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 during the period was 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. During the period, and following unsolicited approaches for the business, the Board decided to sell the Energy Management business in order to focus the Group's resources on optimising the growth opportunity in Energy Services. The sale was completed in February 2024, after the period end. 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. 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 01 to 21 was approved by the Board on 29 April 2024 and signed on its behalf by:

Crispin Goldsmith
Company Secretary
29 April 2024

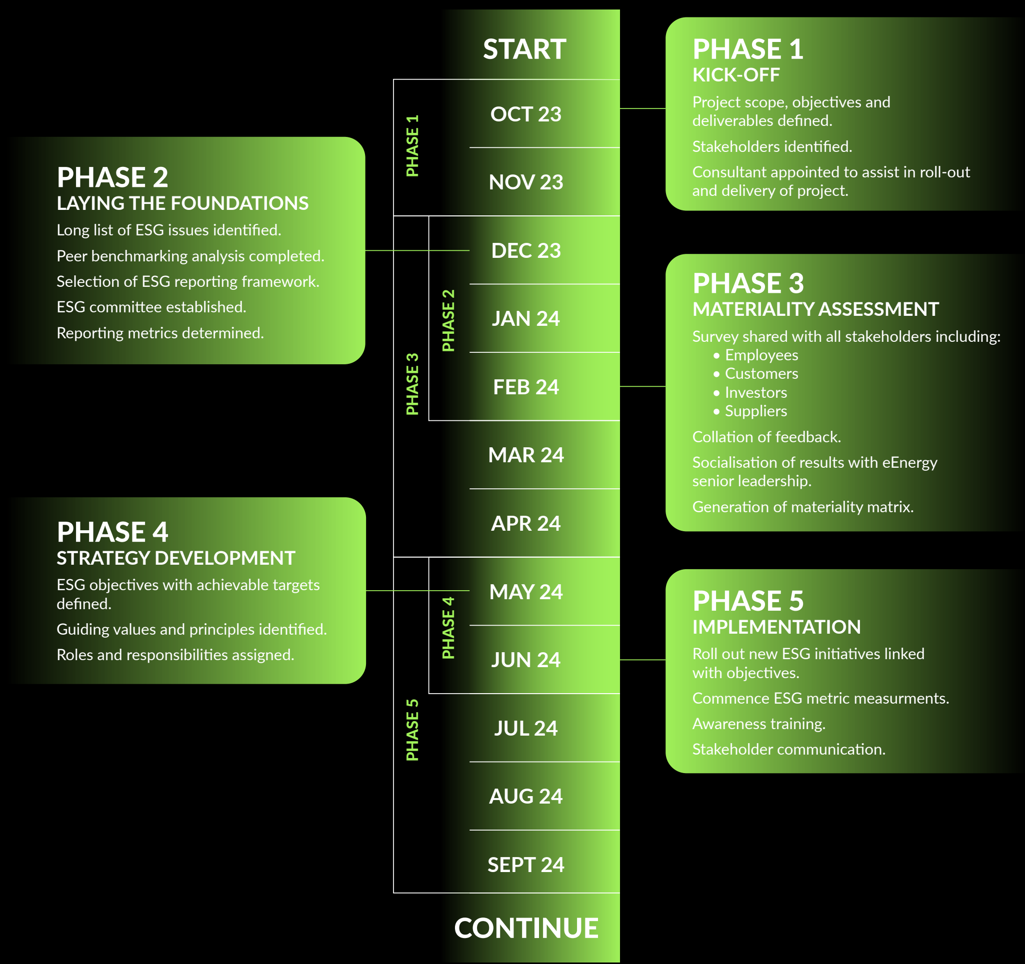
ESG Report.

Sustainability is at the core of eEnergy's corporate strategy and business model: our mission to eliminate energy waste and make net zero profitable, will help ensure our customers meet their present needs without compromising future generations.

Our activities enable a Net Zero future. However, we are cognisant that we can only be considered a truly sustainable business by not only integrating environmental and social responsibility principles and considerations into our business operations and decision-making processes but demonstrating such through transparent and comprehensive reporting.

Strategy

To ensure that we are prioritising those environmental management and social responsibility issues necessitated by regulatory compliance and, more importantly, those that will facilitate greater value creation, we have embarked on a journey to develop and implement a comprehensive management-led ESG strategy across the business. This was initiated in October 2023 and, while still underway at the time of writing, this project is expected to be completed in the second quarter of 2024.



