eEnergy

2022

eEnergy Group plc

Results for the six months ended 31 December 2021

UNLEASHING NET ZERO.

16 March 2022

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

Results for the six months ended 31 December 2021

eEnergy Group plc (AIM: EAAS), the digital energy services company, is pleased to announce its interim results for the six months ended 31 December 2021.

Financial Highlights for the six months ended 31 December 2021:

- Revenue for the enlarged Group up 42% to £9.6 million (H1 FY21: £6.8 million).
- Energy Management revenue increased to £4.8 million (H1 FY21: £0.2 million) through underlying annualised growth of 25%, the inclusion of Beond for the full period and the acquisition of UtilityTeam in September 2021.
- Energy Efficiency revenue of £4.8 million was stable with H2 FY21 but down 28% on H1 FY21 (£6.6 million), primarily as a result of the catch up effect in H1 FY21 of projects delayed from the first Covid lockdown.
- Group gross margin increased in the period to 57.6 % (H1 FY21: 38.2%) due to the change in sales mix towards Energy Management.
- Adjusted EBITDA(1) up 117% to £0.8 million (H1 FY21: £0.4 million).
- Profit before exceptional items(2) of £0.2 million (H1 FY21 £0.1 million).
- Cash at bank £2.6 million (30 June 2021: £3.3 million) and net debt (including IFRS 16 lease liabilities) of £1.1 million (30 June 2021: net cash £0.8 million).

Operational Highlights:

- Successful integration of Beond and advanced integration of UtilityTeam, both performing ahead of management's expectations.
- Increased stake in MY ZeERO from 37.5% to 51% following the successful completion of specific development milestones.
- Contracted forward revenue(3) increased 205% to £18.3 million (31 December 2020: £6.0 million).
- Accelerating pipeline for Energy Efficiency projects – higher value of investment grade proposals(4) issued in H1 FY22 than in the whole of FY21.
- Now ranked as a Top 5 Energy Management provider in the UK by Cornwall Insight.
- Delivered the first integrated onsite solar generation and lighting replacement project
- Secured and installed the first standalone energy data and insights contract for a multi academy trust.
- 108 LED lighting installations completed at schools and businesses in the UK & Ireland in H1 FY22 (H1 FY21: 111).
- 132 MY ZeERO eMeters installed and a further 260 installed or awaiting installation at 28 February 2022.

Highlights post period end

- Successfully refinanced all our secured debt with Silicon Valley Bank in February 2022. The £5 million revolving credit facility is at a significantly lower average cost of finance and provides much more flexibility.
- The Company is now able to provide its clients with onsite solar generation and intends to add electric vehicle charging solutions to its offering by the end of FY22.

Full year outlook

- The Group has a growing pipeline of opportunities, which is expected to generate incremental revenue in H2 FY22.
- There are clearly risks outside of the Group's control, including challenges to contracting new energy supply contracts in the current market environment and timing of customer decisions on Energy Efficiency contracts and installations. However, on balance, and given the full period contribution from UtilityTeam and the strength of the Group's pipeline of opportunities, the Board expects to trade in line with the current market expectations for FY22.

Harvey Sinclair, CEO of eEnergy, commented:

"eEnergy has made robust progress over the last six months, having successfully integrated the teams at Beond and UtilityTeam, both of which are performing well and ahead of our expectations. Moreover, we are seeing strong momentum with our customers engaging with our newly rolled outsmart metering and energy efficiency as-a-service solutions.

Whilst the volatile market environment represents risks for our business, the ongoing energy crisis and the resulting increase in energy prices has provided an inflection point for our business. Our customers recognise the commercial significance of reducing energy wastage now more than ever. We are one of the only businesses that enable customers to reduce their energy consumption as well as generate their own energy without the need for capital investment.

Additionally, the broader macro conditions and clear regulatory drivers continue to be a tailwind for the business, and the Board believes this provides the Group with improved organic structural growth drivers."

Note: (1) Adjusted EBITDA is Earnings before interest, tax, depreciation and amortisation before exceptional items, which are transaction-related items, incremental integration and restructuring costs and share based payment expenses.

Note (2) Profit before exceptional items is the profit before tax and before the exceptional items listed in Note 1.

Note (3) Contracted forward revenue is based upon our expectations of energy consumption by our clients under contract plus the revenue to be earned from energy efficiency contracts that have been signed but not yet installed.

Note (4) An investment grade proposal is a written proposal issued to an engaged client after we have completed an investment grade audit of the client's site.

