being over 12 months from the date of approval of these financial statements. This assessment has recognised the significant loss and cash outflow in FY2023, and the actions management has taken and has planned in FY2024 to implement the Group's change in strategy as set out above.

change in strategy as set out above.

The Group is expected to continue to experience negative cashflows between 2024 and 2026, before becoming cash generative in 2027. The Directors are of the view that the plans in place are realistic and achievable.

This assessment has taken into consideration sensitivity analysis as set out below and the steps which could be taken to further mitigate costs if required. Mitigations which are available and entirely within the control of the Group include a reduction in investment in brand marketing expenditure, delays in investment in new technology not expected to be in use during the assessment period, and reductions in expenditure on the Group's support functions to match any reductions in demand levels.

Since the Group has not made commitments to carbon emission reductions which, if implemented, would have a significant cost implication, the impact of climate change has not had a significant effect on the forecasts considered.

In satisfying themselves that the going concern basis is appropriate, the Directors have considered following key sensitivities to the base case forecast listed below. In assessing the impact of a reasonably possible downside scenario, the Directors have modelled the combined impact of those sensitivities set out below.

The Directors consider a scenario where these sensitivities occur in combination is unlikely, but not remote. A scenario where some of these sensitivities occur, but not others, would therefore be upsides against the scenario considered.

i) A sensitivity related to economic risk factors, reflecting a general reduction in economic confidence or reduction in willingness of individual and corporate customers to incur discretionary cost, or reduction in expected rates of adoption of EVs. This sensitivity results in a fall in forecast revenues of 5% resulting from a decrease in UK installations resulting from lower than expected market demand for EVs
ii) A reduction of 1% in revenue during the assessment period
iii) In addition to sensitivity (i), a further fall in forecast revenues of 5% resulting from a decrease in UK installations, resulting from lower than expected market share performance by the Group, due to realisation of risks arising from competitive pressures or to the Group's own execution performance
iv) An increase in forecast cash outflow of 4% resulting from a three-month delay in realising cost savings anticipated under Group's change in strategy
v) A sensitivity to supply chain risk, with an increase of 1% in total cost of sales due to supplier cost increases which cannot be passed on to customers

A sensitivity reflecting an increase in forecast cash flow outflow during the assessment period due to a six-month delay in scaling the Grid business and the International business has considered by the Directors but not been reflected in the assessment.

Despite the importance of the Energy Flex and International business to the medium and long-term prospects of the Group, the Directors consider that this would not have a material impact on the cash flows of the Group over the assessment period, as those revenue streams do not have a significant contribution to the Group's cash flows until later years, in line with the strategy.

Mitigating actions available to the Group have been considered as follows, resulting in a 25% overall reduction in cash outflow, arising from actions to delay or reduce:

i) discretionary marketing spend (2%)
ii) investment in new product technology (8%)
iii) investment in internal systems (5%)
iv) working capital management (3%)
v) reduce overhead costs (7%)

The severe but plausible downside scenario considered shows a limited, but still positive, amount of available cash at the end of the assessment period. This date is also the lowest point within the assessment period. However, the effect of mitigating actions leaves the Group with positive liquidity throughout the assessment period. In the event of a further downside beyond the severe but plausible scenario considered, the EDF facility is also available to provide £30m of further liquidity headroom, in addition to those mitigations identified by the Group.

Given the Group's cash position at 31st December 2023 of £48.7m, and mitigations available in a downside scenario, the Group expects to maintain a position of sufficient liquidity throughout the forecast period to at least 30 April 2025, such that the Group does not anticipate the need to take advantage of the facility provided by EDF or to seek further sources of finance during the assessment period.

In light of the Group's current liquidity and the results of the sensitivity testing conducted, the Directors are satisfied that the Company, and the Group as a whole, has sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Subsequent events
There have been no reportable events since the balance sheet date.

Prospects and outlook
We continue to see sustained and strong growth in the UK electric vehicle market, with 53,968 new plug-in vehicle registrations in January and February 2024 - 24% up on the same period in 2023 and representing 24% of all vehicles registered (up from 21% in 2023). We expect the mix of vehicles to continue to shift to battery electric vehicles as they increase their share of plug-in vehicles. This primarily comes on the back of more choice for consumers, with more new battery electric models expected to be launched in 2024 at more accessible price points. With just over 1 million battery electric vehicles sold, they still only constitute around 2.5% of total vehicles on the road, so the growth potential for the business remains significant.

Electricity prices have reduced over the past year but are still a concern for consumers and businesses. However, we do not expect them to materially impact sales of electric vehicles. Rather, the ongoing running costs of electric vehicles will in almost all cases continue to be significantly cheaper than vehicles reliant on internal combustion engines. Furthermore, we see an increased pipeline of competitively priced EV models coming onto the market, which will further boost demand.

Despite Government announcements around the delay of the ICE ban to 2035, we see the ZEV mandate on automotive OEMs still in place, which will be a forceful driver for the provision of EVs and increasing EV adoptions. We expect the Government to continue with reduced direct fiscal incentives and to focus on indirect actions, such as the changes to planning regulations that require developers to include chargepoints in new properties, and grants for workplace chargepoints.

We anticipate continued subdued macroeconomic conditions, slowing inflation, an ongoing war in Ukraine and the Middle East, energy price volatility and cost-of-living pressures. Global supply chain challenges have significantly eased through 2023 but conflict zones could introduce new challenges.

Energy Flex is a huge market already, which the Company estimates to be worth around £2 billion in 2024 in the UK. It has multiple segments, accessible for Pod Point. The addition of an EV typically will double a household's electricity usage. This is a huge challenge at the national level. In parallel with this, there has been rapid growth in the contribution of wind and solar power to our national grid, which are both more volatile.

The UK is also behind on its targets to build more power infrastructure. Due to the increasing demand for electricity and the growing supply of renewable energy, the value of the grid flex market is set to double by 2030. We are well-placed to address this growth opportunity. Pod Point has already established itself as an emerging player in this exciting market, delivering revenue and profit in 2023. We have delivered flex in two markets during 2023 and have signed multiple partnerships with key players, including EDF, Centrica and UK Power Networks.

Given the significant future opportunity we see in the coming years, we plan to continue investing in our business broadly in line with our newly focused strategy announced at the Capital Markets Day in November 2023.

