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22 January 2024

eEnergy Group plc
("eEnergy", "the Company" or "the Group")

Disposal of Energy Management Division
and
Notice of General Meeting to approve the Disposal

eEnergy (AIM: EAAS), the net zero digital energy services provider, is pleased to announce that it has entered into an agreement to sell the Company's wholly owned energy management division (the "Energy Management Division") to Flogas Britain Limited ("Flogas") for initial consideration of £29.1 million (the "Transaction" or "Disposal"), and additional contingent consideration based on the trading performance of the Energy Management Division for the period to 30 September 2025.

Flogas is part of DCC Energy and a subsidiary of DCC plc, a leading international sales, marketing and support services group.

Highlights:

- Initial total consideration of £29.1 million, comprising £25.0 million cash ("Initial Cash Consideration) being received by the Group with the balance of £4.1 million being used to repay amounts due from the Group to the Energy Management Division
- Initial Cash Consideration will be paid on completion following approval of the Transaction by eEnergy shareholders at a General Meeting to be held on or about 7 February 2024
- Initial total consideration equates to an enterprise value of £30 million after customary adjustments reflecting net debt and normalised working capital
- Additional contingent consideration, estimated by the Company to be in the range of £8 million to £10 million, subject to the Energy Management Division achieving strong growth in line with its business plan, linked to net cash generated by the Energy Management Division from completion to 30 September 2025 (the "Earnout Period"),
- Net proceeds will be used to pay down the Group's debt facilities of £8.1 million in full, to reinvest into high growth energy services division which grew 87% in the 12-month period up to 30 June 2023 and for general working capital purposes
- Transaction delivers an immediate return on £23.4 million invested into the Energy Management Division since December 2020, with potential to benefit from the performance of the division through the Earnout Period
- Disposal unlocks significant value for shareholders and will enable eEnergy to focus on its dedicated energy services business, driving the continued roll out of its EV and Solar products and enabling investment into other high growth opportunities
- Strengthened balance sheet will remove cash constraints which have held back growth in recent periods, as a result of which the Board currently expect trading for the period to 31 December 2023 to be at the lower end of market expectations.

The Company expects to announce a trading update for the 18-month period ended 31 December 2023 in the second half of February 2024.

Harvey Sinclair, eEnergy CEO, comments: "*I am pleased to announce this agreement to sell our Energy Management Division to Flogas. Once approved by Shareholders, the Transaction will unlock significant immediate cash for eEnergy and give the opportunity to deliver significant additional value to shareholders through the Earnout Period. Whilst Energy Management is the smaller by revenue of our two divisions, the initial transaction proceeds alone will be c. 90% of eEnergy's current market capitalisation.*

"The sale of the Energy Management Division will allow us to focus entirely on our similar sized, high growth Energy Services Division which grew 87% in the past 12 month period despite being undercapitalised. The sale will simplify our business, strengthen our balance sheet and will bring the opportunity to invest further in the higher growth segments of Solar and EV Charging across the UK.

"I would like to thank our colleagues in the Energy Management Division. They will have an excellent new owner in Flogas who is in an ideal position to take the business forward."

Ivan Trevor, Managing Director, Flogas Britain comments: *"Flogas are delighted to welcome the Energy Management Division of eEnergy Group plc to DCC Energy. Together with Certas and the recent acquisitions of Protech, Centreco and DTGen, this acquisition further expands our capability in energy management services, providing a comprehensive range of products and services to partner with our customers on their journey to Net Zero and supporting our ambition to halve the carbon emissions of the energy we supply by 2030. "*

Background to the Transaction

As announced on 8 November 2023, in early 2023, the Board received a number of unsolicited approaches expressing an interest in acquiring the Energy Management Division. As a result, the Board engaged professional advisers to conduct a strategic review of the Energy Management Division and evaluate these approaches.

Following further evaluation of these approaches, the Board resolved that the offer from Flogas represented the best option to unlock significant potential value for shareholders. In coming to this decision, the Board also recognised the long-term proposition to create further value for the Group by re-investing the net proceeds into its high growth energy services division ("Energy Services Division").

Both the Group's Energy Management Division and Energy Services Division are high growth businesses with strong market positions in attractive growth markets. The Energy Management Division, for the 12-month interim period to 30 June 2023, reported revenues of £13.6 million (up 17% on FY 2022) and Adj EBITDA* of £4.4 million (up 20% on FY 2022).