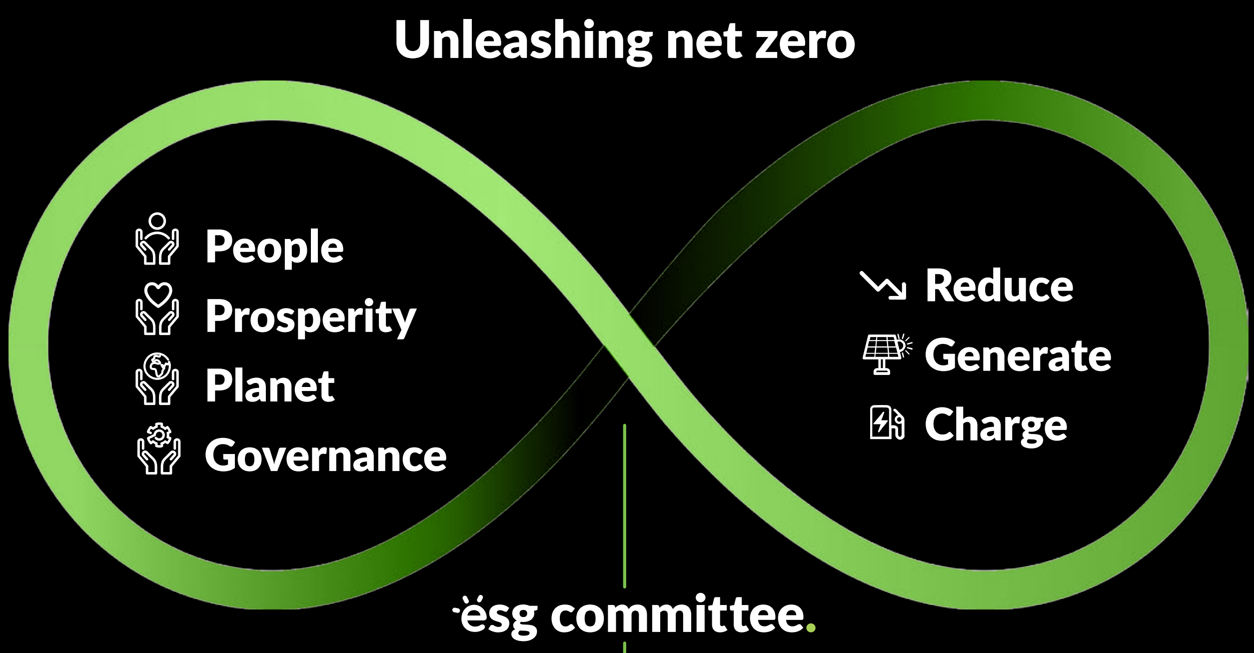
Environmental, social and governance ('ESG') continued

Strategy continued

We are following a methodical approach to the development of our ESG strategy, the process being driven by a comprehensive materiality assessment to identify the most important ESG issues to our business. Through this we are engaging with all key stakeholders – employees, customers, suppliers, and investors – to survey their considerations of our material issues. This will enable us to devise authentic ESG values for the business, set achievable objectives and targets, prioritise initiatives and programmes appropriately, and better manage our ESG risks and opportunities.

In December 2023, we formed a Board-level ESG Committee to drive the integration of ESG principles and considerations into our business operations and decision-making processes, and to ensure the strategy, once finalised, is effectively embedded. Non-Executive Director, Dr Nigel Burton, has been appointed to chair this Committee.

We will provide details of the ESG Strategy and include the materiality matrix illustrating the Company's 15 key environmental, social and governance issues in the FY2024 Annual Report.



Planet:	Climate change, Energy efficiency, Waste management
People:	Safety and health, Employee engagement, Skills development, Diversity and inclusion
Prosperity:	Product sustainability, Product supply chain, product design and life-cycle manegement
Governance:	Board composition, Business ethics, Cybersecurity Product sustainability, Product supply chain, product design and life-cycle manegement

Governance

We recognise that to be consistently accountable and transparent in our ESG journey, we require strong governance frameworks. To this end, we have pursued a range of initiatives to bolster our governance of ESG across the business.

In December 2023, we formed a Board-level ESG Committee to drive the integration of ESG principles and considerations into our business operations and decision-making processes, and to ensure the strategy, once finalised, is effectively embedded. Non-Executive Director, Nigel Burton, has been appointed to chair this Committee.

The ESG Committee has ultimate accountability for eEnergy's ESG performance being responsible for monitoring progress, evaluating performance, and recommending improvements as necessary. In addition, the Committee is tasked with:

- **Strategy:** Developing and integrating the ESG Strategy and adhering to ESG-related objectives and targets;
- **Engagement:** Facilitating communication and engagement with key stakeholders to address their concerns, understand expectations, and gain insights into emerging ESG trends;
- **Performance:** Identifying and assessing potential ESG risks and opportunities that may have a bearing on eEnergy's reputation, operational efficiency, or financial performance; and
- **Reporting:** Ensuring the reporting and disclosure of accurate, transparent, and reliable ESG-related information and adherence to reporting standards.

To support the ESG Committee and facilitate the roll-out of the strategy, we established four pillar functions to individually focus on the key ESG focus areas of environmental management (Planet), employee welfare and community engagement (People), responsible value creation (Prosperity) and Governance. Each pillar function leader is responsible for ensuring ESG data and information is accurately recorded, and that objectives and targets are adhered to.