First, we will build on the market leadership position in our UK Home business to drive further growth in installation volumes and connected chargepoints. Our strong brand and trust positions us well to take this opportunity.

Second, we will continue to build our business in Workplace commercial, a key growth segment and one where our product proposition has good fit.

Third, we will expand into International markets in the Home segment, using operational-lite and capital-lite tactics supported by the capabilities of partnership with EDF. This will drive further unit volumes and economies of scale.

Fourth, we will develop a high margin stream of recurring revenue from the huge potential in the Energy Flex market. This revenue stream has already started to flow, and we have only just begun to exploit the value of our connected network and the various segments of the flex markets. In addition, our legacy recurring revenue streams from commercial customers will continue and grow in line with our expansion in workplace.

Finally, we will address the cost structure and margin of the business with a range of cost out initiatives that will reduce overhead and improve margins. This will drive the business past breakeven and into profitability over time.

We have a strong liquidity position and sufficient cash which, in conjunction with the £30m facility from EDF, gives us confidence that we can execute the strategy successfully. We remain positive that our strategy will allow us to maximise the opportunities presented to us by the ongoing growth in electric vehicles.

David Wolffe

Chief Financial Officer

Basis of preparation and general information

The condensed consolidated financial information for Pod Point Group Holdings Plc (the Company) and its subsidiaries (together, the Group) set out in this preliminary announcement has been derived from the audited consolidated financial statements of the Group for the year ended 31 December 2023 ("the financial statements").

The Company's Annual Report and Accounts ("Annual Report") for the year ended 31 December 2023 will be published in April 2024. It will be sent to shareholders and posted on its website: www.pod-point.com/investors and uploaded to the National Storage Mechanism in accordance with LR 9.6.1 R on the same date.

The preliminary announcement was approved by the Board of directors on [17 April 2024]. This preliminary announcement does not constitute the full financial statements prepared in accordance with UK-adopted International Financial Reporting Standards (UK-adopted IFRS accounting standards). The unaudited condensed consolidated financial statements for the year ended 31 December 2023 and the financial information for the year ended 31 December 2023 do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies and received an unqualified auditors' report, did not include a reference to any matters to which the auditors drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

The condensed financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and have been prepared on a going concern basis.

Further information including on accounting policies and the full accounting notes will be set out in the Annual Report, and such information for 2022 was included in the 2022 Annual Report which was published on 28th April 2023.

Consolidated income statement

	Notes	Year ended 31st December 2023 £'000	Year ended 31st December 2022 £'000
Revenue		**63,756**	71,409
Cost of sales		**(44,516)**	(54,820)
Gross profit		**19,240**	16,589
Other income		**1,000**	1,461
Administrative expenses excluding impairment charges		**(51,439)**	(37,461)
Operating loss before impairment of intangible assets		**(31,199)**	(19,411)
Impairment charges relating to intangible assets	6	**(53,154)**	(604)
Operating loss		**(84,353)**	(20,015)
Finance income		**1,586**	457
Finance costs		**(418)**	(366)
Loss before tax		**(83,185)**	(19,924)
Income tax expense		**(229)**	(287)
Loss after tax		**(83,414)**	(20,211)
Basic and diluted loss per ordinary share	7	**£(0.54)**	£(0.13)

All amounts relate to continuing activities.

All realised gains and losses are recognised in the consolidated income statement and there is no other comprehensive income. Therefore, no separate statement of other comprehensive income is presented.

The notes set out below form part of the condensed consolidated financial statements.

Consolidated statement of financial position

	Notes	As at 31st December 2023 £'000	As at 31st December 2022 restated[1] £'000	As at 31st December 2021 restated[1] £'000
Non-current assets				
Goodwill	6	**34,365**	77,639	77,639
Intangible assets	6	**26,735**	33,236	29,421
Property, plant and equipment		**4,957**	5,498	4,277
Right-of-use assets		**2,379**	2,914	1,400
		68,436	119,287	112,737
Current assets				
Inventories		**4,524**	5,640	5,749
Trade and other receivables		**16,809**	16,654	20,440
Contract assets - accrued income		**6,730**	6,227	5,164
Short-term investments		**-**	-	50,000
Cash and cash equivalents		**48,743**	74,103	46,112
		76,806	102,624	127,465
Total assets		**145,242**	221,911	240,202
Current liabilities				
Trade and other payables		**(22,835)**	(19,955)	(24,578)
Contract liabilities - deferred income		**(13,398)**	(10,833)	(10,765)
Loan and borrowings		**(1,272)**	(2,842)	(707)
Lease liabilities		**(1,095)**	(1,634)	(896)
Provisions		**(530)**	(265)	(160)
		(39,130)	(35,529)	(37,106)
Net current assets		**37,676**	67,095	90,359
Total assets less current liabilities		**106,112**	186,382	203,096
Non-current liabilities				
Loan and borrowings		**(2,140)**	(481)	(2,326)
Lease liabilities		**(1,406)**	(1,515)	(763)
Provisions		**(219)**	(301)	(244)
		(3,765)	(2,297)	(3,333)
Total liabilities		**(42,895)**	(37,826)	(40,439)
Net assets		**102,347**	184,085	199,763
Equity				
Share capital		**154**	154	154
Share premium		**139,887**	139,887	139,899
Other reserves		**8,327**	6,651	2,264
ESOP reserve		**(1,318)**	(1,318)	(1,318)
Retained earnings		**(44,703)**	38,711	58,764
		102,347	184,085	199,763

1 Restated - see note 9

Consolidated statement of changes in equity

As at 31st December 2023:

	Share capital	Share premium[1]	Other reserves	ESOP reserve	Retained earnings[1]	Total equity

	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1st January 2023 as restated	**154**	**139,887**	**6,651**	**(1,318)**	**38,711**	**184,085**
Loss after tax and total comprehensive income for the year	**-**	**-**	**-**	**-**	**(83,414)**	**(83,414)**
Equity - settled share-based payments	**-**	**-**	**1,676**	**-**	**-**	**1,676**
Balance as at 31st December 2023	**154**	**139,887**	**8,327**	**(1,318)**	**(44,703)**	**102,347**

As at 31st December 2022:

	Share capital £'000	**Share premium[1] £'000**	**Other reserves £'000**	**ESOP reserve £'000**	**Retained earnings[1] £'000**	**Total equity £'000**
Balance at 1 January 2022 as previously reported	154	140,057	2,264	(1,318)	58,678	199,835
Restatements	-	(158)	-	-	86	(72)
Balance as at 1st January 2022 as restated	154	139,899	2,264	(1,318)	58,764	199,763
Loss after tax and total comprehensive income for the year	-	-	-	-	(20,211)	(20,211)
Issue of shares during the year as restated	-	-	(158)	-	158	-
Equity-settled share-based payments	-	-	4,545	-	-	4,545
Share issuance costs	-	(12)	-	-	-	(12)
Balance as at 31st December 2022 as restated	154	139,887	6,651	(1,318)	38,711	184,085

1 Restated - see note 9

Consolidated statement of cash flow

	Notes	**Year ended 31st December 2023 £'000**	**Year ended 31st December 2022 restated[1] £'000**
Loss for the year		**(83,414)**	(20,211)
Adjustment for non-cash items:			
Amortisation of intangible assets	6	**8,138**	5,484
Impairment of customer relationships intangibles	6	**9,880**	-
Impairment of goodwill	6	**43,274**	-
Impairment of internally generated intangible assets	6	**-**	604
Depreciation of tangible assets		**1,338**	1,123
Depreciation of right-of-use assets		**1,378**	1,136
Loss on disposal of tangible assets		**-**	4
Share-based payment charges		**1,676**	4,545
Tax paid/(received)		**229**	287
Interest received		**(1,586)**	(457)
Interest paid		**418**	366
Tax (paid)/received		**(229)**	(287)
Operating cash outflow before changes in working capital		**(18,898)**	(7,406)
Changes in working capital			
Movement in inventories		**1,116**	109
Movement in trade and other receivables		**(155)**	3,786
Movement in contract assets - accrued income		**(503)**	(1,063)
Movement in trade and other payables		**2,866**	(4,623)
Movement in contract liabilities - deferred income		**2,565**	68
Movement in provisions		**183**	162
Net cash flow used in operating activities		**(12,826)**	(8,967)

Net cash flow used in operating activities		**(12,826)**	(8,967)
Cash flows from investing activities			
Purchase of tangible assets		**(797)**	(2,348)
Development expenditure capitalised	6	**(11,518)**	(9,902)
Redemption of short-term investments		**-**	50,000
Interest received		**1,586**	458
Net cash flow (used in)/generated from investing activities		**(10,729)**	38,208
Cash flows from financing activities			
Proceeds from new borrowings		**1,466**	1,243
Loan repayment of principal		**(1,401)**	(990)
Loan repayment of interest		**(166)**	(158)
Payment of principal of lease liabilities		**(1,481)**	(1,129)
Payment of lease interest		**(223)**	(216)
Net cash flows used in financing activities		**(1,805)**	(1,250)
Net (decrease)/increase in cash and cash equivalents		**(25,360)**	27,991
Cash and cash equivalents at beginning of the year		**74,103**	46,112
Closing cash and cash equivalents		**48,743**	74,103

Restated - see note 9

1 Accounting policies

Except as set out below, the accounting policies applied are consistent with those applied during the year ended 31 December 2022.

Revenue - commercial installation projects

The Group offers a commercial installation service, whereby units are delivered to and installed at a specific customer site as agreed on a case-by-case basis.

During the year ended 31st December 2023, management identified that the previous policy for recognition of revenue arising from commercial installation contracts did not faithfully reflect the transfer of control of goods and services to the customer. The Group concluded that the previous policy did not fully align to the requirements of IFRS 15. The update to the accounting policy to comply with IFRS 15 is set out below and the application of the updated policy has resulted in the correction of previously misstated balances, as set out in note 9.

Previous accounting policy

Previously, costs associated with commercial installation contracts, being both the cost of units purchased and installation costs, were presented in inventory as work-in-progress. This work-in- progress balance did not reflect an asset controlled by the Group, since the installation projects take place on a customer site, with transfer of control of the installed units to the customer over time as work is completed.

Previously, revenue was not recognised until invoice for the majority of projects. For a limited number of larger projects, revenue was accrued based on customer agreement that key project milestones had been reached.

Under the revised accounting policy, revenue is recognised at the point of delivery to customer site, for units sold, and over time for installation services, as these services are provided. Where work takes place ahead of invoicing, this leads to recognition of a contract asset in the form of accrued income.

Current accounting policy

The Group has re-assessed that these installation contracts include two separate performance obligations that are distinct under IFRS 15, the first being the delivery to the customer of the chargepoint units, and the second being the service of installation of those units.

In arriving at the assessment that sale of units and installation of units represents two separate performance obligations, the Group has considered the fact that the Group sells units as a stand- alone product, with the customer either installing themselves or separately contracting for installation with a third party.

The transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where such stand-alone selling prices are not directly observable, these are estimated based on expected cost-plus margin.

The Group has assessed that control of units passes to the customer upon delivery of units to the customer site. Therefore, revenue associated with the units is recognised at a point in time, upon delivery.

The installation work performed by the Group under commercial installation contracts has no alternative use. Under these contracts, the Group has an enforceable right to payment for work done, including if a contract is cancelled part-way through by a customer.

The installation service is recognised as it is provided over time, with revenue accrued on an input basis using the costs incurred to date as a ratio of total expected costs. This approach gives rise to a contract asset in the form of accrued income, until the relevant amounts are invoiced.

Under this method, actual costs are compared with the total estimated costs to measure progress towards complete satisfaction of the performance obligation. To measure the relevant proportion of revenue to recognise, the Group is required to estimate the margin on contracts in progress at each reporting date. This estimation is performed on a portfolio basis.

The effect of the change in policy on the results as previously stated is set out in note 9.

2 Going concern

In adopting a going concern basis for the preparation of the financial statements, the Directors have made appropriate enquiries and have considered the Group's business activities, cash flows and liquidity position, and the Group's principal risks and uncertainties, in particular economic and competitive risks.

The Directors have taken into account reasonably possible future economic factors in preparing and reviewing trading and cash flow forecasts covering the period to 30th April 2025 (the assessment period), being over 12 months from the date of approval of these financial statements. This assessment has mortizati the significant loss and cash outflow in FY2023, and the actions management has taken and has planned in FY2024 to implement the Group's change in strategy as set out above.

The Group is expected to continue to experience negative cash flows in 2024 and 2025, before generating positive cashflows on a monthly basis during the course of 2026. The Directors are of the view that the plans in place are realistic and achievable.