Chief Executive's Statement

The first half of our FY22 financial year has been a period in which we have made significant steps in integrating the Group. We have expanded our services and customer base and aligned our broader strategy to become a leading integrated energy efficiency and management business. The acquisition of UtilityTeam has brought us a commercial edge to our Energy Management business, including scale and a significant opportunity to cross-sell our products and services to our growing customer base. Whilst H1 FY22 may have felt like we were "treading water" in Energy Efficiency, the resumption of face to face marketing to the education sector and the success in establishing a broader set of channels to market means that our pipeline of proposals and opportunities is at a record high.

Strategy

Our strategy since Admission has been to assemble, through organic growth and acquisition, a balanced portfolio of energy and carbon reduction solutions, to diversify the Group, improve its quality of earnings and generate scale with a view to helping schools and businesses achieve the Net Zero goals. eEnergy now has the ability to offer customers a broad range of products and services and expertise in energy management and efficiency and intelligent measurement and analysis, cultivating a large and relevant customer base to which the Group is cross-selling by delivering its end-to-end offering. 44% of our Top 50 clients are actively engaged in procuring significant additional services from the Group.

With the acquisition and integration of UtilityTeam we have established the foundation for how we support our clients in their journey to Net Zero across the business. With this now complete, we continue to build upon this base with an increased focus on channel partners and relationships which means we can scale the business more effectively and build relationships with customers who can benefit from the breadth of our offering rather than just a single solution.

We completed our first integrated onsite solar generation and LED lighting project in H1 FY22 and we have proposals of significant value that include onsite solar generation which we hope to secure and deliver before the end of FY22. As energy prices move inexorably higher we believe that the combination of being able to install local solar generation alongside energy reduction projects like LED, all on a capital free basis, is a compelling proposition for the market. Onsite solar generation is relevant to the vast majority of our clients and we have active engagement with clients for projects worth over £7 million. We are also exploring opportunities to ensure that we secure more of the value gained through the installation of onsite solar generation, which may include acquiring the right solar partner.

As previously disclosed, the Group also intends to add electric vehicle charging solutions to its offering by the end of FY22. The structural and regulatory growth drivers that the Group is exposed to remain highly attractive and will support Management's growth ambitions over the medium term.

Acquisition criteria

We have a clearly stated acquisition strategy with focused criteria, including to:

- building capability in renewables;
- target high growth, strong and aligned leadership ideally with proprietary technologies; and
- execute transactions that are earnings accretive and cash generative.

We will seek to target acquisitions based on maintainable EBITDA multiples, with earnout and lock-ins for key management.

To date, the Group has utilised flexible acquisition structures, involving a mix of consideration shares and cash. The Group intends to continue to utilise such structures and where cash is paid using available debt facilities, to limit Group net leverage to no more than 2x EBITDA.

Energy Market conditions

We have seen extreme volatility in the UK and European energy markets for a number of months, and more recently exacerbated by the war in Ukraine. We have been advising our clients for some time that higher energy prices are with us for the foreseeable future, and that this only makes the savings achievable from implementing energy efficiency measures that much greater. The volatility in the market, including the risk of failure of some energy suppliers, also emphasises the advantage we have from our technology and consulting led Energy Management business, where customers are increasingly looking for greater insight on consumption, efficiency and risk management. However, the recent issues around security of supply have meant that despite us having consultancy agreements in place with our clients we have not always been able to lock in their future energy supply. This is due to the effective closure of the market with suppliers unwilling to price customers' demand in the short term. Whilst we have seen some easing of these conditions in the past few days, the market remains susceptible to change as events in Ukraine trigger a broader political and economic response.

Trading performance

Energy Management

Beond's first year

We acquired Beond in December 2020 to be the bedrock for our Energy Management business and it has performed very well, delivering Adjusted EBITDA 25% ahead of our acquisition base case in the first year. This strong performance has been driven by increased revenues as we have expanded the services our clients pay for complemented by operating efficiencies in how we deliver those services. In addition, we have delivered the automation of key data collection and manipulation processes as well as our online customer platform.

UtilityTeam

We completed the acquisition of UtilityTeam in September 2021 and trading to date has exceeded our expectations, although the much larger size of UtilityTeam's key contracts brings positives and negatives. The UtilityTeam contracts are typically longer and larger than the more diversified portfolio of contracts in Beond and the customers demand a broader range of services. However, whilst we have good visibility of our pipeline and have not seen any increase in customer churn, the disruption in the marketplace we are currently seeing has resulted in a delay in signing some larger contracts which, in turn, has a bearing on the timing of revenue as we recognise c20% of the contract value on signing.