Policies

Towards the end of the reporting year, eEnergy undertook an audit of its suite of environmental and social governance-related policies. To fill the gaps identified, the following policies were drafted, approved by the Board, and implemented:

- Health and Safety Policy;
- Anti-Bribery and Corruption Policy;
- Code of Conduct;
- Data Privacy Policy; and
- Climate Change Policy.

These policies can be found at: eEnergy.com/about/policies-and-procedures-hub/.

We are confident that our corporate governance policies now meet the highest standards of regulatory compliance. We have a system in place that ensures we have appropriate decision-making processes and controls to balance the interests of the business and all its key stakeholders.

ESG Reporting

eEnergy recognises that disclosing ESG metrics and information is vital to maintaining regulatory compliance, ensuring good relationships with our stakeholders, improving investor evaluation, and promoting overall brand credibility. Post the reporting period, we began laying the foundations to commence our ESG reporting journey. We have identified the Global Reporting Initiative (GRI) as the most appropriate sustainability framework for our organisation. Post the reporting period, in February 2024, we assigned responsibilities for ESG reporting to the four pillars leaders and implemented an effective reporting platform on which the teams can accurately record appropriate data and information.

We intend to publish our first ESG report aligned to the GRI for the 2024 financial year.

Environmental Stewardship

While the core mission of our business is fundamentally environmentally positive, aimed at addressing the challenge of climate change, it is our responsibility to ensure that our operations and projects have a minimal impact on the environment. We are proud to announce that eEnergy has now achieved ISO 9001, ISO 14001, and ISO 45001 certifications. These accreditations underscore our commitment to quality management, environmental stewardship, and occupational health and safety.

Having attained ISO 14001:2015 Environmental Management System we can better integrate environmental issues into our business management, which supports our strategic business objectives. This accreditation not only demonstrates compliance with statutory requirements but also offers a competitive and financial advantage by enhancing efficiencies and reducing costs. Furthermore, it encourages improved environmental performance among our suppliers by integrating them into our systematised business practices.

Our two principle focus areas in this regard include managing our carbon footprint and effectively managing waste.

Carbon footprint

To be a provider of energy services that facilitate the advance towards Net Zero, it is vital that we, as a business, minimise our carbon footprint, primarily by employing energy efficiency initiatives. While our head office is in a rented building and we have no control over the source of the energy we consume, there are other initiatives we have employed to minimise our carbon footprint.

All eEnergy UK-based employees eligible for company vehicles are, as of the end of 2023, driving electric vehicles (EVs). This has been enforced through our salary sacrifice scheme that only allows for EVs. Our Ireland team has not moved forward yet with this owing to poor EV charging infrastructure in the country. As stated in an article in The Times, published in November 2023, Ireland's transition to low-carbon transportation is being inhibited by the slow pace of EV infrastructure rollout, which is failing to keep pace with registration.[1]

To cement our commitment to energy efficiency and addressing climate change, post the reporting period, we began the process to achieve the following ISO accreditation:

- ISO 50001 – Energy Management; and
- ISO 14068-1:2023 – Climate Change Management Framework.

Waste management

eEnergy is committed to employing a model of business that involves reusing, repairing, refurbishing, and recycling existing materials and products for as long as possible. We adhere to Waste Electrical and Electronic Equipment (WEEE) regulations which aim to reduce waste incineration and landfill. We also use a mix of suppliers who provide our project teams with recycling services for all legacy lighting products removed from client properties when switching them over to LED lighting.

We have appointed a BCorp organisation to supply our company-branded apparel. This appointment ensures that our workwear is ethically sourced, using PET materials and reduces water in each items production. We have issued all employees with ocean water bottles to make a conscious everyday leap in the use of single use plastics.

Social responsibility

Our people

The success of our business is ultimately determined by the productivity of our employees. It is only with the assistance of a motivated and productive workforce that we are able to deliver on our strategy and facilitate the sharing of value for our stakeholders.

It is for this reason that we respect and value our employees and contractors as one of our most important assets and strive to maintain a sound and trusting relationship. Our approach to employee relations is premised on the firm belief that each employee is critical to our business strategy. We believe that each employee should be provided with the opportunity to develop to their full potential, so they are both motivated and productive in their work tasks.

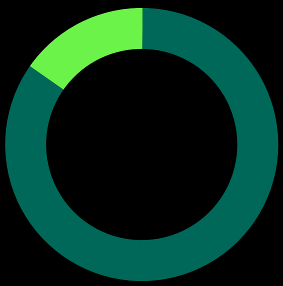
We have in place all necessary measures to ensure our employees are equipped with the right skills and knowledge required to achieve our strategic objectives.