This assessment has taken into consideration sensitivity analysis as set out below and the steps which could be taken to further mitigate costs if required. Mitigations which are available and entirely within the control of the Group include a reduction in investment in brand marketing expenditure, delays in investment in new technology not expected to be in use during the assessment period, and reductions in expenditure on the Group's support functions to match any reductions in demand levels.

Since the Group's commitments to carbon emission reductions do not have a significant cost implication, the impact of climate change has not had a significant effect on the forecasts considered.

In satisfying themselves that the going concern basis is appropriate, the Directors have considered the following key sensitivities to the base case forecast listed below. In assessing the impact of a reasonably possible downside scenario, the Directors have modelled the combined impact of those sensitivities set out below.

The Directors consider a scenario where these sensitivities occur in combination is unlikely, but not remote. A scenario where some of these sensitivities occur, but not others, would therefore be upsides against the scenario considered.

i) A sensitivity related to economic risk factors, reflecting a general reduction in economic confidence or reduction in willingness of individual and corporate customers to incur discretionary cost, or reduction in expected rates of adoption of Evs. This sensitivity results in a fall in forecast revenues of 5% resulting from a decrease in UK installations resulting from lower than expected market demand for Evs.

ii) A reduction of 1% in revenue during the assessment period due to a reduction in the Group's ability to apply inflationary price increases.

iii) In addition to sensitivity (i), a further fall in forecast revenues of 5% resulting from a decrease in UK installations resulting from lower than expected market share performance by the Group, due to realisation of risks arising from competitive pressures or to the Group's own execution performance.

iv) An increase in forecast cash outflow of 4% resulting from a three-month delay in realising cost savings anticipated under Group's change in strategy.

v) A sensitivity to supply chain risk, with an increase of 1% in total cost of sales due to supplier cost increases which cannot be passed on to customers.

A sensitivity reflecting an increase in forecast cashflow outflow during the assessment period due to a six-month delay in scaling the Energy Flex business and the International business has considered by the Directors but not been reflected in the assessment.

Despite the importance of the Energy Flex and International business to the medium and long-term prospects of the Group, the Directors consider that this would not have a material impact on the cash flows of the Group over the assessment period, as those revenue streams do not have a significant contribution to the Group's cash flows until later years, in line with the strategy.

Mitigating actions available to the Group have been considered as follows, resulting in a 25% overall reduction in cash outflow, arising from actions to delay or reduce:

i) discretionary marketing spend (2%);

i) [illegible]

ii) investment in new product technology (8%);

iii) investment in internal systems (5%);

iv) working capital management (3%); and

v) to reduce overhead costs (7%).

The severe but plausible downside scenario considered shows a limited, but still positive, amount of available cash at the end of the assessment period. This date is also the lowest point within the assessment period. However, the effect of mitigating actions leaves the Group with positive liquidity throughout the assessment period. In the event of a further downside beyond the severe but plausible scenario considered, the EDF facility is also available to provide £30m of further liquidity headroom, in addition to those mitigations identified by the Group.

Given the Group's cash position at 31st December 2023 of £48.7m, and mitigations available in a downside scenario, the Group expects to maintain a position of sufficient liquidity throughout the forecast period to at least 30th April 2025, such that the Group does not anticipate the need to take advantage of the facility provided by EDF or to seek further sources of finance in the assessment period.

The level of liquidity available means that the Group has the flexibility to address any reasonably possible change in costs, and the Group does not anticipate the need to take advantage of the facility provided by EDF or to seek further sources of finance during the assessment period.

In light of the Group's current liquidity and the results of the sensitivity testing conducted, the Directors are satisfied that the Company, and the Group as a whole, has sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

3 Critical accounting judgements and key source of estimation uncertainty

Critical accounting judgements and key source of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Capitalisation of development costs (see note 6)

Development costs are capitalised where they relate to a qualifying project and where the relevant costs can be separately identified. The capitalised development costs are based on management judgements taking into account:

i) the technical feasibility to complete the product or system so that it will be available for use

ii) management intends to complete the product or system and use or sell it

iii) the ability to use or sell the product or system

iv) the availability of adequate technical, financial and other resources to complete the development

In determining the development costs to be capitalised, the Group estimates the expected future economic benefits of the respective product or system that is the result of a development project.

Management also make judgements regarding the level of purchased services which are directly attributable to the work to develop the capitalised projects and therefore are included within the overall project costs.

The overall cost of this team is material and a significant change in this estimate could have a significant effect on the value of costs capitalised. The impact of a change to this estimate could result, at the most extreme, i.e. in a scenario where either no development team costs are capitalised, or where they are capitalised in full, in a decrease of £1.5m or increase of £11.5m in administrative expenses in the current year.

(ii) Revenue recognition

Contracts are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Revenue is recognised as, and when, identified performance obligations are satisfied.
Identifying the performance obligations, and the relevant method to faithfully reflect the timing of transfer of control of services to customer, for some contracts, may require management to exercise judgement.

Performance obligations identified in contracts

In the current year, the Group has identified that there are separate performance obligations in respect of Commercial installation contracts, for the supply of units and the installation of those units.

In the current year, the revenue recognition approach to these contracts has changed in two respects. Firstly, to split the delivery of units to customer site from the work done to install those units into two performance obligations, as set out above. Secondly, to recognise contract assets in the form of accrued income prior to invoicing, based on the percentage of the total installation project which has been completed. Revenue accrued also includes the relevant proportion of expected margin to be earned on the overall project as set out below. If the Group cannot reliably measure progress of installation services, the Group restricts revenue recognition to the level of costs incurred. Costs are taken to the income statement as incurred.

Transfer of control to customers

During the year, management identified that the previous policy for recognition of revenue arising from commercial installation contracts did not appropriately reflect the transfer of control of the installation of the asset to the customer.

Previously, revenue derived from funded development and large programmes was recognised as milestone obligations were completed in full. Since many projects did not contain such milestones, for many projects, this resulted in point-in-time recognition, at the end of an installation. A work-in-progress inventory asset was recognised on the balance sheet prior to completion of milestones or invoicing, reflecting costs incurred by the Group but not margin. This work-in-progress balance did not reflect an asset controlled by the Group, since the project was on a customer site.