MY ZeERO

Following the successful completion of specific development milestones in October 2021 eEnergy increased its stake in MY ZeERO from 37.5% to 51%. We signed and then installed our first standalone monitoring and data insights as a service contract with a multi academy trust in December 2021 and at 31 December 2021 had 132 eMeters installed. Client demand is strong and we have installed or secured orders for another 260 eMeters as at 11 March 2022 and expect to have installed over 1,000 eMeters by the end of June from a sales pipeline of c.£1.8 million.

Energy Efficiency

We provide schools, businesses and other organisations with the right energy efficiency solutions (such as LED lighting) to reduce their energy usage with no upfront cost as the client pays for our solution over a fixed term (typically five - seven years) where the regular payment is always less than the savings on their energy.

Due to the difficult market conditions brought about by the third national Covid lockdown in early 2021 the financial performance of the Energy Efficiency business in H1 FY22 was stable at the level we achieved in H2 FY21 but behind that seen in H1 FY21, a period that benefited significantly from the "catch up" of projects from the first Covid lockdown into the summer of 2020.

Access to potential clients changed significantly in October and November 2021 as we were able to engage in face-to-face marketing at events and conferences, which is a key direct sales channel for the education marketplace. As a result, we achieved our lead generation targets for the whole of FY22 by Christmas and the pipeline of proposals and opportunities at 31 December 2021 was at a record high. Momentum has continued since the end of the calendar year and the pipeline has grown further still. The focus is now on completing the committed installations by the end of FY22 and continuing to develop our pipeline of opportunities. Together with securing projects through key channel partners, the success in securing the first phase with a number of large multi academy trusts gives us confidence in a significantly improved outcome for H2 FY22.

In Ireland the impact of the Covid restrictions on our ability to secure leads, convert opportunities and install projects continued throughout 2021 and were more severe than in the UK, with revenue falling 18% compared with H1 FY21. Having brought Ireland into the unified management structure and with those Covid restrictions starting to ease, we are now seeing the volume of sales increasing in line with our expectations.

Management team and structure

The acquisition of UtilityTeam allowed us to further strengthen the management structure and we welcomed Delvin Lane and Simon Smith as Managing Directors for each of the Energy Management and Energy Efficiency businesses respectively. Whilst focused on the solutions each of these businesses deliver Delvin and Simon work collaboratively to ensure that we are delivering integrated solutions to our top 50 strategic clients, those who have the greatest need for our end-to-end solutions.

Full Year Outlook

Our strategy is on track and the Group has a growing pipeline of opportunities for the remainder of the financial year across both our Energy Efficiency and Energy Management divisions. Our new business targets are well covered and we have issued more Energy Efficiency proposals in H1 FY22 than in the whole of FY21.

Our contracted forward revenues (based on current expected consumption for Energy Management clients), as at 31 December 2021 of £18.3 million over five years (up 205% from 31 December 2020). Of that £18.3 million, £5.3 million is expected to be recognised as revenue in H2 FY22 and £6.5 million recognised in FY23.

eEnergy continues to make significant strategic progress towards its stated goal to provide a simple, end to end solution to organisations and companies wanting an economic and effective path to Net Zero emissions. We have grown our customer base, evolved our service offering and have exposure to some of the largest structural growth trends in the energy segment. Our focus on cross-selling to our existing customers (with whom we are actively engaged in over £17 million of opportunities) and cultivating new customers across both divisions is creating new opportunities for the Group to drive further profitable growth.

There are clearly risks that are outside of the control of the Group, including the global consequences of continued war in Ukraine and the timing of customer decisions on Energy Efficiency contracting and installations but on balance, and given the full period contribution from UtilityTeam and the strength of our pipeline of opportunities, the Board expects to trade in-line with market expectations for the current financial year.

Harvey Sinclair
Chief Executive Officer
16 March 2022

Note: (1) Profit before exceptional items is the profit before tax excluding transaction-related items, incremental integration and restructuring costs and share based payment expenses.

Chief Financial Officer's Statement

The financial performance of the Group for the interim period has been broadly in line with our expectations. The acquisition of UtilityTeam in September and the related Placing that we completed has strengthened our overall financial position and has contributed to the continued growth in revenue and profitability.

Financial position and liquidity

Our closing cash at the end of December 2021 was £2.6 million (30 June 2021: £3.3 million) and our debt balances (£3.7 million at 31 December 2021, including IFRS 16 lease liabilities) were predominantly long term in nature. In February 2022 we completed the refinancing of all of our secured debt with Silicon Valley Bank as part of a £5 million committed revolving credit facility which provides more flexibility at a significantly lower average cost of finance.

During H1 FY22 the impact of the shift from energy suppliers paying commission income in advance to favouring paying in arrears became more pronounced and was a particular factor in the reduction to our period end cash balance. Whilst the working capital profile has changed there is no reduction to the overall cash commission that the Group receives over the life of the effected contracts.