1. Guilty as charged: Why the government's electric vehicle revolution is stuck in first gear (thetimes.co.uk).

Environmental, social and governance ('ESG') continued

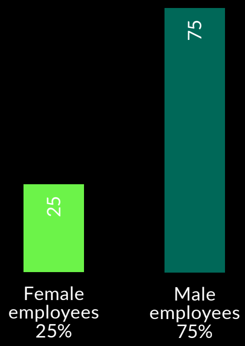
Social responsibility continued
Profile

eEnergy Total Employee Complement: 2024

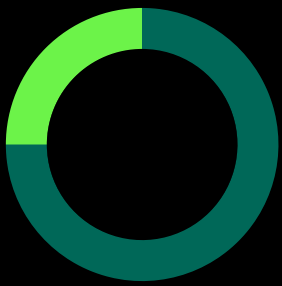


- Permanently employed: 44
- Contract workers: 8

eEnergy Employee Gender Ratio: 2024



eEnergy Gender Pay Gap: 2024



- Male employees: 75%
- Female employees: 25%

The post-year-end sale of the Energy Management division has had a significant impact on the employee profile of the Company. While there was a total of 131 people employed by the Company at the year-end of 31 December 2023, the sale of the energy management division, resulted in an employee reduction of 60%. We are confident that eEnergy's current staff complement as at the time of writing, is sufficient to support the objectives and growth needs of the Company going forward.

In 2023, we introduced an HR Information Management system to ensure that there is proper capture of employee information and the recording of leave and leave types. This system, which is now fully operational, facilitates greater compliance and more transparency for employees on their entitlements.

Health and safety
The safety and health of our employees and contractors is a cornerstone of our service delivery. We are fully committed to providing a safe and healthy work environment for all employees and contractors.

eEnergy utilises the services of the legal consultancy Citation and its online health and safety management portal, Atlas, to monitor our safety and health performance and ensure we remain compliant with all necessary regulations. The online portal provides a range of health and safety statistics such as incidents and accidents, outstanding Risk Assessments and Training requirements.

In FY2023, eEnergy recorded two safety incidents, both of which were thoroughly investigated to understand the root cause and actions identified to reduce recurrence. There were zero accidents or dangerous occurrences.

A total of three safety risk assessments were undertaken during the year under review. We intend to increase the number of risk assessment throughout 2024 the current year to ensure all appropriate tasks are assessed to reduce risk and further support the health and safety of our employees. This will be further enhanced by ensuring our Health and Safety Management System complies with BS EN ISO 45001:2023 for which we are currently undergoing certification.

Specific Health and Safety training modules have been developed for employees carrying out work considered to be of higher risk (site works). Training is allocated through the Citation platform to specific employees and in most cases certified. Example below.

Our sub-contractors are prequalified using a PAS 91 standard questionnaire to ensure the health and safety performance of the supplier is assessed prior to engagement. All sub-contractors are reassessed on an annual basis. In addition, a rigorous specification has been developed to ensure our sub-contractors comply with health and safety regulatory standards whilst working on our projects.

Health and Safety audits are performed during site works by eEnergy employees to ensure standards are being maintained.

Remuneration and performance
We are staunchly committed to the principle of fair remuneration and are proud to be endorsed as a Living Wage Accredited Employer. Most permanent employees are eligible for incentive pay (either commission or performance-based bonuses) to reward them for business growth and success. Commission is provided to sales employees who carry targets and is earned against achievement of these targets. Bonuses are for non-sales employees and are linked to both company and individual performance.

To support this commitment to fair remuneration, in 2023 we introduced an annual performance review process, which includes both an employee self-assessment form, as well as a manager review, allowing the opportunity for a two-way conversation and shared ownership of goals and performance. The form allows space for documentation of training and development needs so that these can be more formally considered.

Employee benefits
eEnergy offers a range of competitive benefits to encourage the productivity and retention of our employees. These include:

- Health insurance on an opt-out basis for all employees, which was introduced in 2023. This is available from the first day of employment, rather than waiting for successful completion of the probationary period. The insurance plan also includes mental health support.
- An Employee Assistance Programme in both Ireland and the UK as a further option for employees who need short-term support or referrals for themselves or family members.
- We offer 25 days of annual leave per year, in addition to bank holidays, and we offer hybrid working to allow employees greater flexibility to balance their home and work commitments.

Borrowings repaid following disposal of Energy Management division.

> The Group's balance sheet strength now gives us a key competitive advantage and barrier to entry.
>
> **Crispin Goldsmith**
> **Chief Financial Officer**

Group key performance indicators

	18 months to 31 December 2023		
	Continuing operations £'000	Discontinued operations £'000	Combined (non-statutory) £'000
Revenue	**26,316**	**19,318**	**45,634**
Adj. EBITDA (before central costs)	**2,268**	**5,310**	**7,578**
Adj. EBITDA (before central costs) %	**8.6%**	**27.5%**	**16.6%**
Adj. EBITDA (after central costs)	**(233)**	**5,310**	**5,077**
Cash & cash equivalents (excl. restricted balances)			**597**
Net cash/(debt) (excl. of IFRS16)			**(7,433)**

Results presentation

During the period, the Board decided to move the accounting reference date from 30 June to 31 December in order to align reporting periods better with the seasonal activity levels of the business. We are therefore reporting on an 18-month period to 31 December 2023 ("FY23").