Under the revised method, actual costs are compared with the total estimated costs to measure progress towards complete satisfaction of the performance obligation. To measure the relevant proportion of revenue to recognise, the Group is required to estimate the margin on contracts in progress at each reporting date. This estimation is performed on a portfolio basis.

The changes described above have resulted in a new contract asset, accrued income, and the de-recognition of a previously presented asset, work in progress. The revised approach therefore results in earlier recognition of revenue and of cost of sales. The effect of the change on the prior year is set out within note 9.

Key source of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of goodwill and other intangibles
During the year, the Group performed an assessment of the carrying value of goodwill arising on acquisition, and concluded that an impairment of £53.2m was required, primarily relating to goodwill allocated to the UK Commercial CGU.

The amount of the impairment identified was based on the key inputs to the discounted cash flow model used to estimate the value in use of each CGU. Key assumptions in the model are in line with the Group's November 2023 strategic plan, and include:

i) 15% CAGR in the addressable residential home charging market between 2024 and 2030, and a 40% CAGR growth in the Workplace market over the same period;
ii) 20% cumulative annual growth rate in revenue between 1 January 2024 and 31 December 2027;
ii) A 5 percentage point improvement in gross margin by 2025 and sustained throughout the plan period;
iii) A £6m annualised reduction in overhead costs by 2025, offset in later years by investment in brand marketing and international expansion; and
iv) The Group to become cash generative from 2027.

As well as estimates on future trading performance, key estimation inputs include the weighted average cost of capital used to discount the estimated cash flows, and the terminal growth rate applied to cash flows beyond the specific assessment period. Changes in these assumptions could have significantly increased or decreased the amount of impairment charge. However the Group has taken a charge based on its best estimate of all relevant assumptions.

4. Segment reporting

During the year, the Group undertook a strategic review, which resulted in a change in the operating segments reviewed by the Chief Operating Decision Maker (CODM). The Group now has six operating segments, five of which are as set out in the table below. The results for FY2022 have been re-presented according to the revised segments.

In future, the Group also expects to report activity within an International segment. However for the current and preceding financial year, trading, assets and liabilities and cash flows for this segment is immaterial.

Reportable segment	Operations
UK Home	Activities generated by the sale of chargepoints to for installation at homes in the UK.
UK Commercial	Activities generated by the sale and installation of chargepoints in commercial settings such as destinations and workplace parking in the UK, as well as the recurring revenue generated on chargepoints, relating to fees charged from the ongoing use of the Pod Point software and information generated from the management information system.

UK Distribution	Activities generated by the sale of chargepoints to commercial customers such as housebuilders and wholesale channels in the UK.
Owned assets	Operating activities relating to customer contracts, in which Pod Point owns the chargepoint assets but charges a fee for provision of media screens on the chargepoints for advertising purposes, and charges end customers for the use of these assets.
Energy Flex	Activities relating to provision of a flexibility service, to arrange access to Pod Point's installed base of domestic charging units distributor network operators and distribution system operators to manage energy usage in geographically designated areas over time to match production capacity.

There are no transactions with a single external customer amounting to 10% or more of the Group's revenues.

Segmental analysis for the year ended 31st December 2023:

	UK Home £'000	UK Commercial £'000	UK Distribution £'000	Owned assets £'000	Energy Flex £'000	Total Group £'000
Installation services provided to Commercial customers	**-**	**19,835**	**-**	**-**	**-**	**19,835**
Other services provided to customers over time	**135**	**3,162**	**-**	**8,348**	**-**	**11,645**
Wholesale and Supply only sales to Commercial customers at point in time	**-**	**-**	**5,400**	**-**	**-**	**5,400**
Sale and installation of chargepoints to residential customers at point in time	**26,837**	**-**	**-**	**-**	**-**	**26,837**
Energy flex revenues	**-**	**-**	**-**	**-**	**39**	**39**
Revenue	**26,972**	**22,997**	**5,400**	**8,348**	**39**	**63,756**
Cost of sales	**(19,406)**	**(16,943)**	**(2,281)**	**(5,886)**	**-**	**(44,516)**
Gross margin	**7,566**	**6,054**	**3,119**	**2,462**	**39**	**19,240**
Other income	**617**	**319**	**64**	**-**	**-**	**1,000**
Administrative expenses including impairment charges	**(30,863)**	**(63,490)**	**(8,983)**	**(1,235)**	**(22)**	**(104,593)**
Operating (loss)/profit	**(22,680)**	**(57,117)**	**(5,800)**	**1,227**	**17**	**(84,353)**
Finance income	**979**	**505**	**102**	**-**	**-**	**1,586**
Finance costs	**(136)**	**(70)**	**(14)**	**(198)**	**-**	**(418)**
(Loss)/profit before tax	**(21,837)**	**(56,682)**	**(5,712)**	**1,029**	**17**	**(83,185)**

Reconciliation of operating loss to adjusted EBITA for the year ended 31st December 2023

	UK Home £'000	UK Commercial £'000	UK Distribution £'000	Owned assets £'000	Energy Flex £'000	Total Group £'000
Operating (loss)/profit	**(22,680)**	**(57,117)**	**(5,800)**	**1,227**	**17**	**(84,353)**
Depreciation and amortisation and impairment charges	**6,106**	**50,546**	**6,396**	**960**		**64,008**
Share-based payments charge	**1,403**	**724**	**146**	**-**	**-**	**2,273**
Exceptional restructuring costs	**1,729**	**892**	**181**	**-**	**-**	**2,802**
Adjusted EBITDA	**(13,442)**	**(4,955)**	**923**	**2,187**	**17**	**(15,270)**

Segmental analysis for the year ended 31st December 2022:

	UK Home £'000	UK Commercial £'000	UK Distribution £'000	Owned assets £'000	Total Group £'000
Installation services provided to Commercial customers	-	19,340	-	-	19,340
Other services provided to customers over time	63	2,163	-	4,233	6,459
Wholesale and Supply only sales to Commercial customers at point in time	-	-	4,273	-	4,273
Sale and installation of chargepoints to residential customers at point in time	41,337	-	-	-	41,337
Revenue	41,400	21,503	4,273	4,233	71,409
Cost of sales	(33,443)	(17,402)	(2,028)	(1,947)	(54,820)

Gross margin	7,957	4,101	2,245	2,286	16,589
Other income	900	468	93	-	1,461
Administrative expenses including impairment charges	(22,824)	(11,855)	(2,355)	(1,031)	(38,065)
Operating (loss)/profit	(13,967)	(7,286)	(17)	1,255	(20,015)
Finance income	282	146	29	-	457
Finance costs	(110)	(58)	(11)	(187)	(366)
(Loss)/profit before tax	(13,795)	(7,198)	1	1,068	(19,924)

Reconciliation of operating loss to adjusted EBITA for the year ended 31st December 2022

	UK Home £'000	**UK Commercial £'000**	**UK Distribution £'000**	**Owned assets £'000**	**Total Group £'000**
Operating (loss)/profit	(13,967)	(7,286)	(17)	1,255	(20,015)
Depreciation and amortisation	4,287	2,226	442	788	7,743
Share-based payments charge	3,190	1,656	329	-	5,175
Exceptional restructuring costs	35	18	4	-	57
Adjusted EBITDA	(6,455)	(3,386)	758	2,043	(7,040)

Costs have been attributed to segments on a specific basis where possible, and on an activity basis where necessary.