The Board seeks to take a prudent approach to working capital management, with ongoing monitoring of our financial position and scenario analysis to reflect downside risk cases that may arise from potential disruption to the business, whether from the consequences of the Covid-19 pandemic or the volatility in the energy market. Having considered management's assessment of potential scenarios, the Board is confident that the Group has sufficient financial resources and headroom within its debt facilities (including the ability to meet its debt covenants) for the foreseeable future.

Financial overview

The overall 42% increase in revenue reflects a stronger than expected performance in Energy Management as well as the trading to date from the acquisition of UtilityTeam in September 2021 and slightly weaker than expected revenue in Energy Efficiency due to the drag on lead generation earlier in 2021.

Energy Management

- Revenue for H1 FY22 was £4.8 million (H1 FY21: £0.2 million) reflecting strong annualised growth of 25% following the acquisition of Beond in December 2020 and the contribution from UtilityTeam from its acquisition in September 2021.
- Contracted forward revenues of £17.0 million at 31 December 2021, up 250% (31 December 2020 £4.9 million).
- Operating EBITDA margin for H1 FY22 was 29.8% (H1 FY21: 15.4%) as we improved pricing and operational efficiency across the Energy Management business.
- During H1 FY22 87% of all energy management contracts signed by clients were for 100% renewable supply (FY21: 82%).

The Energy Management business has performed ahead of management's expectations in terms of both revenue growth and the rate at which the UtilityTeam business is being integrated into the Group. In the first year within the Group Beond has increased its average contract term by 27% and revenue per meter under management by 37%.

The contracted future revenue has grown both organically (at 27% pa) and as a result of bringing UtilityTeam into the Group.

MY ZeERO

- At 31 December 2021 we had 132 eMeters deployed.
- We had a further 260 eMeters either installed or under committed order at 11 March 2022, which represents Contracted future revenue was £0.4 million.

We report the results of MY ZeERO within the Energy Management business and see this as an integral part of the Group as allowing customers to measure their energy consumption is at the heart of the strategy.

Energy Efficiency

- Total contract value secured in H1 FY22 was £4.9 million (H1 FY21: £6.9 million).
- Contracted future revenue of £1.3 million at 31 December 2021 was 10% higher compared to 31 December 2020 (£1.2 million).
- Revenue for H1 FY22 was £4.8 million, the same as for H2 FY21 but down from £6.6 million in H1 FY21, where we benefited from the catch-up of projects delayed after the first Covid lockdown.
- Gross margin (after commission) has improved 440bps to 37.8% compared the equivalent period of the prior year (H1 FY21: 33.4%; FY21 34.4%).
- The operating EBITDA margin declined 730bps to 5.8% (H1 FY21: 13.1%) as a result of the lower revenue in the period and the investment in additional sales, marketing and operational delivery resources.
- Number of projects completed in H1 FY22 was 108 (H1 FY21: 111).

The Energy Efficiency business has been stable across the whole of calendar 2021. Market conditions have remained challenging in Ireland where the extent of Covid lockdowns have been more restrictive than in the UK.

Gross margins after commission have continued to improve over the period as a result of the strong relationships we have with our key supply chain partners across the UK and Ireland.

Operating expenses have increased 13% to £1.5 million (H1 FY21: £1.3 million) as we have continued to invest in our sales and marketing and operational delivery capability in order to capture and deliver the volume and complexity of projects we are installing.

Head office costs

Following the acquisition of Beond in December 2021 and to reflect the growing scale of the Group's operations, we expanded the head office management team to include our COO as well as additional Group resources in marketing and finance. As a result our central management costs increased to £0.9 million in H1 FY22 (H1 FY21: £0.5 million).

Working capital

As described in my year end report our two divisions operate to a different working capital tempo. Within Energy Efficiency we typically fund our projects with funding partners at the time of installation and our funding partner takes the collection risk over the term of the client contract. Due to the timing of the completion of projects in December 2021 more than usual of our contracts completed in the month were funded during 2022 which accounts for c£0.5 million of the increase in Trade and other receivables.

Within Energy Management we recognise a proportion of revenue when the underlying energy supply contract is signed between our client and the energy supplier. We also typically receive the majority of our income in the form of commission based upon actual consumption by our client. Historically the business has received more cash in advance from suppliers than the revenue that has been recognised and therefore recorded a deferred income balance. However, in light of the ongoing volatility in the energy markets we have seen a change in receipt of supplier commissions, with energy suppliers increasingly favouring payments in arrears, rather than offering up to 80% of the expected commission upfront. This shift by suppliers away from upfront commission has accelerated with the recently increased volatility in the market. This has changed the working capital profile and delayed the collection of cash (but not overall cash commissions to be received), for the applicable contracts.

