eEnergy

UNLEASHING NET ZERO™

2022

eEnergy Group plc
Annual Report & Accounts

Move faster towards Net Zero.

Our purpose.

Our lives are powered by energy. Some believe Net Zero is unachievable, and with today's energy prices increasing, and tomorrow's energy demands rising, Net Zero could seem an impossible challenge.

Light bulb moment: We're here for the challenge. Powered by our collective knowledge and innovative and proprietary technology, we're unleashing Net Zero by challenging the way organisations access, measure, reduce, and connect to energy, both sustainably and profitably.

Our vision.

Making Net Zero possible and profitable for all organisations.

Our mission.

Eliminating energy waste and making Net Zero profitable.

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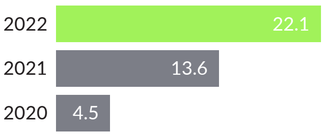
Highlights

Financial

Revenue £m

£22.1m

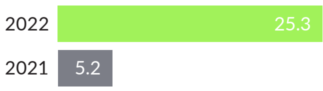
+63% (2021: £13.6m)



Forward Order Book £m

£25.3m

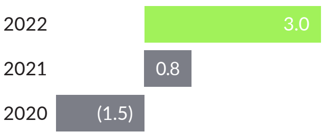
+384% (2021: £5.2m)



Adjusted EBITDA £m

£3.0m

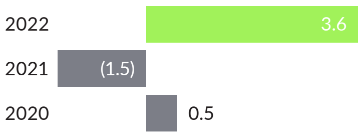
+261% (2021: £0.8m)



Net Debt[1] £m

£3.6m

(2021: £(1.5)m Net Cash)



Loss Before Tax £m

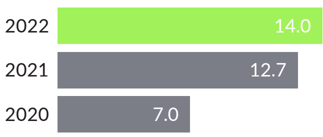
£(2.2)m

(2021: £(0.2)m)

Energy Services sales (TCV) £m

£14.0m

+10% (2021: £12.7m)



1. Excluding lease liabilities and restricted cash.

Operational achievements

- A year of significant investment in acquisitions, integration and platform development.
- Transitioned to a fully integrated organisational and operating model, retaining key talent and maintaining strong customer renewals (85% by value).
- Consolidated four offices into two.
- Established people, brand and processes into a single, compelling customer proposition brought together under the eEnergy brand family from 1 July 2022.
- Successful launch of eSolar and eCharge.
- Delivered commercial launch of MY ZeERO with 722 eMeters contracted during the year with £1.1m Total Contract Value ("TCV").
- Established robust cross-sell proposal and process, with one third of Energy Services TCV signed since January being with pre-existing customers.

Stay up to date with our website:
eenergy.com/investors

Key credentials

Top 5
Business energy services provider.

2,980
Customers across the UK and Ireland.

2 proprietary platforms
Enabling customers to secure lowest cost clean energy supply and access granular data and usage analytics.

£2m
Approximate value of Energy Services projects being delivered each month.

20+ years
Providing energy consulting and carbon reduction solutions.

128,231 tonnes of carbon
Saved during 12 months to June 2022 by transitioning our clients to green energy and reducing their costs and carbon emissions.

50% energy savings
Save up to 50% on energy costs and carbon emissions.

The Net Zero energy services provider.

Empowering organisations to achieve Net Zero by tackling energy waste and transitioning to clean energy without the need for upfront investment.

We eliminate energy waste, save costs and reduce carbon across six target sectors. We operate two proprietary platforms, one on the supply side and one on the demand side of the utility meter. Through these two platforms our customers benefit from two divisions of expertise, Energy Management and Energy Services. Our two divisions are a natural fit in deploying sector specific expertise and technology through an as-a-Service model, with no upfront cost.

We improve four fundamental areas.

Access cleaner energy.

Access cleaner energy at the lowest cost from our online marketplace and deploy capital free on-site solar generation.

Key growth drivers

- Demand for zero carbon energy.
- Customer cost focus.
- Leveraging platform efficiencies.
- \+ Expect to blend with energy data and insights over time.

Measure your waste.

Capture real-time actionable energy data and insights, eliminating waste, unnecessary costs and carbon emissions.

Key growth drivers

- Focus on energy wastage.
- Enabling reporting solutions.
- Leveraging Group customers.
- \+ Exponential growth from launch.
- \+ Growth enabler for Energy Services.

Reduce carbon and costs.

Switch to energy efficient technologies with zero upfront cost, saving energy and reducing carbon.

Key growth drivers

- Demand for zero carbon energy.
- Customer cost focus.
- Leveraging platform efficiencies.
- \+ Expand into a broader range of technologies.

Connect sustainably.

Deploy capital free fast and rapid EV charging points, and on-site solar generation for a sustainable future.

Key growth drivers

- Demand for zero carbon energy.
- Customer cost focus.
- Leveraging platform efficiencies.
- \+ Supported by strategic partnerships and/or acquisitions.

Energy Management | Energy Services

Our investment case

1

Once in a generation market opportunity.

- Well positioned to benefit from accelerating climate action and regulatory Net Zero targets.
- Established business with 20-year growth record, turbo-charged by high energy prices.
- Acknowledgement that higher energy prices now represent a 'new normal'.
- Continued momentum in securing public and private sector management and service contracts.

23%

Of businesses cite energy prices as their main concern.

2

Unique proposition through proprietary technology.

- Innovative, proprietary technology presents high barrier to entry.
- Our owned marketplace platform enables cheapest clean energy pricing for customers.
- Smart analytics platform provides data insights to implement energy wastage reduction strategies.
- Clear differentiator to develop long customer relationships.
- Underpins long-term, re-occurring subscription revenue model.

2

Proprietary platforms.

3

Integrated Net Zero proposition.

- Cross and up selling products and services to existing customers with attractive margins.
- Offering a balanced suite of products to target customers' specific energy needs.
- Package solution can present enhanced returns to customer over single-product solutions.
- Strategic engagement with Energy Management customers to mitigate higher energy costs by helping reduce grid reliance.
- Long-lasting strategic relationships support increased customer spend.

One third

Of Energy Services TCV from pre-existing customers.

4

Innovative, capital-free, as-a-Service solutions.

- Long term supportive funding partners with appetite to invest further.
- As-a-Service market expected to double in next seven years.
- Unparalleled customer track record gives strong platform to launch new product categories.
- Uniquely able to address both supply and demand side customer requirements.
- Primed for margin expansion as revenues grow.
- Accelerating our customers' Net Zero strategy without upfront cost.

1,000+

Energy Services projects completed.

5

Re-occurring and diversified revenue streams.

- High quality client base with contracted recurring revenues give long-term financial visibility.
- Expanded product offering generates re-occurring revenue opportunities with existing customers.
- Strong renewal rates amplify the value of the Forward Order Book.
- Diversified revenue streams reduce potential supply chain and market risks.

85%

Retention rate in Energy Management.

6

Experienced and invested team.

- Invested and strategic Board for ambitious growth.
- Management with a strong track record for growing businesses and delivering value.
- Full service capability following successful M&A strategy: integration of five acquisitions to date.
- Single brand leveraging 20-years of experience, loyalty and credibility.
- Awarded the Green Economy Mark by the London Stock Exchange.
- Robust employee retention rates.

24%

Of equity owned by the Board.

Chairman's statement

It has never been easier to transition to Net Zero.

David Nicholl
Non-Executive Chairman

Introduction

I am pleased to report on what has been a pivotal year for eEnergy, as we established an integrated proposition under the eEnergy brand, enabling us to fulfil our vision to make Net Zero both possible and profitable for organisations.

With the foundations of our business model set last year, we have focused on integrating UtilityTeam and the other business units into a single, clear customer proposition; positioning eEnergy as a unique, end-to-end energy services business.