Information relating to assets, liabilities and capital expenditure information is presented to the CODM in aggregate.

Alternative performance measures

The Group makes use of an alternative performance measure, adjusted EBITDA, in assessing the performance of the business. The definition and relevance of this measure is set out below. The Group believes that this measure, which is not considered to be a substitute for or superior to IFRS measures, provides stakeholders with helpful additional information on the performance of the Group.

Adjusted EBITDA

Definition
Profit or loss from operating activities, adding back depreciation, mortization, impairment charges, share-based payment charges and exceptional restructuring costs.

Relevance to strategy
The adjusted measure is considered relevant to assessing the performance of the Group against its strategy and plans.

The rationale for excluding certain items is as follows:

- Depreciation: a non-cash item which fluctuates depending on the timing of capital investment. We believe that a measure which removes this volatility improves comparability of the Group's results period on period.
- Amortisation: a non-cash item which varies depending on the timing of and nature of acquisitions, and on the timing of and extent of investment in the internally generated intangibles arising from development of the Group's products. We believe that a measure which removes this volatility improves comparability of the Group's results period on period. Where applicable, impairment of intangible assets is also excluded as an exceptional item.
- Share-based payment charges: a non-cash item which varies significantly depending on the share price at the date of grants under the Group's share option schemes, and depending on the assumptions used in valuing these awards as they are granted. We believe that a measure which removes this volatility improves comparability of the Group's results period on period and also improves comparability with other companies that do not operate similar share-based payment schemes.
- Exceptional restructuring items: these items represent amounts which result from unusual transactions or circumstances and of a significance which warrants individual disclosure. We believe that adjusting for such exceptional items improves comparability period on period. See note 5 for further detail of amounts disclosed as exceptional in the year.

Reconciliation
See above.

5. Adjusting restructuring costs

Adjusting restructuring costs, for the purposes of presenting non-IFRS measure of adjusted EBITDA, are as follows:

	Year ended 31st December 2023 £'000	Year ended 31st December 2022 £'000
Restructuring costs	**2,802**	57

In 2023, £2,802k of restructuring costs were incurred, representing professional fees associated with the strategic review exercise undertaken in during 2023 and the staff costs arising from executing this restructuring activity. £346k of these costs related to amounts paid to the former CEO after he had left his role and associated professional fees.

Included within this amount is a provision of £326k which has been recognised at 31st December 2023, to cover the expected costs of staff exits in 2024 resulting from the strategic review exercise which had been communicated to those affected by the year end.

The Group anticipates further significant restructuring costs in 2024, relating to further actions arising from the strategic review. These will include additional staff exit costs, and professional fees and other costs associated with the exit of non-core segments.

Restructuring costs in 2022 related to the closure of the Norway branch.

6. Intangible assets

Intangible assets as at 31st December 2023:

	Development £'000	Brand £'000	Customer relationships £'000	Goodwill £'000	Total £'000
Cost:					
At 1st January 2023	**20,702**	**13,940**	**13,371**	**77,639**	**125,652**
Additions	**11,518**	**-**	**-**	**-**	**11,518**
Disposals	**(4,239)**	**-**	**-**	**-**	**(4,239)**
At 31st December 2023	**27,981**	**13,940**	**13,371**	**77,639**	**132,931**
Accumulated amortisation:					
At 1st January 2023	**(10,146)**	**(2,033)**	**(2,599)**	**-**	**(14,778)**
Amortisation	**(6,549)**	**(697)**	**(892)**	**-**	**(8,138)**
Impairment	**-**	**-**	**(9,880)**	**(43,274)**	**(53,154)**
Disposals	**4,239**	**-**	**-**	**-**	**4,239**
At 31st December 2023	**(12,456)**	**(2,730)**	**(13,371)**	**(43,274)**	**(71,831)**
Carrying amounts:					
At 31st December 2023	**15,525**	**11,210**	**-**	**34,365**	**61,100**

Intangible assets as at 31st December 2022:

	Development £'000	Brand £'000	Customer relationships £'000	Goodwill £'000	Total £'000
Cost:					
At 1st January 2022	10,800	13,940	13,371	77,639	115,750
Additions	9,902	-	-	-	9,902
At 31st December 2022	20,702	13,940	13,371	77,639	125,652
Accumulated amortisation:					
At 1st January 2022	(5,646)	(1,336)	(1,708)	-	(8,690)
Amortisation	(3,896)	(697)	(891)	-	(5,484)
Impairment	(604)	-	-	-	(604)
At 31st December 2022	(10,146)	(2,033)	(2,599)	-	(14,778)
Carrying amounts:					
At 31st December 2022	10,556	11,907	10,772	77,639	110,874

At 31 December 2023, £1,535k of development projects were in progress and were not yet amortised.

Impairment charges
Internally generated intangibles
During year ended 31st December 2022, an impairment loss of £604k was recognised against development costs, relating to staff and other costs capitalised against internally generated fixed assets which were related to products assessed as no longer generating economic benefits to the Group. No such impairment was recognised for the year ended 31 December 2023.

Goodwill and customer relationships
Following the Group's announcement of a change to its strategic priorities in November 2023, the Group now operates new reporting segments which are aligned to those priorities, as set out in note 4.

Goodwill and other intangible assets arising on acquisition were re-allocated from the previous segments to the new segments. The goodwill previously allocated to the Commercial Recurring and Commercial Non-Recurring segments has been split between the UK Commercial and UK Distribution segments based on the current year revenue associated with those segments under the new reporting structure. As a result of the re-allocation exercise, there has been no re-allocation to or from Home from other segments.