Furthermore, having received a number of unsolicited approaches expressing interest in acquiring the Energy Management Division during the first half of 2023, the Board engaged professional advisers to conduct a strategic review of the Energy Management Division and to evaluate the approaches. This culminated in the sale of the Energy Management Division in February 2024, after the period end.

As a result, the Energy Management Division is classified as 'held for sale' from a statutory reporting perspective. Statutory revenues of £26.3 million and Adjusted EBITDA of £(0.2) million for the period reflect only the continuing operations of the Group. Incorporating the Energy Management results gives non-statutory revenues of £45.6 million and Adjusted EBITDA of £5.1 million for the period.

The Energy Management Division, prior to its disposal, consisted of the business and operations of Beond (acquired December 2020), Utility Team (acquired September 2021) and MYZeERO (acquired in stages from April 2021).

Following the divestment, the Energy Services Division represents the continuing customer-facing activities of the Group encompassing Energy Reduction Services, Energy Generation Services and EV Charging Services.

CFO's statement continued

This was another period of significant revenue growth for the Group.

Summary performance

This was another period of significant revenue growth for the Group. Revenues for the Group as a whole were £45.6 million, equating to annualised revenues of £30.4 million and representing 38% growth on FY22 on a like-for-like basis.

It is not unusual for high growth businesses to experience balance sheet constraints. This was reflected in an increase in net debt of £3.8 million during the period, which was largely a consequence of an increase in working capital. This was driven by an increase in net accrued revenues, representing future contracted cash due to the business, repayment of legacy (non-trade) liabilities and a reduction in the provision for earnout consideration relating to the acquisition of UtilityTeam. Investment was also made to develop the Group's proprietary technology platforms, including MYZeERO.

These balance sheet constraints restricted revenue growth, in particular in the Energy Services Division, and also held back margins with decision-making prioritising short-term cash benefits over long-term strategic initiatives.

Energy Services Performance

Strong momentum in new contract wins has continued to drive accelerated revenue growth. Revenues of £26.3 million for the full period equate to annualised revenues of £17.5 million, representing growth of 68% compared to FY22 on a like-for-like basis (FY22 £10.5 million).

Strong execution and focus on cost management helped the business deliver a 160bps improvement on gross margins to 35.8% (FY22 34.2%), despite inflationary pressures across the economy and a changing product mix with growing eSolar and eCharge revenues generating lower product gross margins.

High revenue growth, together with improving gross margins, drove Adjusted EBITDA to £2.3 million (equivalent to £1.5 million annualised, representing 55% growth from £1.0 million for FY22). Nevertheless, growth in Adjusted EBITDA was mitigated by operating cost investments made to drive growth in future periods, reflected in a reduction in Adjusted EBITDA margin from 9.3% to 8.6%. These investments are estimated by management to have amounted to c. £0.3 million on an annualised basis, equivalent to c. 160bps impact on the annualised Adjusted EBITDA margin.

£34.2 million of new contract signings were delivered during the period. This is equivalent to £22.8 million on an annualised basis, representing an increase of 63% on FY22 (£14.0 million). As at 31 December 2023 the business benefitted from a revenue forward order book (contracted future revenues) of £7.8 million which are expected to convert to revenue during FY24. This represented a 96% increase on the Energy Services forward order book of £4.0 million at 31 December 2022.

The Group has built a strong pipeline of Solar opportunities over the last 18 months which accounted for 64% of the revenue forward order book at 31 December 2023. Signed Heads of Terms had been secured for a further 13 MW as at that date. Lead times on eSolar projects are long given the number of stakeholders involved and consents required. After a long development cycle these projects are now converting into revenue, accelerating growth into FY24.

Cash Flow and Working Capital

Net cash outflow from operating activities for the period was £2.4 million (FY22 net cash outflow of £6.2 million).

The operating cash outflow was a result of a £4.1 million increase in net working capital together with cash exceptional charges of £3.1 million, which in large part related to the preparation for sale and disposal of the Energy Management Division.

The single biggest contributor to the working capital increase was an increase in net accrued revenue of £6.8 million. This increase partly reflects longer project lead times in eSolar, with strong contract signings in the final quarter of FY23, together with the organic growth of the business in both Energy Management and Energy Services. Accrued revenue is recognised where revenue generating activity within a given period is rewarded by cashflow in future periods. Accrued revenue therefore represents contracted future cash receipts for the business.

The increase in accrued revenue was mitigated by increases in accruals and trade payables, which have scaled as revenues have increased, resulting in a net increase in trade working capital of £1.9 million.