Our vision is clear, to make Net Zero both possible and profitable for all organisations. Enabling every business to access the lowest cost clean energy, identify and tackle energy waste, reduce energy consumption and transition to an EV charging model through zero capital solutions.

While COVID-19 presented challenges for the business, including prolonged lockdowns in Ireland, eEnergy has weathered the storm from the pandemic and emerged stronger and well positioned to execute its growth strategy.

Energy Markets

Across Europe, wholesale energy prices have hit record highs, principally caused by Russia's invasion of Ukraine and the resulting effects to gas supply. Many countries across the continent have moved away from Russian gas sources both as a response to the war and in a move to diversify sources of supply. These macroeconomic changes have triggered an inflection point for all organisations across the world as they now attempt to mitigate energy costs and accelerate a move to, not just Net Zero but, energy independence away from the grid.

These massive tailwinds are now well established, and they provide a significant opportunity for eEnergy to accelerate its growth and to capture a share of this huge market opportunity which we predict will see explosive growth over the coming decade.

Strategy

Following a transformational year, eEnergy has continued to evolve its strategy and business model with the launch of its Solar and EV charging propositions and has now established a true end-to-end solution for organisations looking to transition to Net Zero.

The Company has invested considerable resource into its market leading platform in order to truly differentiate both its products but equally its operating model, which has enabled efficiencies and perfectly positions eEnergy for scalable growth.

eEnergy is establishing itself as a platform business within the Energy Management sector with many unique and innovative digital products that enable its customers to transition to Net Zero faster without the need for capital investment. Coupled with our Energy-as-a-Service model, it has never been easier for an organisation to transition to Net Zero.

We see great parallels with the way the Software-as-a-Service model revolutionised the IT and telecoms sector for businesses of all sizes. This revolution was not achieved overnight but today it is the new normal.

Our Energy-as-a-Service model is a significant enabler for customers adopting energy reduction solutions which we see as a major factor in driving future growth to the business, and as we continue to evolve our funding models for projects, we believe there is an exciting opportunity to start building forward recurring revenue streams, in particular within the metering and EV charging spaces.

While the adoption of this "As-a-Service" model in the UK's energy transition sector lags behind our international counterparts, in the United States, who have seen explosive growth in the last few years, we are now starting to see increased levels of education and awareness, in both the public and private sectors which together with the energy crisis, we believe will now accelerate adoption on a large scale.

Following the integration of its various services into a combined proposition under a single eEnergy brand, the business has embarked on a strategy of cross selling its energy reduction services to its more than 2,000 retained Energy Management customers. Although this takes time, we have been very encouraged by the levels of engagement and we are now securing much larger contracts to both existing and new clients, with Energy Services average project value up 44% and Energy Management average contract duration up 27%.

In May, eEnergy increased its ownership in the Group's MY ZeERO intelligent smart metering and analytics platform from 51% to 85.5%. We made our initial investment in MY ZeERO after we identified the opportunity to integrate proprietary energy analytics hardware and software into our Energy services division. The rollout of the smart meters has been hugely successful and further underpins eEnergy's differentiated and valuable proposition in the market.

Post year end, we have announced an additional £2.5 million investment in the business through a new subordinated debt facility in order to give the business additional cash resources to continue to navigate the working capital cycle of our growing business. Following this new investment in the company, the Board believes we are well

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Our vision is clear, to make Net Zero both possible and profitable for all organisations. Enabling every business to access the lowest cost clean energy, identify and tackle energy waste, reduce energy consumption and transition to an EV charging model through zero capital solutions.

positioned to benefit from the robust structural and regulatory drivers in the market. The Board are supporting this investment through a c.£0.5m participation in the debt facility.

People

The eEnergy team has seen significant growth in the last two years following the acquisitions of RSL, Beond, UtilityTeam and Measure My Energy growing from 33 to 128 people in less than 24 months with all teams now fully integrated into the wider eEnergy business. We are very pleased to have retained all the key talent across the divisions, as well as hiring top tier talent across the industry.

Furthermore, we have strengthened our senior leadership team within the year, with the addition of Delvin Lane, ex CEO of UtilityTeam, who is now MD of the Energy Management business, Simon Smith as MD of Energy Services. Louisa Gregory joined in September this year and stepped into the role of Chief People Officer and is a pivotal hire to the C suite as we develop our people strategy.

On the finance side, Crispin Goldsmith has been appointed as CFO of the Group and to the Board, previously holding the role of Chief Strategy & Commercial Officer. Crispin brings valuable experience and knowledge to eEnergy which has already benefited the continued growth of the business.

Outlook

eEnergy is very well positioned to benefit from exposure to significant regulatory and structural growth drivers in addition to tailwinds created by the energy crisis.

Energy security, consumption and management have become absolutely critical areas of focus for all organisations over the last 12 months, with the current environment providing increased levels of opportunity and awareness in the market for eEnergy's products and services to both new and existing customers.

The final quarter of the financial year was a record period for the business with revenues of £8.3 million and Adjusted EBITDA of £2.0 million. This momentum has continued into the new financial year providing a strong pipeline and the Board remains encouraged by the Group's progress to date and prospects for the future as eEnergy's proposition becomes ever more relevant.

I'd like to take this opportunity to thank the team for their hard work, our customers for their loyalty and our shareholders and debt providers for their continued support.

David Nicholl
Non-Executive Chairman
19 December 2022

Strategy in action

Recycling Lives.

Recycling Lives is a UK based recycling and waste management organisation established on the key values of creating social value and delivering environmental innovation and governance ('ESG'). Recycling Lives engaged eEnergy to help drive its ESG objectives and tackle decarbonisation across its portfolio.

With an objective of reducing energy consumption and carbon emissions, Recycling Lives transitioned to LED lighting (2,400 fittings), deployed energy analytics to visualise energy consumption and unnecessary energy waste, and implemented quarterly carbon reporting to measure its decarbonisation progress. Activities delivered a reduction of 38% in energy consumption across 19 sites. We are now installing on-site solar (1.81MW) to create further reductions.

38%
Reduction in energy consumption.

113
$TC0_2e$ annual carbon reduction.

£665k
Net saving over 10-years.

“

The changes implemented by eEnergy have optimised business functions and efficiency.

Lucas Hargreaves
Business Transformation Manager

Chief Executive Officer's report

A year of significant investment in integrating our proposition.

Harvey Sinclair
Chief Executive Officer

Introduction

Our vision to make Net Zero both possible and profitable for all organisations, has come of age this year. We are seeing sustained high energy prices which are expected to be prolonged as a result of the energy crisis across the UK and Europe, caused by a multitude of factors, none larger than the reduction of gas supply from Russia.

Alongside these high and increasing energy prices, the drive to tackle climate change has never been more prevalent; together these two market forces have provided a genuine inflection point for eEnergy and the Group is experiencing a huge increase in demand for our integrated Net Zero offering, with record growth in our new business pipeline as we enter the new financial year.

Following a busy FY21 where we successfully executed on our stated M&A strategy and cemented the foundations of our evolved business model, the focus for FY22 was to:

1. Fully integrate our acquisitions through a single operating model;
2. Invest in both our digital platform and our technology solutions; and
3. Integrate our end to end proposition under the single eEnergy brand.

Significant investment was made in the year in order to deliver on these objectives. The integration of the various businesses has been a huge success and the single, clear and integrated proposition, under the eEnergy brand has been well received by customers, who are looking for an end-to-end solution to tackle energy costs and achieve Net Zero. This combined with the market drivers of high energy costs and an obligation to Net Zero resulted in a record Q4, which followed record contract signings achieved in Q3.

We successfully launched two new services:

1. A renewables proposition in eSolar, providing funded roof top solar solutions to our customers; and
2. An EV charging division with eCharge, both of which have surpassed expectations, since their launch in March 2022.

