20 September 2019

FULCRUM UTILITY SERVICES LIMITED

(“Fulcrum”, the “Company” or the “Group”)

Preliminary results for the year ended 31 March 2019

Fulcrum, the UK's market leading independent multi-utility infrastructure and services provider, today announces its preliminary results for the year ended 31 March 2019.

Financial performance

- Revenue up 20.4% to £48.9 million (2018 restated: £40.6 million)
- Adjusted EBITDA* up 16.8% to £10.0 million (2018 restated: £8.6 million)
- Profit before tax of £6.0 million (2018 restated: £6.9 million) and adjusted profit before tax* of £8.6 million (2018 restated: £7.9 million)
- Net cash inflows from operations of £3.5 million (2018: £3.1 million)
- Adjusted earnings per share of 3.5p (2018 restated: 4.3p) and basic earnings per share of 2.3p (2018 restated: 3.7p)
- Net cash of £3.8 million as at 31 March 2019 (2018: £9.4 million)
- Net assets per share up 17.8% to 20.5p
- The financial statements for FY2019 reflect the adoption of IFRS15 Revenue from Contracts with Customers and the results for FY2018 have been restated (see next page for impact statement)

Dividend

- The Board is recommending a final dividend of 1.5p per share (2018: 1.4p per share) resulting in a full-year dividend of 2.25p per share (2018: 2.1p), an increase of 7.1% against the prior year
- The dividend reflects the Board’s ongoing confidence in the Group’s ability to generate cash and its future prospects.

Operational highlights

- Sustained growth in the order book, up 41% since March 2018 to £60.5 million (2018: £42.8 million)
- In FY2019, our housing team secured £18.7 million in new multi-utility housing project orders, up 74% on the prior year
- Utility asset estate transportation revenues up by 53% to £3.0 million, with external capital commitments up by 84% to £18.7 million (2018: £10.4 million) providing forward visibility of asset earnings
- Enhanced our in-house talent with the addition of new skillsets to underpin our expansion into smart metering and electric vehicle charging infrastructure, alongside developing our expertise in the multi-utility and asset ownership sectors
- Smart meter accreditations gained and first installation contract secured for 90,000 smart meters, forecast to generate revenues of £12.0 million over a three year period
- Electric vehicle charging infrastructure projects secured at £1.0 million with our integrated design, build and connect service.

*Adjusted EBITDA is operating profit excluding the impact of exceptional items, depreciation, amortisation and equity settled share based payment charges. Adjusted profit before tax is profit before tax excluding the impact of exceptional items and the amortisation of acquired intangibles. Full reconciliation of APM provided in note 3.

Martin Harrison, CEO of Fulcrum, said:

“FY2019 has been a year of progress for the Fulcrum Group. The nature of the UK’s ongoing requirement for investment in its new utility infrastructure networks provides us with long-term prospects for continued growth. The Group has established a positive reputation across its markets through a track record of reliable and responsive delivery, evidenced through our relationships with customers.

Whilst we remain vigilant of the short-term impacts of economic and political uncertainty, and expect a softening of the Infrastructure Services market in the current financial year, our strategy to broaden our range of services, especially electric vehicle charging infrastructure and smart metering installations, will continue to provide long-term, sustainable growth opportunities. We look forward to progressing on our strategic priorities over the next 12 months. With the combined expertise, drive and dedication of our employees across the Group, we have a real opportunity to develop our position within the utility services market. We are confident in our ability to deliver incremental value to our stakeholders.”

Explanation of delay to announcement of preliminary results

The delay to the announcement of the results was due to the Group and its auditor needing to agree the accounting treatment for the adoption of IFRS15: Revenue from Contracts with Customers. Detailed consideration of accounting guidance led the Group to conclude in late May 2019 that a revised interpretation would be more appropriate. Given the significance of the proposed change it was the subject of extended technical consideration and the Board informed the market of the delay on 3 June 2019 and did not form a final view on the appropriate accounting policies until 5 July 2019. The change meant that profit on projects would be different depending on whether the infrastructure assets being constructed were to be retained and adopted by the Group's licensed infrastructure companies, or were adopted by a third party licensed infrastructure company. In the case of Group adoption of assets, as more fully described in the paragraph below, an element of profit may be classed as an asset revaluation and is not included in EBITDA. The Group's EBITDA under the new accounting policy was announced to the market on 16 July 2019, with the reduction from the previously announced EBITDA for the year ending 31 March 2019 going directly to Other Comprehensive Income. Since then, EBITDA has not changed but the Group has had to complete an unprecedented amount of analysis to restate balance sheets at 31 March 2017, 2018 and 2019 for c41,000 live supply points as well as integrating the five-yearly external asset revaluation into this work in order to ensure that utility assets and utility assets under construction were properly restated in the Annual Report and Accounts.

Impact of implementation of IFRS15 – Revenue from contracts with customers.

The Group has adopted IFRS 15, Revenue from Contracts with Customers for the current reporting period and retrospectively to each prior reporting period previously presented in accordance with IAS 8 Accounting Policies. In assessing the application of IFRS15, the Group has reconsidered the previous approach of recognising revenue in respect of the fair value of the infrastructure assets that it constructs and then owns and concluded that the asset is controlled by the Group throughout construction. Accordingly the utility asset is recognised as it is being constructed within Property, Plant and Equipment at the construction cost as incurred and consequently these costs are no longer recorded in cost of sales. In addition, the Group records its utility assets at fair value and, as a result, in those cases where the fair value is less than the construction cost an impairment is recorded in cost of sales. The net effect of this change is to record as cost of sales the utility asset value that was previously recognised as revenue. Where the fair value is greater than the construction cost this profit is now recorded in Other Comprehensive Income but would previously have been reported in the Statement of Consolidated Income.

The impact of IFRS15 on the 2019 financial results is as shown in the table below – the pro-forma column shows the financial results on the previously adopted accounting basis.

	Proforma **£m**	**Adjustments*** **£m**	**As reported** **£m**
Revenue	57.1	8.2	48.9
Cost of sales	37.7	7.1	30.6
Gross profit	19.4	1.1	18.3
Gross profit (%)	34.0%		37.4%
Adjusted EBITDA	11.1	1.1	10.0

The 2018 financial results have been restated to reflect the above restatement as shown below.

	As previously reported **£m**	**IFRS15 restatement** **£m**	**As restated** **£m**
Revenue	44.8	4.2	40.6
Cost of sales	28.3	4.1	24.2
Gross profit	16.5	0.1	16.4
Gross profit (%)	36.8%	—	40.4%
Adjusted EBITDA	8.7	0.1	8.6

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Notes to Editors:
Fulcrum is a multi-utility infrastructure and services provider based in Sheffield, UK. The Company's primary business is the provision of utility infrastructure services to the residential, commercial and industrial markets throughout the mainland UK. These range from the design, installation or alteration of utility services for single site properties to large complex multi-site projects. Through its subsidiaries, Fulcrum Pipelines Limited and Fulcrum Electricity Assets Limited, Fulcrum is also licensed as an Independent Gas Transporter and Independent Distribution Network Operator, owning and operating gas and electrical assets that connect properties to the main UK gas and electricity networks. Fulcrum is also a meter asset manager, owning and operating meter assets across mainland UK.

http://www.fulcrum.co.uk/

Chairman's Statement
"A year of progress"

Results
The 2019 financial year was a period of change and development for the Fulcrum Group with improvements in both operational and financial performance. Revenues increased 20.4% to £48.9 million and, although profit before tax reduced from £6.9 million to £6.0 million, this was principally due to a £1.7 million increase in non-cash depreciation and amortisation. Adjusted profit before tax increased by 8.8% to £8.6 million and Adjusted EBITDA increased by 16.8% to £10.0 million. The Group also implemented IFRS 15, the impact of which is described more fully in the Chief Financial Officer's Statement.

Over the year, Fulcrum strategically and significantly enhanced its business capabilities. While the unexpected suspension of the UK capacity market in late 2018 significantly impacted on its delivery of large projects linked to electricity generation, the acquisition of Dunamis has provided the Group with strategically critical capabilities. Firstly, we are now more competitive in the large and medium electric connections market and we have an increasing pipeline of opportunities to provide these connections, both stand-alone and alongside large gas connections. It fits well with Fulcrum's existing strong position in providing gas infrastructure across a range of sectors, nationally, and enables the Group to offer a full multi-utility service to domestic, commercial and industrial customers. Secondly, the acquisition means that the Group is now established as a provider of electrical installation and maintenance in areas embedded in the delivery of the UK's accelerating transition to a low carbon economy - solar farms, wind generation, battery storage, electric vehicle (EV) charging, smart meters, etc. This is already a large market and one that is expanding each year. Specifically, EV new vehicle registrations are increasing at more than 50% per annum. This growth is already driving a high demand for EV charging points, and this in turn will require significant additions and changes to the electricity network and more electricity generation capacity.