Borrowings

At acquisition in September 2021, UtilityTeam had a £1.45 million CBILS loan. Throughout the period we have made scheduled repayments across our loans and the combined effect has resulted in our borrowings increased £1.1 million between 30 June and 31 December 2021 to £2.9 million.

In February 2022 we successfully refinanced all of our secured loans with a three year, £5 million rolling credit facility with Silicon Valley Bank which has significantly reduced our blended cost of finance and provides us with enhanced liquidity and more flexible financing. With Silicon Valley Bank we have a strong partner who is very supportive of our growth strategy.

Acquisitions

In September 2021 we completed the acquisition of UtilityTeam. As described in note 9 of the interim financial report, we expect to pay approximately £18.0 million (assuming the maximum Earn-out consideration is payable) of which we have already paid £14.5 million. The first £1.5 million of the earn out consideration is payable in cash with the balance is shares. UtilityTeam is being integrated into our Energy Management business but we are already seeing the benefits of having broadened the capability and reach within the business.

Ric Williams
Chief Financial Officer
16 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 31 December 2021

	Note	Period to 31 December 2021 £'000	Period to 31 December 2020 £'000	Year to 30 June 2021 £'000
Continuing operations				
Revenue from contracts with customers		9,592	6,767	13,596
Cost of sales		(4,067)	(4,428)	(8,059)
Gross profit		5,525	2,339	5,537
Operating expenses		(5,911)	(2,952)	(4,955)
Included within operating expenses are:				
- Other exceptional items	4	1,193	985	248
Adjusted operating expenses		(4,718)	(2,213)	(4,707)
Adjusted earnings before interest, taxation, depreciation and amortisation		807	372	830
Earnings before interest, taxation, depreciation and amortisation		(386)	(613)	582
Depreciation and amortisation		(401)	(63)	(333)
Finance costs		(227)	(212)	(426)
Loss before taxation		(1,014)	(888)	(177)
Income tax		-	-	205
Profit (Loss) for the year from continuing operations attributable to the owners of the company		(1,014)	(888)	28
Attributable to:				
Owners of the company		(932)	(888)	28
Non-controlling interest		(82)	-	-
		(1,014)	(888)	28
Other comprehensive income – items that may be reclassified subsequently to profit and loss				
Change in the fair value of other current assets		-	43	34
Translation of foreign operations		107	49	102
Total other comprehensive profit (loss)		107	92	136
Total comprehensive profit (loss) for the year		(907)	(796)	164
Total comprehensive profit (loss) attributable to:				
Owners of the company		(825)	(796)	164
Non-controlling interest		(82)	-	-
		(1,003)	(796)	164
Basic and diluted loss per share from continuing operations attributable to owners of the company	5	(0.33)p	(0.58)p	0.01p

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	As at 31 December 2021 £'000	As at 30 June 2021 £'000
NON-CURRENT ASSETS			
Property, plant and equipment		296	80
Intangible assets	6	30,253	11,693
Right of use assets		622	610
Deferred Tax Asset		415	415
Investment in Associate		-	155
Total non-current assets		31,586	12,953
Other current assets		44	47
Inventories		742	371
Trade and other receivables		8,049	4,276
Financial assets at fair value through profit or loss		140	140
Cash and cash equivalents		2,588	3,332
Total current assets		11,563	8,166
TOTAL ASSETS		**43,149**	**21,119**
NON-CURRENT LIABILITIES			
Lease liability		376	434
Borrowings	7	2,367	1,245
Deferred Tax Liability		1,576	415
Other non-current liabilities		300	468
Total non-current liabilities		4,619	2,562
CURRENT LIABILITIES			
Trade and other payables		10,019	7,819
Deferred and contingent consideration	9	4,245	-
Lease liability		343	264
Borrowings	7	579	601
Total current liabilities		15,186	8,684
TOTAL LIABILITIES		**19,805**	**11,246**
NET ASSETS		**23,344**	**9,873**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued share capital		16,367	16,071
Share premium		47,167	33,014
Other reserves		771	601
Reverse acquisition reserve		(35,246)	(35,246)
Foreign currency translation reserve		94	(13)
Accumulated losses		(5,486)	(4,554)
Total equity attributable to owners of the parent		23,667	9,873

Non-controlling interest	(323)	-
TOTAL EQUITY	**23,344**	**9,873**

CONSOLIDATED STATEMENTS OF CASHFLOWS
For the six month period ended 31 December 2021