Additionally, we strengthened the management team welcoming Delvin Lane and Simon Smith as Managing Directors for each of the Energy Management and Energy Service businesses respectively.

Having secured additional debt funding subsequent to the year-end, eEnergy is ideally positioned to take advantage of these powerful market tailwinds as businesses and organisations seek to tackle high energy costs and the urgent need to cut carbon, in order to achieve stated Net Zero objectives. We believe we can deliver strong adoption in a challenging economic backdrop through our capital free energy conservation measures.

Results

For the year ended 30 June 2022 we posted results in line with revised market expectations as we continued to invest in our innovative suite of products and services. We have started to capitalise upon the increased cross-selling opportunities which exist across our existing in-contract client base, executing our strategy of delivering a holistic Net Zero market leading solution.

The year resulted in revenues of £22.1 million (2021: £13.6 million), split between Energy Management and Energy Services divisions 53% and 47% respectively. I am particularly pleased to report that this led to a 264% increase in Adjusted EBITDA of £3.0 million (2021: £0.8 million).

The performance of Energy Services during H1, impacted by the tail-end of Covid-19-related restrictions, was disappointing and weighed on the full-year performance. However, strong and consistent contract sales have been delivered since the start of H2, which drove record revenues for Q4 and a strong pipeline and continuing momentum into FY23.

Net Debt increased during the year as a result of increased levels of investment in software and one-off integration costs, together with an increased working capital requirement as we transitioned to new payment cycles with key partners. Net Debt (including lease liabilities) at the year end was £4.5 million (2021: net cash of £0.8 million) and our cash position (excluding restricted cash balances) was £1.4 million (2021: £3.3 million).

In February, we were pleased to announce the new revolving credit facility with Silicon Valley Bank, providing a revolving credit facility of £5.0 million over three years, with potential for additional capital facilities as eEnergy delivers on its growth plan in the future.

In April, we announced that we had entered into a new €10.0 million committed project funding facility to extend both the scope and scale of our financing arrangements with SUSI Partners AG ("SUSI"), extending the current relationship in Ireland to include the rest of the UK.

These partnerships, with a renowned growth investor and premier fund manager, validate the strength of eEnergy's proposition.

After eEnergy's first investment in MY ZeERO in April 2021, we were pleased to announce in May 2022 that we increased our ownership from 51% to 85.5%. The integration of this proprietary energy analytics hardware and software into our Energy Services division and rollout of the smart meters gives eEnergy a differentiated and valuable proposition in the market.

Offering

Our vision is to make Net Zero both possible and profitable for businesses and organisations, without the need for capital investment.

We do this by enabling our customers to access the lowest cost, clean energy available, tackling energy wastage, reducing consumption and transitioning to lower cost, on-site energy generation and EV charging solutions.

We are a technology enabled, innovative platform business which differentiates us in the market and enables scalable long term growth.

We own and operate a proprietary marketplace procurement platform which provides "whole of market" pricing through an innovative reverse auction service.

We also own My ZeERO, which provides us with proprietary, intelligent smart metering technology and a cloud based analytics platform which allows circuit level energy monitoring and data insights which is central to tackling energy wastage and delivering validation of energy savings.

In parallel, our Energy Services division offers capital free energy reduction solutions, on-site renewable generation and EV charging solutions. We call this "energy as-a-service" which unlocks energy savings from which a service charge is payable, releasing net cash flow from day one to our clients.

In summary, we provide customers with an end-to-end solution to achieving Net Zero, reducing energy costs without the need for capital investment, in a capital constrained economic environment.

Strategy

After a transformative FY22, we now have a single clear proposition under the eEnergy brand, and a fully integrated operating model poised and ready for growth.

We have acquired a loyal and contracted customer base of over 2,000 clients which have a strong demand for energy and cost reduction and accessing lower cost energy through on site generation, which we expect to now leverage fully.

Our EV charging solution is well poised for rapid scale in what we expect to be a huge growth market opportunity for both new and existing customers.

Post year-end we announced a £2.5 million investment in the business through a new subordinated debt facility with the goal to give the business additional capacity and working capital headroom to benefit from the significant opportunities available as a result of the powerful market tailwinds and macroeconomic environment and continue to invest in growth.

Following this new debt funding, the Board expects to fund current forecast organic growth through operating cash generation. There may also be the potential to expand debt facilities from existing providers if appropriate.

Outlook

We are very pleased to see new business opportunities across both our Energy Management and Energy Services divisions grow during Q4 and we enter FY23 benefitting from a robust forward contracted order book, standing at £25.3 million at year end, and a strong sales pipeline. This positive start to FY23 underpins current market expectations for the year.

Looking ahead, the Board remains confident that eEnergy is well placed to utilise the opportunities available resulting from the macroeconomic trends and that we will continue to deliver on our strategic objectives.

Harvey Sinclair
Chief Executive Officer
19 December 2022

Strategy in action

Bellevue Place Education Trust.

A multi-academy trust which operates nine primary schools across London and Berkshire and is committed to achieving Net Zero by 2030. Concerned by spiralling energy costs, the Trust accelerated its actions to eliminate energy waste and reduce reliance on the grid.

Installing MY ZeERO across their nine schools, the Trust was furnished with first time granular visibility of their energy consumption. Equipped with rich insights, data backed decisions were quickly made to significantly reduce energy consumption. A switch to LED resulted in a 60% reduction in consumption. Furthering their journey towards Net Zero, BPET has engaged with on-site solar for five schools, anticipated to deliver £316,000 20-year net saving.

60%
Reduction in lighting consumption.

57
TCO_2e annual carbon reduction.

£488k
Net saving over 10-years.

> **eEnergy are the experts to help us identify further energy saving opportunities.**

Mark Greatrex
CEO

Mega and macro trends.

Our customers seek a trusted partner that affords credible and practical solutions in a complex and volatile energy market, all the while pushing towards Net Zero.

Climate change.

- UK Government 2035 target to reduce greenhouse emissions by 78% compared to 1990 levels.
- UK Government 2030 ban on sales of new petrol and diesel cars and vans.
- 2050 Net Zero target is driving increased demand for renewable energy, and decarbonisation.
- 5th of December 2023 ESOS (phase 3) for reporting submission to The Environmental Agency.

eEnergy's response

- Tailored portfolio of products improving four fundamental areas **Access | Measure | Reduce | Connect.**
- MY ZeERO helps clients visualise energy consumption and eliminate waste via an affordable monthly subscription.
- eLight energy reduction switch to LED lighting saving up to 70%.
- Launch of eCharge, subscription-based EV charging, providing affordable workplace rapid deployment of EV charging infrastructure.
- Launch of capital-free photovoltaics (PV) eSolar, affording organisations access to renewable on-site generation.

Post pandemic debt.

- Many organisations have limited capital to invest in energy efficiency projects.
- Businesses are freezing spend on non-essential projects due to capital constraints and market uncertainty.
- Energy consumption profiles have changed due to more flexible working patterns and increasing demand for IoT, business technology and EV charging.

eEnergy's response

- Energy efficiency solutions such as eLight energy reduction switch to LED lighting saving up to 70%.
- MY ZeERO helps clients visualise energy consumption and eliminate waste via an affordable monthly subscription.
- As-a-Service business model affording organisations access to premium energy efficiency measures with no upfront costs.

Energy crisis.

- Rising energy costs creating uncertainty for organisations.
- Increased business costs creating greater pressure on existing projects and maintenance budgets.
- UK Government announcing the Public and Private sector require to engage with energy efficiency.

eEnergy's response

- Launch of capital-free PV eSolar, affording organisations access to renewable on-site generation.
- MY ZeERO and eLight help organisations eliminate energy waste with no upfront investment.

Compliance & complexity of public sector procurement processes.