Fulcrum's iDNO and iGT licences enable the Group to offer competitive rates through its ability to own and maintain the assets it has installed, providing a long-term secure income stream, alongside the revenues from infrastructure projects. Under these licences the Group is also able to acquire utility assets from third party contractors. During the year, the value of utility assets owned (including assets both built, under construction and acquired) increased by £19.3 million. This reflects increased activity in building and acquiring utility assets and a net increase of £8.0 million arising from an external independent valuation. The total annualised recurring utility asset revenue run rate is now £3.6 million. The Group applies strict financial disciplines to the funding of assets owned, whether built out or acquired. Future asset growth will be funded by existing debt facilities and the sale of assets. Cash generated by the infrastructure business will be retained within that business for reinvestment and dividends.

Dividend
The Board remains confident in the strength of the Group's capabilities and its balanced position within its chosen markets. We have maintained our progressive dividend policy and I am pleased to report that the Board recommends a final dividend of 1.5p per share, giving a full year dividend of 2.25p per share for the year ended 31 March 2019, a 7.1% increase on the prior year (2018: 2.1p).

Board and corporate governance
At the end of the financial year, Ian Foster (Chief Operating Officer) retired from the Board after a distinguished career in the UK utilities industry. Post the year end, Hazel Griffiths (Chief Financial Officer) announced her intention to step down from the role and left the business on 28 June 2019. I would like to thank Ian and Hazel for the valuable contribution they have made to the Group. A new Chief Financial Officer, Daren Harris, has been appointed and joined the Group and Board on 24 June 2019.

The Board remains committed to the highest standards of corporate governance and to operating in accordance with strong ethical and corporate social responsibility principles. The Board and its Committees play an active role in guiding the Group and leading its strategy. In a business evolving at pace, we maintain a governance structure that underpins and encourages growth, while ensuring effective controls and safeguards are in place.

Our people
The Group's performance during the year would not have been possible without the expertise, drive and dedication of our employees. In addition to our colleagues in the Dunamis Group, we have strengthened our in-house talent with the addition of new skillsets. Also, Terry Dugdale was appointed Chief Operating Officer (gas and multi-utility) to replace Ian Foster. This ongoing commitment to talent enables us to underpin our expansion into smart metering and electric vehicle infrastructure, alongside enhancing our expertise in the multi-utility and asset ownership sectors. There is a real drive to deliver our core

values amongst the workforce and to grow the business. On behalf of the Board, I would like to thank all our employees for their continued hard work and contribution.

Outlook

The Board believes that Fulcrum's breadth of services across multi-utility, gas and electrical markets sees it well positioned to capitalise on opportunities across the infrastructure and utility asset ownership sectors and are encouraged by the incremental smart metering and cross-selling opportunities for the Group. Further, compelling electric vehicle infrastructure, photovoltaics (PV), wind and solar opportunities are afforded to the Group by the push for the decarbonisation of energy.

In the short term, the softening construction market and the continued suspension of the capacity market present challenges but we remain confident that the successful execution of the Group's strategy and balanced approach to the industrial, commercial and residential markets will deliver long-term, sustainable growth for our shareholders.

CEO Statement

"A balanced Group with a broad range of gas and electrical capabilities"

Highlights:

- Sustained growth in the order book, up 41.4% since March 2018 to £60.5m
- Utility asset estate transportation revenues up by 53.0% to £3.0 m
- Smart meter accreditations gained and first installation contract secured
- Housing multi-utility sales orders secured up by 74.0% to £18.7 m
- Net assets per share increased by 17.8% to 20.5 pence per share.

2019 review

The Group has successfully developed its strategy to align Fulcrum with its key sector opportunities and now has a balanced exposure to the different energy supply elements of the UK residential and industrial and commercial construction markets. We have a broad and deep in-house technical capability to design and build low, medium and intermediate gas pressure projects, together with high and low voltage electrical projects, including renewables, solar and electric vehicles. This breadth and depth of our expertise has provided us with an excellent foundation to enhance our collaborative gas and electrical opportunities, ensuring we continue to deliver against our growth strategy and strengthen our market position.

We remain committed to safety, providing excellent customer service, enhancing our in - house multi - utility and infrastructure services capabilities and growing the utility asset base. The combination of the £20.0 million debt facility (£3.0 million drawn as at 31 March 2019) and our net cash of £3.8 million, positions us well for investing in the long term gas and electricity utility assets. A further £3.0 million was drawn after the year end. The facility is structured as an "accordion" facility so that £10 million is committed and a further £10 million is available by request from the Group to the bank.

We have a robust platform for continued growth over the coming years and remain confident for the future.

Financial performance

Year-on-year Group revenue increased by £8.3 million or 20.4% to £48.9 million (2018 restated: £40.6 million), benefiting from both organic growth in our core infrastructure and utility asset businesses and a full year's contribution from Dunamis and CDS (acquired in February and March 2018 respectively). Adjusted EBITDA* for the Group increased by £1.4 million or 16.8% to a record £10.0 million (2018 restated: £8.6 million. Although profit before tax reduced from £6.9 million to £6.0 million, this was principally due to a £1.7 million increase in non-cash depreciation and amortisation. Adjusted profit before tax* increased from £7.9 million to £8.6 million.

On a like-for-like** basis, after adjusting for the acquisitions, revenues from infrastructure services amounted to £34.8 million (2018 restated: £36.3 million) a decrease of £1.5 million or 4.0%. The decrease is due to the change in accounting policy described in the Chief Financial Officer's Statement. Asset ownership revenues increased by 53% to £3.0 million (2018: £2.0 million). With its low cost to serve, this long term, regulated annuity income stream represents a stable, secure, profitable component of the Group's current and future financial performance.

The sustained growth in the infrastructure order book demonstrates the successful delivery of our sales growth strategy. The infrastructure sales order book increased by 41.4% year-on-year to £60.5 million at 31 March 2019, up from £42.8 million at 31 March 2018. The March 2019 order book includes the smart metering exchange contract announced in March 2019 that will be delivered over the following three years.

Delivering contracts safely, efficiently and profitably
Maintaining the highest standards of health and safety remains a cornerstone of the Group's culture and we are committed to the continual improvement in health and safety performance. In the period, we received the Royal Society for the Prevention of Accidents (RoSPA) Order of Distinction, which recognises 16 years of health and safety excellence and demonstrates our commitment to the health and safety of our customers, each other, suppliers, the public and the environment.

The Group continues to invest in the business to improve operational capacity and drive efficiencies to optimise profits. In the period, we have increased our direct delivery offering, focusing on strengthening our electrical and multi-utility capabilities to support the growth in electrical and housing sales orders. We continue to use accredited subcontractors to supplement our direct labour teams, notably on longer duration, larger contracts or in more remote geographies around the UK.

Underpinned by a continuous improvement philosophy and the aim to make all operational processes simple, standardised, effective and nationally consistent, we continue to refine our operational systems and processes to make it easier to do business and deliver on the ground, challenging and streamlining our cost of delivery to be able to offer the most competitive prices. We evolve and develop low-cost applications for the mobile devices used by the construction teams to improve communications with customers and streamline internal processes to help drive down the cost of delivery. For example, we have introduced a new hand-held system for maintenance reporting and site survey capture that replaces numerous manual forms, reduces printing costs and saves administration time. We listen to our experienced teams and encourage them to develop efficient and innovative ways of working.

Our method of delivery across all functions (direct, indirect and support) will continue to be tested to consistently provide a high level of customer service that meets customers' expectations on process delivery, communications and timescales.

Design and Build – infrastructure services

Our multi-disciplined approach to infrastructure services provides a balanced stance within the residential and industrial and commercial sectors and enables us to design and build projects of any scale across the whole of mainland UK with our in-house design, project management and build expertise. Our routes to market are well established, with dedicated teams covering major projects, key accounts and technical sales, housing, low and high voltage electricity, renewables, battery storage and electric vehicle charging.

We aim to be recognised as the leading utilities services business in the industry through consistently delivering a high level of service, understanding customer requirements and providing tailored solutions to meet their needs. Our brands position the Group as leaders in our markets and ensure that we are visible to new and existing customers.

All of our people recognise the vital role they play in being the face of Fulcrum and in developing strong stakeholder relationships at all levels, from site based local teams through to the senior management team. In the spirit of continuous improvement, we seek feedback on how well we engage, perform and deliver for our customers, which we use to develop our services. Our performance over the past year has been consistently positive, with 80.0% of customers rating our service as 'great' (9 or 10 out of 10), an improvement of 2.0% on the prior year (2018: 78.0%). We listen to what went well and how we can improve which we share via continuous learning and knowledge sharing across all functions so we can push for ever higher levels of satisfaction and build trusted relationships between Fulcrum and our customers at all levels.

