eEnergy

2021

eEnergy Group plc
Annual Report & Accounts

UNLEASHING NET ZERO

Unleashing Net Zero, through Zero Carbon – Zero Capital – Zero Waste.

We are all for zero, operating at the frontier of Energy-as-a-Service ('EaaS') disrupting the way private and public sector organisations procure, measure, and consume energy, for good.

We help clients navigate a journey to Net Zero by providing them with an end-to-end Energy Management solution 'as-a-service'. This includes access to the lowest cost procurement of Zero Carbon energy through our proprietary eAuction platform in addition to providing access to their granular energy and emissions data & consumption analytics via the MY ZeERO smart metering platform; helping them identify energy wastage.

We deliver energy reduction solutions through 'Energy Efficiency as a Service'; enabled through Light as a Service deploying LED technology and, in time, through other energy efficiency solutions, such as IOT enabled controls and heating optimisation.

We now offer onsite solar generation and intend to offer Electric Vehicle charging solutions that will promote clients' energy independence and resilience.

Our strategy is to provide a simple, one stop shop solution to organisations wanting to achieve net zero, but who do not have sophisticated in-house energy departments. Our business model is to leverage the groups large customer base which has been secured through our successful 'Buy & Build' strategy within energy management and unlock multiple revenue streams as we deliver energy reduction solutions for our customer base.

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Highlights

Financial

- Revenue up 200% to £13.6 million (2020: £4.5 million)
- Organic revenue growth of 75% in the core eLight business, generating revenues of £7.9 million
- Generated maiden Group profits
- Adjusted EBITDA of £0.8 million (FY20: loss of £1.5 million)(1)
- Profit before tax and exceptional items of £0.1 million (2020: loss of £1.9 million)(1)
- Cash at bank £3.3 million (30 June 2020: £1.5 million)
- Net cash (including £0.7 million of IFRS 16 lease liabilities) of £0.8 million (30 June 2020: net debt of £0.5 million, including £0.6 million of lease liabilities)

Operational

- Number of eLight projects completed increased by 69% (FY21: 211, FY20: 125) and average revenue per project increased by 52%
- Renewable Solutions Lighting ('RSL'), acquired in July 2020, fully integrated and strengthened Group's leading Lighting-as-a-Service ('LaaS') position in Multi-Academy Trusts and State schools
- Beond, the Top 20 energy management business, acquired in December 2020, integrated into eEnergy with advanced discussions with a number of Beond's clients for Group's eLight LaaS solution
- Launched MY ZeERO, the smart metering and intelligent data analytics platform
- Group delivered first combined LaaS and smart metering & analytics project in June 2021

Since the year end

- In September 2021 completed our largest acquisition, UtilityTeam, and raised £12 million (gross) through a placing to both existing and new institutional investors to fund the initial cash consideration
- On a pro forma basis, following the acquisition of UtilityTeam, we derive approximately 55% of Group revenue from our Energy Efficiency division and 45% from our Energy Management division(2)

(1) Adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is stated before exceptional items, which are predominantly transaction related costs and share-based payment expenses.
(2) Pro forma annualised revenue is derived from the FY21 eEnergy audited accounts and includes 12 months pro rata for Beond. UtilityTeam revenue is taken from their FY20 accounts. No other adjustments have been made to those revenues.

At a glance

Our mission

To enable our customers to achieve Net Zero without the need for capital investment.

We will do this through smart Zero Carbon procurement, technology enabled energy management and through Energy Efficiency as a Service.

We believe technology and smart data play a key role in delivering this journey which is why we are investing in market leading proprietary technology where data insights will drive energy reduction strategies and transform the Energy Management proposition.

An Energy Services company delivering Net Zero Solutions

eEnergy is an established Energy Efficiency as a Service ('EEaaS') provider and a Top 5 Energy Management services provider.

The Group manages 5.3TWh of energy for 1,800 customers with over 38,000 meters across both the public and private sectors, where it provides a complete energy consultancy, procurement, management, and efficiency service package.

We have traditionally focused our EEaaS on LED lighting and provided capital free Light as a Service ('LaaS') where we switch schools and businesses to LED for a fixed monthly fee that is less than the client's savings on their energy bill.

We are now looking to expand our energy reduction solutions to clients through the deployment of IOT and Controls to further reduce energy wastage, which are captured through a 'share of savings' agreement which are measured & reported via our proprietary smart metering analytics platform.

eEnergy was admitted to AIM in January 2020, and has been awarded The Green Economy Mark by the London Stock Exchange.

Where we are today

- A high growth, profitable and Integrated Energy Services company.
- Providing organisations with energy management and capital free energy efficiency solutions to reduce their carbon footprint and unlock hidden cost savings.
- Organic growth complemented by 'Buy & Build' strategy.

Our brands

Energy reduction through capital free energy efficiency solutions through Light-as-a-Service ('LaaS'). eLight helps businesses and schools switch to LED technology for a fixed monthly service fee, avoiding any upfront payments. eLight has completed over 1,100 energy efficient projects across the UK and Ireland.

Zero Carbon Energy Procurement and Consulting. Beond uses technology innovations to deliver high quality services to the public and private sectors that helps its clients contribute to a carbon free world without compromising on their business objectives.

Energy consumption measurement and analytics. Through our proprietary MY ZeERO platform, we provide live, behind the meter energy consumption data through the cloud, enabling businesses to pinpoint energy wastage.

A leading, high growth energy consulting and procurement business. Focusing on the Industrial & Commercial market with its Net Zero strategy and capability fully integrated into traditional energy procurement.

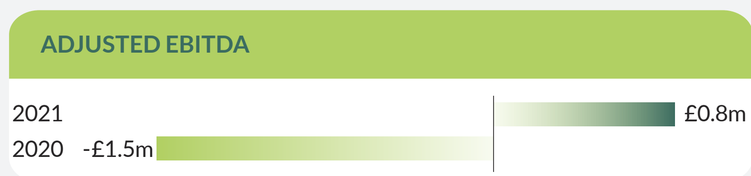
eEnergy by numbers FY21

Revenue

£13.6m
+200%
FY20: £4.5m

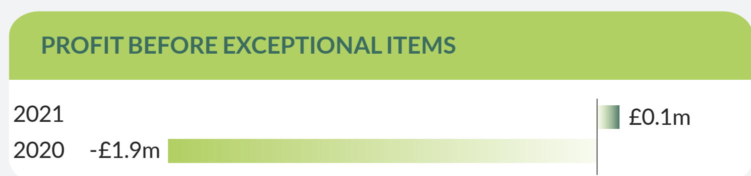
Adjusted EBITDA[1]

£0.8m
FY20: £1.5m loss



Profit before exceptional items[1]

£0.1m
FY20: £1.9m loss



Performance indicators FY21

Organic revenue

+75%
£7.9m
FY20: £4.5m

Meters under management[2]

30,040
(+9%)
15 Dec 20: 27,481

EEaaS average value per project

£52,232
(+52%)
FY20: £34,320

Number of projects installed

211
(+69%)
FY20: 125

Energy under management[2]

3.4TWh
FY20: nil

Acquisitions completed in year

3
FY20: nil

(1) Adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is stated before exceptional items, which are predominantly transaction related costs and share-based payment expenses.
(2) With the acquisition of UtilityTeam in September 2021 our Meters under management increased to over 38,000 and our Energy under management increased to 5.3TWh.

The market for energy efficiency

Overview

Energy efficiency, that is reducing the amount of energy consumed to undertake a specific activity, can be improved by better management of existing plant and equipment and/or replacing equipment with higher efficiency units and systems.

The Committee on Climate Change estimates that the market opportunity for EEaaS is more than £12 billion by 2033. The market in the EU for energy efficiency services was approximately €25 billion in 2017 and is expected to double by 2025. Buildings account for 39% of the EU's total final energy consumption and 75% of the EU's building stock is regarded as energy inefficient. The rate of building renovation remains very low, at around 0.4% to 1.2% per year, relative to where it needs to be (3% per annum) in order for the EU to meet its emissions targets. The European Commission estimates that €100 billion needs to be invested annually to achieve Europe's 2050 energy efficiency targets.

€12 billion

The Commission on Climate Change estimates that by 2033 £4.6 billion will need to be invested in Lighting and Lighting Controls, £4.8 billion in smarter control, monitoring and management systems and £2.6 billion for HVAC and refrigeration.

€50 billion

The EU market for energy efficiency services was c. €25 billion in 2017 and is expected to double to €50 billion by 2025[(1)].

Although there are many positive drivers to encourage businesses to adopt improved energy efficiency there are also several barriers including the need to make capital investments into plant and equipment that are noncore to most businesses. Many businesses, particularly SMEs, do not have or do not wish to allocate capital for noncore investments even though energy efficiency investments would reduce operating costs.

EEaaS business models are expected to capture a growing share of the energy efficiency market as they overcome this barrier. Lighting is often the easiest Energy Conservation Measure to address and the global LaaS market is expected to grow from $662 million in revenues in 2017 to $2.6 billion by 2026, a CAGR of 16%[(3)].

>21,000 schools

There are over 30,000 schools in the UK, of which between 70%+ have not yet transitioned to LED lighting.

41% CAGR

The global LaaS market is forecast to grow at 41% CAGR between 2018-2025[(2)].

eEnergy is building on its leading position in education in the UK and Ireland as well as expanding into the food services, healthcare and distribution and logistics sectors.

There are over 30,000 schools in the UK, of which more than 70% have not yet transitioned to LED lighting. With the budgetary pressure on state schools and the UK government's focus on promoting energy efficiency in the public sector the Directors remain convinced of the particular opportunity within the education sector which they estimate to be worth £1.5 billion.

Near term growth drivers

Existing capabilities across Energy Management, Energy Efficiency and Intelligent Measurement & Analysis driving strong organic growth.

Supported by acquisition strategy to in-fill capability gaps and accelerate growth.

1. Market Demand for Zero Carbon Energy & Energy Data
2. Switch to Energy Management 'As-a-Service'
3. Data insights enabled by MY ZeERO drive energy reduction through EEaaS
4. Digitisation of LaaS model; eLight App drives scalable SME growth
5. Leverage expanded customer base to capture additional Energy Conservation Measure's with measured savings
6. Integration and efficiencies leverage platform capabilities
7. Renewable generation and Electric Vehicle solutions

Government action, regulation and public sector initiatives are changing the macro environment

#1 **NHS England plans to become world's first carbon neutral health service**

Legally enshrined target to reduce carbon emissions by 78% by 2035

ESG reporting to become mandatory for LSE premium listed companies from 1 January 2022

Streamlined Energy & Carbon Reporting requirements apply from 2020 onwards

Government procurement rules to require businesses to commit to achieving Net Zero by 2050

(1) Roland Berger Energy Efficiency Services in Europe report. (2) BIS Global Lighting as a Service report, 2018-2025. (3) Source: Rocky Mountain Institute, Lumens as a Service (2017).

Unleashing Net Zero

eEnergy's integrated services offering enables us to support our clients to achieve their CO_2 reduction targets at the same time as saving money.

Our approach focuses on four key strategic areas:

1 Zero Carbon procurement

2 Management of energy usage

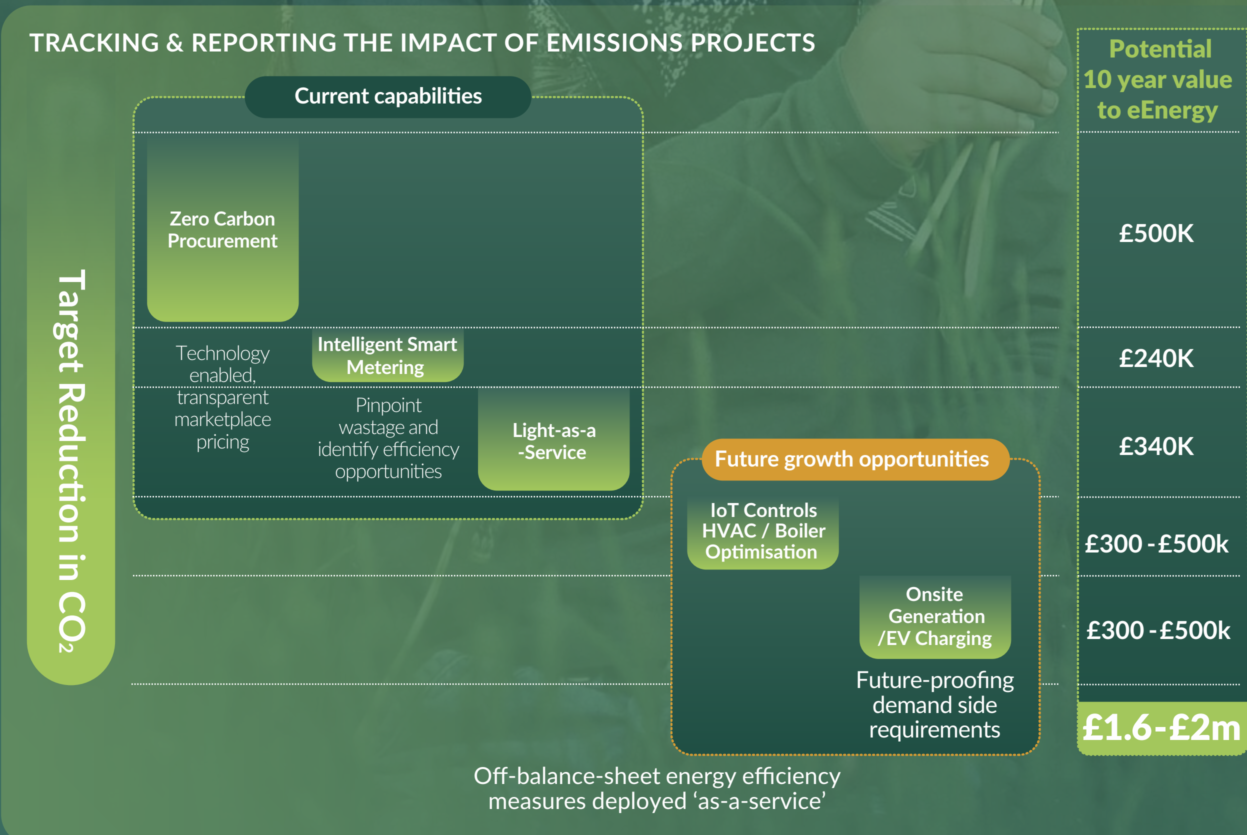
3 Energy efficiency

4 Renewable energy generation

The 'waterfall' diagram below depicts how those areas each contribute to the client's CO_2 reduction targets. This illustration is based upon an actual client case study where we have delivered all of our current capabilities in less than six months and we are also providing the tracking and reporting of the impact of each of the emissions projects. The client is estimated to save £0.7 million over the next ten years from the LaaS project across their 20 UK sites.

The waterfall also shows what the Board believes could be the potential 10-year economic value to eEnergy of offering all of the Group's current capabilities to a typical client – approximately £1.1 million, with an additional £0.6-1.0 million of value through the further EEaaS and EV growth opportunities.

Potential economic value of delivering Net Zero



Illustrative only. Based on actual customer case study, assuming one renewal, and pipeline for Current Capabilities and eEnergy estimate of value for Future Growth Opportunities. Actual savings and value to eEnergy are subject to each client's energy infrastructure.

Chairman's statement

> **"This year has been transformational for eEnergy and I am delighted with the progress made by the Group.** Our objective is to enable our customers to achieve Net Zero. We do that by offering our customers consultancy and Zero Carbon energy procurement services, technology and information systems for energy measurement and capital free solutions for reducing energy consumption and wastage to achieve their energy reduction goals. The Board is encouraged by the resilience of the Group's business model as the senior leadership team navigated a new environment as a result of the pandemic which saw eEnergy enter the energy management market and deliver its maiden profit." **David Nicholl** Chairman

Energy Markets

The UK is currently experiencing significantly higher wholesale energy prices than historically. High energy prices means it is imperative that businesses and organisations focus ever more strongly on minimising energy usage and eliminating wastage. Our capability to measure and analyse energy consumption, implement capital free energy efficiency measures and manage the risks around procuring energy in volatile markets means we are well positioned to help our clients in these uncertain markets.

Strategy

Through FY21 we have built eEnergy into an integrated energy services business which allows its customers to transition to 'Net Zero' through our capital free 'Energy as a Service'. This business model provides many benefits but primarily gives greater visibility and predictability to our top line growth and a higher quality of earnings.

eEnergy has executed its 'Buy & Build' strategy by completing four transactions since listing on AIM: Renewable Solutions Lighting Ltd ('RSL') completed in July 2020 and Beond in December 2020. The investment in MY ZeERO was initially made in April 2021 and in September 2021 we completed our largest acquisition to date, UtilityTeam, so that we are now a Top 5 ranked energy management company.

The acquisition of UtilityTeam is expected to be significantly earnings enhancing in the current financial year (FY22) as well as grow our scale and scope to cross sell our products and services across our growing customer base.

People

eEnergy has continued to strengthen its Board and senior leadership team, hiring both externally and from its acquisitions made in the year. We have grown from a Group of 35 employees to now having over 130.

In December 2020, eEnergy announced the appointment of Rob Van Leeuwen to the Group's senior leadership team as Group Chief Operating Officer. Rob brings 20 years of experience in the energy management sector. Rob has worked closely with the Energy Management-as-a-Service ('EMaaS') management team and oversees its integration and growth strategy, which includes enhancing the customer value proposition, increasing levels of cross and upselling within the existing customer base and maximising synergies.

Derek Myers joined the Board in December as Chief Innovation Officer. Derek had built Beond to be the business we acquired and was CEO as well as the controlling shareholder prior to its acquisition by the Group. Following the successful integration of Beond into the Group Derek has now chosen to change his focus and become a Non-Executive Director. As our largest shareholder Derek will not be considered to be 'independent' but the Board will continue to benefit from his experience in energy management and the broader energy markets.

In January 2021, Gary Worby joined the Board as an Independent Non-Executive and member of the Remuneration Committee. Gary brings considerable strategic experience having spent many years in the energy and carbon sector. Gary will support the Board in building eEnergy into a market-leading integrated energy management and energy savings platform, as well as strengthening the Group's focus on corporate governance. Gary's career has included a number of executive leadership roles and has specific experience in implementing successful organic growth strategies and European expansion, M&A and trade sales. He was Managing Director of EnergyQuote JHA, one of the largest pan-European energy consultants with a world-class client base, which Accenture acquired in 2014.

In June 2021, Crispin Goldsmith was appointed to the Group's senior leadership team as Chief Strategy & Commercial Officer, primarily responsible for the Group's M&A strategy. Crispin has over 20 years of experience in corporate finance and M&A. His previous roles include Director of Strategy and Corporate Development at Dixons Carphone, Investment Director at Duke Street, a leading UK private equity firm, and

Director at Royal Bank Equity Finance, the manager of the £1.1 billion RBS Special Opportunities Fund.

Finally, Delvin Lane, the CEO of UtilityTeam, has joined the Group's senior leadership team as MD for the EMaaS division. Delvin has over 25 years' experience in the energy sector having worked for several the UK's largest utilities. Among other roles, Delvin has previously been Head of Energy Services for EDF, supporting customers in delivering cash and carbon savings, and CEO of Anesco, an energy efficiency solutions company. Delvin joined UtilityTeam as a Non-Executive Director in 2017, before being appointed as the company's CEO in 2019.