- Complex & lengthy procedures.
- Cumbersome and prescriptive toward capital projects.
- 97% failure rate in application to award for public sector customers. EG Education sector, PSDS 2021 funding round.

eEnergy's response

- Promote as-a-Service leasing options to overcome and negate the cost of delay caused by Government Grant process.

Market opportunity

There is a huge and positive market opportunity that presents positive macro-economic tailwinds. High energy prices, the UK government's Net Zero ambitions and the growing regulatory and social drivers amplify the economic case for our customers to accelerate their Net Zero strategy.

Target sectors	Target segments	Size of addressable market	
Education	• Academy schools. • Multi-academy trusts. • Independent schools. • Sixth form and colleges. • Universities.	**32,163** UK Schools. **381** Sixth form and colleges.	**142** Universities. **10.3m** Full and part-time pupils.
Healthcare	• NHS healthcare. • Private healthcare. • GPs and primary care. • Pharmacies. • Care homes.	**1,299** Public and private hospitals. **54,024** Licensed GPs.	**11,000** Active community pharmacies. **17,100** Care homes.
Public sector	• Council buildings. • Blue light services. • Central government. • MOD.	**13,900** Government buildings. **311,917** Fire stations.	**355** Police stations.
Food and retail	• Food and fast food chains. • Food processing plants. • Large retail centres. • Retail chains.	**46,248** Food outlets. **11,665** Food and drink manufacturing plants.	**300,000** Separate businesses.
Leisure and hospitality	• Hotel chains. • Destination leisure. • Sport stadiums.	**9,055** Hotels. **550** Shopping centres.	**259** Stadiums.
Industry and logistics	• Warehousing (light manufacturing). • Storage and logistics.	**1,500** Warehouses.	**205,380** Logistics enterprises.

Explosive growth opportunity.

Our customers seek a trusted partner, boasting credible and profitable end-to-end energy solutions to unleash their Net Zero ambitions. This need presents eEnergy with explosive multi-revenue streams of growth opportunity through our robust and proven business model.

Access

Growth drivers
- Demand for lowest cost clean energy.
- Demand for carbon footprint reduction.
- Leveraging platform efficiencies.

Capabilities
- Proprietary market-access trading platform.
- Multi-disciplinary team of seasoned energy specialists.
- Long term strategic customer relationships.

Revenue model
- Energy procurement contracts are typically three to five years.
- Mix of utility paid and direct consultancy fees.
- Transitioning to monthly subscription based fees facilitated by MY ZeERO.

£21.6m
Forward Order Book.

85%
Renewal rate.

Measure

Growth drivers
- Focus on energy wastage.
- Carbon reporting and compliance.
- Leveraging existing Group customers.

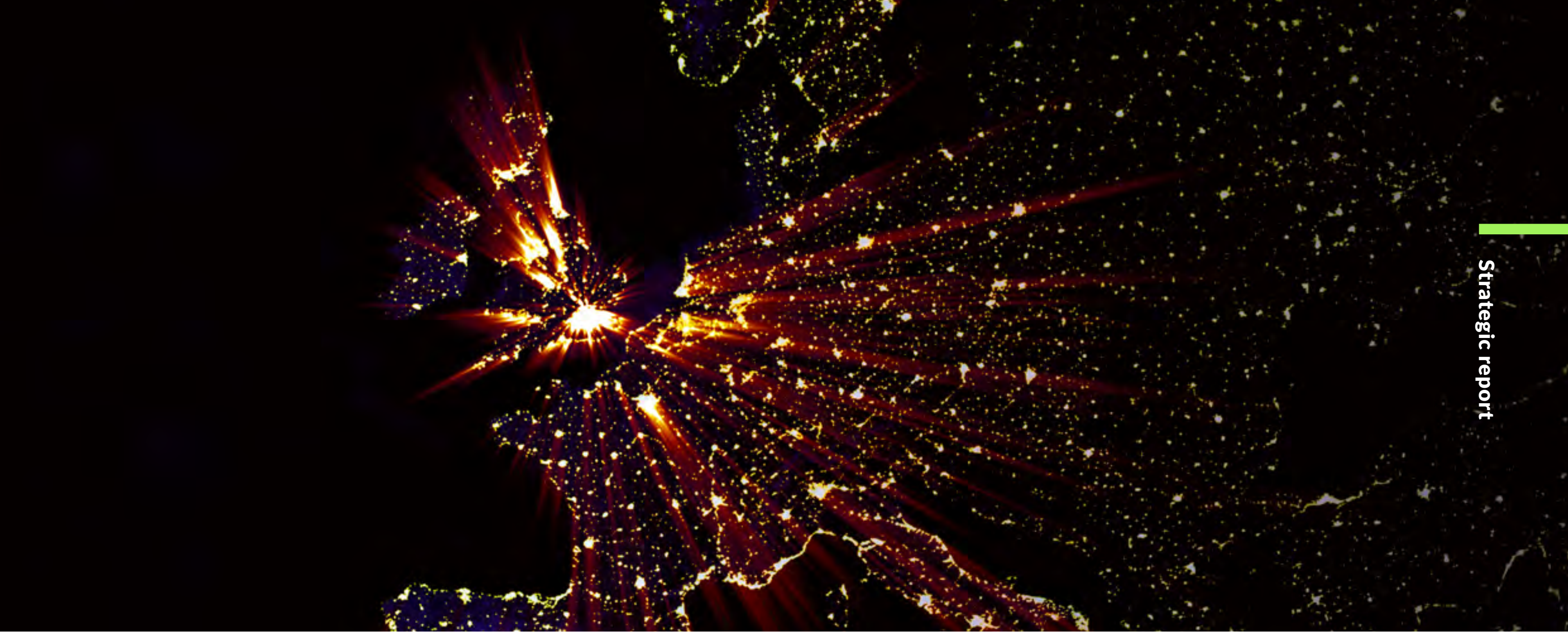
Capabilities
- Proprietary behind-the-meter hardware solution.
- Proprietary cloud-based data analytics platform to identify energy waste and demonstrate savings.

Revenue model
- Recurring monthly subscriptions under long term contracts (typically more than five years).

£1.1m
Total contracted value in FY22.

722
eMeters contracted in FY22.

Integrated end-to-end Net Zero proposition



Reduce

Growth drivers

- Focus on reducing energy demand.
- Capital free solutions to unlock Net Zero.
- Leveraging Group customer base.

Capabilities

- Innovative, capital free as-a-Service solutions.
- Customer payments funded through energy cost savings realised.
- Balanced suite of products to target customers' specific energy needs.

Revenue model

- Revenue recognised on project installation.
- Monetised through a sale of the receivable to our finance partner.

190
Projects completed in FY22.

128,231
Tonnes of carbon saved in FY22.

Connect

Growth drivers

- On-site generation now 50% cheaper than grid.
- Explosion of demand for electric vehicles.
- Leveraging Group customer base.

Capabilities

- Reducing grid reliance through solar.
- Giving customers access to low-cost charging infrastructure.
- Innovative, capital free as-a-Service solutions.

Revenue model

- Revenue recognised on project installation.
- Monetised through a sale of the receivable to our finance partner.
- Solar financed through a Power Purchase Agreement or operating lease.

8.9MW
Solar projects under Heads of Terms.

The economic value in Unleashing Net Zero.

We change the way organisations procure, measure, manage and reduce their energy. Saving up to 50%.

eEnergy carbon waterfall

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: Access | Measure | Reduce | Connect.

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 eLight (LED) 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 Energy Services and EV growth opportunities.

Connect sustainably.	Total energy reduction.	Potential value to eEnergy.
	15%	£500k
	10%	£240k
	15% 10%	£1,100k
EV charging	–	£200k to £500k
	50%	£2.0m to £2.3m

Over 10-years

5% energy cost reduction from our reverse auction platform.