Our sector approach to infrastructure services is detailed below.

Gas and multi-utility
Our gas and multi-utility expertise is well recognised and we continue to generate incremental quote opportunities through our dedicated sales, design and technical teams and secure a broad base of projects from £5,000 to over £0.5 million project value.

Our responsive teams support a wide variety of customers from a myriad of sources (for example, web, main contractors, mechanical and engineering consultants and housing developers) throughout the design to delivery process, taking the sales leads and converting the opportunities into customer led projects, with their knowledgeable and integrated design and sales approach.

The housing market continues to present a significant growth opportunity. We are working with the national, regional and local house builders and during the period our housing teams secured £18.7 million in new multi-utility housing schemes, a notable 74.0% increase on the prior year. These schemes will be built out and utilities connected in the months and years ahead, providing an internal feed to the own and operate utility asset ownership part of the business.

With our established and growing customer base, clearly focused and incentivised work winning approach, competitive pricing model, trusted delivery and a significant utility market to penetrate, we are confident that sales will continue to grow in the long term.

Electricity

The electrical infrastructure market is strategically important for Fulcrum and represents a significant growth opportunity in the long term, particularly given the increasing desire of customers to seek gas and electrical installation services from one integrated provider. Our ability to design and build and then adopt, own and operate electrical connections under our Independent Distribution Network Operator (IDNO) licence provides a cohesive service and enhances our ability to build a portfolio of stable, secure and low risk regulated long term income-generating assets.

The acquisition of Dunamis in February 2018 significantly expanded and extended Fulcrum's capabilities and specialist knowledge in the electrical infrastructure services sector creating one of the UK's leading gas and electrical infrastructure services groups. The Fulcrum Group is able to offer an extensive range of electrical infrastructure services including the design of connections to the Distribution Network Operators' ("DNO") technical standard, accredited construction and installation up to 132kV and a comprehensive range of maintenance and operational services.

The integration of Dunamis has progressed well during the period and in line with plans, with increasing numbers of collaborative gas and electricity opportunities being generated, secured and delivered. During the period some of the larger infrastructure projects were influenced by external factors, such as the suspension of the UK capacity market, which has resulted in certain projects being delayed. Despite these headwinds presenting current challenges for the sector, the Board remains confident in the longer term prospects for Dunamis due to our customer relationships, our technical expertise and the fundamental need for investment to enhance and efficiently manage electricity grid distribution and capacity.

As part of the integration plan, Dunamis has been reducing its reliance on larger infrastructure projects and now offers the end-to-end design and delivery of industrial, commercial and electric vehicle (EV) charging infrastructure projects. The EV charging service offers an integrated design, build, own and operate solution to help meet the UK's need to build the infrastructure needed to charge the growing number of electric vehicles. In the year, the Group won projects with a combined value of £1.0 million, ranging from individual installations to frameworks with national chains. The Group is now delivering new EV charging infrastructure across the nation, at locations including supermarkets, public houses, forecourts and retail parks whilst also continuing to tender on new potential EV charging sites

Smart Metering

The Group secured its Meter Operator (MOP) accreditation in September 2018, and we now have all of the accreditations required to underpin our strategic plans to install, adopt, own and operate smart meters. In March 2019 we entered into our first agreement with an energy supplier to provide services as an integrated smart meter installer, Meter Operator (MOP) and Meter Asset Manager (MAM). The agreement provides Fulcrum with the opportunity to supply and install 90,000 SMETS2 domestic meters over a three year period commencing in summer 2019 and is forecast to generate over £12.0 million revenue in total.

Our aim is to build relationships and secure incremental agreements with a number of energy suppliers to create smart meter installation revenue streams as we participate in the domestic exchange programme in the years ahead. We will also seek to establish and grow the long-term meter operator/manager income streams and will consider ownership of smart meters where customers want this provision and where it demonstrates the most efficient allocation of our capital.

Own and Operate - utility asset ownership

Our gas (iGT) and electricity (iDNO) asset owning licences complement our Design and Build services and the Group continues to create long-term, secure income and cash flows, expanding its ownership of regulated utility assets by adopting the assets it constructs, and contracting to purchase and adopt assets from external utility contractors which are unable to adopt, own and operate the connections and networks they install.

During the year, the fair value of completed utility assets increased by 107.8% from £16.7 million to £34.7 million.

This was largely due to a net increase of £8.0 million arising from an independent external valuation of the portfolio. £3.6 million of assets adopted from external third parties and £7.1 million (net) of internally constructed assets that were completed in the year.

Asset ownership transportation revenues for the year were £3.0 million, and as at the year end, the annualised transportation revenue run rate from the asset portfolio was approximately £3.6 million.

The Group's iDNO electrical asset licence has been operational for its first full year and at the year-end was approaching 1,000 live supply points; the annual fixed cost of the IDNO licence/system is approximately £0.3 million. Similarly, the gas pipeline estate has expanded significantly during the past year and we had over 40,000 live gas supply points as at the year-end (almost double the number at the start of the financial year), of which 93% were domestic connections and 7% were industrial and commercial connections.

We have forward visibility over both our internal gas and electrical sales orders and the utility assets we have contracted to acquire from external utility contractors (£18.7 million external spend committed as at 31 March 2019). We expect that the transportation revenues associated with both of these alone will approximately double Fulcrum's transportation revenues over the next four year period, with the associated EBITDA margin increasing over time as the fixed costs in the utility asset ownership business are spread over an expanding asset base.

The growth strategy in utility asset ownership is supported by our net cash of £3.8 million and our debt facility for up to £20.0 million (£3.0 million drawn at the year-end). We will commit these resources as necessary over the coming months and years ahead as these contracted residential and industrial and commercial schemes are developed and utility connections completed.

Outlook

The nature of the UK's ongoing requirement for investment in its new utility infrastructure networks provides us with long-term prospects for continued growth. The Group has established a positive reputation across its markets through a track record of reliable and responsive delivery, evidenced through our relationships with customers. This strong platform, and our strategy to broaden our range of services, will continue to provide growth opportunities. The balanced exposure that Fulcrum has to multi-utility infrastructure construction, smart metering installation and utility asset ownership positions the Group well and the fundamentals of the Group and the markets it operates in remain strong.

While we remain vigilant of the short-term impacts of economic and political uncertainty in our markets, and expect a softening of the Infrastructure Services market in the current financial year, we look forward to progressing our strategic priorities over the next 12 months. With our combined expertise across the Group, we have a real opportunity to develop our position within the utility services market. We remain confident in our ability to deliver incremental value to our stakeholders.

Martin Harrison
Chief Executive Officer
19 September 2019

*Adjusted EBITDA is operating profit excluding the impact of exceptional items, depreciation, amortisation and equity settled share based payment charges. Adjusted profit before tax is profit before tax excluding the impact of exceptional items and the amortisation of acquired intangibles. See note 3 for full reconciliation.
**Like-for-like revenue is Group revenue excluding acquisitions and utility asset ownership. See note 3 for full reconciliation.

CFO statement

"Continued progress"

Financial results

Total revenue increased by £8.3 million or 20.4% to £48.9 million (2018 restated: £40.6 million) benefiting from a full year's contribution from Dunamis and growth in the asset business. Revenues from infrastructure services (excluding Dunamis) amounted to £34.8 million (2018 restated: £36.3 million), down £1.5 million due to changes arising from the adoption of IFRS 15 - on a pro forma basis (i.e. using the accounting policies adopted in prior years) infrastructure services revenue would have increased by £2.5 million. Revenue from Dunamis was £11.1 million reflecting a full year of operations (2018: £2.4 million) and revenue from asset ownership was £3.0 million (2018: £2.0 million).

Adjusted EBITDA* for the period has increased to £10.0 million (2018 restated: £8.6 million). On a like-for-like basis, after adjusting for Dunamis, adjusted EBITDA was £9.3 million, a year-on-year increase of £1.0 million or 12.0%.

Basic earnings per share reduced to 2.3p compared to 3.7p in 2018, with the decrease largely due to the business growth being offset by the increased amortisation charge and increase in the issued share capital to fund the strategically important acquisition of Dunamis. Adjusted basic earnings per share, before charging exceptional items, have decreased to 3.5p (2018 restated: 4.3p).

Impact of implementation of IFRS 15: Revenue from contracts with customers.