Payments of £2.1 million were made against legacy (non-trade and non-recurring) liabilities during the period. £1.6 million related to historical Time-to-Pay arrangements with HMRC, clearing all historical overdue amounts, and £0.5 million related to legacy liabilities in Ireland.

Cash flow also reflected a £1.3 million investment in the period in continuing to develop the Group's proprietary technology platforms, including a new self-service client portal in Energy Management and MY ZeERO's cloud analytics which were central to the preparation for sale of the division.

The sale of the Energy Management Division following the period end has had a transformative impact on the Group's balance sheet. Going forward, management intend to maintain a robust cash position to manage a lumpy working capital cycle effectively, give enhanced credibility in tenders for larger multi-site projects and secure better terms across the supply chain, driving further margin improvement for the business.

The Group's balance sheet strength now gives us a key competitive advantage and barrier to entry. It also opens up the opportunity to invest working capital to drive growth, in particular through improving margins. A good example of this is the new project funding facility with NatWest, announced in February 2024. By being able to retain a modest share of completed projects on our balance sheet, we are able to obtain a lower cost of finance. That improves the conversion of contract value (what the customer actually pays) to revenue and flows straight through to an increased margin. It also builds a growing portfolio of predictable and recurring quarterly cash income over the duration of the underlying customer contracts (typically 7–10 years), delivering a return of over 2x the initial cash invested.

Management have identified further opportunities across the supply chain where modest short-term working capital investment could unlock material cost benefits. In order to maintain a robust cash position, a measured and prudent approach will be taken to any such capital deployments with a target to be net operating cash generative in any 12-month period going forward.

Borrowings and Funding

As at 31 December 2023 the Group had c. £8.1 million of borrowings outstanding. £5 million of this related to a secured revolving credit facility from HSBC Innovation Finance (previously known as Silicon Valley Bank) with the balance related to secured discounted capital bonds issued in November 2022.

Following completion of the disposal of the Energy Management Division after the period end, both facilities have been repaid in full.

In November 2023 we were pleased to enter into a strategic investment agreement with Luceco Plc, pursuant to which Luceco invested £1.8 million into the Group via a subscription for new ordinary shares. Luceco is a leading supplier of wiring accessories, EV chargers, LED lighting and portable power products, listed on the Main Market of the London Stock Exchange, with which eEnergy has a longstanding relationship as a significant supply partner to the eLight business (part of the Energy Services Division).

Disposal of Energy Management

In February 2024 the sale of the Energy Management Division to Flogas Britain Ltd (a subsidiary of DCC Plc) was completed for initial consideration of £29.1 million (prior to repayment of amounts due from the Group to the Energy Management Division).

Completion of the disposal unlocks significant value for shareholders and delivers an immediate return on the £23.4 million invested since December 2020 in acquiring the businesses which made up the Energy Management Division prior its disposal; Beond (acquired December 2020), Utility Team (acquired September 2021) and MYZeERO (acquired in stages from April 2021).

The terms of the transaction allow for additional contingent consideration payments to eEnergy, linked to the net cash generated by the division from completion through to end September 2025. The value of the potential future contingent consideration, which is capped at £20 million, is estimated to be worth in the range of £8–10 million, subject to the division achieving strong growth in line with its business plan.

FY24 Outlook

Following disposal of the Energy Management Division, the Group retains a standalone operating platform in Energy Services which benefits from strong market drivers and improving margins.

A separate central Group Plc function is focused on enhancing the capital value of the Group and on strategic expansion opportunities, as well as housing the costs associated with meeting Plc obligations. Right-sizing the cost-base of the central Group function following the Energy Management disposal is a key management focus which will see the cost run-rate fall materially through the year.

Following completion of the Energy Management sale and subsequent repayment of the Group's borrowings in February 2024, Finance and Exceptional charges are expected to be substantially reduced for FY24.

These actions will drive an improving conversion of revenue to profit as expected revenue growth is achieved through H2 FY24.

Crispin Goldsmith
Chief Financial Officer
29 April 2024

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 – 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 six members, including two Executive Directors, one Independent Non-Executive Director and three further 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 sixteen board meetings between 1 July 2022 and 31 December 2023. Attendance was as follows:

Director Name	Attendance
David Nicholl (Non-Executive Director)	16 of 16
Harvey Sinclair (Executive Director)	16 of 16
Ric Williams (Executive Director)	2 of 2
Nigel Burton (Non-Executive Director)	16 of 16
Andrew Lawley (Non-Executive Director)	15 of 16
Derek Myers (Non-Executive Director)	10 of 10
Gary Worby (Non-Executive Director)	16 of 16
Crispin Goldsmith (Executive Director)	15 of 16
John Foley (Non-Executive Director)	7 of 7

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) and Gary Worby 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 Andrew Lawley (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.

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.

Board of Directors

Heavy weight growth and sector experience.