Goodwill and other intangible assets were allocated to cash generating units or groups of cash generating units as follows during 2023:

	Home £'000	UK Commercial £'000	UK Distribution £'000	Total £'000
Goodwill	**20,231**	**45,061**	**12,347**	**77,639**
Brand	**2,921**	**6,506**	**1,783**	**11,210**
Customer relationships	**-**	**9,880**	**-**	**9,880**
Total	**23,152**	**61,447**	**14,130**	**98,729**
Impairment in year ended 31 December 2023 - Goodwill	**-**	**(37,516)**	**(5,758)**	**(43,274)**
Impairment in year ended 31 December 2023 - UK Customer relationships	**-**	**(9,880)**	**-**	**(9,880)**
Total	**-**	**(47,396)**	**(5,758)**	**(53,154)**

Carrying amount at 31 December 2023

Goodwill	**20,231**	**7,545**	**6,589**	**34,365**
Brand	**2,921**	**6,506**	**1,783**	**11,210**
Customer relationships	-	-	-	-
Total	**23,152**	**14,051**	**8,372**	**45,575**

No intangible assets were allocated to the Owned Assets segment, or to the new Energy Flex or International segments.

As a result of the November 2023 strategy change, the Group is exiting certain commercial markets, such as Domestic, Fleet and Public Charging, to focus on Workplace charging going forward.

The Customer Relationships asset has been re-assessed in light of the Group's strategy for its UK Commercial business and the updated cash flows expected from those customer relationships identified at initial recognition in 2020. The Directors have assessed that the recoverable value of this asset on an individual basis at 31st December 2023 is nil and its carrying value at 31st December 2023 of £9,880k has been impaired in full.

For the annual impairment review of goodwill, CGUs have been identified in line with the new segments.

The recoverable amount of each CGU was estimated on a value-in-use basis, using a discounted cash flow model. Key assumptions in the model are in line with the strategic plan presented at the Group's Capital Markets Day in November 2023. These assumptions include future trading estimates which include the size of the UK market for new charging points, and the Group's forecast market share. The Group's forecast takes into account its principal risks that may impact the cash flows, including macroeconomic factors, and has been determined using input from external advisors as part of the strategic review.

The forecasts are based on management's assessment of future market prospects, informed by publicly available data published by the UK Government and Euromonitor as well as proprietary insight from external advisors. The cashflow forecasts have been informed by the Group's actual trading performance in 2023, management's assessment of current and likely future market conditions, and expectations on future cashflows arising from the Group's refocused Commercial activities following strategic review.

The forecasts run to 31st December 2030. Key assumptions include:

i) 15% CAGR in the addressable residential home charging market between 2024 and 2030, and a 40% CAGR growth in the Workplace market over the same period;

ii) 20% cumulative annual growth rate in revenue between 1st January 2024 and 31st December 2027;

iii) A 5 percentage point improvement on 2023 gross margin by 2025 and sustained throughout the plan period;

iv) A £6m annualised reduction in overhead costs by 2025, offset in later years by investment in brand marketing and international expansion; and

v) The Group to become cash generative from 2027.

Management projected cash flows using Board-approved budgets and forecasts to 2030. A period longer than 5 years was considered appropriate given the growth in electric vehicles is expected to increase significantly beyond 5 years, driven by Government policy initiatives to decarbonise most transport and increased demand for electric vehicles. The Group's Scope 1 and Scope 2 emissions targets for 2026 are not expected to have a material impact on the future cash flows of the Group.

A post-tax weighted-average cost of capital ("WACC") of 12.7% (2022: 13.0%) was used to discount forecast cash flows, along with a terminal growth rate of 1.7%, based on UK GDP forecasts, to extrapolate cash flows beyond the forecast period.

The WACC of 12.7% is equivalent to a pre-tax discount rate of 17.0% (2022: 16.0%). Management considers that the inputs into the WACC model appropriately consider recent increases to risk-free rates and the estimated optimal long-term capital structure based on a market participant's view. Based on the Directors' assessment of the risks associated with each business segment, a single WACC for each segment was considered appropriate.

The recoverable amount determined through this value-in-use test identified impairments in the UK Commercial and UK Distribution segments, totaling £53.2m. This amount has been charged to the income statement within administrative expenses.

Sensitivities

The headroom of recoverable value over carrying value of intangible assets in the Home CGU is £22.7 million at 31 December 2023. A decrease in forecast revenue CAGR of 2% over the assessment period would be required to cause the carrying value of the intangibles assets within the Home segment to exceed its recoverable value. A reduction in terminal growth rate to 1.0% would reduce the headroom to £19.4 million.

An adverse change in the assumptions applied to the UK Commercial and UK Distribution segments may result in a material adjustment to the carrying value of the associated intangible assets in future reporting periods.

A reasonably possible change in these assumptions could result in an impairment of the remaining intangible assets, with a carrying value of £14.1m in the UK Commercial CGU and £8.4m in the UK Distribution CGU.

A decrease in forecast revenue CAGR of 4% over the assessment period, or an increase in pre-tax discount rate to 15.8%, would be required to cause the carrying amount of the intangibles assets within the UK Commercial segment to become zero. A reduction in terminal growth rate to 1.0% would lead to a further impairment charge of £1.4 million.

A decrease in forecast revenue CAGR of 3% over the assessment period, or an increase in pre-tax discount rate to 18.4%, would be required to cause the carrying amount of the intangibles assets within the UK Distribution segment to become zero. A reduction in terminal growth rate to 1.0% would lead to a further impairment charge of £0.7 million.

The Directors have assessed the market capitalisation of the Group as an indicator of impairment in the context of the appropriateness of the assumptions applied, including the total impairment charge of £53.2m recognised for the year ended 31st December 2023.

7. Loss per share

Basic earnings per share is calculated by dividing the loss attributable to the equity holders of the Group by the weighted average number of shares in issue during the year.

The Group has potentially dilutive ordinary shares in the form of share options granted to employees. However, as the Group has incurred a loss in the current and preceding financial year, the loss per share is not increased for potentially dilutive shares.