The Initial Cash Consideration of £25.0 million delivers an immediate return on the £23.4 million invested into the Energy Management Division since the initial acquisition of Beond Group Limited in December 2020. As at 30 June 2023 the reported unaudited net asset value in the Group of the Energy Management Division was £26.7 million (including goodwill created on acquisition). Payments of contingent consideration through the Earnout Period (estimated by the Company to be in the range of £8 million to £10 million, subject to the Energy Management Division achieving strong growth in line with its business plan) would further enhance returns to eEnergy Group shareholders.

Going forward, eEnergy will focus on accelerating growth in the Energy Services Division, supported by re-investment of the majority of the cash received, following debt paydown. During the same 12-month period to 30 June 2023, the Energy Services Division reported revenues of £19.5 million and Adj EBITDA* of £2.3 million, up 87% and 131% respectively on FY 2022, demonstrating significant and growing demand.

** Adj EBITDA is Earnings before interest, tax, depreciation and amortisation, 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 Energy Management Division's ongoing business and include transaction related items, restructuring and integration costs .*

Transaction and Use of Proceeds

The Transaction will be effected through the sale of the entire issued share capitals of eEnergy Consultancy Limited, eEnergy Insights Limited and eEnergy Management Limited (the "EM Subsidiaries"). Completion is expected to occur, subject to shareholder approval as detailed further below, within three business days of the General Meeting ("Completion").

The Initial Cash Consideration, payable by Flogas on Completion, will be £25 million. Under the terms of the Transaction agreement, a further £4.1 million of the initial consideration will be used to repay amounts due from the Group to the Energy Management Division, bringing the initial total consideration to £29.1 million. The Initial Consideration reflects an estimate of the financial position of the EM Subsidiaries at Completion and may be subject to certain subsequent adjustments to take account of the actual financial position of the EM Subsidiaries at Completion, with the intention that they are being sold on a debt free/cash free basis and with a normalised level of working capital. In addition, further amounts in relation to certain historical contingent liabilities of the EM Subsidiaries may be paid to eEnergy as additional consideration to the extent that such liabilities do not crystallise.

As set out in its latest interim results, the Board identified a need to strengthen the Group's balance sheet.

Part of the Initial Cash Consideration will be applied to the repayment of the Group's debt facilities with HSBC Innovation Finance (previously known as Silicon Valley Bank) in the amount of £5m and which are due for repayment in February 2024, and its other subordinated debt comprising secured discounted capital bonds, also due for repayment in May 2024. The repayment of these aggregate £8.1 million of Group borrowings (inclusive of accrued interest) will significantly strengthen the balance sheet, making the Group debt free. The Company has continued discussions with various parties as an alternative option to refinance these facilities. In the unlikely event that the Disposal did not proceed for any reason, the Directors are confident that the Company would be able to extend its debt facilities to allow those alternative options to be concluded and would be required to strengthen the balance sheet on a timely basis to support the growth in the Group's combined operations and for general working capital purposes.

The balance of the net proceeds of the Initial Cash Consideration will be reinvested to support accelerated growth in the Energy Services Division, including through retaining increased interests in long-term revenue generating assets to improve overall returns to the Group.

As part of the Transaction, further contingent cash consideration may also be payable on the following basis and subject to the EM Subsidiaries delivering an agreed minimum level of earnings during the period:

- an amount equal to the free cashflow generation from the EM Subsidiaries (excluding the impact of MY ZeERO from completion to 30 September 2025; and
- a payment per successfully completed MY ZeERO Installation during the same period as above.

The contingent consideration is estimated by the Company to be in the range of £8 million to £10 million, subject to the Energy Management Division achieving strong growth in line with its business plan, and is capped at £20 million.

Any contingent consideration will be payable in two instalments, covering the period from completion to 30 September 2024, and the 12-month period to 30 September 2025.

The Group has provided certain warranties and indemnities to Flogas regarding, inter alia, the business and tax affairs of the Energy Management Division and has entered into certain restrictive covenants.

On Completion, the Company will enter into certain agreements, as set out below:

- The Company and Flogas will enter into a transitional services agreement ("TSA") under which the Company will provide Flogas with certain services as previously provided by the Company to the Energy Management Division; and Flogas will provide the Company with certain reverse services as previously provided by the Energy Management Division to the Group. Under the terms of the TSA, the parties will migrate the relevant services as soon as reasonably practicable and in any event both parties must migrate and cease to use the services within 12 months of Completion.