A N

Andrew Lawley
Non-Executive Chair

Andrew is an experienced private equity investor and senior strategy leader specialising in supporting businesses through periods of significant scaling, transformation and M&A. Andrew is a qualified accountant and, after roles in corporate finance and corporate recovery, focused on private equity as a Managing Director of the RBS Special Opportunities Fund LLP. In 2012 Andrew joined Dixons Retail Group plc as Group Strategy Director to lead strategy and M&A. Andrew played a leading role in the merger with Carphone Warehouse plc, subsequently becoming Integration Director and interim CEO of the services division, as well as continuing to lead all strategy and M&A work for the enlarged group. Andrew is currently Executive Chairman of Hunter Boot Limited.

Harvey Sinclair
Chief Executive Officer

Harvey co-founded eLight and is a proven technology entrepreneur, who has achieved a number of successful exits of businesses over the last 15 years across a variety of different sectors: software, the internet, ecommerce and hospitality. In 2000, Harvey founded The Hot Group Plc ('THG'), which listed on AIM in 2002 and which he led on a successful consolidation of the online recruitment market, through a buy and build strategy, before leading the sale to Trinity Mirror in 2006. Harvey was Investment Director for Scottish Enterprise at Design LED between 2015 and 2019.

Crispin Goldsmith
Chief Financial Officer

Crispin has over 20 years of experience in strategy, M&A and investments, and continues to be instrumental in developing and executing the eEnergy Group strategy. Crispin played a pivotal role in the acquisitions which formed the Energy Management division and their subsequent disposal. Previous roles include at Dixons Carphone, Duke Street, and Royal Bank Equity Finance (both private equity investment businesses) and PwC where he qualified as a Chartered Accountant.

Board skills

- Strategy
- General management
- High growth
- Mergers and acquisitions
- Business consulting
- Digital change
- Accounting
- Financing and capital markets
- Commodity trading
- Regulatory
- Health and safety

Committee key

- R Remuneration Committee
- A Audit Committee
- E ESG Committee
- N Nomination Committee
- Committee Chair

R A E N

Dr Nigel Burton
Independent Non-Executive Director

Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. In addition to the Company,

Nigel is currently a Non-Executive Director of BlackRock Throgmorton plc and several AIM listed companies including Sorted Group Holdings Plc and Microsaic Systems Plc.

John Hornby
Non-Executive Director

John first joined Luceco in 1997, ascending to the role of Chief Executive Officer in 2005. John's strategic vision was instrumental in leading the original management buyout of Luceco from a listed PLC in 2000, followed by a secondary buyout in partnership with EPIC Investment Partners LLP (formerly EPIC Private Equity LLP) in 2005. Under his leadership, the Group expanded its operations in China, demonstrating John's ability to drive international growth and operational excellence. Before embarking on his successful corporate journey, John began his career with Knox D'Arcy Management Consultants, after graduating from the University of Oxford with a degree in Economics. His appointment to eEnergy's Board is a testament to his distinguished career and his expertise in guiding companies through periods of growth and transformation.

R

Gary Worby
Non-Executive Director

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

Directors' remuneration report

This report to shareholders for the period ended 31 December 2023 sets out the Group's remuneration policies. As the Company's shares are listed on the AIM market of the London Stock Exchange, the Company is required to report in accordance with the remuneration disclosure requirements of the AIM Rules. The Group is not required to prepare a Directors' Remuneration Report under Companies Act regulations and therefore this report may not contain all the information that would be included were the Group required to do so.

Composition and role of the Remuneration Committee

Membership of the Remuneration Committee during the period consisted of the Non-Executive Directors, Nigel Burton (Chairman), Gary Worby and David Nicholl (who stepped down from the Board subsequent to the end of the period).

The Remuneration Committee oversees the remuneration policies and activities of the Group. The Committee met two times during the period ended 31 December 2023.

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

Remuneration structure for Executive Directors

Overview

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

Service contracts

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

Remuneration policy

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

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

Basic salary

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

Performance-related pay

The 18 month period to 31 December 2023 was split into two separate performance periods for the purposes of assessing the performance of the Executive Directors; the 12-months ended 30 June 2023 and the six-months ended 31 December 2023. During each of these periods, the Chief Executive Officer and Chief Financial Officer could earn a cash bonus of up to 100% of their basic salary for the period, payable against meeting personal and business targets as set out by the Committee at the beginning of the period.

The Board believes it is important to align senior management to share price performance through an equity based long-term incentive plan (LTIP). During the period there were two LTIP schemes operated by the company which are detailed in note 33, including details of awards made to Directors. Any awards under the schemes are subject to Remuneration Committee approval.

During the period, the Remuneration Committee recognised the need to restructure the Group's existing equity incentive structure to ensure it remained effective and appropriate in the light of the prevailing circumstances and outlook. Economic terms of a new scheme were agreed in principle during the period, however the Group was not in a position to implement the new scheme during the period due to being in closed periods. The new scheme was implemented at the earliest opportunity in January 2024.