We have welcomed 96 new team members since listing on AIM in January 2020, both organically and through our M&A transactions, who, along with the rest of our team have made the transition to working flexibly through the pandemic with fortitude.

COVID-19

The resilience of the Group's business model has ensured a robust performance for the year despite the impact of COVID-19 with new contract wins. While we have seen some delays in new contracts, impacting on project timeframes, the Board is encouraged with the current and future order book.

The underlying foundations and structural drivers within our market remain very robust and the breadth of applications for our services to new clients as well as our ability to cross and up sell additional services to our existing client base, continues to grow.

Outlook

The strong fundamentals of the market and associated regulatory drivers provide a significant opportunity for organic growth, complemented by acquired growth from our 'Buy & Build' strategy in the medium term.

eEnergy will continue to execute against its M&A strategy and to assess strategic and accretive acquisition opportunities that will enable it to accelerate the rate of growth across the business.

The eEnergy leadership team is confident in the future prospects of the business, underpinned by the strong pipeline of opportunities seen by the Group, including the appetite from its customers for other products and services delivered by the Group.

I would like to take this opportunity to thank our employees for their hard work in the year, our customers for their loyalty and our shareholders for their continued support.

David Nicholl
Chairman
6 October 2021

'Buy & Build'

eEnergy has executed against its 'Buy & Build' strategy by completing four transactions since listing on AIM.

Top 5

We are now a Top 5 ranked energy management company.

96

New members of staff to the Group since joining AIM in January 2020.

CEO's report

"**The year to 30 June 2021 was a transformational period for the Group.** We are now able to support our customers across their journey to Net Zero as a result of growth in our organic capability and the select acquisitions we have made as we have delivered on our 'Buy & Build' strategy. We saw revenues grow by some 200%, delivered a profit for the first time and made further strong progress in executing our strategy to become a fully integrated energy services company."

Harvey Sinclair CEO

Introduction

Our business model combines organic growth and carefully targeted acquisitions and investments. The Group became the leading provider of Energy Efficiency-as-a-Service ('EEaaS') solutions to the school sector with the acquisition of RSL in July 2020. We created the Energy Management-as-a-Service ('EMaaS') division with the acquisition of Beond in December 2020 and our largest acquisition to date came after the year end, in September, when we acquired UtilityTeam, another Top 20 energy consulting and procurement business whose services aim to reduce costs for clients whilst supporting their transition to Capitalise Net Zero. Together UtilityTeam and Beond make eEnergy a Top 5 energy management business in the UK.

In April 2021, we made an initial investment into a leading provider of intelligent metering and smart analytics which is now known as MY ZeERO. The MY ZeERO platform is one of only a handful that gathers circuit level data 'behind the meter' which enables us to provide our clients with granular visibility of their energy consumption and wastage which in turn underpins both our EMaaS and EEaaS businesses.

As a result we now have the necessary expertise to help businesses to procure Zero Carbon energy, measure their usage and wastage and then deliver the energy reduction measures to enable customers to realise their net zero strategies.

On a proforma basis 55% of our annualised revenue comes from our Energy Efficiency division and 45% from our Energy Management division.

Results

Our results for the year to 30 June 2021 reflect strong organic growth as well as increasing contributions from our acquisitions. Despite the continuing challenges of the COVID-19 pandemic, revenues increased to £13.6 million (2020: £4.5 million), including organic revenue growth of 75% in our core eLight business, which generated revenues of £7.9 million (2020: £4.5 million). I am particularly pleased to report our maiden profit with adjusted EBITDA of £0.8 million compared to a loss of £1.5 million in FY20 and a profit before tax and exceptional items of £0.1 million (2020: loss £1.9 million).

Divisions

EEaaS Division

Our decision in 2019 to focus on the opportunity in the education market has stood us in good stead in FY21. We estimate that UK education alone represents a £1.5 billion market opportunity given the low level of LED adoption in schools. In FY21 some 85%, of our revenue came from schools and our leading position in Lighting-as-a-Service in Multi Academy Trusts and State Schools was strengthened by the acquisition and integration of RSL. Demand from the education sector has proved to be resilient in the face of the challenges created by the COVID-19 pandemic. However, in the last quarter of FY21, the Group started to see renewed appetite from the commercial sector and secured its largest retail contract to date with a leading UK health food chain.

The strategic partnership with Venture Lighting, which provides the Group with eLight branded technology, signed in November 2020, has supported pricing to the Group's clients as well as contributed to improved gross margin.

Post year end, in August 2021, we were pleased to announce the Group's first contract win to provide solar power together with LED lighting in a single contract. The initial, single site, contract covers a solar power system, together with LED lighting, with a contract value of approximately £0.4 million. Over the 20 year lifetime of the system, we anticipate a total customer cost saving, at today's prices, of almost £1.4 million and a reduction of CO_2 emissions of approximately 576 tonnes.

EMaaS Division

The Group's EMaaS Division was initially created with the acquisition of Beond, a leading renewable energy consulting

and procurement business, in December 2020. Through Beond we offer Zero Carbon procurement using our proprietary reverse auction platform, ESG reporting and risk management and bureau services. EMaaS is a repeatable revenue model with client retention rates of over 90%.

Beond has traded ahead of the Board's initial expectation at the time of acquisition. It currently has more than 30,000 meters under management, an increase of 9% since acquisition and 82% of all electricity meters transacted since 1 January 2021 now have energy from a renewable source. Integration continues to be on plan, with sales, marketing and finance teams integrated and a common data platform delivered.

The acquisition of UtilityTeam in September 2021 brings significant additional scale to the EMaaS division and increases the Group's strong cross-sell opportunity through UtilityTeam's long-term, strategic relationships with its mid-market customer base. The Chief Executive Officer of UtilityTeam, Delvin Lane, will lead the enlarged EMaaS Division and an integration team will work closely with the EMaaS team. Integration will focus on initiatives to accelerate growth, including cross selling and the creation of specific sales channels for Beond and UtilityTeam respectively, as well as consolidating operational activities, using the eEnergy reverse auction platform across procurement activities and ensuring a single technology platform for all EMaaS client data.

Intelligent Smart Metering and Analytics – MY ZeERO

In April 2021, the Group established a presence in smart metering and intelligent data analytics, by making an initial investment into a newly incorporated company, eEnergy Insights Limited ('EIL'). EIL acquired the trade and assets (including all IP) from the administrators of Measure My Energy, a UK based developer of intelligent energy metering and analytical solutions. In June, the Group confirmed plans to make a further investment in EIL and acquire 51%, in addition to pre agreed steps with the potential to increase the Group's equity stake to 100% over time.

Embedding the monitoring and analytics of the MY ZeERO platform into our businesses will be a key driver of our near term growth and differentiate our offerings from the market. Using our energy efficiency solutions the Group will be able to offer measured savings contracts to its clients using the certified International Performance Measurement and Verification Protocol ('IPMVP') methodology to evidence the savings delivered by efficiency measures. In Energy Management the combination of monitoring and analytics with our energy procurement will enable clients to access their energy data through a simple subscription model and will transform Energy Management into 'as-a-Service'.

Synergy

The Group's growth trajectory and the successful acquisitions made to date – including UtilityTeam – have created attractive synergy and cross-selling opportunities.

Our MY ZeERO platform enables us to offer data and analysis as a subscription-based EMaaS, therefore increasing the 'stickiness' of our client relationships.

EMaaS provides a customer acquisition platform for zero capital energy reduction solutions and within the Division, the Group now has over 1,800 existing customers with 38,000 meters under management and manages over 5.3TWh of energy.

For example, we are already in advanced discussions with a number of Beond's clients to provide them with the Group's eLight LaaS solution. In June, we delivered our first combined LaaS and smart metering and analytics project for a leading recycling business.

Going forward, as the Group starts to deliver measured savings contracts, it expects to see an increased share of our revenues come from contracted monthly recurring revenues which, in turn, will improve visibility of future revenues and lead to higher quality earnings.

£13.6m
Revenue increase
+200%

£0.8m
Maiden profit FY21
FY20: £1.5m loss

150%+
Revenues increase in the EEaaS Division.

£2.2m
Revenue generated by Beond since acquisition in December 2020.

Outlook

Whilst early in the current financial year, the Board expects revenue and profit before and after tax and before exceptional items for FY22 to be materially ahead of FY21, and trading in the year to date remains in-line with current market expectations.

The Group continues to assess strategic and accretive acquisition opportunities that will enable it to accelerate the rate of growth across the business.

Harvey Sinclair
Chief Executive Officer
6 October 2021

Our strategy

A high-growth, profitable and Integrated Energy Services company

Our objective is clear. eEnergy seeks to become one of the leading energy services groups in the UK and Ireland. We will do this by providing all of the services that companies and organisations need to reduce their energy usage and cost and implement for them a pathway to Net Zero. To achieve this goal we will continue to execute our strategy to leverage our existing capabilities to more and more clients and to infill services we do not currently have by judicious acquisition.

If we can do this, all of our stakeholders will benefit – investors, clients, staff and management and society as a whole as we help the UK to achieve its legislated Net Zero by 2050 target.

There are four pillars to our growth strategy:

1

Organic growth

Continued growth in education as momentum for LaaS builds.

Using targeted marketing to expand into new sectors, such as healthcare, food services and distribution.

Accelerating growth in EMaaS as market conditions favour the larger energy management providers with more advanced risk management capabilities.

2

New revenue channels

Building a new indirect sales channel through the eLight App for smaller projects across education and SME with our trusted partners.

Launching IoT intelligent metering to existing energy management clients via a monthly subscription model.

3

Leveraging existing EMaaS client relationships

Leveraging our position as a Trusted Adviser to our EMaaS clients and the deployment of intelligent metering and analytics to deliver valued EEaaS solutions for large and strategic clients.

40% of Beond's initial priority customers are now engaged in the consideration of LaaS.

4

Expanding capabilities, eg. renewable energy solutions

Delivering on site generation (solar) and EV charging solutions for existing customers.

The organic growth that our strategy has delivered is complemented by our targeted 'Buy & Build' as we bring incremental capabilities into the Group that we can harness to promote our clients' journeys towards Net Zero.

A Group transformed

Transitioned from pure-play LaaS business to integrated Energy Services business

Scaled LaaS through acquisition of RSL, strengthened Group's position in Multi Academy Trusts and State Schools.

Secured differentiated Energy Management platform with acquisitions of Beond and UtilityTeam.

Strategic investment in technology-enabled intelligent smart metering and analytics business (MY ZeERO).

Demonstrated strong and repeated organic growth in existing business segments

Strong operating execution in Beond supporting increased revenues and robust new business performance.

Advanced discussions with a number of Beond's clients for Group's Light-as-a-Service ('LaaS') solution.

First combined LaaS and smart metering and analytics project delivered in June 2021.

Capturing more of customer wallet and delivering profitable growth.

Acquisitions fully integrated and providing opportunities to build scale

RSL integrated into eLight delivery platform.

Integration of sales strategy and teams to maximise cross sell and upsell opportunities.

Beond fully integrated into Group structures.

Single, cloud based, collaboration platform deployed.

Launch of MY ZeERO is a key strategic opportunity across the Group

Energy Management – deepen customer relationships and facilitate pivot to Energy Management -as-a-Service.

Energy Efficiency – expected to increase customer conversion by enabling 'share of savings' performance agreement.

Customer relationships will be underpinned by data and analysis.

Our two divisions

Energy Management

The Group's Zero Carbon energy procurement services are essential and highly valued, as businesses face increasing pressure to source green energy which can be complex and time consuming. The Board believes that EMaaS provides an attractive customer acquisition platform for zero capital energy reduction solutions.

With the acquisition of UtilityTeam our Energy Management division has 1,800 customers, over 38,000 meters under management and manages more than 5.3TWh of energy. We are a trusted advisor to our customers, and therefore are well positioned to provide consultancy services on the transition to Net Zero.

Energy Efficiency

The Group provides capital free energy conservation measures ('ECMs') where the clients make a fixed payment over a 5 –7 year term. Our primary product is LaaS, to education and commercial & industrial customers in the UK and Ireland and we are introducing Solar and other solutions in the coming year.

To date the Group has completed over 1,100 LaaS projects across the UK and Ireland.

Intelligent smart metering and analytics – MY ZeERO

Our MY ZeERO platform provides live, behind-the-meter energy consumption data through the cloud, enabling businesses to pinpoint energy wastage and ECMs.

The Board expects MY ZeERO to (i) increase customer conversion in EEaaS by providing assurances around expected energy savings, and enabling 'share of savings' performance contracts, with customer relationships underpinned by data and analysis; and (ii) support the conversion of the supplier pays commission model in Energy Management to a subscription based data and analytics based relationship.

Business model

eEnergy provides organisations with energy management and capital free energy efficiency solutions to reduce their carbon footprint and unlock hidden cost savings.

Through our Energy Management solutions we help our clients manage their energy supply risk and enable them to transition to renewable energy through our Zero Carbon Marketplace, our proprietary all-of-market reverse auction platform. As a trusted adviser to our clients we are well positioned to provide consultancy around the transition to Net Zero.

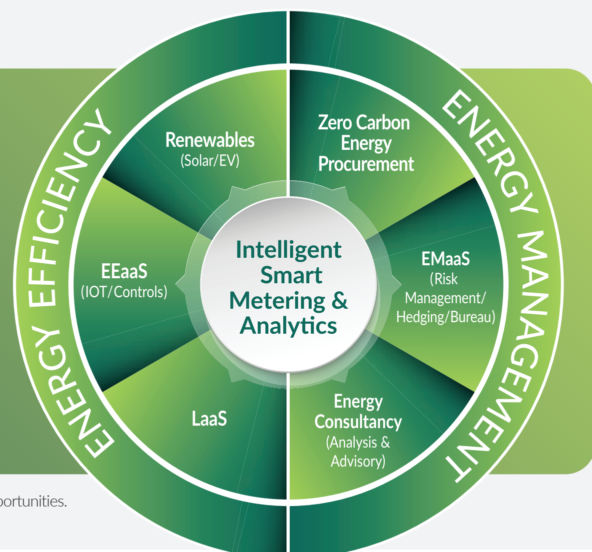
Our Energy Efficiency division enables capital free Energy Conservation Measures ('ECMs') through a pay as you save business model that unlocks surplus cash savings for our clients. LED is the natural first ECM and LaaS was the foundation of our business. We are now extending our solutions to offer broader, IoT enabled EEaaS and implement control solutions and will provide Renewable and Electric Vehicle solutions, which will give our client's enhanced energy independence and resilience, within the coming year.

Our intelligent smart metering and analytics platform, MY ZeERO, captures circuit and asset level consumption data in the cloud and enables us to pinpoint our client's energy wastage and appropriate ECMs. Once we have deployed the MY ZeERO meters at scale energy intelligence from the analysis of Big Data will drive our consultancy around energy wastage.

MY ZeERO will enable us to offered measured and verified 'share of savings' EEaaS contracts as well as support the move of EMaaS from a supplier pays model to a client pays, subscription based service.

Integrated Energy Services Strategy

- Helping businesses achieve Net Zero with an end-to-end Energy Management solution 'as-a-Service'
- Enabled through a top tier energy procurement platform
- Granular Energy consumption analytics through IOT smart metering via a subscription service
- Energy intelligence from Big Data and consultancy around energy wastage[1]
- Energy reduction solutions delivered through LaaS & EEaaS[2]
- Renewable & Electric Vehicle solutions to provide energy independence and resilience[2]



Notes: (1) Once meters deployed at scale; (2) EEaaS and Renewable and EV solutions are future growth opportunities.

CFO's report

"**FY21 saw the Group drive growth both organically and through acquisition to a point where we have reported our maiden profit before exceptional items.** eEnergy was created to deliver on a 'Buy & Build' strategy and to turn a leading provider of Light-as-a-Service into an integrated Energy Services company that enables its clients to meet their Net Zero objectives. I'm proud of the way that we were able not only to weather the COVID-19 pandemic, but also to deliver our underlying growth and strengthen the business."

Ric Williams Chief Financial Officer

Group key performance indicators

- Full year revenue of £13.6 million, 200% growth on FY20 revenue of £4.5 million, despite impacts of the COVID-19 pandemic, including unexpected lockdowns
- Organic revenue growth of 75% in the core eLight business, generating revenues of £7.9 million
- Adjusted EBITDA[1] of £0.8 million (FY20 – loss of £1.5 million)
- All core business units profitable on EBITDA basis for FY21
- Profit before tax and exceptional items[1] of £0.1 million (2020 – loss £1.9 million)
- Cash balance at 30 June 2021 of £3.3 million (30 June 2020 – £1.5 million)
- Net cash (including £0.7 million of IFRS 16 lease liabilities) at 30 June 2021 was £0.8 million (30 June 2020 – net debt of £0.5 million, including £0.6 million of lease liabilities)

Financial position and liquidity

The Board and I pay close attention to our financial position.

In September 2020 we increased our debt facility by £0.2 million to cover the costs of acquiring RSL (although the consideration was all in shares). In December 2020 we completed a Placing and raised £3.0 million of net proceeds to fund the cash component for the acquisition of Beond and provide additional working capital for the Group.

The combination of our organic growth plus the targeted acquisitions made in the year has propelled us beyond our breakeven point and with operating EBITDA in each core business we are now cash generative across the Group.

The acquisition of UtilityTeam in September 2021, which is highly cash generative, further improves our liquidity and working capital position.

Year end debt of £2.5 million is made up of £1.8 million of borrowings and IFRS 16 lease liabilities of £0.7 million. £0.9 million of the total debt is due to be repaid within one year and our year end cash balance was £3.3 million.

In September 2021 we completed a Placing and raised £11.4 million of net proceeds to fund the cash consideration for UtilityTeam, which is also cash generative in its own right.

We have modelled a number of potential scenarios that management believe are reasonably possible, including to reflect the ongoing impact of COVID-19 on our financial performance and cash generation. Having considered all of the potential scenarios the Board is confident that the Group has sufficient financial resources and headroom within its debt covenants for the foreseeable future should the worst of these scenarios be realised.

Energy Efficiency division

- Total Contract Value ('TCV') secured in FY21 was up 73% to £12.1 million (FY19: £7.0 million)
- Order Book of £1.5 million at 30 June 2021 was down 32% (FY20: £2.2 million) although FY20 included c. £1.2 million of projects delayed into the summer holidays due to COVID-19
- Full year revenue of £11.4 million (FY20 – £4.5 million), representing growth of over 150% and organic growth of 75%
- Gross margin after commissions increased 350 bps to 34.4% in FY21 from 30.9% in FY20
- 211 projects installed in FY21, 69% up on 125 installed in FY20
- Average value of each installed project was £52,232 in FY21, 52% higher than the average value in of £34,320 in FY20

The Group's EEaaS division is anchored in the core eLight business, which was strengthened by the acquisition of RSL on 1 July 2020. The primary focus during FY21 in both the UK and Ireland has been on the education sector, which accounted for approximately 85% of revenue in FY21. The focus on education has stood the business in good stead in the face of the challenges of COVID-19. The delay of approximately £1.2 million of projects from the first half of calendar 2020 into the school summer holidays, meant we enjoyed a very strong first half to the year. In the fourth quarter, the Group started to see the benefits of renewed appetite from the commercial sector and secured its largest retail contract with a leading UK health food chain.

(1) Adjusted EBITDA is EBITDA before exceptional items. Exceptional items are primarily transaction related expenses and the cost of share-based payments and are detailed in note 7 to the financial statements.