Reverse auction

Automated energy procurement to afford 100% clarity, with no hidden fees or unexpected pass through charges.

Differentiator.

Evaluating multiple product types on a like-for-like basis, displaying energy sources, contract length and utility suppliers and providing 100% transparency and customer confidence.

Disruptor.

Auction bids are displayed live to customers, providing transparency and competition. Auction results allow customers to make informed supplier choices based on energy source, contract length and in-contract energy costs. With no hidden fees.

Growth enabler.

Access to transparent pricing across all energy markets at the click of a button.

Proprietary technology. Where suppliers compete to win our clients’ energy contracts.

Simplifying energy procurement and delivering price, contract and supplier clarity.

29,702
Meter points consuming 4.6TWh of energy.

Up to 25
Approved suppliers invited to each auction.

3,480+
Successful energy auctions ran in 2022.

30% of UK private and public sector energy is wasted.

MY ZeERO

Eradicating up to 30% energy waste by visualising and analysing energy use and consumption.

Differentiator.

MY ZeERO is our proprietary smart metering and analytics platform, visualising energy consumption at asset level.

Disruptor.

Provides customers live, behind the meter ('BTM') energy consumption data with AI driven automated insights for a monthly subscription.

Bridge.

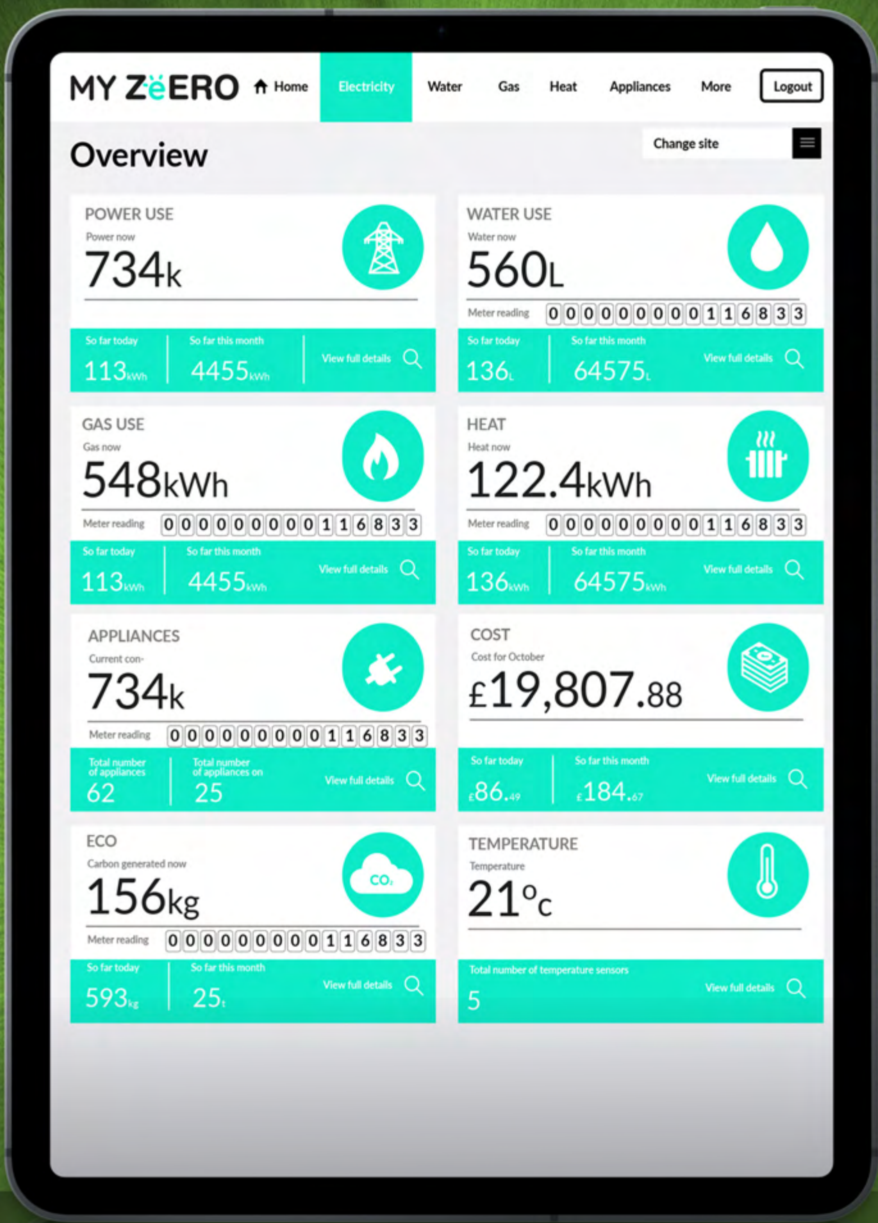
Between traditional energy procurement and delivering Net Zero through data insights and measurable savings.

Growth enabler.

Giving businesses visibility and insights on energy usage at the circuit and asset level to identify and act on energy wastage.

Proprietary technology enabling disruptive growth.

Capturing real-time actionable energy data and insights, eliminating waste, unnecessary costs and carbon emissions.



898[1]
Total meters under contract.

£542k[1]
Contracted annualised revenues.

£1.9m[1]
Pipeline opportunities.

1. As of 30 June 2022.

Best-in-class OEM subscription based EV charging.

Rapidly deploying EV charging on a subscription based model, enabling organisations to meet the growing demand of their employees and customers.

eCharge

Enabling.

- Capital free EV charging.
- Fleet charging.
- Subsidised employee charging.
- Monetisation of visitor parking.

Product launched in March 2022.

64[1]
EV chargers under contract.

£440k[1]
Total contract value.

£6m+[1]
Pipeline opportunities.

1. As of 30 June 2022.

Best-in-class OEM capital free on-site solar generation.

A highly attractive alternative to spiralling energy costs by adopting a capital free on-site solar solution.

eSolar

Enabling.

- Capital free on-site PV solar.
- Reduce energy costs by up to **50%.**
- Greater energy security.
- Reduced reliance on the grid.

Pre-launch in May 2022.

7MWh[1]
Under heads of terms with clients.

£7m[1]
Under heads of terms with clients.

£5.9m[1]
Net revenue pipeline opportunities.

1. As of 30 June 2022.

Achieving Net Zero.

A fully integrated Energy Services provider, making Net Zero possible and profitable for our customers and delivering strong returns to our shareholders.

eEnergy's primary strategic vision is to offer customers a seamless, end-to-end solution to support their journey to Net Zero. To do so, we have built a range of products, both incubated organically and through acquisition, addressing the needs of both the supply-side (Access) and the demand-side (Measure, Reduce and Connect).

By offering a package capability we can present enhanced returns to customers over a single-platform solution, while we benefit from diversified and re-occurring revenue streams, generating multiple revenue opportunities with the same client over time as they make progress against their Net Zero objectives.

There are four key drivers to our growth strategy:

1. Organic growth

Continued growth in existing core products and markets, in particular the Education and Healthcare sectors.

Using focused marketing to expand into targeted new sectors such as Food/Distribution/Hospitality & Leisure/Public Sector and expanding our reach in the Public Sector.

Accelerating our growth in Energy Management as market conditions favour larger energy management providers with more advanced risk management capabilities.

2. New revenue channels

Incubate new innovative service and product capabilities in adjacent areas, for example the recent commercial launches of MY ZeERO, eCharge and eSolar.

Develop alternative ways of monetising existing capabilities to drive competitive differentiation and improve barriers to entry.

3. Leverage existing customer relationships

Leveraging our long-term, strategic relationships with Energy Management clients to open up demand reduction strategies and broader Energy Services.

Building recurring opportunities with existing customers by offering a broader range of products and services to support their Net Zero journey.