The impact of IFRS 15 on the 2019 consolidated statement of comprehensive income is summarised in the table below – the pro forma column shows the financial results on a pre-IFRS 15 basis. In summary, the Group no longer recognises revenue in relation to the value of the assets as they are deemed, under IFRS 15, to control the assets throughout construction. Accordingly, the utility asset is recognised as it is being constructed and consequently these costs are not in cost of sales. Where the value of the asset is greater than the construction cost, this element of profit is now taken directly to other comprehensive income rather than via the income statement. Where the asset value is lower than the cost of construction, an impairment is recorded in cost of sales representing the difference and ultimately leading to a lower cost of sale than recognised previously for construction costs.

	As reported £m	**Adjustments £m**	**Pro forma £m**
Revenue	48.9	8.2	57.1
Cost of sales	30.6	7.1	37.7
Gross profit	18.3	1.1	19.4
Gross profit (%)	37.4%	—	34.0%
Adjusted EBITDA	10.0	1.1	11.1

Underlying performance

These results include both statutory and adjusted measures of performance, the latter of which, in management's view, reflects the performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis. Our Alternative Performance Measures (APMs) and Key Performance Indicators (KPIs) are aligned to our strategy and together are used by the Board to measure and monitor the performance of our business and form the basis of the performance measures for remuneration. Adjusted results exclude certain items because, if included, these items could distort the understanding of our performance for the year and the comparability between periods. The APMs used by the Group are discussed in note 3.

The APM's exclude exceptional items of £1.3 million and comprise £0.9 million of non-cash impairment charges arising on the external revaluation of the utility assets portfolio where those assets have not been previously revalued, together with one-off restructuring and legal costs of £0.4 million.

* Adjusted EBITDA (£10.0 million) – this is operating profit (£6.0 million) excluding exceptional items (£1.3 million), depreciation and amortisation (£2.6 million) and equity-settled share based payment charges (£0.1 million), a reconciliation of which is included on the face of the consolidated statement of comprehensive income.

Investment in revenue-generating assets

During the year, the fair value of completed utility assets increased by 107.8% from £16.7 million to £34.7 million.

This was largely due to a net increase of £8.0 million arising from an independent external valuation of the portfolio, £3.6 million of assets adopted from external third parties and £7.1 million (net) of internally constructed assets that were completed in the year.

We are seeing the continued growth in our asset ownership reflected in the revenue, with 53.0% growth delivered from the prior year. With its low costs to serve, this annuity income stream represents a secure and profitable component of the Group's future financial stability.

There has been sustained growth in the utility assets secured from outside the Group, with the capital commitment increasing by £8.3 million, from £10.4 million as at 31 March 2018 to £18.7 million as at 31 March 2019.

Liquidity and net cash
Working capital management continues to be a key area of focus, with the close management throughout the period resulting in a positive operating cash flow from trading activities of £3.5 million (2018 restated: £3.1 million).

On 4 June 2018, the Group entered into a new revolving credit facility agreement with Lloyds Banking Group for up to £20.0 million. The new revolving credit facility replaces the previous £4.0 million debt facility which was undrawn on 4 June 2018. The new facility supports the expected growth in utility asset ownership of gas and electricity assets by the Group, with drawdowns secured against the acquired utility assets. At 31 March 2019, the Group had drawn down £3.0 million from the new facility to fund utility asset purchases and a further £3.0 million after the year-end. The facility is structured as an "accordion" facility so that £10.0 million is committed and a further £10.0 million is available by request from the Group to the bank.

At 31 March 2019, the Group had net cash of £3.8 million (2018: £9.4 million), a £5.6 million decrease against the prior period, after investing £3.6 million in external utility asset purchases (2018 restated: £1.5 million) and £4.7 million in dividend payments (2018: £3.5 million).

The cash at bank and added financial security with the revolving credit facility both position the Group with sufficient funds to facilitate its growth plans and adequate access to cash to cover contractual obligations.

Reserves and net assets
Net assets increased by £8.9 million during the period, reflecting the utility asset net revaluation increase of £8.0 million, retained profit for the period of £4.9 million and share based payment movements of £0.5 million, offset by the final 2018 dividend and 2019 interim dividend paid totalling £4.7 million. Net assets per share at 31 March 2019 were 20.5 pence per share (2018 restated: 17.4 pence per share).

In February 2019, a capital transfer was performed of £16.6 million from the share premium account to retained earnings. Under Cayman Law, distributions can be made out of share premium unlike in the UK. As such, the transfer was performed to provide better clarity to the reader of the accounts.

During the year, 10,646,798 ordinary shares (2018: 7,775,940 ordinary shares) were issued with a nominal value of £10,647 (2018: £7,776) to employees exercising vested share options (an Enterprise Management Incentive (EMI), and Employee Shareholder Status (ESS) and a Growth Share Scheme (GSS) plan fully vested). The associated cash consideration for the exercise prices was £521,000. As at 31 March 2019, the issued share capital of the Company was 221,303,106 ordinary shares (2018: 210,656,308) with a nominal value of £221,303. At the end of the year, the Group operated a Growth Share Scheme (GSS) plan and four SAYE schemes.

Dividends
The Group continues to maintain a progressive dividend policy. Our aim is to operate a policy within the context of broadly two times dividend cover. In determining dividend cover, non-cash item inflow and exceptional items are excluded. The cash generated during the year, supported by the continued organic growth of our business, enables returns to be made to our shareholders whilst allowing for future investment and growth. As such, a final dividend of 1.5p per share (2018: 1.4p per share) has been proposed, giving a total dividend for the year of 2.25p per share (2018: 2.1p per share). This final dividend is expected to be paid on 25 October 2019 to shareholders on the register on 4 October 2019 with an ex-dividend date of 3 October 2019, subject to approval at the Annual General Meeting.

Summary
We have continued to grow our service offerings, delivered increased revenues, profitability and continued growth in our investment in utility asset ownership, all whilst balancing working capital requirements.
With net cash at the bank and the availability of the revolving credit facility, we believe that the Group remains well placed to deliver on its strategy.

Daren Harris
Chief Financial Officer
19 September 2019

Consolidated statement of comprehensive income
for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019 £'000**	Restated Year ended 31 March 2018 £'000
Revenue	2	**48,905**	40,634
Cost of sales – underlying		**(29,708)**	(24,232)
Cost of sales – exceptional items	4	**(883)**	—
Total cost of sales		**(30,591)**	(24,232)
Gross profit		**18,314**	16,402
Administrative expenses – underlying		**(11,874)**	(8,747)
Administrative expenses – exceptional items	4	**(411)**	(823)
Total Administrative expenses		**(12,285)**	(9,570)
Operating profit	5	**6,029**	6,832
Net finance (expense)/income		**(60)**	59
Profit before taxation		**5,969**	6,891
Taxation	6	**(1,035)**	(235)
Profit for the period attributable to equity holders of the parent		**4,934**	6,656
Other comprehensive income			
Items that will never be reclassified to profit:			
Revaluation of utility assets	9, 14	**11,380**	334
Surplus arising on utility assets internally adopted in year	9, 14	**1,100**	813
Reversal of prior increase of utility assets	14	**(2,544)**	—
Deferred tax on items that will never be reclassified to profit or loss	6	**(1,848)**	(62)
Total comprehensive income for the year		**13,022**	7,741
Profit per share attributable to the owners of the business			
Basic	8	**2.3p**	3.7p
Diluted	8	**2.2p**	3.5p

Adjusted EBITDA is the basis that the Board uses to measures and monitor the Group's financial performance as it is a more accurate reflection of the commercial reality of the Group's business. Further details of Alternative Performance Measures are included in note 3.