Further, the Group secured its first integrated contract for a leading recycling business, to provide its LaaS offering alongside our MY ZeERO smart metering and intelligent data analytics solution. After the year end the range of services was extended to include Energy Management-as-a-Service.

The strategic partnership signed in November 2020 with Venture Lighting, which provides the Group with eLight branded technology, has supported pricing to the Group's clients as well as contributed to improved gross margin.

eLight UK (including RSL)

UK revenue grew 380% from £2.2 million to £8.5 million, of which 40% was earned by RSL and 60% in the core eLight UK business. This represents organic growth of 125%.

Gross margin after commissions improved 500bps to 33.3% (FY20: 28.3%). In part this modest improvement reflects the transition of RSL into the eLight operating model and being able to deploy our Venture Lighting technology as the year progressed. Our operating costs increased by £1.0 million as we increased resources in delivery to accommodate the 121 projects completed in the year (FY20: 40 projects) as well as continued to invest in sales and marketing channels.

RSL had a successful year and in FY21 generated more than double the revenue it had earned in the fifteen month period prior to being acquired. This meant that RSL made a strong contribution to EBITDA but in the challenging market conditions did not achieve the profit target to earn the contingent consideration agreed at the time of the acquisition. Therefore, the provision we recorded for that contingent consideration of £1.4 million has been released into the income statement as an exceptional item.

eLight Ireland (including eLight Northern Ireland)

Revenue grew 26% to £2.9 million (FY20: £2.3 million) with our successful entry into Northern Ireland an important factor in driving that growth. Our typical project in Northern Ireland is more than double the value of one in Ireland and the 90 projects we completed in FY21 was only 6% up on FY20. The transition from our old funding arrangements to the €15 million facility committed by SUSI Partners in August 2020 also increased the proportion of the value of each contract that we retained.

During the extended lockdown in Ireland, we availed ourselves of the Irish Government support for our staff, to partially mitigate the impact on revenue and as a result we reduced our net operating costs by £0.3 million, a 28% reduction on FY20.

Energy Management Division

The Group's Energy Management business, Beond, was acquired on 15 December 2020.

- Revenue of £2.2 million (since the acquisition), ahead of the Board's expectation at the time of acquisition
- Over 30,000 meters under management, an increase of 9% since acquisition
- 82% of all electricity meters transacted since 1 January have been from a renewable source

Beond has performed ahead of our expectation at the time of acquisition with stronger revenue growth and tight cost control. In a market with rising wholesale prices we believe that Beond's customers value the risk management knowledge and advice that Beond provides to them. As we have focused Beond on our strategy, we have been able to sell all of the surplus crypto-currency assets that Beond had acquired to support its Zero Carbon marketplace initiative. This gain on disposal of £0.3 million has been recorded as other operating income, within net operating expenses.

Under IFRS where an energy management contract includes energy procurement a proportion of the total contract revenue is recognised at the point the contract is signed. Energy management services such as risk management strategies, bill validation, reporting and compliance may be provided under the same contract and revenue for these services are recognised as earned over the term of the contract. On average Beond recognises 25% of revenue on contract signing with the balance spread over the term of the contract and for UtilityTeam the average is 20%.

Head office costs

Since listing in January 2020 we have transformed the breadth of the Group's activities and have expanded beyond LaaS into broader Energy efficiency offerings, entered the Energy Management market and invested in intelligent smart metering and analytics. With the acquisition of Beond in December 2020 we strengthened the Board and also the senior management team as well as developed marketing campaigns to drive energy efficiency opportunities in the energy management client base. As a result our head office operating costs have increased 50% to £1.3 million (FY20: £0.9 million).

During the year we implemented the Management Incentive Plan ('MIP') which is a long term incentive plan linked to delivering total shareholder returns. In accordance with IFRS 2 we are expensing the fair value of the awards made over their vesting period and have accordingly charged £0.5 million in the current year, which we have classified as an exceptional item.

Acquisitions and investments

As we deliver our 'Buy & Build' strategy, we have made three investments during FY21 and our largest acquisition to date in September 2021.

RSL

On 1 July 2020 we completed the acquisition of Renewable Solutions Lighting Limited ('RSL'). The initial consideration was paid entirely in eEnergy shares and eEnergy loaned RSL the funds to make a scheduled repayment of a Director's loan note. The fair value of the initial consideration was £0.8 million.

RSL was a loss-making business when we acquired it but came with a healthy order book and a strong pipeline to complement our education focused business in the UK. The contingent consideration target was based upon FY21 adjusted EBITDA but despite more than doubling revenue RSL did not achieve the minimum target. We have therefore released the provision made of £1.4 million to the

CFO's report continued

profit and loss account and treated it as an exceptional item.

Beond

On 15 December 2020 we acquired all of the share capital of Beond Group Limited, a Top 20 energy management business. We used a combination of eEnergy shares and cash raised through a Placing and consideration was £9.1 million. The Placing, which raised £3.2 million gross, was completed at 10p per share.

MY ZeERO

In April 2021 the Group entered into various agreements to acquire an initial 33.3% interest in eEnergy Insights Ltd ('EIL', trading as MY ZeERO) which was increased to 37.5% interest in June 2021. MY ZeERO is a newly formed specialist smart metering measurement equipment and analytics platform. As part of the agreement entered into in June the Group received nil cost warrants to raise its interest to 51% of the equity, subject to certain operational targets being achieved. In addition, agreement was reached on a mechanism to acquire the remaining 49% of the equity under a pre agreed valuation method after three years.

MY ZeERO acquired certain trade assets out of the administration process of Measure My Energy Limited and all associated intellectual property assets in April 2021.

We account for our investment in MY ZeERO as an Associate and recognise our share of its profit and loss. When we are able to exercise control of the Company following the exercise of our warrants, which is expected to be during the latter part of 2021, we will account for the Company as a subsidiary and fully consolidate its results.

UtilityTeam

On 17 September 2021 we completed the acquisition of UtilityTeam, another Top 20 energy management business. We used a combination of eEnergy shares and cash raised through a Placing and initial consideration was £14.5 million. The Placing, which raised £12.0 million gross was completed at 15p per share. Contingent consideration of up to £5.1 million is payable if UtilityTeam delivers a minimum level of adjusted EBITDA for the calendar 2021. The contingent consideration is payable in eEnergy shares and up to £1.5 million of cash.

Acquisition related costs

In delivering the 'Buy & Build' strategy we have incurred professional fees in conducting commercial, financial and legal diligence. We have expensed £1.1 million of such professional fees as well as £0.1 million of incremental integration costs, which we have treated as exceptional items in the profit and loss account.

Borrowings

Group borrowings comprise a term loan in the eLight Group and CBILS / bounce back term loans in Beond and RSL. Total borrowings are £1.8 million, and we have a further £0.7 million of IFRS-16 lease liabilities. £0.9 million of our total indebtedness is due for repayment within one year. In addition, UtilityTeam had, at acquisition, a CBILS loan of £1.5 million and £0.3 million of IFRS 16 lease liabilities within the net cash balance at acquisition of £1.0 million.

Working capital

Our two divisions each operate with a very different working capital tempo.

In Energy Efficiency we work with our panel of funding partners who typically purchase or take assignment of the future receivables for a completed project. The funding partner takes the collection risk and we are paid out in full, typically within five days of acceptance of the project by the client.

In Energy Management our contracts are either client pays, typically in equal instalments over the term of the contract, or supplier pays, where we receive a commission based upon the actual consumption of energy of the terms of the supply contract from the energy supplier. A proportion of the expected total commission is typically received when the contract is signed or when the energy supply to the client starts. Beond, on average, recognises 25% of the total contract value on contract signing and typically receives a similar percentage from the energy supplier, with the balance received over the remaining term of the contract. UtilityTeam, on average, recognises 20% of the total contract value on signing and typically receives between 30-40% of the contract value in cash in advance from the energy supplier. Differences between the revenue recognition and the underlying invoicing and cash collection are recorded as accrued income or deferred revenue in the balance sheet.

The changing profile of working capital and cash collection and payment accounts for the £3.2 million increase in trade and other receivables to £4.3 million and the £3.8 million increase in trade and other payables to £7.8 million.

Inventories have remained flat year on year at £0.4 million, reflecting the effectiveness of our supply chain management in the face of significantly higher volumes of purchases.

The Energy credits in Ireland, which are accounted for as financial assets at fair value through profit or loss, have reduced from £0.4 million to £0.1 million as the new contract we signed with an energy supplier has accelerated the rate at which the value of the energy credits are realised.

Project funding

Our business model depends upon working with a range of project funding partners to finance our client projects and we actively work to identify the best partners to work with. There is no doubt that the COVID-19 pandemic made project funders more cautious and selective and we have built that caution into our own credit assessment processes. In Ireland we have completed the migration from our principal historical relationship to the committed €15 million facility with SUSI Partners, announced in August 2020, which increases our share of each contract we install and provides us with access to 7 or even 10-year contracts. In the UK we continue to enjoy strong relationships with our primary funding partners and have created new relationships to broaden the range of our offering.

Summary

FY21 has been a transformational year for us in which the Group demonstrated strong organic growth, entered the energy management market and delivered its maiden profit in line with market expectations, despite the challenges of the global pandemic. The Group is now more diversified and financially robust and well positioned to deliver our strategy in the coming year.

Ric Williams
Chief Financial Officer
6 October 2021

Case study

eLight

Holland & Barrett (multi-site results)

The energy saving at each store was measured through clamp meters on the lighting circuits and showed an average reduction of 83% in consumption.

Holland & Barrett International is one of the world's leading health and wellness retailers and the largest in Europe, supplying its customers with a wide range of vitamins, minerals, health supplements, specialist foods and natural beauty products. With over 145 years of experience in the industry, their name is a familiar sight in almost every major city and town across the UK.

The solution

eLight worked with Holland & Barratt to develop a new lighting concept for its existing stores to improve the look and feel whilst maximising the energy saving potential of new LED technology. Following development of several options the selected solution was installed in six typical stores to trial the concept. Evaluation of the energy saving was measured using clamp meter technology on the lighting circuits, and before and after staff surveys were conducted to assess the effectiveness of the installation process and the resulting lighting effect.

BEFORE

69%
Reduction in lighting cost

73.6tCO_2e
Carbon reduction over 10 years

AFTER

£29,893
Average net Savings p.a.

£298,935
10 years net savings

"The lighting is absolutely smashing – I couldn't fault it in any way, shape or form. It's bright, clear and even across the store, and customers have commented on how nice and fresh the store looks. The new adjustable window display lights are really useful to highlight the changing displays and the staff love the automatically controlled back-of-house lights. The eLight team were a pleasure to have working in the store and they left the place spotless."
10 out of 10. Overall, I'm 100% happy. **Ash, Store Manager, Richmond**

Principal risks and uncertainties

Risks

We have identified our main risks and are taking appropriate action to prevent, manage and mitigate these.

Risk review

Effective management of risk is an integral part of how the Group operates.

The responsibility for identifying risks and developing appropriate mitigation rests with the management of the business. The risks detailed below are those that are considered to be the principal risks based upon the likelihood of occurrence and the severity of the potential impact, in accordance with section 414C of the Companies Act.

Risk area and potential impact	Mitigation	Change*	Link to strategy
Competitive markets The Group operates in a competitive market place and larger competitors may be able to invest more resources or bundle services that may make our solution less compelling to prospective clients.	The Group closely monitors the activities of its competitors and potential competitors. The nature of the relationship with our OEM partners and the inherent capabilities within the Group give us flexibility in responding to market challenges.	< >	Organic Growth; New Channels; Leverage Relationships; Expanding Capabilities.
Dependence on third party suppliers The Group procures technology from third parties and works with a network of preferred installation partners. Factors outside of the control of the Group may impact on its supply chain resulting in lower revenue and / or profitability.	The Group develops long term and deep relationships with its key suppliers to closely align the interests of the supply chain with the Group.	< >	Organic Growth; New Channels; Leverage Relationships.
Dependence upon funding partners The Group assigns contracts or contract receivables to its Funding Partners which ensures each project is cash positive for the Group. The appetite of the Funding Partner may vary over time and the availability or rates for finance may result in lower revenue or profits.	We have secured a €15 million committed facility in Ireland from SUSI Partners AG to provide certainty of funding. We have extended the panel of funders we work with in the UK in order to diversify our Funding relationships. We continue to explore opportunities to replicate a committed facility for the UK.	< >	Organic Growth; New Channels; Leverage Relationships.
Key personnel The Group's business is dependent upon the relationship it builds and maintains with its customers and suppliers. These are typically held by the senior managers and the Directors. In the event that key personnel leave the Group it may not be possible to replace them with staff with the requisite relationships, skills and experience.	The Directors and most of the senior management team have equity interests in the Group or interests in share-based incentives which aligns their interest to the long-term interests of shareholders.	< >	Organic Growth; New Channels; Leverage Relationships; Expanding Capabilities.
Acquired businesses The Group's growth is pursued organically and via a 'Buy & Build' strategy acquiring complementary businesses in the energy efficiency and energy management related sectors. Some of the Group's growth is therefore dependent on the performance of these newly acquired businesses and how effectively they are integrated into the Group's operations and infrastructure.	The Directors perform extensive commercial, financial and legal due diligence on any potential acquisition target. We may include incentive packages linked to earn out based performances for retained management. The Group's management team has extensive experience of effectively integrating acquisitions. We develop a tailored integration plan for each acquisition we complete with clear milestones and targets and the progress of the integration plan is reviewed by the Board.	New	Organic Growth; New Channels; Leverage Relationships; Expanding Capabilities.

Risk area and potential impact	Mitigation	Change*	Link to strategy
Energy prices The Group is now involved in energy management on behalf of its corporate clients. High gas prices in particular have caused financial difficulties for multiple suppliers. With fewer suppliers in the market the Group could see a reduced market which may result in fewer opportunities to secure favourable contracts and in turn margins for its clients.	As an intermediary the Group is not directly exposed to high or volatile energy prices. Energy supply contracts are typically fixed for a number of years and clients that are renewing in the current environment are utilising more of the Group's risk management consulting capability. In the medium term high energy prices only emphasise the importance of reducing energy consumption and the Energy Efficiency business within the Group will see more opportunity as a result. The energy supply market is regulated and OFGEM operates a 'Supplier of Last Resort' mechanism in the event that an energy supplier fails. The new supplier may choose to, but is not required to, honour the terms of the previous supplier. We evaluate the terms offered to our clients and where necessary will arrange an alternative supplier whose offer will reflect better value for our client.	New	Organic Growth; Leverage Relationships.
Revenue recognition Within the EMaaS business in accordance with the relevant accounting standard (IFRS15) we recognise revenue relating to energy procurement once we have satisfied the performance obligation, which we judge to be when the contract is signed. The revenue we recognise is based upon an estimate of future income which in turn is based upon an estimate of future energy consumption by our client. Should we overestimate the value of a client contract we may need to reverse revenue in future years and, in extemis, refund a supplier excess commission that has been paid.	We have developed a robust methodology for estimating future consumption based upon evidence from energy suppliers and we then constrain the revenue we recognise to allow for factors such as contract breakage or termination and, perhaps most importantly, reduced consumption over the life of the contract. Our process is informed by historical efficiencies achieved by our client and by other clients in the same or similar sectors. We also perform regular reviews of our client's actual energy consumption compared to our expectation and 'true up' the revenue accordingly. We typically only take between 20-40% of the contract value in advance from the energy supplier and therefore have a low risk of being required to refund excess commissions.	New	Organic Growth.

* Defines the direction on the change in the risk: new risk (**New**), risk increased (↑), risk decreased (↓), no change (**< >**).

S172 statement

Introduction

Section 172(1) (a) to (f) of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. We describe our values and who we consider to be our key stakeholders in the Environment, Social & Governance report. The Board is committed to engaging with all our key stakeholders as we believe that this is the best way to build sustainable value for the business. The Board of Directors of eEnergy consider both individually and together that they have acted in such a way that would be most likely to promote the success of the Company in the long-term, taking into consideration the interests of all the stakeholders (investors, employees, customers, suppliers and local communities) as well as society as a whole and the environment.

Strategy

Our business model is to provide Energy Efficiency and Energy Management solutions that allow our clients to reduce their carbon footprint, release cash flow from their utility bills and improve the quality of their education or work environment. Our strategy is designed to deliver meaningful growth to the Group which in turn supports our employees, our supply chain partners and our shareholders as well as reducing the carbon footprint of our customers in the UK and Ireland. The strategic direction of the Group is reviewed annually, taking into account the threats and opportunities facing the business and the interests of stakeholders. The Group is committed to being a responsible business and our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole.

People

Our people are fundamental to the delivery of our strategy. For the Group to succeed we need to manage our people's performance and develop and bring through talent, while ensuring we operate as efficiently as possible. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and wellbeing of our employees is one of our primary considerations in the way we do business. Promoting a culture of respect and equal opportunity is as important as ensuring the right skills fit for our business.

Engaged and committed employees are integral to our overall Group performance and the delivery of great customer service. We currently share information via email, Director presentations and meetings. Our relatively small size has meant that the Directors (including the Non-Executive Directors) have been able to meet periodically with employees. Whilst this direct engagement was reduced during the COVID-19 related restrictions the Directors and senior managers have maintained that engagement over video and calls and we are once again increasing direct engagement in all our operating locations.

Suppliers

In our core eLight business, we work closely with our supply chain network in the UK and Ireland and provide training to their staff. All installation partner staff are liveried as eLight and in the UK will attend our Training Academy in Bury St Edmunds where we train them in the eLight way. We work collaboratively with our key equipment suppliers to develop products suited to our key markets and to share with them our expectations for each coming quarter.

Shareholders

The Board is committed to engaging openly with our shareholders. We recognise the importance of a continuing transparent dialogue, whether with major institutional investors or private or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so seek to explain these clearly, listen to feedback and properly consider any issues or questions raised.

Last year, in keeping with guidance provided about the conduct of the AGM during COVID-19 restrictions, we held a 'closed' virtual meeting. This year guidance is that AGM's should be held physically. We welcome all engagement from shareholders but given the welfare of all concerned we encourage shareholders to not physically attend the meeting and to submit questions in advance. We will host an investor presentation on a virtual platform, to which all current and prospective shareholders are invited.

Customers

We actively listen to our clients in order to understand their needs and priorities and evaluate how we can best achieve their objectives – whether it be maximising savings, reducing carbon emissions or optimising their teaching or workplace environment. We develop new product offerings and variations to enhance customers' experience of working with us and have adapted our contracts to suit the needs of different client segments.

A responsible business

The Board of Directors aims to ensure that management operates the business in a responsible manner, to the high standards of conduct and good governance expected of a business such as ours. We believe that doing so will contribute to the delivery of our strategy and consequently, the growth of the Group.

The Strategic report on pages 1 to 18 was approved by the Board on 6 October 2021 and signed on its behalf by:

R M Williams
Company Secretary

Environment, Social & Governance ('ESG') report

Introduction

As a responsible organisation our goal is to meet the expectations of our stakeholders while continuing to contribute towards the sustainability of the planet and the well-being of society. These expectations increasingly include requirements to manage our own business impacts on the environment in addition to the provision of energy management and efficiency services to our customers to help them to use energy more frugally and to reduce their own carbon footprints.

As a result, ESG issues have risen towards the top of our corporate agenda. This year will see us put a Board ESG Committee in place which will oversee the adoption and execution of an ESG strategy and reporting structure as we move forward.