	Period to 31 December 2021 £'000	Period to 31 December 2020 £'000	Year to 30 June 2021 £'000
Cash flow from operating activities			
Operating profit (loss) – continuing operations	(1,014)	(888)	28
Adjustments for:			
Depreciation and amortisation	401	63	332
Finance cost (net)	127	131	311
Share issue to settle expenses	-	-	301
Share option charge	170	172	485
Share of loss in associate	30	-	34
Finance charge on lease liabilities	31	34	65
Foreign exchange movement	12	10	35
Gain on derecognition of contingent consideration	-	-	(1,444)
Operating cashflow before working capital movements	(243)	(478)	147
Decrease (increase) in trade and other receivables	65	(1,652)	(2,406)
(Decrease) increase in trade and other payables	(2,612)	1,344	2,760
(Increase) decrease in inventories	(42)	10	(23)
Decrease (increase) in deferred income	(414)	(140)	(264)
Net cash outflow inflow from operating activities	(3,246)	(916)	214
Cash flow from investing activities			
Cash acquired on acquisition of business	2,800	1,218	1,218
Cash from exercise of options in acquired business	-	521	521
Cash paid to acquire subsidiaries	(10,582)	(2,395)	(2,395)
Expenditure on intangible assets	(457)	-	(217)
Purchase of property, plant and equipment	(117)	(122)	(134)
Net cash (outflow) from investing activities	(8,356)	(778)	(1,007)
Cash flows from financing activities			
Interest (paid) received	(97)	(131)	(319)
Repayment of lease liabilities	(109)	(41)	(163)
Net proceeds from the issue of shares	11,382	2,985	3,149
Proceeds from loans and borrowings	-	299	294
Repayment of borrowings	(333)	-	(314)
Net cash inflow from financing activities	10,843	3,112	2,647

Net increase in cash and cash equivalents	(759)	1,418	1,854
Effect of exchange rates on cash	15	(73)	-
Cash and cash equivalents at the start of the period	3,332	1,478	1,478
Cash and cash equivalents at the end of the period	2,588	2,823	3,332

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 31 December 2021

	Share Capital	Share Premium	Reverse Acqn. Reserve	Other Reserves	Foreign Currency Reserve	Accum. Losses	Non Control Interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2021	**16,071**	**33,014**	**(35,246)**	**601**	**(13)**	**(4,554)**	**-**	**9,873**
Translation of foreign operations	-	-	-	-	107	-	-	107
Loss for the period	-	-	-	-	-	(932)	(82)	(1,014)
Total comprehensive loss for the period	-	-	-	-	107	(932)	(82)	(907)
Shares issued during the period	296	14,771	-	-	-	-	-	15,067
Cost of share issue	-	(618)	-	-	-	-	-	(618)
Share based payments	-	-	-	170	-	-		170
Acquisition of new entity	-	-	-	-	-	-	(241)	(241)
Total transactions with owners	296	14,153	-	170	-	-	(241)	14,378
Balance at 31 December 2021	**16,367**	**47,167**	**(35,246)**	**771**	**94**	**(5,486)**	**(323)**	**23,344**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 31 December 2020

	Share Capital	Share Premium	Reverse Acqn. Reserve	Other Reserves	Foreign Currency Reserve	Accum. Losses	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2020	**15,725**	**22,375**	**(35,246)**	**82**	**(115)**	**(4,582)**	**(1,761)**
Translation of foreign operations	-	-	-	-	49	-	49
Revaluation of other assets	-	-	-	43	-	-	43
Loss for the period	-	-	-	-	-	(888)	(888)
Total comprehensive loss for the year attributable to equity holders of the parent	-	-	-	43	49	(888)	(796)
Shares issued during the period	328	10,301	-	-	-	-	10,629
Share based payments		-	-	172	-	-	172
Cost of share issue		(227)	-	-	-	-	(227)
Total transactions with owners	328	10,074	-	172	-	-	10,574
Balance at 31 December 2020	**16,053**	**32,449**	**(35,246)**	**297**	**(66)**	**(5,470)**	**8,017**

1 Basis of preparation

The condensed consolidated interim financial statements of eEnergy Group plc (the "Group") for the six month period ended 31 December 2021 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021, which was prepared under UK adopted international accounting standards (IFRS), and any public announcements made by eEnergy Group plc during the interim reporting period and since.

These condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2021 prepared under IFRS have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. These condensed consolidated interim financial statements have not been audited.

Basis of preparation – going concern

The interim financial statements have been prepared under the going concern assumption, which presumes that the Group will be able to meet its obligations as they fall due for the foreseeable future.

At 31 December 2021 the Group had cash reserves of £2,588,000 (30 June 2021: £3,332,000; 31 December 2020: £2,823,000).