Operating profit		**6,029**	6,832
Equity-settled share based payment charges		**115**	35
Exceptional items	4	**1,294**	823
Depreciation and amortisation	9, 11	**2,587**	890
Adjusted EBITDA		**10,025**	8,580
Surplus arising on utility assets internally adopted in year included within Other Comprehensive Income	9, 14	**1,100**	813
Adjusted EBITDA plus increase in value of internally adopted utility assets included within Other Comprehensive Income		**11,125**	9,393

Consolidated statement of changes in equity

for the year ended 31 March 2019

	Notes	Share capital	Share premium	Revaluation	Merger reserve	Retained earnings	Total equity
Balance at 1 April 2017 as previously reported		167	14,101	3,343	—	(7,165)	10,446
Adjustment for IFRS 15		—	—	229	—	(229)	—
Restated balance at 1 April 2017		**167**	**14,101**	**3,572**	**—**	**(7,394)**	**10,446**
Total comprehensive income for the period (restated)							
Profit for the year	15	—	—	—	—	6,656	6,656
Revaluation surplus	14	—	—	334	—	—	334
Surplus arising on utility assets internally adopted in year	14	—	—	813	—	—	813
Revaluation reserve transfer	14	—	—	(8)	—	8	—
Deferred tax liability	6, 14	—	—	(62)	—	—	(62)
Transactions with equity shareholders							
Equity-settled share based payment		—	—	—	—	35	35
Dividends	7, 13	—	(3,494)	—	—	—	(3,494)
Issue of new shares	12, 13	44	10,435	—	11,347	—	21,826
Restated balance at 31 March 2018		**211**	**21,042**	**4,649**	**11,347**	**(695)**	**36,554**
Total comprehensive income for the period							
Profit for the year	15	**—**	**—**	**—**	—	**4,934**	**4,934**
Revaluation surplus on independent valuation	14	—	—	**11,380**	—	—	**11,380**
Surplus arising on utility assets internally adopted in year	14	—	—	**1,100**	—	—	**1,100**
Exceptional items - Fixed asset impairment	14	—	—	**(2,544)**	—	—	**(2,544)**
Deferred tax liability	6, 14	—	—	**(1,848)**	—	—	**(1,848)**
Transactions with equity shareholders							
Equity-settled share based payment		—	—	—	—	**115**	**115**
Dividends	7, 13	—	**(4,738)**	—	—	—	**(4,738)**
Capital transfer	13	—	**(16,605)**	—	—	**16,605**	—
Issue of new shares	12,13	**10**	**511**	—	—	—	**521**
Balance at 31 March 2019		**221**	**210**	**12,737**	**11,347**	**20,959**	**45,474**

Consolidated balance sheet
as at 31 March 2019

	Notes	**31 March 2019 £'000**	Restated 31 March 2018 £'000	Restated 1 April 2017 £'000
Non-current assets				
Property, plant and equipment	9	**39,314**	19,921	13,199
Intangible assets	11	**27,069**	27,797	2,567
Deferred tax assets	6	**1,707**	2,194	1,921
		68,090	49,912	17,687
Current assets				
Contract assets		**9,132**	10,377	3,512
Inventories		**607**	209	—
Trade and other receivables		**6,392**	6,777	4,797
Cash and cash equivalents	18	**6,824**	9,431	12,561
		22,955	26,794	20,870
Total assets		**91,045**	76,706	38,557
Current liabilities				
Trade and other payables	16	**(10,946)**	(10,743)	(5,516)
Contract liabilities		**(26,343)**	(25,900)	(21,910)
Borrowings	17	**(3,000)**	—	—
Provisions		**(96)**	(98)	—
		(40,385)	(36,741)	(27,426)
Non-current liabilities				
Deferred tax liabilities	6	**(5,185)**	(3,411)	(685)
		(5,185)	(3,411)	(685)
Total liabilities		**(45,571)**	(40,152)	(28,111)
Net assets		**45,474**	36,554	10,446
Equity				
Share capital	12	**221**	211	167
Share premium	13	**210**	21,042	14,101
Revaluation reserve	14	**12,737**	4,649	3,572
Merger reserve		**11,347**	11,347	—
Retained earnings	15	**20,959**	(695)	(7,394)
Total equity		**45,474**	36,554	10,446

The financial statements were approved by the Board of Directors on 19 September 2019 and were signed on its behalf by:

Martin Harrison
Chief Executive Officer

Consolidated cash flow statement
for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019 £'000**	Restated Year ended 31 March 2018 £'000
Cash flows from operating activities			
Profit for the period after tax		**4,934**	6,656
Tax charge		**1,035**	235
Profit for the period before tax		**5,969**	6,891
Adjustments for:			
Depreciation	9	**975**	532
Amortisation of intangible assets	11	**1,612**	358
Exceptional items - Fixed asset impairment	4	**883**	—
Utility assets internally adopted (gross construction cost less impairment)	9	**(7,374)**	(4,173)
Net finance (income)/expense		**60**	(59)
Equity-settled share based payment charges		**115**	35
(Increase)/decrease in contract assets		**1,098**	(4,138)
(Increase)/decrease in trade and other receivables		**385**	(1,648)
(Increase) in inventories		**(399)**	(209)
(Increase)/decrease in trade and other payables		**(227)**	3,420
Decrease in contract liabilities		**443**	2,091
(Increase) in provisions		**(2)**	(23)
Cash inflow from operating activities		**3,538**	3,077
Tax paid		**(42)**	—
Net cash inflow from operating activities		**3,496**	3,077
Cash flows from investing activities			
Acquisition of external utility assets	9	**(3,566)**	(1,539)
Acquisition of plant and equipment	9	**(376)**	(170)
Acquisition of intangibles	11	**(884)**	(955)
Acquisition of subsidiaries, net of cash acquired*		**—**	(10,587)
Finance income received		**13**	61
Net cash outflow from investing activities		**(4,813)**	(13,190)
Cash flows from financing activities			
Dividends paid	7	**(4,738)**	(3,494)
Borrowings	17	**3,000**	—
Finance costs paid		**(73)**	(2)
Proceeds from issue of share capital	13	**521**	10,479
Net cash (outflow)/inflow from financing activities		**(1,290)**	6,983
(Decrease)/Increase in net cash and cash equivalents		**(2,607)**	(3,130)

Cash and cash equivalents at 1 April 2018		**9,431**	12,561
Cash and cash equivalents at 31 March 2019	18	**6,824**	9,431

Notes to the consolidated financial statements

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

This preliminary announcement does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information set out in this preliminary announcement has been derived from the Group's consolidated financial statements for the years ended 31 March 2019 and 31 March 2018. The auditors have reported on those financial statements. Their reports were unqualified and did not draw attention to any matters by way of emphasis of matter without qualifying their report.

The financial statements have not yet been delivered to the Registrar of Companies but will be in due course. Whilst the financial information included in this preliminary announcement has been prepared on the basis of the requirements of IFRSs in issue, as adopted by the European Union and effective at 31 March 2019, this announcement does not itself contain sufficient information to comply with IFRS.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Going concern

The Group's business activities, together with the factors likely to affect future development, performance and position, are set out in the Strategic Report on pages 2 to 21. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Report on pages 18 to 19. In addition, note 29 to the financial statements includes the Group's processes for managing its capital and its exposure to credit and liquidity risks.

On 4 June 2018, the Group entered into a new 3 year revolving credit facility agreement with a Lloyds Banking Group for up to £20 million. The new debt facility replaces the previous £4.0 million debt facility which was undrawn on 4 June 2018. The first drawdown on the facility was made in January 2019 and at the end of March 2019 the Group had drawn down a total of £3.0 million and at the date of the accounts had drawn down a further £3.0 million. The new facility supports the forecast growth in utility asset ownership of gas and electricity assets by the Group, with drawdowns secured against the acquired utility assets. The facility is structured as an "accordion" facility so that £10 million is committed and a further £10 million is available by request from the Group to the bank. The Group has complied with the financial covenants (Interest cover and leverage covenants) relating to the facilities and is forecast to continue comply over the next 15 months.

As at 31 March 2019 the Group had net assets of £45.5 million (2018 restated: £36.6 million), including net cash of £3.8 million (2018: £9.4 million) as set out in the consolidated balance sheet on page 41 and note 27. In the year ended 31 March 2019, the Group generated a profit after tax of £4.9 million and had net cash outflows of £2.6million after investing £3.6 million in external utility assets, £4.7 million paid in dividends and £3.0 million of borrowings.

The Group's forecasts and projections, after taking account of sensitivity analysis of changes in trading performance and corresponding mitigating actions, show that the Group has adequate cash resources (taking account of the Group's cash balance and new revolving credit facility described above) for the foreseeable future. As a consequence, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and

Interpretations (IFRICs)

The following relevant new standards and amendments to standards are mandatory for the first time for the financial year beginning 31 March 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements to IFRS Standards 2014-2016 Cycle

With the exception of IFRS 15 Revenue from Contracts with Customers, the effects of the implementation of these standards have been limited to presentational and disclosure amendments. Following the implementation of IFRS 15, Revenue from Contracts with Customers, our accounting policy for revenue has been amended as follows:

IFRS 15 adoption

The Group has adopted IFRS 15, Revenue from Contracts with Customers for the current reporting period and retrospectively to each prior reporting period previously presented in accordance with IAS 8 Accounting Policies. The Group has not elected to take any practical expedients available on transition to IFRS 15. In assessing the appropriate application of IFRS15, the Group has reconsidered the previous approach of recognising revenue in respect of the fair value of the infrastructure assets that it constructs and then owns and concluded that the asset is controlled by the Group throughout construction. Accordingly the utility asset is recognised as it is being constructed within Property, Plant and Equipment at the construction cost as incurred and consequently these costs are not in cost of sales. The Group have elected to value assets under the course of construction at fair value in accordance with IAS 16 'Property, Plant and Equipment' in line with the existing policy for utility assets and, as a result, in those cases where the fair value is less than the construction cost an impairment is recorded in cost of sales. Where the fair value is greater than the construction cost an uplift in value is recorded in Other Comprehensive Income and disclosed as "Surplus arising on utility assets internally adopted in year".