Environment and sustainability

We believe in sustainable, and responsible growth. Decarbonisation and strategies to achieve net zero are at the heart of what we do. We aim to ensure that our activities have a minimum environmental impact. The Group notes the 2030 Agenda for Sustainable Development proposed by the United Nations and its Sustainable Development Goals ('SDGs'). The energy sector, and in particular, the private energy sector, has a crucial role to play in achieving these SDGs. We will monitor and report against these and other reporting frameworks such as the Global Reporting Initiative ('GRI') and those set out by the Sustainability Accounting Standards Board ('SASB') to provide transparency to our stakeholders on our performance.

We intend to drive down our environmental and sustainability agenda through our workforce and our supply chain. Each employee (including contractors) will be held accountable for ensuring that those employees, equipment, facilities and resources within their area of responsibility are managed to comply with this policy and to minimise environmental risk.

eEnergy is a proud holder of the London Stock Exchange's Green Economy Mark which recognises the companies and funds leading the green revolution. The Mark is awarded to London-listed companies and funds that derive more than 50% of their revenues from products and services that are contributing to environmental objectives such as climate change mitigation and adaptation, waste and pollution reduction, and the circular economy. The Mark provides investors with a universe of green economy equities.

Social

We are committed to developing mutually beneficial partnerships with our stakeholders throughout the life cycle of our activities and operations. Our principal stakeholders include our shareholders; employees, their families, and employee representatives; the communities in which we operate; our business partners and local and national governments.

Being a responsible business means making every possible effort to identify and eliminate exploitative working practices wherever they occur in our own operations and in those of our supply chain. This means adopting best practice standards with regards to modern slavery – human rights, child labour, forced labour and employee provision. In addition, the Group complies and will continue to comply to the fullest extent with current and future anti-bribery legislation.

We will in an accurate, timely and verifiable manner, consistently disclose material information about the Group and its performance. This will be readily understandable by appropriate regulators, our stakeholders and the public. We will endeavour to ensure that no employee acts in a manner that would in any way contravene these principles. The Group will take the appropriate disciplinary action concerning any contravention.

Our Labour Policy commits us to upholding fundamental human rights and ensuring the implementation of fair employment practices. The Group is also committed to creating workplaces free of harassment and unfair discrimination. We will comply with all relevant occupational health and safety laws, regulations and standards. Where no standards exist, we will adopt current best practice.

We aim to have a positive impact on the people, cultures and communities in which we operate. We will be respectful of local people, their values, traditions, culture and the environment. The Group will also strive to ensure that surrounding communities are informed of, and where possible, involved in, developments which affect them, throughout the life cycle of our operations. We seek to undertake social investment initiatives in areas of need where we can make a practical and meaningful contribution.

Governance

The Group complies with the principles set out in the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). For further information on how eEnergy applies the QCA code, please visit: **https://eenergyplc.com/investors/**

The Board has established appropriately constituted Audit & Risk, Remuneration and Nomination Committees with formally delegated responsibilities. The Board of Directors currently comprises seven members, including two Executive Directors and five Non-Executive Directors. The Board has a wealth of experience in both the energy efficiency markets and corporate finance. The structure of the Board ensures that no one individual or group dominates the decision making process. Our Executive Directors are both full time and our Non-Executive Directors typically commit at least three days each month to the Group and more when required.

The Company held 12 board meetings between 1 July 2020 and 30 June 2021. Attendance was as follows:

David Nicholl	12 of 12
Harvey Sinclair	12 of 12
Ric Williams	12 of 12
Nigel Burton	12 of 12
Andrew Lawley	12 of 12
Derek Myers *(appointed 15 December 2020)*	7 of 7
Gary Worby *(appointed 25 January 2021)*	7 of 7

ESG report continued

The meetings provide effective leadership and overall management of the Group's affairs through the schedule of matters reserved for Board decisions. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of financial statements. All Directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of their duties.

The Audit & Risk Committee ('ARC')

The ARC, comprises Nigel Burton (Chairman) and Andrew Lawley, and meets not less than twice a year. The committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the ARC receives and reviews reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company. The ARC considers, manages and reports on the risks associated with the Company as well as ensuring the Company's compliance with the AIM Rules and the Market Abuse Regulations concerning disclosure of inside information.

The Remuneration Committee

Membership of the Remuneration Committee during the period consisted of Non-Executive Directors, Nigel Burton (Chairman), David Nicholl and Andrew Lawley, from July 2020 to January 2021 when he was replaced by Gary Worby, who served on the Committee through to the end of the fiscal year. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Company.

The Nomination Committee

The Nomination Committee comprises David Nicholl (Chairman) and Nigel Burton, and meets at least once each year. This committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively as well as being responsible for the annual evaluation of the performance of the Board and of individual Directors. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst the Directors acknowledge that no internal control system can provide absolute assurance against material misstatement or loss, they have reviewed the controls that are in place and are taking the appropriate action to ensure that the systems continue to develop in accordance with the growth of the Group.

Relations with shareholders

The Board attaches great importance to maintaining good relations with its shareholders. Extensive information about the Group's activities is included in the Annual Report and Accounts and Interim Reports, which are published on the Group's website and sent to those shareholders who have specifically requested to receive paper copies. Market sensitive information is regularly released to all shareholders concurrently in accordance with stock exchange rules. The Annual General Meeting provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company maintains a corporate website where information on the Group is regularly updated and all announcements are posted as they are released. The Company welcomes communication from both its private and institutional shareholders.

MAR dealing code and policy document

The Company has in place a share dealing code for the Directors and employees which is appropriate for a company whose shares are admitted to trading on AIM and subject to the Market Abuse Regulations.

Core values

Finally, the Group's core values drive every aspect of how we operate as a business and we set these out below:

- **Decarbonisation** – To help the organisations we work with and the countries in which we operate towards the goal of carbon neutrality
- **Sustainability** – To focus on delivering greater sustainability for our customers and the wider community; to lead by example, in our own operations
- **Empathy** – To understand and support the needs and hopes of our customers, suppliers and employees as well as the wider societal demand to improve the environment
- **Integrity** – To act with integrity at all times with all those with whom we are involved, while respecting commercial and personal confidentiality
- **Passion** – To operate with passion and professionalism in a culture committed to continuous improvement which delivers a return on investment for both customers and our shareholders

Group Directors' report

The Directors present their report and the audited financial statements for the year ended 30 June 2021.

eEnergy Group plc is incorporated in the United Kingdom and is the ultimate parent company of the eEnergy Group.

A summary of key future developments for the Company and Group are included, together with an overview of the business model, in the Strategic Report.

Going concern

The Directors evaluate the application of the going concern basis having considered a sensitised trading and cash flow forecast for the Group for a period of not less than 12 months from the date that these financial statements are approved by the Board. The sensitivities applied to the forecast include factors relating to the ongoing uncertainties arising from the COVID-19 pandemic.

The Directors have concluded that it is appropriate to prepare these financial statements on the going concern basis.

Dividends

The Directors do not recommend the payment of a dividend in respect of the current period (2019 – nil).

Events since the balance sheet date

Material events since the balance sheet date are described in note 36 of the financial statements.

Directors

The Directors of the Company during the year ended 30 June 2021 and subsequently were:

- Mr David Nicholl (Non-Executive Chairman)
- Dr Nigel Burton (Non-Executive Director)
- Mr Andrew Lawley (Non-Executive Director)
- Mr Derek Myers (Non-Executive Director) – *appointed 15 December 2020*
- Mr Harvey Sinclair (Chief Executive)
- Mr Ric Williams (Chief Financial Officer)
- Mr Gary Worby (Non-Executive Director) – *appointed 26 January 2021*

Directors' indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

Directors interests

The Directors of the Company who held office during the year had the following beneficial interests in the shares of the Company at the period end:

	30 June 2021 Number (thousands)	30 June 2020 Number (thousands)
Nigel Burton	552	552
Andrew Lawley	93	93
Derek Myers	44,683	–
David Nicholl	13,221	13,221
Harvey Sinclair	20,739	20,739
Ric Williams	93	93
Gary Worby	2,312	–
	81,693	34,698

The following Directors had also been granted EMI share options during the year to acquire the shares of the Company:

As at 30 June 2021
Number of options (thousands)

	Harvey Sinclair	Ric Williams
Exercisable at 6.12p until 30 June 2030	4,085	4,085
	4,085	4,085

The total number of share options held by the Directors at 30 June 2021 was 8,169,920.

In July 2020 the Company implemented the eEnergy Group Management Incentive Plan (the 'MIP'). The MIP includes the EMI share options described above. As at 30 June 2021 four Directors, Harvey Sinclair, David Nicholl, Ric Williams and Andrew Lawley, participate in the MIP. The extent to which the MIP converts into new ordinary shares of the Company depends upon the Total Shareholder Return generated over the MIP's measurement period but the maximum dilution to existing shareholders is capped at 12.5%. Details of the MIP are included in note 32 to the financial statements.

Provision of information to auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor and a resolution to re-appoint them will be put to the Annual General Meeting.

This report was approved by the Board on 6 October 2021 and signed on its behalf.

R M Williams
Company Secretary

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Directors' remuneration report

This report to shareholders for the year ended 30 June 2021 sets out the Group's remuneration policies. As the Company's shares are listed on the AIM market of the London Stock Exchange, the Company is required to report in accordance with the remuneration disclosure requirements of the AIM Rules. The Group is not required to prepare a Directors' remuneration report under Companies Act regulations and therefore this report may not contain all the information that would be included were the Group required to do so.

Composition and role of the Remuneration Committee

Membership of the Remuneration Committee during the period consisted of the Non-Executive Directors, Nigel Burton (Chairman), David Nicholl and Andrew Lawley, from July 2020 to January 2021 when he was replaced by Gary Worby, who served on the Committee through to the end of the fiscal year.

The Remuneration Committee oversees the remuneration policies and activities of the Group. The Committee met five times during the year ended 30 June 2021.

The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

Remuneration structure for Executive Directors

Overview

The Remuneration Committee is committed to maintaining high standards of corporate governance and has taken steps to comply with best practice insofar as it can be applied practically given the size of the Group and the nature of its operations.

Remuneration policy

The Committee aims to ensure that the total remuneration for the Executive Directors is soundly based, internally consistent, market competitive and aligned with the interests of shareholders. No Director takes part in decisions regarding their personal remuneration.

To design a balanced package for the Executive Directors and senior management, the Committee considers the individual's experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality, while avoiding remunerating those Directors more than is necessary. The Committee also considers the link between the individual's remuneration package and the Group's long-term performance aims.

Basic salary

Salaries are benchmarked against businesses acting within the Energy Services market and comparable quoted companies. The review process is undertaken having regard to the development of the Group and the contribution that individuals will continue to make as well as the need to retain and motivate individuals.

At the time of the RTO in January 2020 the Remuneration Committee agreed key performance thresholds that triggered an increase in the basic salaries of the Executive Directors. The first threshold was achieved as of 1 July 2020 with the successful acquisition of RSL. The second threshold, relating to the achievement of sustainable monthly operating EBITDA was achieved in September 2020. The third threshold, relating to the sustainable underlying growth and profitability of the Group was achieved in December 2020.

Performance-related pay

The Chief Executive Officer and Chief Financial Officer can earn a cash bonus of up to 100% of their annual basic salary payable against meeting personal and business targets as set out by the Committee at the beginning of each period.

Service contracts

Each Executive Director has a service contract with the Group which contains details regarding remuneration, restrictions and disciplinary matters. Executive Directors are appointed by the Group on contracts terminable on no more than 12 months' notice.

Non-Executive Directors

The fees of the Chairman are determined by the Committee and the fees of the Non-Executive Directors by the Board following a recommendation from the Chairman. The Chairman and Non-Executive Directors are not involved in any discussions or decisions about their own remuneration. Included in the Salary is an additional payment of £3,000 to each committee Chairman.

Directors' remuneration report continued

Single figure disclosure table

The following table sets out the remuneration of the Company's Directors who served during the period from 1 July 2020 to 30 June 2021 that was received or receivable.

All Directors who served during the prior period were appointed during the period and the remuneration shown in the table is for the period from their appointment. All the Directors were appointed on 9 January 2020 other than Dr Nigel Burton, who was appointed on 16 September 2019.

	Salary & fees £'000	Pension & benefits £'000	Bonus[6] £'000	**FY21 Total £'000**	FY20 Total £'000
Harvey Sinclair [1]	240	15	51	**306**	121
Ric Williams [2]	197	7	41	**245**	106
David Nicholl [3]	51	1	–	**52**	20
Dr Nigel Burton	45	–	–	**45**	15
Andrew Lawley [4]	39	–	–	**39**	32
Derek Myers [5] *(appointed 15 Dec 2020)*	12	1	–	**13**	–
Gary Worby *(appointed 26 Jan 2021)*	20	1	–	**21**	–
	604	25	92	**721**	294

(1) Prior to appointment as a Director Harvey Sinclair was the CEO of eLight and was paid £93,000 between 1 July 2019 and 9 January 2020.

(2) Prior to appointment as a Director Ric Williams was engaged by eLight as interim CFO and was paid £121,000 between 1 July 2019 and 9 January 2020.

(3) Prior to appointment as a Director David Nicholl was the Chairman of eLight and was paid £18,000 between 1 July 2019 and 9 January 2020.

(4) Prior to appointment as a Director Andrew Lawley was engaged as a consultant by eLight and was paid £10,000 between 1 July 2019 and 9 January 2020.

(5) Prior to appointment as a Director Derek Myers was remunerated as a Director of Beond Group Limited and received [£28,000] between 1 July 2020 and 15 December 2020.

(6) The bonuses are payable after the year end.

The Remuneration report was approved by the Board on 6 October 2021 and signed on its behalf by:

Nigel Burton
Chairman of the Remuneration Committee

Board of Directors

David Nicholl
Non-Executive Chairman

David is an internationally experienced and proven technology leader in Industrial Internet of Things ('IIoT') energy management and connected lighting, who has led significant international businesses as President and CEO for Philips Lighting (UK and Ireland), Rockwell Automation (UK and Ireland) and Schneider Electric (Sweden and Romania). He is currently Executive Vice President, Southern and Eastern Europe, of ABB's Electrification Business division. David has an MBA and a degree in electronic engineering and physics.

Harvey Sinclair
Chief Executive Officer

Harvey co-founded eLight and is a proven technology entrepreneur, who has achieved a number of successful exits of business over the last 15 years across a variety of different sectors; Software, Internet, ecommerce and in the Hospitality sector. In 2000, Harvey founded The Hot Group Plc ('THG'), which listed on AIM in 2002 and which he led on a successful consolidation of the online recruitment market, through a 'Buy & Build' strategy, before leading the sale to Trinity Mirror in 2006. Harvey was investment director for Scottish Enterprise at Design LED between 2015 and 2019.

Ric Williams
Chief Financial Officer

Ric was an audit and corporate finance partner with Deloitte from 2002 – 2009 and led their London Capital Markets practice helping international companies to list on AIM and the Main Market. He was CFO and then CEO of EQPaymaster, the Pension Administration, Payroll and software division of Equiniti Group plc, from 2013-2019 and the Deputy Group CFO at Waterlogic, having joined them to list on AIM, from 2011-2012. Prior to joining Deloitte, Ric had joined Arthur Andersen after leaving university in 1988, trained as a chartered accountant and made partner in 1999.

Dr Nigel Burton
Independent
Non-Executive Director

Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. In addition to the Company, Nigel is currently a Non-Executive Director of BlackRock Throgmorton plc and several AIM listed companies including DeepVerge plc and Location Sciences plc.

Andrew Lawley
Non-Executive Director

Andrew is an experienced private equity investor and senior strategy leader specialising in supporting businesses through periods of significant scaling, transformation and M&A. Andrew is a qualified accountant and, after roles in corporate finance and corporate recovery, focussed on private equity as a Managing Director of the RBS Special Opportunities Fund LLP. In 2012 Andrew joined Dixons Retail Group as Group Strategy Director and played a leading role in the merger with Carphone Warehouse plc, subsequently becoming integration director and interim CEO for the services division. Andrew is currently Chairman of Hunter Boots Limited and an Operating Partner with Three Hills Capital Partners.

Derek Myers
Non-Executive Director

Derek joined eEnergy following the acquisition of Beond Group in December 2020 initially as Chief Innovation Officer. Derek became a Non-Executive Director in October 2021. He was the controlling shareholder of Beond, having held senior management and Board roles, including Managing Director and, from 2015, Chief Executive Officer. Previously, Derek was the Managing Director of iVentures Capital, an investment vehicle that raised funds to invest in and manage energy market businesses. Mr. Myers has previously worked as a strategy consultant at Accenture and futures trader at Macquarie Bank, trading, inter alia, energy products.

Gary Worby
Independent
Non-Executive Director

Gary is a chartered engineer. He brings considerable strategic experience having worked in the energy and carbon sector and will support the Group Board as an Independent Non-Executive Director. His career has included a variety of executive leadership roles guiding businesses through organic growth and Pan European expansion, acquisitions, and trade sales. He was MD of EnergyQuote JHA, one of the largest energy consultants acquired by Accenture, MD of Energy and Carbon Management acquired by Inspired Energy plc and currently operates as Executive Chairman for UDIntel.

Independent auditor's report

to the members of eEnergy Group plc

Opinion

We have audited the financial statements of eEnergy Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs' (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included obtaining an understanding of the basis of preparation of Board approved budgets and cash flow forecasts, assessing the accuracy of historic forecasts, testing the key underlying assumptions and performing sensitivity analysis on possible changes which could impact the available headroom, including loan covenant compliance. We also identified events subsequent to the year-end date impacting upon going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

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

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £148,000 (2020: £82,000). This was calculated at the average of 2% of revenue and 5% of EBITDA excluding exceptional items. Benchmarks of revenue and adjusted EBITDA have been selected as we consider these to be the most significant determinant's of the Group's performance for shareholders. The materiality benchmarks are unchanged from the prior year.

The Parent Company materiality was £147,500 (2020: £31,000) based upon 5% of the adjusted loss before tax in order to ensure adequate coverage of expenditure.

Performance materiality is the application of materiality at the individual account or balance level set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Group and Parent Company was set at 70% (2020: 70%) of overall materiality, equating to £103,600 and £103,250 respectively, based upon our assessment of the risk of misstatement through substantive testing.

Component materiality for significant and/or material subsidiary undertakings ranged from £69,000 to £13,000 (2020: £33,000 to £11,000).

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of £7,400 (2020: £4,100) for the Group and £7,375 (2020: £1,550) for the Parent Company.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the Group and Parent Company financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates. Further details are included in the key audit matters section of our report. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The accounting records and financial statements of two material subsidiary undertakings were audited by a component auditor in Ireland under the oversight of us as Group auditor in accordance with International Standard on Auditing 600, based upon component materiality and risk to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
Revenue recognition Revenue for the year ended 30 June 2021 amounted to £13,596,000 and details of the related judgements and estimates are disclosed in note 2.23. The Group has various revenue streams comprising Light-as-a-Service ('LaaS'), energy management services, capital expenditure contracts and trading of energy credits. Each revenue stream has different contractual and performance obligations which in turn require separate revenue recognition policies and assumptions requiring judgement and estimation. Revenue recognition is therefore a key focus for our audit.	Our testing in this area included the following: • We updated our understanding of the internal control environment in operation for the significant income streams, and documented the systems and control environment for the new revenue stream within Beond Group Limited. We undertook walk-throughs to ensure that the key controls within these systems had been operating in the period under audit; • Undertook substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at year end; • Reviewed the audit working papers of the component auditor and discussed their work and findings with the component audit partner and manager; • Reviewed post year end receipts and credit notes to ensure completeness of income recorded in the accounting period; • Tested revenue cut-off having regard to performance obligations under the contracts, including installation, subcontractor and material costs; • Reviewed revenue contracts to understand the substance of arrangements with finance partners and SPVs and ensure these are accounted for appropriately; and • Ensured revenue is accounted for and disclosed in accordance with IFRS 15.