4. Potential to broaden capabilities through selective acquisitions

Disciplined approach to acquisition opportunities. Acquisitions of cash generative, established businesses will be considered in order to expand our product offer and/or improve our position in the value chain in adjacent or complementary areas.

We will continue to strengthen our existing capabilities and expand our product and service offering, amplifying strong organic growth rates through selective acquisitions.

In doing so, all of our stakeholders will benefit – investors, staff, management and society as a whole, as we help the UK to achieve its legislated target of Net Zero by 2050.

A Group transformed

FY21 Transitioned from pure-play LaaS business to integrated Energy Services business.

FY21 Moved through breakeven and delivered profitable growth.

FY22 Acquisitions fully integrated and delivering cross-sell opportunities and scale.

FY22 Launch of new product categories a key growth opportunity for the Group.

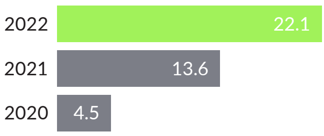
Financial KPIs.

We track a number of Key Performance Indicators to measure the financial performance of the business and monitor the future value opportunity.

Revenue £m

£22.1m

+63% (2021: £13.6m)

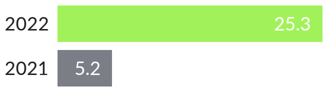


- Up 63% year-on-year to £22.1m.
- Energy Management revenues of £11.6m (up 432% on FY21):
  - Acquisition of UtilityTeam part-way through the year drove a step-change in revenue in the business.
  - Enhanced by strong underlying growth, with revenues 20% higher than the pre-acquisition revenues of the combined businesses.
- Energy Services revenues of £10.5m (down 8% on FY21):
  - Disappointing H1 performance impacted by tail-end of Covid-related restrictions on origination volumes.
  - Challenging market conditions in Ireland where lockdowns were longer and deeper than the UK.
  - Strong UK sales performance in H2 drove record Q4 revenues and strong ongoing momentum into the current financial year.

Forward Order Book £m

£25.3m

+384% (2021: £5.2m)

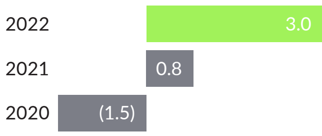


- Measures contracted future revenues across Energy Management and Energy Services.
- Up 384% year-on-year to £25.3m.
- Energy Management forward order book of £21.6m (up 373% on FY21):
  - Reflects expected levels of consumption under existing customer supply contracts.
  - Step-change following acquisition of UtilityTeam part-way through the year.
  - Enhanced by strong underlying growth, with forward order book value up 18% between December 2021 and June 2022.
  - Lower ‘upfront’ cash receipts mean the value of the cash forward order book is greater than revenue.
- Energy Services forward order book of £3.8m (up 458%).
- £12.7m expected to convert to revenue during FY23, including all of the Energy Services order book value.

Adjusted EBITDA £m

£3.0m

+261% (2021: £0.8m)

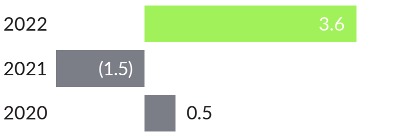


- Significant growth of 264% aided by mid-year acquisition of UtilityTeam.
- Operating Margin up 760bps to 13.7% reflecting higher margins in Energy Management and scale benefits across the Group.
- Level of Exceptional costs in the year reflected acquisition of UtilityTeam and significant investment in delivering the integration during the period.
- Key focus on conversion of Adjusted EBITDA to PBT going forward.

Net Debt[1] £m

£3.6m

(2021: £(1.5)m Net Cash)



- £5.2m deterioration in year as a result of a number of one-off items:
  - Exceptional costs of acquisition and integration driving 'cash' loss of £0.5m.
  - Capital investment in platform development (£1.4m cash impact).
  - Transition to longer payment cycles with key partners (£6.4m cash impact).
  - Mitigated by cash benefit from other working capital movements and net cash acquired with UtilityTeam (£3.2m cash benefit).
- Lower cash generated in period but with a strengthened growth outlook and higher contracted cash forward order book at the period end.
- Expecting recovery in revenue to cash conversion during FY23.
- Conversion of Adjusted EBITDA to Operating Cash Flow a key strategic focus for management.

Loss Before Tax £m

£(2.2)m

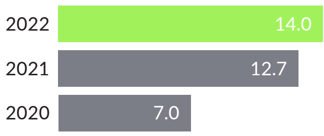
(2021: £(0.2)m)

- Loss in period largely driven by scale of Exceptional costs related to:
  - Acquisition of UtilityTeam.
  - Significant investment in delivering the integration during the period.
  - Strategic investments in launching new products.
- Key focus delivering robust PBT for FY23.

Energy Services Sales (TCV) £m

£14.0m

+10% (2021: £12.7m)



- 10% growth in year as a result of strong momentum building during H2:
  - H2 sales represented 69% of the full year total.
  - 63% increase over same period in FY21.
- Momentum continuing into FY23:
  - Strengthening conversion rates.
  - Building cross-sell through repeat customers and multi-product sales.
- Supports growth in contracted forward order book at the year-end.

1. Excluding lease liabilities and restricted cash.

Stakeholder engagement

S172 statement.

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 Corporate 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 considers both individually and together that it has 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 the wider society and environmental implications.

Strategy

Our business model is to provide Energy Management and Energy Services solutions that allow our clients to reduce their carbon footprint, release cash flow from their utility bills and improve the quality of their working 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 conduct 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 all employees.

Suppliers

We work closely with our supply chain network in the UK and Ireland and provide training to their staff. We train all installation partner staff in the eEnergy way, both on-site and at our Training Academy in Coventry. We work collaboratively with our key equipment suppliers to develop product suited to our key markets and to share with them our expectations for each coming quarter.

Shareholders

The Board is committed to openly engaging 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.

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 29 was approved by the Board on 19 December 2022 and signed on its behalf by:

Crispin Goldsmith
Company Secretary
19 December 2022

Corporate governance.

The Directors recognise the importance of good corporate governance and have chosen to comply 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 see – https://www.eenergy.com/investors.

The Board has established appropriately constituted Audit & Risk, Remuneration and Nomination Committees with formally delegated responsibilities.

The Board of Directors

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 energy services, strategy and corporate finance. The structure of the Board ensures that no one individual or group dominates the decision-making process. Board meetings are held regularly, typically monthly and as required, to 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 Company held nine board meetings between 1 July 2021 and 30 June 2022. Attendance was as follows:

	Attendance
David Nicholl (Non-Executive Director)	9 of 9
Harvey Sinclair (Executive Director)	9 of 9
Ric Williams (Executive Director)	9 of 9
Nigel Burton (Non-Executive Director)	9 of 9
Andrew Lawley (Non-Executive Director)	9 of 9
Derek Myers (Non-Executive Director)	9 of 9
Gary Worby (Non-Executive Director)	9 of 9

The Audit & Risk Committee ('ARC')

The ARC comprises Nigel Burton (as Chairman) and Andrew Lawley and meets no less than twice a year. The Committee is responsible for making recommendations to the Board on the appointment of the auditor 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 auditor 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

The Remuneration Committee comprises Nigel Burton (as Chairman), Gary Worby and David Nicholl and meets at least once each 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 (as 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.

Environmental, social and governance ('ESG') continued

MAR dealing code and policy document

The Company has in place a share dealing code for the Directors and staff which is appropriate for a company whose shares are admitted to trading on AIM and subject to the Market Abuse Regulations. The Company takes all reasonable steps to ensure compliance by the Directors, related parties and any relevant employees.

The Group's core values are:

- to be a good corporate citizen, demonstrating integrity in each business and community in which we operate;
- to be open and honest in all our dealings, while respecting commercial and personal confidentiality;
- to be objective, consistent, and fair with all our stakeholders;
- to respect the dignity and wellbeing of all our stakeholders and all those with whom we are involved; and
- to operate professionally in a performance-orientated culture and be committed to continuous improvement.