In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant information about the current and future position of the Group and Company, including the current level of resources and the ability to trade within the terms and covenants of its loan facility over the going concern period of at least 12 months from the date of approval of the interim financial statements. The eEnergy group meets its working capital requirements from its cash and cash equivalents and its loan facilities, which are secured by a debenture over its trading subsidiaries.

Having prepared budgets and cash flow forecasts covering the going concern period which have been stress tested for the negative impact of possible scenarios from volatile UK energy prices which have been exacerbated by the current war in Ukraine, the Directors believe the Group has sufficient resources to meet its obligations for a period of at least 12 months from the date of approval of these interim financial statements. Discretionary expenditure will be curtailed, if necessary, in order to preserve cash for working capital purposes and ensure compliance with covenants.

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

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended standards adopted by the group

A number of amended standards became applicable for the current reporting period. These amended standards do not have a material impact on the Group, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3. SEGMENT REPORTING

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

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the Group. Management has determined the operating segments based on the reports reviewed by the Board.

The Board considers that during the six month period ended 31 December 2021 and 31 December 2020, the Group operated in two business segments, the Energy Management segment and the Energy Efficiency segment, which predominantly comprised of LED lighting solutions. With the strengthening of the management team following the acquisition of UtilityTeam and the appointment of Managing Directors to lead each of the operating segments the Board now primarily reviews Energy Efficiency as a single segment whereas in the prior year the Board reviewed the operations in the UK and Ireland separately.

	Energy Mgmt	Energy Efficiency	Central	Group
2021	**£'000**	**£'000**	**£'000**	**£'000**
Revenue – UK	4,832	3,333	-	8,165
Revenue - Ireland	-	1,427	-	1,427
Revenue - Total	4,832	4,760	-	9,592
Cost of sales	(1,107)	(2,960)	-	(4,067)
Gross Profit	3,725	1,800	-	5,525
Operating expenses	(2,284)	(1,524)	-	(3,808)
Operating EBITDA	1,441	276	-	1,717
Central management costs	-	-	(896)	(896)
Adjusted EBITDA	1,441	276	(896)	821
Depreciation and amortisation	(344)	(56)	(1)	(401)
Finance and similar charges	(38)	(184)	(19)	(241)
Profit (loss) before exceptional items	1,059	36	(916)	179
Exceptional items	(139)	(63)	(991)	(1,193)
Profit (loss) before tax	920	(27)	(1,907)	(1,014)
Taxation charge	-	-	-	-
Profit (loss) after tax	920	(27)	(1,907)	(1,014)
Non-controlling interest	(82)	-	-	(82)
Profit (loss) attributable to owners of the Company	1,002	(27)	(1,907)	(932)
Net Assets				
Non current assets – UK	23,269	3,326	4,385	30,980
Non current assets - Ireland	-	606	-	606
Current assets	6,878	4,161	524	11,563
Assets - Total	30,147	8,093	4,909	43,149
Liabilities	(8,891)	(6,167)	(4,747)	(19,805)

Net assets	21,256	1,926	162	23,344

2020	Energy Mgmt £'000	Energy Efficiency £'000	Central £'000	Group £'000
Revenue – UK	162	4,881	-	5,043
Revenue - Ireland	-	1,724	-	1,724
Revenue - Total	162	6,605	-	6,767
Cost of sales	(28)	(4,400)	-	(4,428)
Gross Profit	134	2,205	-	2,339
Operating expenses	(109)	(1,340)	-	(1,449)
Operating EBITDA	25	865	-	890
Central management costs	-	-	(518)	(518)
Adjusted EBITDA	25	865	(518)	372
Depreciation and amortisation	(10)	(46)	(7)	(63)
Finance and similar charges	(6)	(42)	(164)	(212)
Profit (loss) before exceptional items	9	777	(689)	97
Exceptional items	-	-	(985)	(985)
Profit (loss) before and after tax	9	777	(1,674)	(888)
Net Assets				
Non current assets – UK	1,630	195	10,314	16,014
Non current assets - Ireland	-	733	-	733
Current assets	1,615	3,854	1,408	6,877
Assets - Total	3,245	4,782	11,722	19,749
Liabilities	(2,132)	(6,968)	(2,632)	(11,732)
Net assets (liabilities)	1,113	(2,186)	9,090	8,017

4. EXCEPTIONAL ITEMS

Operating expenses include items that the Directors consider to be exceptional by their nature. These items are:

	Period to 31 December 2021 £'000	Period to 31 December 2020 £'000	Year to 30 June 2021 £'000
Acquisition related expenses	820	813	1,094
Changes to initial recognition of contingent consideration	-	-	(1,444)
Incremental restructuring and integration costs	198	-	113
Share based payment expense	175	172	485
Total exceptional expenses	1,193	985	248

Acquisition expenses are the costs incurred in completing the "Buy and Build" strategy associated with acquisitions and strategic investments. The costs incurred in completing the acquisition of UtilityTeam in September 21 are described in Note 8.