Independent auditor's report

continued

Key audit matter	How the scope of our audit responded to the key audit matter
Acquisition accounting in accordance with IFRS 3 'Business Combinations' During the year, the Group completed two subsidiary acquisitions: • In July 2020, the Group expanded its LaaS offering to academy and state schools through the acquisition of Renewable Solutions Lighting Limited ('RSL'); and • In December 2020, the Group completed the acquisition of Beond Group Limited ('Beond'), a UK-based renewable energy consulting and smart procurement business. Goodwill and other intangible assets arising during the year ended 30 June 2021 amounted to £11,382,000 and details of the related judgements and estimates are disclosed in notes 2.23 and 14. There is a risk that the valuation of the acquired assets and liabilities, as well as purchase consideration where judgement and estimation is required when valuing contingent elements, has not been calculated correctly and is therefore materially misstated. The identification and valuation of separately identifiable intangible assets, including their estimated useful economic lives, involves judgement and assumptions. There is also a risk that the accounting entries regarding business combinations have not been recorded appropriately in accordance with IFRS 3, and that the disclosures in the financial statements surrounding the acquisitions are incomplete. Acquisition accounting for business combinations is therefore a key focus for our audit.	Our work in this area included: • Review of the key contractual agreements and terms entered into in connection with the acquisitions of RSL and Beond, to include in particular the Share Purchase Agreements and any accompanying management papers. The majority of this work was previously undertaken at the interim review stage; • Discussions by the audit team with the preparer of the Purchase Price Allocation ('PPA') report, KPMG LLP, to obtain an understanding of the methods and assumptions used within the report, including compliance with the requirements of IFRS 3 and IFRS 13; • Review of, and providing challenge to, key assumptions and methods included within the PPA exercise by Management and Management's expert (KPMG LLP) in respect of the Beond Group; • Assessing the competence, capabilities and objectivity of the preparer of the PPA report (KPMG LLP); • Substantively testing the cost of investment balances within the Parent Company's individual financial statements; • Assessing whether any reporting framework differences arise between UK GAAP (FRS 102) and IFRS for the two acquired companies, including review of, and challenge to, management's and management's expert's work in this area; • Evaluating management's goodwill impairment review and assessed whether there are any indicators of impairment for other intangible assets, which are subject to amortisation; • Discussion with management on the basis for calculating the deferred and contingent elements of the purchase consideration (RSL) and ensuring the rationale is in accordance with IFRS; and • Review of the disclosures made in the financial statements to ensure compliance with IFRS 3 and IFRS 13.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the Directors are responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from IFRSs, the Companies Act 2006 and the AIM Rules.

Independent auditor's report

continued

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to enquiries of management and review of legal / regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the estimates, judgements and assumptions applied by management regarding revenue recognition and the assessment of impairment of goodwill and intangible assets gave the greatest potential for management bias.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We communicated the risk of non-compliance with laws and regulations, including fraud, to the component auditor who incorporated this into their testing, which was reviewed by the Group audit team.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

6 October 2021

Consolidated statement of comprehensive income

For the year to 30 June 2021

	Note	Year to 30 June 2021 £'000	Year to 30 June 2020 £'000
Continuing operations			
Revenue from contracts with customers	5	13,596	4,501
Cost of sales	6	(8,059)	(3,109)
Gross profit		5,537	1,392
Operating expenses	7	(4,955)	(4,237)
Included within operating expenses are:			
– Exceptional items	7	248	1,320
Adjusted operating expenses		(4,707)	(2,917)
Adjusted earnings before interest, taxation, depreciation and amortisation		830	(1,525)
Earnings before interest, taxation, depreciation and amortisation		582	(2,845)
Depreciation and amortisation		(333)	(72)
Finance costs – net	11	(426)	(277)
Loss before tax		(177)	(3,194)
Income tax	10	205	–
Profit (loss) for the year from continuing operations attributable to the owners of the Company		28	(3,194)
Other comprehensive income – items that may be reclassified subsequently to profit and loss			
Change in the fair value of other current assets		34	–
Translation of foreign operations		102	(82)
Total other comprehensive profit (loss)		136	(82)
Total comprehensive profit (loss) for the year attributable to the owners of the Company		164	(3,276)
Basic and diluted earnings (loss) per share from continuing operations (pence)	12	0.01p	(2.96)p

The accompanying notes on pages 37 to 73 form part of these financial statements.

Consolidated statement of financial position

As at 30 June 2021

	Note	As at 30 June 2021 £'000	As at 30 June 2020 £'000
Non-current assets			
Property, plant and equipment	13	80	130
Intangible assets	14	11,693	211
Right-of-use assets	20	610	538
Deferred tax asset	24	415	–
Investment in associate	21	155	–
Total non-current assets		12,953	879
Inventories	17	371	356
Trade and other receivables	16	4,276	1,073
Other current assets		47	–
Financial assets at fair value through profit or loss	25	140	414
Cash and cash equivalents	18	3,332	1,478
Total current assets		8,166	3,321
Total assets		21,119	4,200
Non-current liabilities			
Lease liability	20	434	506
Borrowings	22	1,245	1,120
Deferred tax liability	24	415	–
Other non-current liabilities	23	468	–
Total non-current liabilities		2,562	1,626
Current liabilities			
Trade and other payables	19	7,819	3,955
Lease liability	20	264	76
Borrowings	22	601	304
Total current liabilities		8,684	4,335
Total liabilities		11,246	5,961
Net assets (liabilities)		9,873	(1,761)
Equity attributable to owners of the parent			
Issued share capital	26	16,071	15,725
Share premium	26	33,014	22,375
Other reserves	27	601	82
Reverse acquisition reserve	3	(35,246)	(35,246)
Foreign currency translation reserve		(13)	(115)
Accumulated losses		(4,554)	(4,582)
Total equity		9,873	(1,761)

The accompanying notes on pages 37 to 73 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 6 October 2021 and were signed on their behalf:

R M Williams – Director

Company registered number: 05357433

Company statement of financial position

As at 30 June 2021

	Note	As at 30 June 2021 £'000	As at 30 June 2020 £'000
Non-current assets			
Intangible assets	13	18	–
Investment in associate	21	155	–
Investment in subsidiary	15	17,947	6,574
Total non-current assets		18,120	6,574
Loan to subsidiaries		579	480
Trade and other receivables	16	153	26
Cash and cash equivalents	18	1,187	909
Total current assets		1,919	1,415
Total assets		20,039	7,989
Current liabilities			
Trade and other payables	19	1,003	368
Loans from subsidiaries		1,452	–
Total current liabilities		2,455	368
Total liabilities		2,455	368
Net assets		17,584	7,621
Equity attributable to owners of the parent			
Issued share capital	26	16,071	15,725
Share premium	26	33,014	22,375
Other reserves	27	567	82
Accumulated losses		(32,068)	(30,561)
Total equity		17,584	7,621

A separate income statement for the Parent Company has not been presented, as permitted by section 408 of the Companies Act 2006. The Company's loss for the period was £1,507,000 (2020: loss of £635,000).

The accompanying notes on pages 37 to 73 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 6 October 2021 and were signed on their behalf:

R M Williams – Director

Company registered number: 05357433

Statements of cashflows

For the year ended 30 June 2021

	Note	Group		Company	
		Year to 30 June 2021 £'000	Year to 30 June 2020 £'000	Year to 30 June 2021 £'000	Year to 30 June 2020 £'000
Cash flow from operating activities					
Operating profit (loss) – continuing operations		28	(3,194)	(1,507)	(635)
Adjustments for:					
– Depreciation and amortisation		332	72	–	–
– Finance cost (net)		311	277	(3)	3
– Shares and warrants issued to settle expenses		301	108	301	108
– Share-based payments		485	–	485	–
– Gain on disposal of subsidiary – Metaleach		–	–	–	(150)
– Share of loss in associate		34	–	34	–
– Finance charge on lease liabilities		65	53	–	–
– Foreign exchange movement		34	(14)	–	–
– Gain on derecognition of contingent consideration		(1,444)	–	(1,444)	–
– Reverse acquisition share-based payment expense	3	–	1,052	–	–
Operating cashflow before working capital movements		147	(1,646)	(2,134)	(674)
(Increase) decrease in trade and other receivables		(2,406)	(998)	(127)	98
Increase (decrease) in trade and other payables		2,496	1,236	504	148
Increase in inventories		(23)	(187)	–	–
Net cash inflow (outflow) from operating activities		214	(1,595)	(1,757)	(428)
Cash flow from investing activities					
Amounts received from (paid to) Group undertakings		–	–	1,299	(578)
Acquisition of subsidiaries		(2,395)	–	(2,395)	–
Cash acquired on acquisition of subsidiaries		1,218	105	–	–
Cash from exercise of options in acquired business		521	–	–	–
Proceeds from disposal of subsidiary		–	150	–	150
Expenditure on intangible assets		(217)	–	(18)	
Purchase of property, plant and equipment		(134)	(82)	–	–
Net cash inflow (outflow) from investing activities		(1,007)	173	(1,114)	(428)
Cash flows from financing activities					
Interest (paid) received		(319)	(225)	–	–
Repayment of lease liabilities		(163)	(40)	–	–
Proceeds from the issue of share capital, net of issue costs		3,149	1,664	3,149	1,664
Proceeds from loans and borrowings		294	1,342	–	–
Repayment of borrowings		(314)	–	–	–
Net cash inflow from financing activities		2,647	2,741	3,149	1,664
Net increase (decrease) in cash & cash equivalents		1,854	1,319	278	808
Effect of exchange rates on cash		–	14	–	–
Cash & cash equivalents at the start of the period		1,478	145	909	101
Cash & cash equivalents at the end of the year	18	3,332	1,478	1,187	909

The non cash consideration issued to acquire subsidiaries during the year was £9.0 million and is disclosed for each acquisition in note 28.

Refer to note 31 for net debt reconciliation.

The accompanying notes on pages 37 to 73 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Other reserves £'000	Foreign currency reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 30 June 2019	18	–	–	–	(33)	(1,388)	(1,403)
Other comprehensive loss	–	–	–	–	(82)	–	(82)
Loss for the year	–	–	–	–	–	(3,194)	(3,194)
Total comprehensive loss for the year attributable to equity holders of the parent	–	–	–	–	(82)	(3,194)	(3,276)
Shares issued during the year	51	–	–	–	–	–	51
Transfer to reverse acquisition reserve	(69)	–	69	–	–	–	–
Recognition of plc equity at acquisition date	15,376	14,468	(28,741)	–	–	–	1,103
Issue of shares for acquisition of subsidiary	263	6,311	(6,574)	–	–	–	–
Issue of shares for cash	80	1,920	–	–	–	–	2,000
Issue of shares in settlement of fees	6	144	–	–	–	–	150
Issue of warrants	–	–	–	82	–	–	82
Cost of share issue	–	(468)	–	–	–	–	(468)
Total transactions with owners	15,707	22,375	(35,246)	82	–	–	2,918
Balance at 30 June 2020	15,725	22,375	(35,246)	82	(115)	(4,582)	(1,761)
Other comprehensive loss	–	–	–	–	102	–	102
Change in fair value of other current assets	–	–	–	34	–	–	34
Profit for the year	–	–	–	–	–	28	28
Total comprehensive profit for the year attributable to equity holders of the parent	–	–	–	34	102	28	164
Issue of shares for cash	96	3,104	–	–	–	–	3,200
Issue of shares for acquisition of subsidiary	235	7,299	–	–	–	–	7,534
Issue of shares in settlement of fees	9	293	–	–	–	–	302
Share-based payment	–	–	–	485	–	–	485
Exercise of warrants	6	159	–	–	–	–	165
Cost of share issue	–	(216)	–	–	–	–	(216)
Total transactions with owners	346	10,639	–	485	–	–	11,470
Balance at 30 June 2021	16,071	33,014	(35,246)	601	(13)	(4,554)	9,873

The accompanying notes on pages 37 to 73 form part of these financial statements.

Company statement of changes in equity

For the year ended 30 June 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
At 31 December 2019	15,376	14,468	–	(29,926)	(82)
Loss for the period	–	–	–	(635)	(635)
Total comprehensive loss for the period attributable to equity holders of the parent	–	–	–	(635)	(635)
Issue of shares for acquisition of subsidiary	263	6,311	–	–	6,574
Issue of shares for cash	80	1,920	–	–	2,000
Issue of shares in lieu of cash	6	144	–	–	150
Issue of warrants in lieu of cash	–	–	82	–	82
Cost of share issue	–	(468)	–	–	(468)
Total transaction with owners	349	7,907	82	–	8,338
Balance at 30 June 2020	15,725	22,375	82	(30,561)	7,621
Loss for the year	–	–	–	(1,507)	(1,507)
Total comprehensive loss for the year attributable to equity holders of the parent	–	–	–	(1,507)	(1,507)
Issue of shares for cash	96	3,104	–	–	3,200
Issue of shares for acquisition of subsidiary	235	7,299	–	–	7,534
Issue of shares in settlement of fees	9	293	–	–	302
Share-based payment	–	–	485	–	485
Exercise of warrants	6	159	–	–	165
Cost of share issue	–	(216)	–	–	(216)
Total transaction with owners	346	10,639	485	–	11,470
Balance at 30 June 2020	16,071	33,014	567	(32,068)	17,584

The accompanying notes on pages 37 to 73 form part of these financial information.

Notes to the financial information

For the year ended 30 June 2021

1. General information

eEnergy Group plc ('the Company') is a public limited company with its shares traded on the AIM Market of the London Stock Exchange. eEnergy Group plc is a holding company of a group of companies (the 'Group'), the principal activities of which are the provision of Energy Efficiency and Energy Management Services in both the United Kingdom and Ireland.

The Company is incorporated and domiciled in England and Wales with its registered office at Salisbury House, London Wall, London, England, EC2M 5PS. The Company's registered number is 05357433.

These consolidated financial statements were approved for issue by the Board of Directors on 6 October 2021.

2. Accounting policies

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

2.1 Basis of preparation

The financial statements have been prepared in accordance with international accounting standards ('IFRS') in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by financial assets at fair value through profit or loss and other comprehensive income, and the recognition of net assets acquired under the reverse acquisition at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 2.23.

The financial statements present the results for the Group and Parent Company for the year ended 30 June 2021. The comparative period is for the year ended 30 June 2020. The comparative period for the Parent Company financial statements comprise the six months ended 30 June 2020.

The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently in the financial statements. The consolidated financial statements are prepared in Pounds Sterling, which is the Group's functional and presentation currency, and presented to the nearest £'000.

2.2 New standards, amendments and interpretations

The Group and parent Company have adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 1 July 2020.

The following new IFRS standards and / or amendments to IFRS standards were adopted for the first time during the year, none of which had a material impact on the financial statements:

- Amendments to IFRS 3: Business Combinations (effective 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform (effective 1 January 2020)

No standards or Interpretations that came into effect for the first time for the financial year beginning 1 July 2020 have had an impact on the Group or Company.

Notes to the financial information

Continued

2. Accounting policies continued

2.3 New standards and interpretations not yet adopted

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the UK):

- Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective date not yet confirmed)*
- Amendments to IFRS 3: Business Combinations – Reference to Conceptual Framework (effective 1 January 2022)*
- Amendments to IAS 16: Property, Plant and Equipment (effective 1 January 2022)*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022)*
- Annual Improvements to IFRS Standards 2018-2020 Cycle (effective 1 January 2022)*
- Amendments to IAS 8: Accounting Policies, Changes to Accounting Estimates and Errors (effective date not yet confirmed)*
- Amendments to IAS 12: Income Taxes – Deferred Tax arising from a Single Transaction (effective date not yet confirmed)*

**subject to UK endorsement*

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

2.4 Going concern

The financial information has been prepared on a going concern basis, which assumes that the Group and Company will continue in operational existence for the foreseeable future. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant information about the current and future position of the Group and Company, including the current level of resources and the ability to trade within the terms and covenants of its loan facility over the going concern period of at least 12 months from the date of approval of the financial statements. The eEnergy Group meets its working capital requirements from its cash and cash equivalents and its loan facilities, which are secured by debentures over the trading subsidiaries and their assets.

The Directors note that COVID-19 continues to have a significant negative impact on the global economy and global supply chain. Having prepared budgets and cash flow forecasts covering the going concern period which have been stress tested for the negative impact of possible scenarios, the Directors believe the Group has sufficient resources to meet its obligations for a period of at least 12 months from the date of approval of these financial statements. Discretionary expenditure will be curtailed, if necessary, in order to preserve cash for working capital purposes and ensure compliance with covenants.

Taking these matters into consideration, the Directors consider that the continued adoption of the going concern basis is appropriate having prepared cash flow forecasts for the relevant period. The financial statements do not reflect any adjustments that would be required if they were to be prepared other than on a going concern basis.

2.5 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Note 3 provides information on the consolidation of eLight Group Holdings Limited and the application of the reverse acquisition accounting principles.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2. Accounting policies continued

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

2.6 Investment in associate

The Group's interest in eEnergy Insights Ltd ('EIL') is disclosed in note 21. This investment was included in the financial statements and accounted for using the equity method. The Group's share of the gains or losses of EIL are included within the statement of comprehensive income, except for exchange gains and losses on translation.

EIL prepares financial statements in accordance with the Group's accounting policies.

2.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in £ Sterling, which is the Company's presentation and functional currency. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency). IAS 21 The Effects of Changes in Foreign Exchange Rates requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

(ii) Transactions and balances

Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to the functional currency at rates of exchange ruling at the balance sheet date. Gains or losses arising from settlement of transactions and from translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement for the period.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at the average exchange rate; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Board of Directors.

2.9 Impairment of non-financial assets

Non-financial assets and intangible assets not subject to amortisation are tested annually for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment review is based on discounted future cash flows. If the expected discounted future cash flow from the use of the assets and their eventual disposal is less than the carrying amount of the assets, an impairment loss is recognised in profit or loss and not subsequently reversed.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units or 'CGUs').

Notes to the financial information

Continued

2. Accounting policies continued

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions and bank overdrafts.

2.11 Other current assets

Other current assets are digital assets, including tokens and cryptocurrency, which do not qualify for recognition as cash and cash equivalents or financial assets, and have an active market which provides pricing information on an ongoing basis. Other current assets are initially measured at fair value. Subsequent gains and losses on measurement are recognised in other comprehensive income except for impairment losses which are recognised directly in profit or loss. This treatment is consistent with the revaluation model applied to intangible assets in accordance with IAS 38. Where a digital asset is disposed of, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to other operating income or expense within profit or loss. Digital assets are included in current assets as management expect them to be used within the normal operating cycle or otherwise disposed of.

2.12 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost; and
- those to be measured subsequently at fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

d) Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group classifies energy credits at fair value through profit or loss. Information about the method used in determining fair value is provided in note 25.

2. Accounting policies continued

2.13 Revenue recognition

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identity the contract(s) with a customer;

Step 2: Identity the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'accrued expenses and deferred income' on the Statement of Financial Position.