Our stakeholders

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; our employees and their families, and employee representatives; the communities in which we operate; our business partners; and local and national governments.

Environmental policy

The Group is aware of the potential impact that its operations may have on the environment. It will ensure that all activities and operations have the minimum environmental impact possible.

The Group intends to meet or exceed international standards of excellence with regard to environmental matters. Our operations and activities will be in compliance with applicable laws and regulations. We will adopt and adhere to standards that are protective of both human health and the environment.

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.

Ethical policy

The Group is committed to complying with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders. Where laws and regulations are non-existent or inadequate, we will maintain the highest reasonable standards appropriate. 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.

The Group complies and will continue to comply fully with current and future anti-bribery legislation.

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.

Community policy

The Group's aim is to have a positive impact on the people, cultures and communities in which it operates. It 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. It will undertake social investment initiatives in the areas of need where we can make a practical and meaningful contribution.

Labour policy

The Group is committed to upholding fundamental human rights and, accordingly, we seek to ensure the implementation of fair employment practices. The Group will also commit to creating workplaces free of harassment and unfair discrimination.

Health and safety policy

The Group is committed to complying with all relevant occupational health and safety laws, regulations and standards. In the absence thereof, standards reflecting best practice will be adopted.

A pivotal year across the Group.

Crispin Goldsmith
Chief Financial Officer

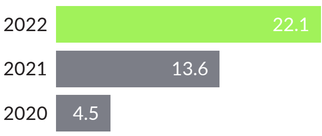
Group key performance indicators

- Full year revenue of £22.1 million, 63% growth on FY21 revenue of £13.6 million.
- Adjusted EBITDA[1] of £3.0 million (FY21 £0.8 million).
- Profit before tax and exceptional items[2] of £1.6 million (FY21 £0.1 million).
- Cash balance (excluding restricted cash balances) at 30 June 2022 of £1.4 million (30 June 2021 – £3.3 million).
- Net Debt (including £0.8 million of IFRS 16 lease liabilities) at 30 June 2022 was £4.4 million (30 June 2021 – Net cash of £0.8 million, including £0.7 million of lease liabilities).

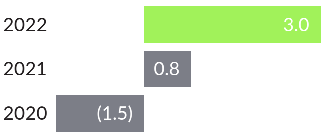
Note: (1) Adjusted EBITDA is EBITDA excluding Exceptional Items. Exceptional Items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's ongoing business, including the costs incurred in delivering the 'Buy & Build' strategy associated with acquisitions and strategic investments, costs of restructuring and transforming acquired businesses and share-based payments.

Note: (2) Profit before tax and Exceptional Items includes within Exceptional Items brand impairment charges shown below EBITDA.

Revenue £m



Adjusted EBITDA £m



Summary performance

FY22 was a year of significant progress for the Group, delivering revenues of £22.1 million (up 63% from £13.6 million in FY21) and Adjusted EBITDA of £3.0 million (up 264% from £0.8 million in FY21) in the face of unprecedented volatility in the energy markets.

Since coming to market in January 2020, eEnergy has completed four acquisitions including UtilityTeam, the Group's largest acquisition, which was completed in H1 FY22. These acquisitions have been complemented by organically developed new product opportunities to assemble a compelling and integrated customer proposition – helping organisations achieve Net Zero without the need for capital investment. eEnergy is now uniquely placed to support its customer base in their transition to Net Zero. And, with a backdrop of record energy prices, saving the customer significant cost while doing so.

Following the acquisition of UtilityTeam, FY22 saw rigorous focus on integrating the Group's people, products and operations. The benefits of this strategy are reflected in recent financial performance, with record Q4 revenues of £8.3 million and Adjusted EBITDA of £2.0 million, supported by the conversion of multi-product opportunities with new customers, the adoption of multiple new services by existing accounts and the benefits of scale efficiencies.

FY22 also saw substantial progress on balance sheet management, with an additional committed project funding facility with SUSI Partners AG and a successful refinancing of the Group's corporate debt facilities with Silicon Valley Bank both completed during H2 FY22. Both facilities have allowed eEnergy to benefit from increased access to funding at lower cost than previously.

The new corporate debt facility has facilitated improved balance sheet gearing, enabling deferred consideration from the acquisition of UtilityTeam and further investments in MY ZeERO to be funded through debt rather than equity. Net Debt excluding lease liabilities of £3.6 million at 30 June 2022 equated to 1.2x Adjusted EBITDA.

The Group ended the year well placed to deliver continued strong organic growth in FY23 with a Forward Order Book of £25.3 million (up from £18.3 million at 31 December 2021 and £5.2 million at 30 June 2021) and a strong pipeline of new business opportunities across both Energy Management and Energy Services expected to close early in FY23.

Significant investment made in integrating the business into a single compelling platform.

Summary performance continued

Net Debt increased by £5.2 million during the period as a result of investments made in our proprietary technology platforms and MY ZeERO eMeters, one-off costs of acquiring and integrating UtilityTeam, and the one-off impact of lengthened cash collection cycles in both Energy Management and Energy Services. Whilst this has led to reduced cash inflows in the short term, this will largely be offset going forward by increased cash flows from an enhanced contracted Forward Order Book.

Post year-end we announced an additional £2.5 million in debt funding into the business through a new subordinated debt facility in order to give the business the working capital headroom to continue to invest in growth, and benefit from the robust market tailwinds. We have also instigated a number of working capital initiatives to mitigate the Company's increased working capital requirement going forward, including progressing an off-balance sheet funding solution for MY ZeERO and diversifying supply chains.

Divisional performance

Energy Services

FY22, whilst disappointing from a P&L perspective, was nevertheless a pivotal year for Energy Services. H1 was impacted by an interrupted origination pipeline as a result of the aftereffects of Covid-19-related lockdowns. However momentum built strongly through H2 as surging energy prices and a widespread acknowledgement, following the Russian invasion of Ukraine, that these higher energy prices represented a 'new normal'. These factors substantially enhanced the economic case for the energy service solutions offered by eEnergy.

Aided by these favourable macroeconomic tailwinds, and complemented by the launch of eSolar and eCharge products during the period, the business secured sales with Total Contract Value ("TCV") of £9.7 million in H2, 64% up on the same period last year (H2 FY21 £5.9 million). This drove a 10% increase in TCV secured for the full year to £14.0 million (up from £12.7 million in FY21).

Performance in the UK was particularly strong with TCV secured in H2 of £8.5 million, up 100% on the same period last year, and full year TCV secured up 35% at £12.1 million (representing 87% of the total for the division).

Revenue performance was more modest, reflecting the lag between signing contracts and recognising the revenue associated with them. Full year revenues were marginally down on the previous year at £10.5 million (FY21 £11.4 million) with Ireland, where lockdowns were harsher and lifted later than in the UK, accounting for 90% of the shortfall. However the strong sales performance was evident during H2 with revenues of £5.8 million up 14% on last year (H2 FY21 £5.1 million) and the business delivering record revenues in Q4.

The business ended the year with a contracted Forward Order Book of £3.8 million (June 2021: £0.1 million) giving strong coverage for Q1 FY23 revenues.

Gross Margin after commissions for the year of 34.2% was consistent with FY21.

Operating costs were allowed to increase by £0.1 million, in part reflecting investment in a new divisional leadership team which has been instrumental in driving the improved sales momentum during H2 2022.

Energy Management

Likewise, FY22 was a year of significant change in Energy Management. The acquisition of UtilityTeam, completed in September 2021, established the Group as a Top 5 B2B energy company in the UK.

UtilityTeam contributed strategic relationships with an attractive customer base and a strong pool of talent which complemented eEnergy's existing capabilities and resources in Beond. The combined businesses have been operating as a single, integrated customer offering from February 2022.