Impact of change on adoption of IFRS15

Consolidated statement of financial position

	Impact of change on adoption of IFRS15			
	As previously reported	Reclassification	Adjustments	As restated
01 April 2017	£000's	£000's	£000's	£000's
Property, plant and equipment	12,297	—	902	13,199
Contract assets	—	3,979	(467)	3,512
Inventories	1,647	(1,647)	—	—
Trade and other receivables	7,129	(2,332)	—	4,797
Trade and other payables	(26,991)	21,910	(435)	(5,516)
Contract liabilities	—	(21,910)	—	(21,910)
Impact on net assets		—	—	
Revaluation reserve	3,343	—	229	3,572
Retained reserves	(7,165)	—	(229)	(7,394)
Impact on equity		—	—	
31 March 2018				
Property, plant and equipment	16,025	—	3,896	19,291
Contract assets	—	12,417	(2,040)	10,377
Inventories	4,114	(3,905)	—	209

Trade and other receivables	15,289	(8,512)	—	6,777
Trade and other payables	(35,525)	25,900	(1,118)	(10,743)
Contract liabilities	—	(25,900)	—	(25,900)
Deferred tax liabilities	(2,926)	—	(485)	(3,411)
Impact on net assets		—	253	
Revaluation reserve	3,607	—	1,042	4,649
Retained reserves	94	—	(789)	(695)
Impact on equity		—	253	

Consolidated statement of profit or loss and OCI

	Impact of change on adoption of IFRS15		
For the year ended 31 March 2018	As previously reported	Adjustments	As restated
	£000's	£000's	£000's
Revenue	44,847	(4,213)	40,634
Cost of sales	(28,370)	4,138	(24,232)
Gross margin	16,477	(75)	16,402
Adjusted EBITDA	8,655	(75)	8,580
Deferred tax charge	250	(485)	(235)
Surplus arising on internally adopted utility assets	—	813	813
Total comprehensive income for the year	7,488	253	7,741

Consolidated statement of cash flows

		Impact of change on adoption of IFRS15		
For the year ended 31 March 2018	As previously reported	Reclassification	Adjustments	As restated
	£000's	£000's	£000's	£000's
Profit before tax for the period	6,966	—	(75)	6,891
Adjustments for:				
Capitalisation of utility assets	(2,611)	(596)	(966)	(4,173)
Increase in contract assets	—	(5,660)	1,522	(4,138)
Increase in trade and other receivables	(6,174)	4,472	54	(1,648)
Increase in inventories	(1,396)	1,187	—	(209)
Increase in trade and other payables	4,830	(1,559)	149	3,420
Increase in contract liabilities	—	2,156	(65)	2,091
Acquisition of external utility assets	(920)	—	(619)	(1,539)
Net impact on cash from operating activities		—	—	

IFRS 9 Financial Instruments came into effect on 1 January 2018 replacing IAS 39 Financial Instruments: Recognition and Measurement and requires changes to the classification and measurement of certain financial instruments from that under IAS 39. The new standard has been applied fully retrospectively and on review the majority of the Group's financial assets and liabilities will continue to be accounted for on an identical basis under IFRS 9 as they were under IAS 39. There is no material effect from applying IFRS 9 for expected credit losses.

The Group has not applied the following new standards and amendments to standards which are EU endorsed but not yet effective:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

2. Operating segments

The Board has been identified as the Chief Operating Decision Maker (CODM) as defined under IFRS 8: Operating Segments. The Directors consider there to be three operating segments, Infrastructure Services, Utility Asset Ownership and Dunamis which was acquired 5 February 2018. Fulcrum's infrastructure services provides utility infrastructure and connections services. Utility Asset Ownership comprises both the ownership of gas, electrical and meter assets and the safe and efficient conveyance of gas and electricity through its transportation networks. Gas transportation services are provided under the iGT licence granted from Ofgem in June 2007 and electricity services are provided under the iDNO licence granted from Ofgem in November 2017.

The information provided to the Board includes management accounts comprising operating profit before exceptional items for each segment and other financial and non-financial information used to manage the business on a consolidated basis.

	Year ended 31 March 2019				Restated Year ended 31 March 2018			
	Infrastructure Services £'000	**Utility Asset Ownership £'000**	**Dunamis £'000**	**Total Group £'000**	Infrastructure Services £'000	Utility Asset Ownership £'000	Dunamis £'000	Total Group £'000
Reportable segment revenue	**34,815**	**2,984**	**11,106**	**48,905**	36,256	1,951	2,427	40,634
Adjusted EBITDA*	**7,510**	**1,792**	**723**	**10,025**	6,737	1,583	260	8,580
Share based payment charge	**(115)**	—	—	**(115)**	(35)	—	—	(35)
Depreciation and amortisation	**(1,813)**	**(701)**	**(73)**	**(2,587)**	(435)	(411)	(44)	(890)
Reportable segment operating profit before exceptional items	**5,582**	**1,091**	**650**	**7,323**	6,267	1,172	216	7,655
Cost of sales - exceptional items	—	**(883)**	—	**(883)**	—	—	—	—
Administrative expenses – exceptional items	**(354)**	**(15)**	**(42)**	**(411)**	(823)	—	—	(823)
Reporting segment operating profit	**5,228**	**193**	**608**	**6,029**	5,444	1,172	216	6,832
Net finance (expense)/ income	**(64)**	**2**	**2**	**(60)**	25	32	2	59
Profit before tax	**5,164**	**195**	**610**	**5,969**	5,469	1,204	218	6,891

*Adjusted EBITDA is operating profit excluding the impact of exceptional items, depreciation, amortisation and equity settled share based payment charges

3. Alternative performance measures

As detailed in the Chief Financial Officer's statement, the Group uses alternative performance measures, as listed below, to present users of the accounts with a clear view of what the Group considers to be the results of its underlying, sustainable business operations, thereby enabling consistent period-on-period comparisons and making it easier for users of the accounts to identify trends.

Alternative performance measure	*Definition*
Like-for-like revenue	Like-for-like revenue is Group revenue excluding the acquisitions
Like-for-like adjusted revenue	Like-for-like adjusted revenue is Group revenue excluding the acquisitions; adding asset value revenue previously credited to revenue; now credited to cost of sales
Annualised recurring utility asset revenue run-rate	The revenue being generated from gas transportation, use of electricity network and meter rental at a point in time.
Adjusted EBITDA	Operating profit excluding exceptional items, amortisation and depreciation and equity-settled share based payments
Like-for-like adjusted EBITDA	Like-for-like adjusted EBITDA is Group adjusted EBITDA excluding the acquisitions
Adjusted profit before tax	Profit before taxation excluding exceptional items and amortisation of acquired intangible assets
Net assets per share	Net assets divided by the number of shares in issue at the financial reporting date

A reconciliation of these alternative performance measures has been disclosed in the tables below:

(a) Like-for-like revenue

	31 March 2019 £'000	Restated 31 March 2018 £'000
Revenue	**48,905**	40,634
Adjusted for:		
Acquisitions	**(11,106)**	(2,427)
Like-for-like revenue	**37,799**	38,207

(b) Reconciliation of "Like-for-like revenue" to "Like-for-like adjusted revenue"

	31 March 2019 £'000	Restated 31 March 2018 £'000
Like-for-like revenue	**37,799**	38,207
Adjusted for:		
Asset value revenue previously credited to revenue; now credited to cost of sales following adoption of IFRS 15 (see note 1)	**8,151**	4,213
Like-for-like adjusted revenue	**45,950**	42,420

(c) Reconciliation of operating profit to "Adjusted EBITDA"

	31 March 2019 £'000	Restated 31 March 2018 £'000
Operating profit	**6,029**	6,832
Adjusted for:		
Exceptional items (note 4)	**1,294**	823
Amortisation and depreciation	**2,587**	890
Equity-settled share based payments	**115**	35
Adjusted EBITDA	**10,025**	8,580

(d) Like-for-like adjusted EBITDA

	31 March 2019 £'000	Restated 31 March 2018 £'000
Adjusted EBITDA	**10,025**	8,580
Adjusted for:		
Acquisitions	**(723)**	(260)
Like-for-like adjusted EBITDA	**9,302**	8,320

(e) Reconciliation of profit before tax to "Adjusted profit before tax"

	31 March 2019 £'000	Restated 31 March 2018 £'000
Profit before tax	**5,969**	6,891
Adjusted for:		
Exceptional items (note 4)	**1,294**	823
Amortisation of acquired intangibles	**1,354**	208
Adjusted profit before tax	**8,617**	7,922

(f) Net assets per share

	31 March 2019 £'000	Restated 31 March 2018 £'000
Net assets at end of period	**45,474**	36,554
	Number of shares	**Number of shares**
Issued share capital	**221,303**	210,656
Net assets per share	**20.5p**	17.4p

4. Exceptional items

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Exceptional items included in cost of sales	**883**	—
Exceptional items included in administrative expenses	**411**	823
	1,294	823

(a) Exceptional items included in cost of sales

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Fixed asset impairment	**883**	—
	883	—

Fixed asset impairment relates to the impairment of utility assets not previously revalued.