The Group derives revenue from the transfer of goods and services overtime and at a point in time in the major product and service lines detailed below.

Energy Efficiency-as-a-Service

Revenues from external customers come from the provision of Light-as-a-Service ('LaaS') agreements where the Group delivers lighting outcomes to its customers over time and from the supply and installation of lighting equipment. The Group may assign the majority or all of its right and obligations under a LaaS agreement to a Finance Partner once the lighting equipment is installed.

a) Light-as-a-Service

The Group will undertake to provide Lighting Outcomes to customers over the term of a contract, typically 3, 5 or 7 years. The Group will design the installation of lighting equipment to meet the Lighting Outcomes over the contract term, source and then install that equipment. Once the installation has been accepted the customer will make payments monthly over the contract term. Where a contract is assigned to a Finance Partner then revenue will be recognised at the point of assignment. Where a contract is not assigned the transaction price will be adjusted for the time value of money and the revenue will be recognised rateable over the term.

Included within the LaaS contract is an undertaking to ensure that the agreed Lighting Outcomes are delivered and this may require the repair or replacement of faulty products. This performance obligation is not a material element of the LaaS contract and accordingly revenue is not separately recognised and an accrual for the expected future costs is recognised pro rata to the revenue that is recognised.

b) Supply and installation of lighting equipment

The Group will supply and install lighting equipment for customers. Payment of the transaction price is typically due in instalments between the customer order and the installation being accepted or upon installation acceptance. Revenue is only recognised upon installation acceptance as the Group does not consider the supply of equipment and its installation as distinct performance obligations.

Cost of sales

The cost of sales for Energy Efficiency-as-a-Service ('EEaaS') projects includes the cost of the technology that is installed and the cost of bringing the technology into use. The ongoing maintenance and warranty support performance obligation within an EEaaS contract is not considered by management to be sufficiently material to be recognised as a discrete revenue stream. Accordingly, a provision is also included in cost of sales for the Group's obligation to repair or replace faulty products under the standard warranty terms.

c) Energy credits

From time to time the Group will receive consideration for both LaaS and supply & install contracts in Ireland in the form of energy credits. Energy credits are financial assets that are valued at fair value through profit or loss and their initial estimated value is included as part of the transaction price recognised as revenue. Energy credits are validated by the SEAI (the Irish regulator) and once validated are transferred to an undertaking that needs those energy credits, typically a power generation company. Any changes in the fair value of the energy credits between initial recognition and their realisation for cash are recorded as other gains or losses.

Notes to the financial information

Continued

2. Accounting policies continued

Energy Management-as-a-Service

Revenue is comprised of fees received from customers or commissions received from energy suppliers, net of value-added tax, for the review, analysis and negotiation of gas and electricity contracts on behalf of clients in the UK.

To the extent that invoices are raised in a different pattern from the revenue recognition policy described below, entries are made to record deferred or accrued revenue to account for the revenue when the performance obligations have been satisfied.

All of the Group's energy management clients receive Procurement Services and many also receive Risk management, consulting and advisory services (together 'Management Services'). These services will often be combined into a single contract but the Group separately identifies the relevant procurement obligations and recognises revenue when the relevant performance obligations have been satisfied. Revenue is recognised for each of these as follows:

a) Procurement services

Procurement revenue arises when the Group provides services that lead to the client entering into a contract with an energy supplier. The Group typically receives a commission from the energy supplier based upon the amount of energy consumed by the client over the life of the contract. As the services provided by the Company are completed up to the point that the contract is signed between the client and the energy supplier the performance obligation is considered to be satisfied at that point and the revenue is recognised then. The total amount of revenue recognised is based upon the historical energy consumption of the client. This revenue is then limited by an allowance for actual consumption to be lower than originally estimated and an allowance for the contract term not being completed. The balance of revenue not recognised at the point the energy supply contract is signed is recognised over the life of the contract in line with the client's actual consumption.

b) Energy management services

As well as Procurement Services the Group provides clients with a range of risk management, consulting and advisory services which include Bill Validation, Cost recovery, compliance services, ongoing market intelligence, ongoing account management and the development of hedging strategies. These services are typically provided evenly over the term of the contract and are therefore recognised rateably over the contract life.

Client segmentation

The Group's energy management clients are segmented into four categories based upon the balance of services they contract to receive from the Group. These categories are:

SME:	Small & Medium Enterprise clients who typically only take procurement services
Fixed:	Clients who typically take fixed procurement contracts with a limited range of management services
Fixed Plus:	Clients who take a wider range of management services, including Bill Validation or 'Budget Defender' reporting
Flex:	Clients who typically procure using a flex model with regular retrading of the procurement contract and more advanced risk management services.

The overall proportion of revenue attributed by management to Procurement Services and recognised at the point the energy supply contract is signed ranges from 70% for SME to 14% for Flex and the average recognised across the portfolio for FY21 was 25%.

Cost of sales

Cost of sales represents internal or external commissions paid in respect of sales made. The cost of sale is matched to the revenue recognised so for Procurement Services is recognised at the time the contract is signed and for Management Services rateably over the contract term. To the extent the pattern of payment for these commissions is different from the costs being recognised accruals or prepayments are recorded in the balance sheet.

Other

a) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b) Management services

The Group provides management services to customers and certain other parties under fixed fee arrangements. Efforts to satisfy the performance obligation are expended evenly throughout the performance period and so the performance obligation is considered to be satisfied evenly over time and accordingly the revenue is recognised evenly over time.

2. Accounting policies continued

2.14 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of a group company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss account.

2.15 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

When the Group acquires any plant and equipment it is stated in the financial statements at its cost of acquisition.

Depreciation is charged to write off the cost less estimated residual value of property, plant and equipment on a straight line basis over their estimated useful lives which are:

- Plant and equipment 4 years
- Computer equipment 4 years

Estimated useful lives and residual values are reviewed each year and amended as required.

2.16 Intangible assets

Intangible assets acquired as part of a business combination or asset acquisition, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost.

Amortisation is charged to write off the cost less estimated residual value of plant and equipment on a straight line basis over their estimated useful lives which are:

- Brand and trade names 10 years
- Customer relationships 11 years
- Software 5 years

Estimated useful lives and residual values are reviewed each year and amended as required.

Indefinite life intangible assets comprising goodwill are not amortised and are subsequently measured at cost less any impairment. The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units).

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2. Accounting policies continued

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ('FIFO') method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Leases

The Group leases properties and motor vehicles. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (term less than 12 months) and all leases of low-value assets (generally less than £5k) are recognised on a straight-line basis as an expense in profit or loss.

2.19 Equity

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

The Reverse Acquisition reserve includes the accumulated losses incurred prior to the reverse acquisition, the share capital of eLight Group Holdings Limited at acquisition, the reverse acquisition share-based payment expense as well as the costs incurred in completing the reverse acquisition.

The foreign currency translation reserve includes exchange differences arising from the translation of the results and financial position of foreign operations.

Accumulated losses includes all current and prior period results as disclosed in the income statement other than those transferred to the Reverse Acquisition reserve.

2. Accounting policies continued

2.20 Taxation

Taxation comprises current and deferred tax.

Current tax is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.21 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the loan to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Exceptional items and non-GAAP performance measures

Exceptional items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's ongoing business. Generally, exceptional items include those items that do not occur often and are material.

Exceptional items include (i) the Reverse Acquisition costs incurred on the formation of the Group in 2020; (ii) the costs incurred in delivering the 'Buy & Build' strategy associated with acquisitions and strategic investments; (iii) incremental costs of restructuring and transforming acquired businesses and (iv) share-based payments.

We believe the non-GAAP performance measures presented, along with comparable GAAP measurements, are useful to provide information with which to measure the Group's performance, and its ability to invest in new opportunities. Management uses these measures with the most directly comparable GAAP financial measures in evaluating operating performance and value creation. The primary measure is Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') and Adjusted EBITDA, which is the measure of profitability before Exceptional items. These measures are also consistent with how underlying business performance is measured internally. We also report our profit before exceptional items which is our net income, after tax and before exceptional items as this is a measure of our underlying financial performance.

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2. Accounting policies continued

The Group separately reports exceptional items within their relevant income statement line as it believes this helps provide a better indication of the underlying performance of the Group. Judgement is required in determining whether an item should be classified as an exceptional item or included within underlying results. Reversals of previous exceptional items are assessed based on the same criteria.

In the prior year central operating expenses were included in arriving at Adjusted EBITDA due to the quantum relative to the Group's trading activity. Given the increased scale of the Group in the current year the Directors have concluded that central operating expenses should no longer be included in arriving at Adjusted EBITDA. Central operating expenses are disclosed in note 4, Segment Reporting.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP.

2.23 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The following are the critical judgement the Directors have made in the process of applying the Group's accounting policies.

Impairment assessment

In accordance with its accounting policies, each CGU is evaluated annually to determine whether there are any indications of impairment and a formal estimate of the recoverable amount is performed. The recoverable amount is based on value in use which require the Group to make estimates regarding key assumptions regarding forecast revenues, costs and pre-tax discount rate. Further details are disclosed within note 14. Uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of goodwill in future periods.

Energy credits

Energy credits are valued based on management's assessment of market price fair value underlying the energy credit. Such assessment is derived from valuation techniques that include inputs for the energy credit asset that are not based on observable market data. Further details are disclosed within note 25. Uncertainty about the market price fair value used in valuing the energy credit assets could result in outcomes that require a material adjustment to the value of these energy credits assets in future periods.

Intangible assets

On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. An external expert is engaged to assist with the identification of the intangible assets and their estimated useful lives. These include items such as brand names and customer lists, to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgements about the value and economic life of such items.

The economic lives for customer relationships, trade names and computer software are estimated at between five and eleven years. The value of intangible assets, excluding goodwill, at 30 June 2021 is £1,890,000 (2020: £nil).

Contingent consideration

An element of consideration relating to certain business acquisitions made is contingent on the future EBITDA targets being achieved by the acquired businesses. On acquisition, estimates are made of the expected future EBITDA based on forecasts prepared by management. These estimates are reassessed at each reporting date and adjustments are made where necessary. Amounts of deferred and contingent consideration payable after one year are discounted. The carrying value of contingent consideration at 30 June 2021 is £nil (2020: £nil).

Any gain or loss on revaluation of contingent consideration does not adjust the carrying value of goodwill and is treated as an exceptional item in the income statement.

Procurement services revenue

When assessing the recognition of Procurement Services revenue within the Energy Management division the Group estimates the degree to which expected energy consumption is constrained by reductions in energy consumption over the term of the contract when compared to the historical energy consumption of the client and by the risk of supply contracts being terminated by clients before the end of the contract term. These constraints reduce the extent to which Procurement Service revenue is recognised on signing whether the client contract is purely for Procurement Services or a combination of Procurement and Energy Management Services.

3. Reverse acquisition

On 9 January 2020, the Company acquired through a share for share exchange the entire share capital of eLight Group Holdings Limited, whose principal activity is the provision of energy efficient LED lighting solutions to education and commercial clients in the United Kingdom and Ireland.

Although the transaction resulted in eLight Group Holdings Limited becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of eLight Group Holdings Limited own a substantial majority of the Ordinary Shares of the Company and the executive management of eLight Group Holdings Limited became the executive management of eEnergy Group plc.

In substance, the shareholders of eLight Group Holdings Limited acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were predominantly the maintenance of the AIM Listing, acquiring eLight Group Holdings Limited and raising equity finance to provide the required funding for the operations of the acquisition it did not meet the definition of a business in accordance with IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination and was accounted for in accordance with IFRS 2 'Share-based Payments' and associated IFRIC guidance. Although, the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the eLight Group Holding Limited's shareholders and the share of the fair value of net assets gained by the eLight Group Holdings Limited shareholders is charged to the statement of comprehensive income as a share-based payment on reverse acquisition, and represents in substance the cost of acquiring an AIM listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of eLight Group Holdings Limited and its subsidiaries and include:

- The assets and liabilities of eLight Group Holdings Limited and its subsidiaries at their pre-acquisition carrying value amounts and the results for both years; and
- The assets and liabilities of the Company as at 9 January 2020 and its results from the date of the reverse acquisition (9 January 2020) to 30 June 2020.

On 9 January 2020, the Company issued 87,651,000 ordinary shares to acquire the 2,023,000 ordinary shares of eLight Group Holdings Limited. At 9 January 2020, the quoted share price of the Company was £0.075 and therefore valued the investment in eLight Group Holdings at £6,574,000.

Because the legal subsidiary, eLight Group Holdings Limited, was treated on consolidation as the accounting acquirer and the legal Parent Company, eEnergy Group plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by eLight Group Holdings Limited was calculated at £1,103,000 based on an assessment of the purchase consideration for a 100% holding of eEnergy Group plc.

The fair value of the net assets of eEnergy Group plc at acquisition was as follows:

	£'000
Cash and cash equivalents	105
Other assets	253
Liabilities	(307)
Net assets	51

The difference between the deemed cost (£1,103,000) and the fair value of the net assets assumed per above of £51,000 resulted in £1,052,000 being expensed within 'reverse acquisition expenses' in accordance with IFRS 2, Share-Based Payments, reflecting the economic cost to eLight Group Holdings Limited shareholders of acquiring a quoted entity.

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3. Reverse acquisition continued

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition equity [1]	(29,793)
eLight Group Holdings Limited share capital at acquisition [2]	69
Investment in eLight [3]	(6,574)
Reverse acquisition expense [4]	1,052
	(35,246)

1. *Recognition of pre-acquisition equity of eEnergy Group plc as at 9 January 2020.*
2. *eLight Group Holdings Limited had issued share capital of £69,000. As these financial statements present the capital structure of the legal parent entity, the equity of eLight Group Holding Limited is eliminated.*
3. *The value of the shares issued by the Company in exchange for the entire share capital of eLight Group Holdings Limited. The above entry is required to eliminate the balance sheet impact of this transaction.*
4. *The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by eLight Group Holdings Limited to acquire the Company.*

4. Segment reporting

The following information is given about the Group's reportable segments:

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the Group and has determined that in the year ended 30 June 2021 the Group had three operating segments, being Energy Efficiency, Energy Management and Group.

The Board considers that during the year ended 30 June 2020 the Group operated in the single business segment of LED lighting solutions, which is now part of the Energy Efficiency segment.

	Energy Management	Energy Efficiency		Group	
2021	United Kingdom £'000	United Kingdom £'000	Ireland £'000	Central £'000	2021 £'000
Revenue	2,187	8,511	2,898	–	13,596
Cost of sales	(590)	(5,679)	(1,790)	–	(8,059)
Gross profit	1,597	2,832	1,108	–	5,537
Operating expenses	(862)	(1,820)	(730)	(1,295)	(4,707)
Adjusted EBITDA	735	1,012	378	(1,295)	830
Depreciation and amortisation	(233)	(7)	(93)	–	(333)
Finance and similar charges	(14)	(6)	(410)	4	(426)
Profit (loss) before tax and exceptional items	488	999	(125)	(1,291)	71
Exceptional items	–	–	–	(248)	(248)
Loss before tax	488	999	(125)	(1,539)	(177)
Income tax	170	–	–	35	205
Profit (loss) after tax and exceptional items	658	999	(125)	(1,504)	28
Net assets					
Assets	9,197	6,003	2,678	3,141	21,019
Liabilities	(2,322)	(3,739)	(4,081)	(1,004)	(11,146)
Net assets (liabilities)	6,875	2,264	(1,403)	2,137	9,873

4. Segment reporting continued

2020	Energy Efficiency United Kingdom £'000	Energy Efficiency Ireland £'000	Group Central £'000	2020 £'000
Revenue	2,241	2,260	–	4,501
Cost of sales	(1,607)	(1,502)	–	(3,109)
Gross profit	634	758	–	1,392
Operating expenses	(849)	(1,190)	(878)	(2,917)
Adjusted EBITDA	(215)	(432)	(878)	(1,525)
Depreciation	(3)	(64)	(5)	(72)
Finance and similar charges	(24)	(52)	(201)	(277)
Profit before exceptional items	(242)	(548)	(1,084)	(1,874)
Exceptional item – Reverse acquisition expenses	–	–	(1,320)	(1,320)
Loss before and after tax	(242)	(548)	(2,404)	(3,194)
Net assets				
Assets	978	2,037	1,335	4,350
Liabilities	(1,256)	(2,896)	(1,959)	(6,111)
Net assets (liabilities)	(278)	(859)	(624)	(1,761)

5. Revenue from contracts with customers

	2021 £'000	2020 £'000
Sales revenue	13,478	4,324
Energy credits	118	177
	13,596	4,501

More than 10% of the Group's revenue was accounted for by one UK customer in 2021 (£1.6 million). In 2020 one UK customer accounted for £1.1 million and one Ireland customer accounted for £2.0 million of the Group's revenue.

6. Cost of sales

	2021 £'000	2020 £'000
Cost of sales – labour	2,320	1,195
Cost of sales – commissions	3,179	196
Cost of sales – technology and materials	2,479	1,686
Cost of sales – other	81	32
	8,059	3,109

In the prior year commissions of £196,000 were classified as part of operating expenses. In the current year all sales and third party commissions are included in cost of sales. The prior year numbers have been restated accordingly.

Notes to the financial information

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7. Operating expenses

The breakdown of operating expenses by nature is as follows:

	2021 £'000	2020 £'000
Wages and salaries	3,625	1,904
Rent, utilities and office costs	253	60
Professional fees	464	389
Travel and motor vehicle expenses	175	170
Reverse acquisition expenses	–	1,320
Foreign exchange	(2)	(14)
Share of loss on investment in associate	34	–
Realised gain on sale of other current assets	(304)	–
Write down of assets recorded at fair value through profit or loss	–	78
Other expenditure	710	330
	4,955	4,237

The Directors consider the following expenses (credits) within operating expenses to be exceptional items:

	Note	2021 £'000	2020 £'000
Reverse acquisition expenses	*3*	–	1,320
Acquisition related costs		1,094	–
Changes to the initial recognition of contingent consideration	*26*	(1,444)	–
Incremental restructuring and integration costs		113	–
Share-based payment expense	*30*	485	–
		248	1,320

8. Auditors remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	41	31
Tax compliance services	7	2
Corporate finance fees	–	60
	48	93

9. Staff costs and Directors' emoluments

Directors' remuneration for the Group and the Company is set out in the report of the Remuneration Committee on pages 23 to 24.

The aggregate staff costs for the year were as follows:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Directors' remuneration	648	480	648	294
Other staff wages and salaries	2,569	1,287	81	–
Social security costs	408	137	89	22
Share-based payment expense	485	–	485	–
	4,110	1,904	1,303	316

On average, excluding Non-Executive Directors, the Group and Company employed 25 technical staff members (2020: 7) 26 sales staff members (2020: 13) and 21 administration and management staff members (2020: 13).

10. Taxation

	2021 £'000	2020 £'000
The charge (credit) for year is made up as follows:		
Current tax expense (credit)		
– Current year	(36)	–
Deferred tax expense (credit)		
– Origination and reversal of temporary differences	(169)	–
Total tax charge (credit) for the year	(205)	–
Reconciliation of effective tax rate		
Loss before income tax	(177)	(3,194)
Income tax applying the UK corporation tax rate of 19% (2020: 19%)	(34)	(607)
Effect of tax rate in foreign jurisdiction	28	58
Non-deductible expenses	95	181
Impact of tax rate change	44	–
Movement in unrecognised deferred tax asset	(316)	368
Other tax differences	(35)	–
Income tax charge (credit) for the year	(205)	–

The movements in Deferred Tax are described in note 24.