	Year ended 31st December 2023 £'000	Year ended 31st December 2022 £'000
Loss for the period attributable to equity holders	**83,414**	20,211
Weighted average number of ordinary shares in issue	**154,104,570**	153,405,628
Loss per share (basic and diluted)	**(0.54)**	(0.13)

8. Related parties

Transactions with shareholders
During the year ended 31st December 2023, the Group had the following transactions with Group Companies part of the EDF Group:

Group Company	Sales of goods £'000	Purchase of goods £'000
EDF Energy Limited	-	488
EDF Energy Customers Limited	3	-

During the year ending 31st December 2022, the Group had the following transactions with Group Companies part of the EDF Group:

Group Company	**Sales of goods £'000**	**Purchase of goods £'000**
EDF Energy Limited	335	-
EDF Energy Customers Limited	-	390

Transactions with related parties who are not members of the Group
During the year ended 31st December 2023, the Group had the following transactions with Imtech Inviron Limited, a related party which is not a member of the Group. Imtech Inviron Limited is a related party by virtue of their ultimate parent and controlling party being Électricité de France S.A.:

Sale of goods of £232k (2022: £180k)

Transactions with key management personnel of the Group
Key management personnel are defined as member of the Group's Strategic Board and other key personnel.

Certain employees hold shares in the Group, including key management personnel.

9. Prior year restatement

Commercial revenue accounting
In order to reflect the change in approach to commercial revenue recognition as set out in the accounting policies note 1 above, costs and revenue relating to the installation work which had been completed by 31st December 2021 and 31st December 2022 have been recognised.

The adjustment has resulted in commercial installation projects previously presented as work in progress as at 31st December 2021 and 31st December 2022 being de-recognised from the balance sheet, and presented within cost of goods sold. To reflect revenue, accrued income, inclusive of applicable expected margin, has been recognised as a contract asset, where work had been performed in advance of invoicing. At 31st December 2022, WIP has been reduced by £1,702k, accrued income increased by £1,032k and deferred income reduced by £598k. At 31st December 2021, WIP has been reduced by £2,123k, accrued income increased by £1,564k, deferred income reduced by £149k, and trade and other payables reduced by £681k.

Balance sheet representation
Management have also presented previously existing accrued income and deferred income balances at 31st December 2021 and 31st December 2022 as separate contract assets and liabilities, outside of trade and other receivables and trade and other payables respectively. The effect at 31st December 2022 was to reduce trade payables by £11,431k and present the equivalent balance in deferred income, and to reduce trade receivables by £5,195k and present the equivalent balance as accrued income, prior to the adjustments described above. The effect at 31st December 2021 was to reduce trade payables by £10,914k and present the equivalent balance in deferred income, and to reduce trade receivables by £3,600k, and present the equivalent balance as accrued income, prior to the adjustments described above.

Management have also identified a gross up adjustment made as at 31st December 2022 as previously reported of £5,033k, which increased the reported amounts of trade and other receivables and trade and other payables respectively. This adjustment was not appropriate, and has been reversed in the restated figures for 31st December 2022.

The table below sets out the effect of these changes. No income statement amounts have been re presented in the year to 31st December 2022, as the effects on revenue, cost of sales, and gross margin are not significant within that year.

These restatements have also resulted in changes to the prior year cashflow statement relating to working capital movements. The net cashflow from operating activities remains unchanged.

Presentation of deferred tax assets and liabilities
Historically the Group has presented deferred tax liabilities and assets on the face of the balance sheet. Deferred tax assets have been recognised only up to the level of deferred tax liabilities arising.

Since these assets and liabilities arise only in the UK, and since they therefore relate to income taxes levied by the same tax authority on the same group of entities, and since there is an expectation that the tax assets and liabilities will be realised simultaneously, these have been netted off in FY2023 and in the comparative balance sheets presented.

Reserves reclassification
Management identified that on exercise of share-based awards in FY2022 and FY2021, a transfer of share-based payment charge had been incorrectly made to credit the share premium account. This transfer should have been made to credit retained earnings, and a correction has been made as at 31st December 2022. This was identified as part of the review of Parent Company share-based payment accounting.

Group £'000	As previously reported at 31 December 2022	Restatement	As restated at 31 December 2022
Commercial revenue accounting			
Current assets			
Inventory - work-in-progress	1,819	(1,702)	117
Inventories - total	7,342	(1,702)	5,640
Contract assets - accrued income	-	6,227	6,227
Trade and other receivables	26,882	(10,228)	16,654
Total impact on current assets		(5,703)	
Current liabilities			

Contract liabilities - deferred income	-	(10,833)	(10,833)
Trade and other payables	(36,419)	16,464	(19,955)
Total impact on current liabilities		5,631	
		(72)	
Reserves reclassification			
Share premium	140,203	(316)	139,887
Impact on retained earnings as at 31 December 2022	38,467	244	38,711
Presentation of deferred tax			
Non-current assets - deferred tax	5,670	(5,670)	-
Non-current liabilities - deferred tax	(5,670)	5,670	-

Group £'000	As previously reported at 31 December 2021	Restatement	As restated at 31 December 2021
Commercial revenue accounting			
Current assets			
Inventory - work-in-progress			
Inventories - total	8,214	(2,465)	5,749
Contract assets - accrued income	-	5,164	5,164
Trade and other receivables	24,041	(3,601)	20,440
Total impact on current assets		(902)	
Current liabilities			
Contract liabilities - deferred income	-	(10,765)	(10,765)
Trade and other payables	(36,173)	11,595	(24,578)
Total impact on current liabilities		830	
		(72)	
Reserves reclassification			
Share premium	140,057	(158)	139,899
Impact on opening retained earnings as at 31 December 2021	58,678	86	58,764
Presentation of deferred tax			
Non-current assets - deferred tax	7,379	(7,379)	-
Non-current liabilities - deferred tax	(7,379)	7,379	-

10. Post balance sheet events

There are no post balance sheet events requiring disclosure.

Capital commitments approved by the Board and existing at 31st December 2023 amounted to £nil (2022: £nil).

11. Ultimate Parent undertaking and controlling party

The immediate Parent Company of the Company and its subsidiaries is EDF Energy Customers Limited, a company registered in the United Kingdom.

The immediate Parent Company of EDF Energy Customers Limited is EDF Energy Limited, a company registered in the United Kingdom.

At 31st December 2023 and 31st December 2022, Électricité de France SA, a Company incorporated in France, is regarded by the Directors as the Company's ultimate Parent Company and controlling party. This is the largest Group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

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