- The Company and the EM Subsidiaries will enter into a brand licence agreement, under which the Company will grant the EM Subsidiaries a non-exclusive, royalty-free, non-transferable licence to use certain trademarks owned by the Company, for a period of two years from Completion, for the purpose of the EM Subsidiaries carrying on each of their respective businesses.
- The Company and EML will also enter into a cross-referral and licensing agreement (the "CLA"), under which the Company and EML shall cross-refer the other party's services to their own client base with a referral fee being paid for successful referrals. EML shall licence to the Company the use of MY ZeERO, including the right permit the Company to sell up to an agreed number of MY ZeERO eMeters per year to its client base. The CLA is for an initial period of two years, following which it may be extended further by mutual agreement. The CLA provides for non-compete provisions between the Company and EML, in which the Company and EML are prohibited from canvassing, soliciting or endeavouring to sell to or entice away any person who is or was a client of the other party in respect of the relevant services as at the date of the CLA.

Strategy of the continuing Group following the Disposal

The Disposal will allow the Group to focus entirely on its high growth Energy Services Division, which grew 87% in the past 12-month period despite being undercapitalised. The Disposal will simplify the Group's business, strengthen its balance sheet and will bring the opportunity to invest further in the higher growth segments of solar and EV charging across the UK.

Notice of General Meeting

In view of the size of the Energy Management Division relative to the Company, the Disposal will result in a fundamental change in the business of the Company for the purpose of Rule 15 of the AIM Rules and it is therefore conditional upon the approval of Shareholders, amongst other matters.

Accordingly, that approval will be sought at a general meeting of the Company to be held at 9.00 am on or about 7 February 2024 at Fieldfisher's offices, 9th Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT, United Kingdom (the "General Meeting").

Certain Shareholders (which include the following Directors: Nigel Burton, Crispin Goldsmith, Andrew Lawley, David Nicholl, Harvey Sinclair and Gary Worby) have irrevocably undertaken to vote or procure to vote in favour of the resolution to be proposed at the General Meeting in respect of 165,902,704 Ordinary Shares, in aggregate, representing approximately 42.8% of the issued ordinary share capital of the Company.

The Directors believe that the Transaction will promote the success of the Company for the benefit of shareholders as a whole. Accordingly, they unanimously recommend shareholders vote in favour of the resolution to approve the Disposal at the General Meeting as they have irrevocably undertaken to do in respect of their own beneficial holdings, amounting to (in aggregate) 39,185,333 Ordinary Shares representing 10.1% of the share capital of the Company.

Shareholders are reminded that the Disposal is conditional, amongst other things, on the passing of the Resolution to be proposed at the General Meeting. Should the Resolution not be passed, the Disposal will not proceed. In such an event, the Company would be required to settle Flogas' third party costs and expenses relating to the Disposal, capped at £0.9 million.

A circular containing the notice of the General Meeting will be made available shortly on the Company's website at www.eenergy.com/investors.

Analyst and Investor Call

Following completion, Harvey Sinclair, CEO, and Crispin Goldsmith, CFO, will be hosting an online presentation, open to all existing and potential shareholders via Investor Meet Company the day after

Completion. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00 am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet eEnergy Group plc via: https://www.investormeetcompany.com/eenergy-group-plc/register-investor

eEnergy will also be hosting an online analyst briefing on the morning after Completion at 11.00 am. Analysts wishing to attend should contact eEnergy@tavistock.co.uk to register.

For further information, please visit www.eenergy.com or contact:

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About eEnergy Group plc

eEnergy (AIM: EAAS) is a 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. It is making net zero possible and profitable for all organisations in four ways:

- Transition to the lowest cost clean energy through the Group's digital procurement platform and energy management services.
- Tackle energy waste with granular data and insight on energy use and dynamic energy management.
- Reduce energy use with the right energy efficiency solutions without upfront cost.
- Reach net zero with onsite renewable generation and electric vehicle (EV) charging.

eEnergy is a Top 5 B2B energy company and has been awarded the Green Economy Mark by London Stock Exchange.

About Flogas Britain Limited

Flogas is one of the largest distributors of off-grid energy in the UK and has over 30 years' experience of providing innovative energy solutions to both commercial and domestic customers. The business is at the forefront of the energy transition having developed a prominent track record in converting customers from higher emissions fuels to lower carbon and cleaner solutions for the last decade.

Headquartered in Leicestershire, Flogas has revenues in excess of £300 million and employs over 1,200 people across its multi-sited operation across Britain.

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