Factors affecting the future tax charge

The standard rates of corporation tax in the UK and Ireland are 19% and 12.5% respectively.

A reduction in the UK corporation tax rate from 19% to 17% effective 1 April 2020 was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020. An increase in the UK corporate tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 14 May 2021. This will increase the Company's future current tax charge accordingly.

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11. Finance costs – net

	2021 £'000	2020 £'000
Interest expense – borrowings	(361)	(224)
Finance charge on leased assets	(65)	(53)
Finance costs – net	(426)	(277)

12. Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Loss for the year from continuing operations – £'000	28	(3,194)
Weighted number of ordinary shares in issue	199,038,204	108,080,337
Basic earnings per share from continuing operations – pence	0.01	(2.96)
Weighted number of dilutive instruments in issue	11,504,993	–
Weighted number of ordinary shares and dilutive instruments in issue	210,543,197	–
Diluted earnings per share from continuing operations – pence	0.01	(2.96)

Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share in the prior year as they are anti-dilutive. See note 31 for further details.

13. Property, plant & equipment

	Plant & equipment £'000	Computer equipment £'000	Total £'000
Cost			
Opening balance	93	2	95
Additions in the period	14	68	82
At 30 June 2020	107	70	177
Additions on acquisition	153	10	163
Additions in the year	–	125	125
Transfer to intangibles	–	(176)	(176)
At 30 June 2021	260	29	289
Depreciation			
Opening balance	(20)	–	(20)
Charge for the period	(19)	(8)	(27)
At 30 June 2020	(39)	(8)	(47)
Additions on acquisition	(104)	(10)	(114)
Charge for the year	(48)	(22)	(70)
Transfer to intangibles	–	22	22
At 30 June 2021	(191)	(18)	(209)
Net book value 30 June 2020	68	62	130
Net book value 30 June 2021	69	11	80

14. Intangible assets

The intangible assets primarily relate to the Goodwill and separately identifiable intangible assets arising on the Group's acquisition of ELUK, RSL and Beond. See note 28 for further details of the acquisitions made in the current year. The Group tests the intangible asset for indications of impairment at each reporting period, in line with accounting policies.

	Goodwill £'000	Software £'000	Customer Relationships £'000	Brand £'000	Total £'000
Cost					
Opening balance	211	–	–	–	211
Additions in the period	–	–	–	–	–
At 30 June 2020	211	–	–	–	211
Additions on acquisition	9,592	411	824	555	11,382
Additions in the year	–	77	–	–	77
Transfer from PP&E	–	154	–	–	154
At 30 June 2021	9,803	642	824	555	11,824
Amortisation					
Opening balance	–	–	–	–	–
Charge for the period	–	–	–	–	–
At 30 June 2020	–	–	–	–	–
Additions on acquisition	–	–	–	–	–
Charge for the year	–	(60)	(41)	(30)	(131)
At 30 June 2021	–	(60)	(41)	(30)	(131)
Net book value 30 June 2020	211	–	–	–	211
Net book value 30 June 2021	**9,803**	**582**	**783**	**525**	**11,693**

Of the additions on acquisition in the year £2,762,000 of Goodwill relates to the Energy Efficiency segment and the balance of £8,620,000 relates to the Energy Management segment.

The recoverable amount of each cash generating unit was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management which are built 'bottom up' for the next three years. Within those cash flow projections revenues increase at a compound annual growth rate of 20% (2020: 49%). The annual discount rate applied to the cash flows is 13% (2020: 10%) which is the same rate used by our valuation adviser to value the separably identifiable intangible assets in the year.

The Directors have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that could cause the carrying amount to exceed recoverable amount.

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15. Investment

Company only	2021 £'000	2020 £'000
Opening balance	6,574	–
Additions during the year:		
– consideration shares for eLight Group Holdings (note 3)	–	6,574
– consideration paid RSL (note 28)	2,238	–
– consideration paid Beond (note 28)	9,135	–
Closing balance	17,947	6,574

Company subsidiary undertakings

As at 30 June 2021, the Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

Name	Holding 2021	Holding 2020	Business activity	Country of incorporation	Registered address
Direct subsidiary undertaking					
eEnergy Holdings Limited	100%	100%	Holding Company	England & Wales	32 Threadneedle St, London EC2R 8AY
Indirect subsidiary undertakings					
eLight Group Holdings Limited	100%	100%	Holding Company	Ireland	1-3 The Green, Malahide, Co. Dublin K36 N153
eLight N.I. Limited	100%	–	Trading Company	Northern Ireland	19 Arthur Street, Belfast BT1 4GA
e-Light Ireland Limited	100%	100%	Trading Company	Ireland	1-3 The Green, Malahide, Co. Dublin K36 N153
eLight EaaS Projects Limited	100%	100%	Trading Company	Ireland	1-3 The Green, Malahide, Co. Dublin K36 N153
eLight U.K. Limited	100%	100%	Trading Company	England & Wales	32 Threadneedle St, London EC2R 8AY
Renewable Solutions Lighting Limited	100%	–	Trading Company	England & Wales	32 Threadneedle St, London EC2R 8AY
Beond Group Limited	100%	–	Trading Company	England & Wales	32 Threadneedle St, London EC2R 8AY
Energy Centric Limited	100%	–	Dormant	England & Wales	32 Threadneedle St, London EC2R 8AY
Zero Carbon Projects Limited	100%	–	Non-trading Company	England & Wales	Old Gun Court, 1 North St, Dorking, Surrey RH4 1DE
Zero Carbon Projects Pty Limited	100%	–	Non-trading Company	Australia	Suite 4, 142 Spit Rd, Mosman, NSW, 2088
eEnergy Insights Limited	37.5%	–	Trading Company	England & Wales	32 Threadneedle St, London EC2R 8AY

16. Trade and other receivables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	2,090	426	–	–
Prepayments	543	99	111	25
Accrued revenue	866	535	–	–
Other receivables	777	13	42	1
	4,276	1,073	153	26

All trade receivables are short term and are due from counterparties with acceptable credit ratings so there is no expectation of a credit loss. Accordingly, the Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

17. Inventory

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
The balance at year end comprised:				
Work in progress	153	175	–	–
Finished goods	218	181	–	–
	371	356	–	–

The value of inventory expensed as part of Cost of Sales in the year and prior year is disclosed in note 6. Inventories are stated at the lower of cost and net realisable value.

18. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short term deposits held with banks with a A-1+ rating. The carrying value of these approximates to their fair value. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank and in hand	3,332	1,478	1,187	909
Cash and cash equivalents	3,332	1,478	1,187	909

Notes to the financial information

Continued

19. Trade and other payables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current liabilities				
Trade payables	4,064	2,683	564	118
Accrued expenses	1,036	636	116	110
Deferred income	266	200	–	–
Social security and other taxes	1,959	388	323	84
Other payables	494	48	–	56
	7,819	3,955	1,003	368

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Refer note 30.

Deferred income represents revenues collected but not yet earned as at the year end. All deferred income recorded in the opening balance sheet was recognised as revenue in the current year. Management expect all deferred income at the year-end to be recognised as revenue in the next financial year.

20. Leases

The Group had the following lease assets and liabilities at 30 June:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Right-of-use assets				
Properties	579	477	–	–
Motor vehicles	31	61	–	–
	610	538	–	–
Lease liabilities				
Current	264	76	–	–
Non-current	434	506	–	–
	698	582	–	–

Maturity on the lease liabilities are as follows:

	2021 £'000	2020 £'000
Current	264	76
Due between 1-2 years	51	81
Due between 2-5 years	143	159
Due beyond 5 years	240	266
	698	582

20. Leases continued

Right-of-use assets

A reconciliation of the carrying amount of each class if right-of-use asset is as follows:

	2021 £'000	2020 £'000
Properties		
Opening balance	477	
Opening balance on adoption of IFRS 16	–	492
Additions	215	–
Depreciation	(102)	(26)
Impact of foreign exchange	(11)	11
Closing balance	579	477
Motor vehicles		
Opening balance	61	
Opening balance on adoption of IFRS 16	–	30
Additions	–	47
Depreciation	(27)	(19)
Impact of foreign exchange	(3)	3
Closing balance	31	61

21. Investment in associate

During the year, the Group entered into various agreements to acquire, in April 2021, an initial 33.3% interest which was increased to 37.5% interest in eEnergy Insights Ltd ('EIL') in June 2021. EIL is a newly formed specialist smart metering measurement and analytics business. As part of the agreement entered into in June, the Group received nil cost warrants to raise its interest to 51% of the equity, subject to certain operational targets being achieved. In addition, agreement was reached on a mechanism to acquire the remaining 49% of the equity under a pre agreed valuation method after three years.

EIL acquired certain trade assets out of the administration process of Measure My Energy Limited ('MME') and certain associated intellectual property assets in April 2021.

Given the equity interest the Group holds in EIL, it accounts for its investment as an equity investment in an associate and records its share of EIL's losses against its investment, with the Group's interest in EIL as follows:

	2021 £'000	2020 £'000
Interest in associate at beginning of the year	–	–
Investment in associate during the year	189	–
Share of loss on investment in associate	(34)	–
Interest in associate at end of the year	155	–

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21. Investment in associate continued

The results of EIL for the year ended 30 June 2021 were as follows:

	2021 £'000	2020 £'000
Revenue	–	–
Operating expenses	(91)	–
Taxation	–	–
Loss for the year	(91)	–
Group's share – 37.5%	(34)	–

22. Borrowings

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current				
Borrowings	601	304	–	–
	601	304	–	–
Non-current				
Borrowings	1,245	1,120	–	–
	1,245	1,120	–	–

During the prior year eLight Group Holdings Limited (the Borrower) entered into a loan agreement to borrow €1,556,000 over a four year term. During the year, eLight Group Holdings borrowed a further €275,000 on the loan facility.

The loan principal is repayable in equal instalments commencing in December 2020 whilst interest charged at 13.50% per annum is paid monthly. In the event that the loan is repaid early an additional fee is payable in cash. It includes covenants relating to total contracted orders, revenue and operating EBITDA all measured over a rolling 12 month period plus a covenant requiring us to retain a minimum level of cash in the eLight Group.

At the year end the loan is guaranteed by the trading subsidiaries of the Borrower and is secured through debentures issued by the Borrower and the Guarantors.

The Group drew down an unsecured £50,000 Bounce Back loan for one of its subsidiaries during the year. The Bounce Back loan is interest free for the first 12 months and is then repaid in instalments over the following three years. The interest rate on the Bounce Back loan is 2.5% per annum.

In addition, at acquisition Beond had a term loan of £48,000 and CBILS loans of £484,000 both of which are secured over the assets of Beond. The CBILS loans are interest free for the first 12 months and are then repaid in instalments over the following five years. The interest rate on the CBILS loans is 3.4% per annum.

Maturity on the borrowings are as follows:

	2021 £'000	2020 £'000
Current	589	304
Due between 1-2 years	913	456
Due between 2-5 years	300	664
Due beyond 5 years	44	–
	1,846	1,424

23. Other non-current liabilities

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income and other taxes	468	–	–	–
	468	–	–	–

The Group has agreed deferred payments for taxes due which are being repaid in regular instalments over a four year period.

24. Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Intangible assets	–	–	415	–	415	–
Losses	(415)	–	–	–	(415)	–
Total (assets) liabilities	(415)	–	415	–	–	–

Movement in temporary difference during the year

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

	Intangible assets £'000	Losses £'000	Total £'000
Balance at 1 July 2020	–	–	–
Acquired on acquisition – (asset) liability	340	(171)	169
Current year P&L Movement (credit) charge	75	(244)	(169)
Balance at 30 June 2021	415	(415)	–

Unrecognised deferred tax assets

At 30 June 2021, the Group had tax losses in the UK and Ireland totalling £8.5 million and £2.3 million respectively (2020: £10.1 million and £1.8 million) for which no deferred tax asset has been recognised due to the uncertainty in relation to the future taxable profits against which the Group can use the benefit therefrom.

25. Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Energy credits	140	414	–	–
	140	414	–	–

The energy credits are measured under level 2 of the fair value hierarchy as described in note 29.

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26. Share capital and share premium

Group	Ordinary Shares	Share capital £'000	Share premium £'000	Total £'000
As at 30 June 2019	2,000,000	18	–	18
Ordinary shares issued during the period	23,000	51	–	51
Transfer of capital of eLight Holdings Group Limited to Reverse Acquisition Reserve	(2,023,000)	(69)	–	(69)
Issued capital of eEnergy Group plc at acquisition (9 Jan 2020)	14,608,500	43	14,468	14,511
Issue of shares for acquisition of eLight Group Holdings	87,651,000	263	6,311	6,574
Issue of shares at placing price of £0.075	26,666,667	80	1,920	2,000
Issue of shares in lieu of settlement of fees	2,000,000	6	144	150
Cost of share issue	–	–	(468)	(468)
As at 30 June 2020 (ordinary shares of £0.003 each)	130,926,167	392	22,375	22,767
Issue of shares for acquisition of RSL	13,333,333	40	744	784
Issue of shares at placing price of £0.10	32,000,000	96	3,104	3,200
Issue of initial shares for acquisition of Beond	63,771,130	191	6,441	6,632
Issue of shares for acquisition of minority interest in Beond	1,177,326	4	114	118
Issue of shares in lieu of settlement of fees	2,841,801	8	293	301
Issue of shares upon exercise of warrants	2,208,333	7	159	166
Cost of share issue	–	–	(216)	(216)
As at 30 June 2021 (ordinary shares of £0.003 each)	246,258,090	738	33,014	33,752
Deferred share capital		15,333		
Total share capital		16,071		

The issued share capital of the Group for the period up to 9 January 2020 is that of eLight Group Holdings Limited. Upon completion of the Reverse Acquisition (described in note 3) the share capital of eLight Group Holdings Limited was transferred to the Reverse Acquisition Reserve and the share capital of eEnergy Group plc was brought to account.

Details of share options and warrants issued during the year and outstanding at 30 June 2021 are set out in note 32.

26. Share capital and share premium continued

Company	Ordinary Shares	Share capital £'000	Share premium £'000	Total £'000
As at 31 December 2019	4,382,480,149	43	14,468	14,511
Issue of registrar shares*	69,851	–	–	–
Total number of shares before consolidation	4,382,550,000			
Effect of share consolidation at ratio of 75,000:1	(4,382,491,566)			
Total number of shares after consolidation	58,434			
Effect of sub-division of shares at ratio of 1:250	14,550,066			
Total number of shares after sub-division of shares	14,608,500			
Issue of shares for acquisition of eLight Group Holdings	87,651,000	263	6,311	6,574
Issue of shares at placing price of £0.075	26,666,667	80	1,920	2,000
Issue of shares in lieu of settlement of fees	2,000,000	6	144	150
Cost of share issue	–	–	(468)	(468)
As at 30 June 2020 (ordinary shares at £0.003 each)	130,926,167	392	22,375	22,767
Issue of shares for acquisition of RSL	13,333,333	40	744	784
Issue of shares at placing price of £0.10	32,000,000	96	3,104	3,200
Issue of initial shares for acquisition of Beond	63,771,130	191	6,441	6,632
Issue of shares for acquisition of minority interest in Beond	1,177,326	4	114	118
Issue of shares in lieu of settlement of fees	2,841,801	8	293	301
Issue of shares upon exercise of warrants	2,208,333	7	159	166
Cost of share issue	–	–	(216)	(216)
As at 30 June 2021 (ordinary shares of £0.003 each)	**246,258,090**	**738**	**33,014**	**33,752**
Deferred share capital		15,333		
Total share capital		16,071		

** Shares issued in order to deal with fractions arising under the share consolidation.*

Deferred shares	Number of shares	Deferred share capital £'000
Balance at 31 December 2019	1,533,251,050,551	15,333
Movement during the year	–	–
Balance at 30 June 2020	1,533,251,050,551	15,333
Movement during the year	–	–
Balance at 30 June 2021	**1,533,251,050,551**	**15,333**

The deferred shares have no voting, dividend, or capital distribution (except on winding up) rights. They are redeemable at the option of the Company alone.

The share premium represents the difference between the nominal value of the shares issued and the actual amount subscribed less; the cost of issue of the shares, the value of the bonus share issue, or any bonus warrant issue.

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27. Other reserves

Group	2021 £'000	2020 £'000
Share-based payment reserve	567	82
Revaluation reserve – other current assets	34	–
	601	82

Group	2021 £'000	2020 £'000
Share-based payment reserve	567	82
	567	82

Share-based payment reserve – Cumulative charge recognised under IFRS 2 in respect of share-based payment awards

Revaluation reserve – The increase in the assessed carrying value of other current assets

28. Business combination

Renewable Solutions Lighting Limited

On 1 July 2020 the Company completed the acquisition of all of the share capital of Renewable Solutions Lighting Limited ('RSL').

RSL specialises in providing the UK education sector with fully funded LED lighting solutions.

The consideration, paid entirely in new eEnergy shares, was structured as follows:

- Initial consideration, paid on completion, was satisfied by the issue of 13.3 million new ordinary shares of eEnergy with a market value at issue of £784,000;
- Contingent consideration, payable after one year of up to 16.0 million new ordinary shares of eEnergy. The amount of contingent consideration depended upon RSL achieving predefined thresholds for adjusted EBITDA.

Although the RSL business performed strongly through the year the thresholds to trigger the contingent consideration were not achieved and therefore no contingent consideration has been paid or is payable. As a result, the provision created for the value of the shares that might have been issued has been released through the profit and loss account as an exceptional item.

In addition to the consideration payable, RSL will make payments equal to 3% of revenue generated during the earn-out period to an RSL Director as settlement of historical obligations agreed between RSL and the Director plus RSL will repay an existing loan of £250,000 due to an RSL Director. £130,000 was paid on completion and £120,000 on the first anniversary of completion.

The fair value of the assets acquired and liabilities assumed of RSL at the date of acquisition are as follows:

	£'000
Property, plant and equipment	2
Cash at bank	11
Inventory	7
Trade and other receivables	81
Trade and other payables	(625)
Total identifiable net assets (liabilities) acquired	(524)
Goodwill	2,762
Consideration (all shares)	
Initial consideration (recorded at the market value of the shares issued and stamp duty paid)	794
Contingent consideration	1,444
Total consideration	2,238

28. Business combination continued

Goodwill relates to the accumulated 'know-how' and expertise of the business and its staff. None of the goodwill is expected to be deducted for income tax purposes.

Since acquisition RSL contributed £3.5 million of revenue and £0.4 million of operating EBITDA. Acquisition related costs that have been expensed were £0.2 million.

Beond Group Limited

On 15 December 2020 the Company completed the acquisition of Beond Group Limited ('Beond').

Beond specialise in renewable energy consulting and procurement with operations in the UK.

The total consideration for the acquisition (which included £0.7 million of surplus cash in the business) was approximately £2.4 million in cash and the issue of 64.9 million new eEnergy shares. 63.8 million shares were issued on 15 December 2020 ('Completion') and a further 1.2 million shares following the completion of the compulsory purchase of the remaining minority interest on 14 January 2021.

There is no further consideration due.