The share based payment charge reflects the non cash cost of the Management Incentive Plan awards made on 7 July 2020 and the award of options made to the senior management team on 7 December 2021 which are being amortised over their three year vesting period.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year

	Period to 31 Dec 2021	Year to 30 June 2021	Period to 31 Dec 2020
(Loss) profit for the year from continuing operations attributable to owners of the Company – £'000	(1,014)	28	(888)
Weighted number of ordinary shares in issue	304,325,269	199,038,204	152,632,932
Basic earnings per share from continuing operations – pence	(0.36)	0.01	(0.58)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the periods presented.

6. INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Customer relation-ships £'000	Trade names £'000	Total £'000
Cost					
At 1 July 2021	9,803	642	824	555	11,824
Additions on acquisition	14,178	-	3,487	1,039	18,704
Additions in the period	-	244	-	-	244
At 31 December 2021	23,981	886	4,311	1,594	30,772
Amortisation					
At 1 July 2021	-	60	41	30	131
Amortisation in the period	-	182	143	63	388
At 31 December 2021	-	242	184	93	519
Net book value at 30 June 2021	9,803	582	783	525	11,693
Net book value at 31 December 2021	23,981	644	4,127	1,501	30,253

7. BORROWINGS

	31 December 2021 £'000	30 June 2021 £'000	31 December 2020 £'000
Current			
Borrowings	579	601	592
	579	601	592
Non-current			
Borrowings	2,367	1,245	1,629
	2,367	1,245	1,629

The terms of the Borrowings are as disclosed in the 30 June 2021 financial statements except that at acquisition in September 2021 UtilityTeam had a CBILS Loan of £1,450,000. The CBILS loan was interest free for the first twelve months and is then repaid in instalments over the following five years. The interest rate on the UtilityTeam CBILS loans is 1.28 % above base rate per annum. The CBILS loan was secured over the assets of UtilityTeam.

In February 2022 the Group completed the refinancing of all of its secured borrowings and agreed a £5m secured revolving credit facility with Silicon Valley Bank.

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Maturity of the borrowings as of 31 December 2021 are as follows:

	£'000
Current	579
Due between 1-2 years	1,602
Due between 2-5 years	750
Due beyond 5 years	15
	2,946

8. RELATED PARTY TRANSACTIONS

Key management personnel are considered to the Board of Directors. The amount payable to the Board of Directors for the six months ended 31 December 2021 was £563,000 (H1 FY21: £266,000).

9. BUSINESS COMBINATIONS

Acquisition of UtilityTeam Topco Limited and related Placing

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

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

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

- cash consideration of £9.5 million, payable on completion with further cash consideration of £2 million, £1 million of which was paid in October 2021 and the final £1 million in January 2022.; and
- the issue of 18.0 million Ordinary Shares, which had a fair value of £3.0 million based on the closing share price on the day prior to completion.

There is an adjustment to the value of the initial consideration based upon the level of net working capital and debt in UTT at the date of acquisition. Any reduction in the fair value of the net assets acquired will result in lower consideration being paid and lower goodwill arising on the acquisition.

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

The Earn-Out Consideration would be satisfied as follows:

- the first £1.5m of Earn-Out Consideration will be paid in cash; and
- any balance, up to £3.6 million, will be satisfied by the issue of new Ordinary Shares at a price that is the higher of 24p and the 30 day volume weighted average price prior to 31 December 2021. Therefore a maximum of 15 million new Ordinary Shares may be issued.

The initial estimate of the fair value of the assets acquired and liabilities assumed of UTT at the date of acquisition based upon the UTT consolidated balance sheet at 17 September 2021 are as follows:

	£'000
Property, plant and equipment	180
Intangible assets	4,526
Right of use assets	135
Cash at bank	2,787
Inventory	27
Trade and other receivables	3,759
Trade and other payables	(4,813)
Lease liability	(141)
Deferred tax liability	(1,161)
Loans and other borrowings	(1,450)
Total identifiable net assets acquired	3,849

Goodwill	13,935
Consideration	
Initial consideration (recorded at the market value of the shares issued)	14.539
Contingent consideration	3,245
Total consideration	17,784

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

10. EVENTS AFTER THE BALANCE SHEET DATE

Refinancing of all secured debt

In February 2022 the Group completed the refinancing of all of its secured borrowings and agreed a £5m secured revolving credit facility with Silicon Valley Bank.