Subsequent to the year-end, a new financial reporting platform has been launched for the combined entity.

Through the integration both employee and customer retention has remained strong. During the year 85% of customers were retained on renewal equating to a churn rate of only 6% per annum.

Financial performance for the combined business exceeded the targets set at the time of the acquisition. Energy Management revenues of £11.6 million for the full year were 432% up on FY21, reflecting the annualisation effect of the Beond acquisition (completed December 2020), the acquisition of UtilityTeam (completed September 2021), as well as strong organic growth in the business.

This organic growth is reflected in 18% growth in the contracted order book from £18.3 million at 31 December 2021 (after the acquisition of UtilityTeam) to £21.6 million at 30 June 2022.

Gross Margin increased by 770bps during the period to 80.7% reflecting improved management of the partnerships sales channel.

Operating costs were held flat as a percentage of revenues, reflecting investment of efficiency savings into growth and customer service delivery.

MY ZeERO, reported as part of the Energy Management division, successfully completed development of the next generation proprietary eMeter during the year with commercial launch during Q3 due to strong customer demand. By 30 June 2022, 898 meters with a TCV of £1.1 million were under contract with 559 of these installed.

Accelerated through acquisitions

FY22 saw both the acquisition of UtilityTeam, our largest acquisition completed to date, and an increase in ownership to take control of eEnergy Insights (the holding company for MY ZeERO) through exercise of our warrants in October 2021 and subsequent acquisition of minority investor stakes in May 2022 to take our ownership to 85.5% at the year-end.

The acquisition of UtilityTeam transformed eEnergy into a Top 5 B2B energy company and has given the opportunity to unlock £0.5 million operating efficiencies through leveraging the Energy Management platform built since the acquisition of Beond in December 2020. UtilityTeam further brought embedded, strategic relationships with an attractive customer base and a strong pool of talent into the eEnergy Group.

Integration completed

Subsequent to completing the acquisition of UtilityTeam, a significant investment was made in integrating the business into a single compelling platform with the key goals of:

- Optimising customer-facing activities (sales and account management).

- Sharing best practice capabilities.
- Unlocking platform synergies between the two legacy entities.

Key milestones delivered during the period included:

- Customer-facing teams merged from February with a single integrated sales platform.
- All clients migrated to eEnergy's proprietary reverse auction platform in March, with all auctions undertaken in the platform subsequently.
- Proprietary client portal launched to all auction customers in March.
- Annualised efficiency savings of £0.5 million realised, re-invested in growth and customer service delivery.

To mark completion of the integration, the business adopted the 'eEnergy' brand from 1 July 2022 with the legacy brands of Beond and UtilityTeam both being retired from that point.

Through the integration, both customer and employee retention has remained strong and financial performance for the combined business has exceeded the targets set at the time of the acquisition.

Improved profitability

Growth in revenues has delivered significant scale benefits to the business. Adjusted EBITDA of £3.0 million represents a margin of 13.6% on revenue in FY22, up from 6.1% for FY21.

Profit before exceptional items, including impairment of acquired brand as part of the Energy Management integration, of £1.6 million was up 2,190% (FY21 £0.1 million).

These improvements were driven through scale efficiencies delivered in both the operating businesses and at Group level and an increased share of revenues from the higher margin Energy Management division (given annualisation of Beond performance and the mid-year acquisition of Beond).

Cash flow and working capital

Net Bank Debt (excluding lease liabilities) of £3.6 million at 30 June 2022 was £5.2 million higher than at 30 June 2021 following investment and inventory build in MY ZeERO, the development of our proprietary technology platforms and the one-off costs of acquiring and integrating UtilityTeam. Gross cash was £1.4 million as at 30 June 2022, a decrease from £3.3 million at 30 June 2021.

After exceptional costs, and adjusting for certain non-cash items, the business delivered a "cash loss", reflecting reported earnings, rent, finance costs and effects of non-cash items, of £0.5 million for the year.

Further organic growth investments totalled £1.4 million, including £0.6 million in platform development and £0.8 million in eMeter stock-build.

Moreover, both Energy Management and Energy Services divisions have experienced lengthened cash collection cycles resulting in lower cash generated in the period, but a higher contracted cash forward order book at period end to be collected in the future.

In Energy Management, availability of 'upfront' payments from energy suppliers has been more restricted. This resulted in lower cash receipts from completed contract signings in the year, with a correspondingly richer cash collection profile over the life of the contract. The net impact of this has been to push a net £3.4 million of cash collections from FY22 into future periods. This was partially mitigated by £1.2 million of net cash acquired with Utility Team.

In Energy Services, the move to a new committed financing facility announced in April 2022 came with a need to 'batch fund' once a month (rather than on an ad hoc basis once each deal completes), adding an estimated c. 2.5 weeks to the cash collection cycle. Additionally, success in winning larger, more valuable projects has increased average installation times. A particularly strong revenue month in June, with cash therefore collected after the year-end, had a net £1.6 million impact on cash collections in the period. In addition, c.£1.2 million of projects (including MY ZeERO) were held on the balance at the year-end, generating long-term recurring cash receipts beyond the period end. The overall impact was £3.0 million in working capital outflow.

This was mitigated by a £2.0 million net cash benefit from other working capital items in the period.

Cash at bank at 30 June 2022 of £1.4 million (excluding £0.4 million of restricted cash balances) was £1.9 million down on the year (30 June 2021 £3.3 million) as a result of these dynamics.

Funding

In February the Group completed a re-financing of the Group's corporate debt facilities, consolidating previous facilities with Beach Point Capital, Lloyds and Coutts into a single Revolving Credit Facility with Silicon Valley Bank. The initial committed facility is for £5.0 million and there is the potential to extend this, subject to credit approval, to support growth investments and bolt-on acquisitions in the future.

On completion of the re-financing the new facility delivered a 270bps reduction in interest costs compared to the blended cost of the previous facilities.

In April we entered into a new €10.0 million committed project funding facility with SUSI Partners AG. This facility extended both the scope and the scale of the Group's existing financing arrangements with SUSI, who were already the Group's funding partner in Ireland. Importantly, the facility allows funding of eEnergy's range of energy efficiency and on-site generation technologies, enabling eEnergy to continue to create innovative, market leading, capital free solutions for its customers.

The Board believes it is important to maintain a robust level of cash headroom in the business to allow the business to continue to deliver on its growth objectives. As such, the Company has taken a number of working capital initiatives, in addition to trading initiatives detailed above, in order to mitigate the tightened working capital position experienced following the period end. The Company has made good progress in securing off-balance sheet funding for MY ZeERO eMeters from an existing funding partner, and the Directors expect this, once implemented, to release additional cash for the Company from existing completed and contracted projects. The Company is also planning a measured rollout of eMeters with a strategy of this being self-funded through third party financing, rather than through the Group's balance sheet, going forward. Further, the Company continues successfully to diversify its supply chains across the business as part of the Company's inflation mitigation strategy, with additional benefits expected for working capital.

In order to strengthen the balance sheet further given the extended cash collections cycles, MY ZeERO investment, payment of liabilities and general working capital, subsequent to the year-end we announced a £2.5 million new subordinated debt facility in order to give the business the cash headroom to continue to invest in growth and benefit from the robust market tailwinds. As at 31 October 2022, prior to drawdown on the new subordinated debt facility, the Company had a cash balance of £114k.

Conclusion

FY22 has been a pivotal year for both the Group and the individual operating divisions. Successful completion of the integration of the two acquired Energy Management businesses, strong and accelerating customer engagement across multiple Group products and highly favourable market tailwinds mean the eEnergy Group ended the year with a strong platform to deliver continued rapid growth, both for the current year and into the future.

Crispin Goldsmith
Chief Financial Officer
19 December 2022