The initial estimate of the fair value of the assets acquired and liabilities assumed of Beond at the date of acquisition are as follows:

	£'000
Property, plant and equipment	41
Separately identifiable intangible assets	1,790
Other assets	67
Cash at bank	1,207
Trade and other receivables	953
Prepayments	216
Deferred tax asset	171
Deferred tax liability	(340)
Borrowings	(527)
Trade and other payables	(1,273)
Total identifiable net assets (liabilities) acquired	2,305
Goodwill	6,830
Consideration	
Cash paid	2,385
Shares issued (recorded at the market value at Completion)	6,750
Total consideration	9,135

Goodwill relates to the accumulated 'know-how' and expertise of the business and its staff. None of the goodwill is expected to be deducted for income tax purposes.

All of the Energy Management division results disclosed in note 4 relate to Beond's contribution to the Group since acquisition. Acquisition related costs that have been expensed were £0.7 million.

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29. Financial instruments and risk management

Capital Risk Management

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, foreign exchange reserves and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks. The management of these risks is vested to the Board of Directors.

The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense / decrease in interest income.

Fair value measurements recognised in the Statement of Financial Position

The following provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 & 2 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 2** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- **Level 3** assets are assets whose fair value cannot be determined by using observable inputs or measures, such as market prices or models. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges.

Equity Price Risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic purposes.

Interest Rate Risk

The Group is exposed to interest rate risk whereby the risk can be a reduction of interest received on cash surpluses held and an increase in interest on borrowings the Group may have. The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	2021 £'000	2020 £'000
Bank balances	3,332	1,187

Given the extremely low interest rate environment on bank balances, any probable movement in interest rates would have an immaterial effect.

The maximum exposure to interest rate risk at the reporting date by class of financial liability was:

	2021 £'000	2020 £'000
Borrowings	1,846	1,424
	1,846	1,424

The borrowings attract interest rates between 3.4% and 13.5% (2020: 13.5%). Assuming the amount at period end was held for a year, a 10% movement in this rate would have a £18,000 (2020: £19,000) effect on the amount owing.

29. Financial instruments and risk management continued

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to make contractual payments for a period of greater than 120 days past due.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Company and Group are bank balances, trade receivables and energy credits. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings and the Directors consider the credit risk to be minimal.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

Group	2021 Carrying value £'000	2021 Maximum exposure £'000	2020 Carrying value £'000	2020 Maximum exposure £'000
Cash and cash equivalents	3,332	3,332	1,478	1,478
Trade receivables	2,090	2,090	426	426
Energy credits	140	140	414	414
	5,562	5,562	2,318	2,318

Company	2021 Carrying value £'000	2021 Maximum exposure £'000	2020 Carrying value £'000	2020 Maximum exposure £'000
Cash and cash equivalents	1,187	1,187	909	909
Trade receivables	–	–	–	–
	1,187	1,187	909	909

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

Trade receivables

The Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces requirements for the classification and measurement of financial assets and financial liabilities as well as the impairment of financial assets.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a loss event to have occurred before credit losses are recognised.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. During the period, there were no credit losses experienced and no loss allowance being recorded.

Currency Risk

The Group operates in a global market with income and costs arising in a number of currencies and is exposed to foreign currency risk arising from commercial transactions, translation of assets and liabilities and net investment in foreign subsidiaries. Exposure to commercial transactions arise from sales or purchases by operating companies in currencies other than the Company's functional currency. Currency exposures are reviewed regularly.

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29. Financial instruments and risk management continued

The Group has a limited level of exposure to foreign exchange risk through its foreign currency denominated cash balances, trade receivables and payables:

	2021 £'000	2020 £'000
EURO		
Cash and cash equivalents	58	105
Trade receivables	674	158
Trade payables	(252)	(1,960)
	480	(1,697)

The table below summarises the impact of a 10% increase / decrease in the relevant foreign exchange rates versus the €EUR rate for the Group's pre-tax earnings for the period and on equity:

	2021 £'000	2020 £'000
Impact of 10% rate change		
Euro	57	154
	57	154

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at period end as below:

	2021 £'000	2020 £'000
Cash and cash equivalents	3,332	1,478

30. Financial assets and financial liabilities

2021 – Group Financial assets (liabilities)	Financial assets at fair value through profit or loss £'000	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
Fair value assets through profit or loss	140	–	–	140
Trade and other receivables	–	2,867	–	2,867
Cash and cash equivalents	–	3,332	–	3,332
Trade and other payables	–	–	(5,859)	(5,859)
Lease liabilities (current and non-current)	–	–	(698)	(698)
Borrowings (current and non-current)	–	–	(1,846)	(1,846)
	140	6,199	(8,403)	(2,064)

2021 – Company Financial assets (liabilities)	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
Trade and other receivables	153	–	153
Cash and cash equivalents	1,187	–	1,187
Trade and other payables	–	(680)	(680)
	1,340	(680)	660

2020 – Group Financial assets (liabilities)	Financial assets at fair value through profit or loss £'000	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
Fair value assets through profit or loss	414	–	–	414
Trade and other receivables	–	439	–	439
Cash and cash equivalents	–	1,478	–	1,478
Trade and other payables	–	–	(3,567)	(3,567)
Lease liabilities (current and non-current)	–	–	(582)	(582)
Borrowings (current and non-current)	–	–	(1,424)	(1,424)
	414	1,917	(5,573)	(3,242)

2020 – Company Financial assets (liabilities)	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
Trade and other receivables	26	–	26
Cash and cash equivalents	909	–	909
Trade and other payables	–	(284)	(284)
	935	(284)	651

Notes to the financial information

Continued

31. Reconciliation of movement in net debt

	At 1 July 2020 £'000	New borrowing £'000	Interest added to debt £'000	Debt repaid £'000	Other cashflows £'000	On acquisition £'000	At 30 June 2021 £'000
Cash at bank	1,478	286	–	(558)	915	1,211	3,332
Borrowings	(1,424)	(286)	(97)	470	–	(509)	(1,846)
Lease liabilities	(582)	(160)	(44)	88	–	–	(698)
Net Cash (debt)	(528)	(160)	(141)	–	915	702	788

	At 1 July 2019 £'000	New borrowing £'000	Interest added to debt £'000	Debt repaid £'000	Other cashflows £'000	On acquisition £'000	At 30 June 2020 £'000
Cash at bank	196	1,424	–	(230)	74	14	1,478
Borrowings	(51)	(1,424)	(139)	190	–	–	(1,424)
Lease liabilities	–	(569)	(53)	40	–	–	(582)
Net Cash (debt)	145	(569)	(192)	–	74	14	(528)

32. Share-based payments and share options

(i) Executive Share Option Plan

The Group operates an Executive Share Option Plan, under which Directors, senior executives and consultants have been granted options to subscribe for ordinary shares. All options are share settled.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. This estimate is based on the Black-Scholes model which is considered most appropriate considering the effects of vesting conditions, expected exercise period and the payment of dividends by the Company.

(ii) Management Incentive Plan ('MIP')

On 7 July 2020 the Company made a series of awards under the eEnergy Group Management Incentive Plan.

The MIP is linked to the growth in the value of the Company. The forms of incentive award to be implemented as part of the MIP comprise:

(a) 'Growth Share Awards': awards granted in the form of an immediate beneficial interest to be held by participants in a discrete and bespoke class of ordinary shares ('Growth Shares') in eEnergy Holdings Limited, a wholly owned subsidiary of the Company. After a minimum period of three years, the Growth Shares may be exchanged for new ordinary shares of 0.3 pence each in the Company ('Ordinary Shares'), subject to meeting performance conditions.

(b) 'Share Options': awards granted in the form of a share option with an exercise price equal to the market value of an Ordinary Share at the date of Grant. These are structured to qualify for the tax advantaged Enterprise Management Incentive ('EMI Share Options').

Under the MIP, the aggregate value of EMI Share Options and the Growth Shares is capped at 12.5% of the Company's market capitalisation on conversion of the Growth Shares.

Malus, clawback and leaver provisions apply to the MIP as outlined in the Admission Document.

32. Share-based payments and share options continued

Growth Shares

In July 2020 the following Directors ('Participants') subscribed for Growth Shares in eEnergy Holdings Limited for their tax market value as set out in the table below. This value was determined by the Company's independent advisers, Deloitte LLP. Payment of the subscription monies by the Participants is a firm commitment, with payment normally deferred until the MIP matures.

Director	Percentage of Growth Shares	Aggregate Subscription Price
Harvey Sinclair	55	£298,650
Ric Williams	25	£135,750
Andrew Lawley	10	£54,300
David Nicholl	10	£54,300
Total	**100**	**£543,000**

The Participants earn a percentage share of the 'Value Created', being the difference between the Group's market capitalisation (one-month average) at the start and end of the measurement period (which is at least three years) adding any returns to shareholders such as dividends and deducting the value of new shares issued for cash or otherwise. The percentage share of the Value Created is subject to a minimum Total Shareholder Return ('TSR') hurdle of 5% and up to 15% TSR is equal to the annual TSR realised by shareholders over the measurement period, and thereafter increased on a straight line basis so that at 25% TSR the share of the Value Created is 20%, which is the maximum percentage of the Value Created allocated to the MIP.

Growth Shares can be exchanged for Ordinary Shares after three or four years at the Company's or Participant's option, based on the Value Created at that time. The value of any EMI Share Options held by a Participant are deducted from the value of their Growth Shares before conversion to Ordinary Shares. The Remuneration Committee must be satisfied that the gains on the Growth Shares are justified by the underlying financial performance of the Group.

Participants will be required to hold 50% of any Ordinary Shares acquired on conversion of the Growth Shares until the end of the fourth year (30 June 2024).

On a change of control, the TSR growth rate up to that date is measured and if the 5% minimum is achieved, Participants will share in the value created.

During the year Ric Williams surrendered his Growth Shares at the subscription price and at 30 June 2021 has no remaining interest in the Growth Shares. The surrender of these Growth Shares led to an acceleration of the fair value being expensed so that all of the fair value of the surrendered Growth Shares of £208,000 was expensed in the year.

The fair value of the Growth Shares was deemed to be £833,000 and is being amortised over the vesting period, which is three years from the date of grant. £419,000 was expensed during the year.

EMI options

The Company granted the following EMI Share Options over Ordinary Shares at an exercise price of 6.12 pence, based on the closing price on Monday 6 July 2020:

Director	Number of Options
Harvey Sinclair	4,084,960
Ric Williams	4,084,960
Total	**8,169,920**

The EMI options are exercisable when the MIP matures, being after a minimum period of three years. The Remuneration Committee must be satisfied that the returns are justified by the underlying financial performance of the Group.

The fair value of the EMI Options was deemed to be £200,000 and is being amortised over the vesting period, which is three years from the date of grant. £66,000 was expensed during the year.

Notes to the financial information

Continued

32. Share-based payments and share options continued

(iii) Other share options or warrants

On 22 November 2017, the Company issued 40,000,000 warrants, for broker services, to JIM Nominees Limited as nominee for Turner Pope Investments Ltd ('TPI') as part of its remuneration for effecting the Placing completed on that date. The warrants were valid for three years from the date of admission of the new placing shares at 0.15p per share (before the share consolidation completed on 9 January 2020). All of these warrants lapsed without being exercised.

On 16 August 2019, the Company issued 2,375,000,000 new shares of 0.01p each for cash at 0.02p each to raise £475,000 (gross). In connection with that placing, the Company issued 142,500,000 warrants, for broker services, to JIM Nominees Limited as nominee for TPI as part of its remuneration for effecting the Placing, valid for 2 years from the date of admission of the new placing shares at 0.025p per share. The fair value of the broker warrants amounted to £12,000 which equates to the fair value of services received. These warrants were exercised in the year.

On 9 January 2020 the Company issued 26,666,667 new shares of 0.03p each for cash at 7.5p each to raise £2 million (gross). In connection with that placing, the Company issued 1,600,000 warrants, for broker services to JIM Nominees Limited as nominee for TPI as part of its remuneration for effecting the Placing, valid for three years from the date of admission of the new placing shares and exercisable at 7.5p per share. These broker warrants had estimated value of £36,320 which is based on the Black-Scholes model which is considered most appropriate considering the effects of vesting conditions, expected exercise period and the payment of dividends by the Company. These warrants were exercised in the year.

Also on 9 January 2020 the Company issued 1,575,929 warrants to a number of advisors as part of the reverse acquisition transaction completed on that date which are exercisable for the four years following the anniversary of the date of issue at 7.5p per share. These advisor warrants had an estimated value of £45,544 which is based on the Black-Scholes model which is considered most appropriate considering the effects of vesting conditions, expected exercise period and the payment of dividends by the Company.

On 2 February 2020 the Company issued 10,000 warrants to an advisor for services provided to the Company which are valid for three years from 9 January 2020 and exercisable at 7.5p per share. These advisor warrants had an estimated value of £224 which is based on the Black-Scholes model which is considered most appropriate considering the effects of vesting conditions, expected exercise period and the payment of dividends by the Company. The expected price volatility is based on the historical share price volatility, adjusted for any expected changes to future volatility over the life of the warrants. These warrants were exercised in the year.

The estimated fair values of warrants which fall under IFRS 2, and the inputs used in the Black-Scholes Option model to calculate those fair values are as follows:

Date of grant	Number of warrants	Share Price	Exercise Price	Expected volatility	Expected life	Risk free rate	Expected dividends
9 Jan 2020	1,600,000	£0.075	£0.075	45.00%	3	0.00%	0.00%
9 Jan 2020	1,575,929	£0.075	£0.075	45.00%	5	0.00%	0.00%
2 Feb 2020	10,000	£0.075	£0.075	45.00%	3	0.00%	0.00%

Total contingently issuable shares

	2021	2020
Executive Share Option Plan	471,000	514,000
Other share options and warrants	1,452,596	3,794,262
	1,923,596	4,308,262

The number and weighted average exercise price of share options and warrants are as follows:

	2021		2020	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	27.955p	4,308,262	0.287p	336,700,000
Effect of net 300:1 share consolidation	–	–	85.734p	(335,577,667)
Revised balance at beginning of the year	–	–	86.021p	1,122,333
Granted during the year (Warrants for broker services)	–	–	7.5p	1,600,000
Granted during the year (Warrants for advisor services)	–	–	7.5p	1,585,929
Lapsed during the year (Warrants)	(45p)	(133,333)	–	–
Lapsed during the year (Options)	(1,476p)	(43,000)	–	–
Exercised during the year	(7.5p)	(2,208,333)	–	–
Outstanding at the end of the year	17.887p	1,923,596	27.955p	4,308,262
Exercisable at the end of the year	17.887p	1,923,596	39.753p	2,732,333

Share options and warrants outstanding at 30 June 2021, had a weighted average exercise price of 17.887 pence (2020: 27.955 pence) and a weighted average contractual life of 3.04 years (2020: 3.11 years). To date no share options have been exercised. There are no market based vesting conditions attaching to any share options outstanding at 30 June 2021.

475,000 warrants issued for broker services outstanding at the end of the year had a final exercise date of 22 August 2021 and lapsed.

33. Capital commitments

There were no capital commitments at 30 June 2021 or 30 June 2020.

34. Contingent liabilities

There were no contingent liabilities at 30 June 2021 or 30 June 2020.

35. Related party transactions

The remuneration of the Directors and their interest in the share capital is disclosed in the Remuneration Committee report on pages 23 to 24.

Balances and transactions between companies within the Group that are consolidated and eliminated are not disclosed in these financial statements.

Notes to the financial information

Continued

36. Events subsequent to period end

Acquisition of UtilityTeam Topco Limited and related Placing

On 17 September 2021 the Company completed the acquisition of all of the share capital of UtilityTeam TopCo Limited ('UTT'). At the same time the Company completed the Placing of 80 million shares which were issued at 15 pence per share which raised £12.0 million for the Company. The Placing proceeds have been primarily used to settle the initial cash consideration for the acquisition of UTT.

UTT is a UK-based, Top 20 energy consulting and procurement business, whose services aim to reduce costs and support clients' transition to Net Zero.

The initial consideration of £14.5 million was satisfied as follows:

- cash consideration of £9.5 million, payable on completion with further cash consideration of £2 million, payable on or before 31 December 2021; and
- the issue of 18.0 million Ordinary Shares, which had a fair value of £3.0 million based on the closing share price on the day prior to completion.

Further Earn-Out Consideration of up to a maximum of £5.1 million may be payable, based on a multiple of 7.0x UTT's EBITDA, for the year ending 31 December 2021. eEnergy will pay £7 for every £1 of EBITDA generated in excess of £2.3 million, up to a maximum EBITDA of £3.0 million ('Earn-Out Consideration').

The Earn-Out Consideration would be satisfied as follows:

- the first £1.5 million of Earn-Out Consideration will be paid in cash; and
- any balance, up to £3.6 million, will be satisfied by the issue of new Ordinary Shares at a price that is the higher of 24p and the 30 day volume weighted average price prior to 31 December 2021.

The initial estimate of the fair value of the assets acquired and liabilities assumed of UTT at the date of acquisition based upon the UTT consolidated balance sheet at 31 July 2021 are as follows:

	£'000
Property, plant and equipment	309
Intangible assets	313
Cash at bank	2,886
Inventory	15
Trade and other receivables	6,166
Trade and other payables	(7,167)
Loans and other borrowings	(1,836)
Total identifiable net assets acquired	686
Goodwill	18,916
Consideration	
Initial consideration (recorded at the market value of the shares issued)	14,457
Contingent consideration	5,145
Total consideration	19,602

36. Events subsequent to period end continued

Goodwill relates to the accumulated 'know-how' and expertise of the business and its staff. None of the goodwill is expected to be deducted for income tax purposes. As we complete the purchase price allocation the Company expects to recognise specific identifiable intangible assets which may be deductible for income tax purposes. Any separately identified intangible assets will reduce the value attributed to goodwill.

The initial accounting for the acquisition of UTT is incomplete as at the date of these financial statements given the short period of time since the acquisition was completed.

37. Control

In the opinion of the Directors as at the period end and the date of these financial statements there is no single ultimate controlling party.

Officers and advisers

Directors	
Non-Executive Chairman	David Nicholl
Chief Executive	Harvey Sinclair
Chief Financial Officer	Ric Williams
Non-Executive Directors	Dr Nigel Burton (Senior NED) Andrew Lawley Derek Myers Gary Worby
Company Secretary	Ric Williams
Business Address	32 Threadneedle Street, London EC2R 8AY
Registered Office	Salisbury House, London Wall, London EC2M 5PS
Independent Auditor	PKF Littlejohn LLP 15 Westferry Circus, Canary Wharf, London E14 4HD
Nominated Advisor and Joint Broker	Singer Capital Markets 1 Bartholomew Lane, London EC2N 2AX
Joint Broker	Turner Pope Investments 8 Frederick's Place, London EC2R 8AB
Legal Advisers	Fieldfisher LLP Riverbank House, 2 Swan Lane, London EC4R 3TT
Financial PR	Tavistock Communications 1 Cornhill, London EC3V 3ND

Glossary

The following table provides an explanation of certain technical terms and abbreviations used in this announcement. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

Term	Meaning
'ECMs'	Energy Conservation Measures
'EEaaS'	Energy Efficiency-as-a-Service
'EMaaS'	Energy Management-as-a-Service
'EV'	Plug-in Hybrid or Battery Electric Vehicle
'HVAC'	Heating, Ventilation, and Air Conditioning
'IoT'	Internet of Things
'LaaS'	Lighting-as-a-Service
'Net Zero'	Achieving net zero greenhouse gas emissions
'TWh'	Terawatt hour, one trillion watts for one hour

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