(b) Exceptional items included in administrative expenses

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Restructuring costs	**276**	29
One-off legal and advisor costs	**135**	—
Acquisition costs in respect of The Dunamis Group Limited	—	686
Acquisition costs in respect of CDS PSL Holdings Limited	—	108
	411	823

Restructuring costs relate to employee exit and severance costs.

5. Operating profit

Included in operating profit are the following charges:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Amortisation of intangible assets	**1,612**	358
Depreciation of property, plant and equipment	**975**	532
Operating leases – plant and machinery	**743**	713
Operating leases – land and buildings	**281**	234

6. Taxation

	Year ended 31 March 2019 £'000	Restated Year ended 31 March 2018 £'000
Current tax	**620**	23
Deferred tax	**415**	212
Total tax charge/(credit)	**1,035**	235

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred taxation balance at 31 March 2019 has been calculated based on the rate of 19% for amounts anticipated to unwind in the year ending 31 March 2020 and then at 17% thereafter (2018: 19% for FY19 & 20, then 17% onwards)

The Group has a further £10.0 million (2018: £11.4 million) of tax losses of which a deferred tax asset of £1.7 million (2018: £2.2 million) has been recognised. During the period £0.3 million of the deferred tax asset was utilised against taxable profits. The deferred tax asset is expected to be recovered over 12 years.

Reconciliation of effective tax rate

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit before taxation	**5,969**	6,891
Tax using the UK corporation tax rate of 19% (2018: 19%)	**(1,134)**	(1,309)
Non-deductible expenses	**(27)**	(9)
Capital allowances in excess of depreciation	**—**	34
Effect of change in rate of corporation tax	**(109)**	(198)
Tax deductions for share options	**788**	431
Adjustment to tax charge in respect of previous years corporation tax	**(122)**	—
Adjustment to tax charge in respect of previous years deferred tax	**(431)**	—
Recognition of tax effect of previously unrecognised tax losses	**—**	816
Total tax credit/(charge)	**(1,035)**	(235)

Movement in deferred tax balances

	31 March 2019		31 March 2018	
	Deferred tax assets £'000	**Deferred tax liabilities £'000**	Restated Deferred tax assets £'000	Deferred tax liabilities £'000
At the beginning of the period			1,921	(685)
Effect of implementation of IFRS 15			-	(485)
At beginning of period – as restated	**2,194**	**(3,411)**	1,921	(1,170)
Recognised in profit or loss				
Over provided in prior year	**(203)**	**(228)**	—	—
Tax losses carried forward	**(258)**	**—**	(904)	—
Effect of change in rate of corporation tax	**(26)**	**(54)**	(76)	—
Newly recognised deferred tax asset/(liability)	—	**98**	1,253	—
Released tax asset/(liability)	—	**257**	—	—
Recognised in other comprehensive income				
Revaluation of property, plant and equipment	—	**(1,848)**	—	(62)
Acquisition of subsidiaries	—	**—**	—	(2,179)
At the end of the period	**1,707**	**(5,186)**	2,194	(3,411)

7. Dividends

In the year, dividends of 2.15 pence per share (2018: 2.0 pence per share) were paid:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Equity dividend:		
Paid during the year:		
Final dividend in respect of 2017: 1.3 pence per share	—	2,271
Interim dividend in respect of 2018: 0.7 pence per share	—	1,223
Final dividend in respect of 2018: 1.4 pence per share	**3,085**	—
Interim dividend in respect of 2019: 0.75 pence per share	**1,653**	—
Total dividends	**4,738**	3,494

After the balance sheet date, a final dividend of 1.5 pence per qualifying ordinary share was proposed by the Board, creating a full year dividend for FY19 of 2.25 pence per qualifying ordinary share (2018: 2.1 pence per qualifying share). The dividends have not been provided for.

8. Earnings per share (EPS)

(a) Basic earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

The calculation of the basic and diluted earnings per share is based upon the following data:

	Year ended 31 March 2019 £'000	Restated Year ended 31 March 2018 £'000
Profit for the year used for calculation of basic EPS	**4,934**	6,656
Exceptional items (note 4)	**1,294**	823
Remove tax relief on exceptional items	**(246)**	(156)
Amortisation of intangibles	**1,612**	358
Profit for the year used for calculation of adjusted EPS	**7,594**	7,681

Number of shares ('000):

	31 March 2019 Number of shares	**31 March 2018 Number of shares**
Weighted average number of ordinary shares for the purpose of basic EPS	**217,205**	178,653
Effect of potentially dilutive ordinary shares:	**9,838**	13,887
Weighted average number of ordinary shares for the purpose of diluted EPS	**227,043**	192,540
EPS:		
Basic	**2.3p**	3.7p
Diluted basic	**2.2p**	3.5p
Adjusted basic	**3.5p**	4.3p
Adjusted diluted basic	**3.3p**	4.0p

9. Property, plant and equipment

(a) Reconciliation of carrying amount

	Utility Assets £'000	Utility Assets Under Construction £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 April 2017 previously reported	12,305	—	486	1,017	13,808
Adjustment to recognise assets under construction	276	4,150	—	—	4,426
Restated at 1 April 2017	**12,581**	**4,150**	**486**	**1,017**	**18,234**
Additions	1,539	15,483	110	60	17,192
Assets completed in period	10,922	(10,922)	—	—	—
Surplus arising on internally adopted assets	—	813	—	—	813
Acquisition of subsidiary	—	—	225	—	225
Restated at 31 March 2018	**25,042**	**9,524**	**821**	**1,077**	**36,464**
Additions	3,566	17,343	234	142	21,285
Assets completed in period	19,922	(19,922)	—	—	—
Surplus arising on internally adopted assets	—	1,100	—	—	1,100
Uplift arising from external revaluation	11,380	—	—	—	11,380
At 31 March 2019	**59,910**	**8,045**	**1,055**	**1,219**	**70,229**
Accumulated depreciation					
At 1 April 2017 previously reported	(368)	—	(375)	(768)	(1,511)
Adjustment to recognise assets under construction	—	(3,524)	—	—	(3,524)
Restated at 1 April 2017	**(368)**	**(3,524)**	**(375)**	**(768)**	**(5,035)**
Depreciation charge for the period	(402)	—	(51)	(79)	(532)
Impairment	—	(11,310)	—	—	(11,310)
Assets completed in period	(7,896)	7,896	—	—	—
Revaluation	334	—	—	—	334
Restated at 31 March 2018	**(8,332)**	**(6,938)**	**(426)**	**(847)**	**(16,543)**
Depreciation charge for the period	(694)	—	(165)	(116)	(975)
Impairment arising on external valuation	(3,428)	—	—	—	(3,428)
Impairment	—	(9,969)	—	—	(9,969)
Assets completed in period	(12,780)	12,780	—	—	—
At 31 March 2019	**(25,234)**	**(4,127)**	**(591)**	**(963)**	**(30,915)**
Net book value					
At 31 March 2019	**34,676**	**3,918**	**464**	**256**	**39,314**
Restated at 31 March 2018	16,710	2,586	395	230	19,291
Restated at 1 April 2017	12,213	625	111	249	13,199
At 1 April 2017 previously reported	11,937	—	111	249	12,297

Utility assets includes £1.2 million (2018: £0.5 million) of meter assets valued at cost less depreciation to date.

(b) Measurement of fair values

Fair value of hierarchy

The fair value of utility assets (excluding meters) was determined by external, independent specialist valuers, having appropriate recognised professional qualifications and recent experience in the assets being valued. The valuation established the fair value of the assets at 31 March 2019. The valuation technique used is classified as a Level 3 fair value (based on unobservable inputs) under IFRS 13.

10. Capital commitments

The Group has entered into contracts to purchase property, plant and equipment in the form of utility assets from external parties, as at the 31st March 2019 the balance was £18.7 million (2018: £10.4 million).

11. Intangible assets

Reconciliation of carrying amount	Goodwill £'000	Brand & customer relationships £'000	Software & Development Costs £'000	Total £'000
Cost				
At 1 April 2017	2,225	—	2,601	4,826
Additions	12,026	—	936	12,962
Acquisition of subsidiary	—	12,607	19	12,626
At 31 March 2018	**14,251**	**12,607**	**3,556**	**30,414**
Additions	—	—	884	884
At 31 March 2019	**14,251**	**12,607**	**4,440**	**31,298**
Accumulated amortisation and impairment				
At 1 April 2017	—	—	(2,259)	(2,259)
Amortisation for the period	—	(208)	(150)	(358)
At 31 March 2018	**—**	**(208)**	**(2,409)**	**(2,617)**
Amortisation for the period	—	(1,354)	(258)	(1,612)
At 31 March 2019	—	**(1,562)**	**(2,667)**	**(4,229)**
Net book value				
At 31 March 2019	**14,251**	**11,045**	**1,773**	**27,069**
At 31 March 2018	14,251	12,399	1,147	27,797
At 1 April 2017	2,225	—	342	2,567

(a) Amortisation

The amortisation of Brand, customer relationships and software (including development costs) is included in administrative expenses.

(b) Impairment testing

The Group tests goodwill annually for impairment or more frequently if there are indications that intangibles might be impaired. Goodwill is tested for impairment by comparing the carrying amount of each CGU with the recoverable amount. Goodwill brought forward at the start of the year relates to the acquisition of Fulcrum Group Holdings Limited on 8 July 2010, the acquisition of Dunamis Group Limited on 5 February 2018 and CDS PSL Holdings Limited on 27 March 2018. The carrying amount of the intangible asset is allocated across cash-generating units (CGUs). The goodwill held by the Group relates to either the infrastructure services CGU, Dunamis which has two CGUs or the CDS CGU.

A segment-level summary of the goodwill allocation is presented below:

As at 31 March 2018 and 31 March 2019	Fulcrum £'000	Dunamis £'000	CDS £'000	Total £'000
Goodwill	2,225	11,331	695	14,251

The recoverable amounts are determined based on value in use calculations which require assumptions. The annual impairment test was performed for the four CGUs identified above that have goodwill allocated to them. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The recoverable amounts of the above CGUs have been determined from value in use calculations which have been predicated on discounted cash flow projections from financial budgets approved by the Board covering a one-year period, together with management forecasts for a further four-year period. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data both external and internal sources, together with the Group's views on the future achievable growth and the impact of committed cash flows. Cash flows beyond this are extrapolated using the estimated long term growth rates summarised in the table below.

The pre-tax cash flows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital reflecting management's assessment of specific risks related to each cash generating unit. Pre-tax discount rates of between 8.2% and 13.3% (2018: between 8.7% and 20.0%) have been used in the impairment calculations which the Directors believe fairly reflect the risks inherent in each of the CGUs. The terminal cash flows are extrapolated in perpetuity using a growth rate of 2.0% (2018: 2.0%). This is prudently aligned with the inflation rate and is not considered to be higher than the long-term industry growth rate.

	Weighted average risk adjusted discount rate	Long term growth rate
Fulcrum	8.2%	2.0%
Dunamis	13.3%	2.0%
CDS	8.2%	2.0%

The value in use assessment is sensitive to changes in the key assumptions used. Sensitivity analysis has been performed on the individual CGUs with a 1% increase in discount rate and a 1% reduction in long term growth rate. Based on this analysis, no reasonably possible changes to these assumptions resulted in an impairment charge being required.

Management have identified that for the electrical infrastructure CGUs, Dunamis and Maintech, a reasonably possible change in the revenue growth assumptions in years one to five could cause the carrying amount to exceed the recoverable amount. Under management's base case, the recoverable amounts exceed the carrying value by £1.8 million for Maintech and £15.0 million for Dunamis. The revenue growth rate for the combined electrical infrastructure CGUs for year one is -9% (Dunamis -6%, Maintech: -13%) and the average revenue growth rate for years two to five is 47% (Dunamis 63%, Maintech 21%), based on the rapidly expanding renewable energy and electric vehicle markets (Business, Energy, Industrial Strategy paper: Electric Vehicles – driving the transition dated October 2018). Other key assumptions include maintaining the gross margin at a consistent level whilst the growth in overhead costs is below the level of revenue growth considered above for both CGUs. If the average revenue growth rate for years two to five was reduced to 28% for the Dunamis CGU, the estimated recoverable amount would equal the carrying amount and if it was reduced to 16% for the Maintech CGU, the estimated recoverable amount would equal the carrying amount.

12. Share capital

	31 March 2019 £'000	31 March 2018 £'000
Authorised		
500,000,000 ordinary shares of £0.001 each	**500**	500
Allotted, issued and fully paid		
221,303,106 (2018: 210,656,308) ordinary shares of £0.001 each	**221**	211

Ordinary shareholders are entitled to dividends as declared. During the year 10.6 million ordinary shares (2018: 43.4 million ordinary shares) were issued with a nominal value of £10,647 (2018: £43,414) to employees exercising vested share options.

13. Share premium

	31 March 2019 £'000	31 March 2018 £'000
At the beginning of the period	**21,042**	14,101
Dividends paid	**(4,738)**	(3,494)
Capital transfer to retained earnings	**(16,605)**	—
Shares issued	**511**	10,435
At the end of the period	**210**	21,042

In February 2019, a capital transfer was performed of £16.6 million from the share premium account to retained earnings. Under Cayman Law, distributions can be made out of share premium unlike in the UK. As such, the transfer was performed to provide better clarity to the reader of the accounts.

14. Revaluation reserve

The revaluation reserve relates to the revaluation of the Group's utility asset estate.

	31 March 2019 £'000	Restated 31 March 2018 £'000
At the beginning of the period	**4,649**	3,572
Revaluation in the period	**11,380**	334
Surplus arising on utility assets internally adopted in year	**1,100**	813
Asset impairment	**(2,544)**	—
Revaluation reserve transfer	**—**	(8)
Recognition of deferred tax liability	**(1,848)**	(62)
At the end of the period	**12,737**	4,649

As at 31 March 2019, an independent valuation was performed on the Group's utility asset estate resulting in a net increase to the value of the estate of £8.6 million. Further details are provided in note 9.

15. Retained earnings

	31 March 2019 £'000	Restated 31 March 2018 £'000
At the beginning of the period as previously reported		(7,165)
Adjustment for change in accounting policy		(229)
Restated at the beginning of the period	**(695)**	(7,394)
Retained profit in the period	**4,934**	6,656
Revaluation reserve transfer	—	8
Capital transfer *	**16,605**	—
Equity-settled share based payment transactions	**115**	35
At the end of the period	**20,959**	(695)

* see note 13: share premium for details

16. Trade and other payables

	31 March 2019 £'000	Restated 31 March 2018 £'000
Trade payables	**5,881**	4,261
Other payables	**5,056**	6,482
	10,946	10,743

17. Interest-bearing loans and borrowings

On 4 June 2018, the Group entered into a new three year revolving credit facility agreement with a Lloyds Banking Group for up to £20 million. The new debt facility replaces the previous £4.0 million debt facility which was undrawn on 4 June 2018. The new facility supports the forecast growth in utility asset ownership of gas and electricity assets by the Group, with drawdowns secured against the acquired utility assets. The facility is structured as an "accordion" facility so that £10 million is currently committed and a further £10 million is available by request from the Group to the bank.

When the facility was entered into the transaction costs and arrangement fee totalling £83.6k were capitalised. Following the first draw down in January the costs have been amortised over the remaining life of that facility i.e. until 4 June 2021.

A. Changes in liabilities arising from financing activities

	31 March 2019 £'000	31 March 2018 £'000
At the beginning of the period	**(2)**	—
New borrowings	**3,000**	—
Finance costs paid	**(73)**	(2)
	2,925	(2)

B. Terms and repayment schedule

	Currency	Nominal interest rate	Year of maturity	**31 March 2019 £'000**	31 March 2018 £'000
Borrowings	GBP	LIBOR + 2.0%	2021	**3,000**	—

The Group has complied with the financial covenants (Interest cover and leverage covenants) relating to the above facilities.

18. Reconciliation to net funds

	31 March 2019 £'000	31 March 2018 £'000
Cash and cash equivalents	**6,824**	9,431
Borrowings	**(3,000)**	—
Net funds	**3,824**	9,431

19. Related parties

The Group has a related party relationship with its subsidiaries and with its Directors. Details of the remuneration, share options and pension entitlement of the Directors are included in the Remuneration Report on pages 30 and 31 of the Annual Report and Accounts, to be posted to shareholders in due course.

Ian Foster's wife is a director of TQM Ltd. In the year ended 31 March 2019, TQM provided consulting services to the value of £15k.