Non-Executive Directors

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

The following table sets out the remuneration of the Company's Directors who served during the period from 1 July 2022 to 31 December 2023 that was received or receivable.

	Salary and fees	Pensions and benefits	Bonus	FY23 Total	FY22 Total
Andrew LAWLEY	67,500	1,013	–	**68,513**	45,000
Crispin GOLDSMITH (Appointed July 2022)	267,373	37,161	70,000	**374,533**	–
David NICHOLL (Resigned February 2024)	82,167	2,465	–	**84,632**	60,000
Derek MYERS (Resigned May 2023)	21,026	625	–	**21,651**	26,000
Gary WORBY	67,500	2,025	–	**69,525**	46,000
Harvey SINCLAIR	407,499	43,860	87,500	**538,860**	339,000
Nigel BURTON	76,500	638	–	**77,138**	51,000
Ric WILLIAMS (Resigned July 2022)	73,423	2,125	–	**75,548**	185,000
Jon FOLEY (Resigned February 2024)	–	–	–	**–**	–
	1,062,987	89,911	157,500	**1,310,398**	752,000

i. In March 2023, John Foley succeeded David Nicholl as Chairman. In February 2024, Andrew Lawley succeeded David Nicholl as Chairman.

The current year disclosure of bonuses relate to amounts earned during the performance period for the 12-months to June 2023 and are payable after the period end. No bonuses were payable for the 6-months performance period to December 2023.

The Remuneration Report was approved by the Board on 29 April 2024 and signed on its behalf by:

Nigel Burton
Chairman of the Remuneration Committee
29 April 2024

Group Directors' report

The Directors present their report and the audited financial statements for the period ended 31 December 2023.

eEnergy Group plc is incorporated in the United Kingdom and is the ultimate Parent Company of the eEnergy Group.

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

Going concern

The Directors evaluate the application of the going concern basis having considered a sensitised trading and cash flow forecast for the Group for a period of not less than 12 months from the date that these financial statements are approved by the Board.

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

Dividends

The Directors do not recommend the payment of a dividend in respect of the current period (2022: £nil).

Events since the balance sheet date

The sale of the Energy Management division to Flogas Britain Ltd (a subsidiary of DCC Plc) was completed in February 2024 with initial consideration payable to the Group of £29.1 million (before repayment of amounts due from the Group to the Energy Management division).

Completion of the disposal has had a transformational impact on the Group's balance sheet as a result of which all corporate borrowings outstanding at the period end (c. £8.1 million) have been repaid.

In February 2024 a new project funding facility was agreed with National Westminster Bank Plc to provide up to £40 million of project funding to finance energy efficiency and onsite generation technologies for the Group's public sector customers. The Board believes that this new facility gives eEnergy a unique, compliant off balance sheet solution for public sector customers and will strengthen eEnergy's competitive position in tendering for large multi-site contracts. The facility will lower eEnergy's cost of capital, delivering an attractive financial return to eEnergy.

Directors

The Directors of the Company during the period ended 31 December 2023 and subsequently were:

Mr John Foley	(Chairman, from March 2023)
Mr David Nicholl	(Chairman, until March 2023, Non-Executive Director until February 2024)
Dr Nigel Burton	(Non-Executive Director)
Mr Andrew Lawley	(Non-Executive Director, Chairman from February 2024)
Mr Gary Worby	(Non-Executive Director)
Mr Derek Myers	(Non-Executive Director, until May 2023)
Mr Harvey Sinclair	(Chief Executive)
Mr Ric Williams	(Chief Financial Officer, until July 2022)
Mr Crispin Goldsmith	(Chief Financial Officer, from July 2022)
Mr John Hornby	(Non-Executive Director, from February 2024)

Crispin Goldsmith was appointed as a Director and Chief Financial Officer on 20 July 2022. Ric Williams subsequently resigned from the Board with effect from 31 July 2022.

John Foley was appointed as a Non-Executive Director and Chairman on 28 March 2023, serving until 9 February 2024 when he resigned, stepping down from the Board immediately.

David Nicholl stepped down as Chairman from 28 March 2023, remaining as a Non-Executive Director until 9 February 2024.

Derek Myers resigned as Non-Executive Director on 2 May 2023, stepping down from the Board immediately.

John Hornby was appointed as a Non-Executive Director on 9 February 2024.

Directors' indemnity

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

Directors' interests

The Directors of the Company who held office during the year had the following beneficial interests in the shares of the Company at the period end: 31 December 2023.

	31 December 2023 Number (thousands)	30 June 2022 Number (thousands)
Nigel Burton	**629**	629
Andrew Lawley	**170**	170
Derek Myers	**44,763**	44,763
David Nicholl	**13,298**	13,298
Harvey Sinclair	**20,816**	20,816
Ric Williams	**170**	170
Gary Worby	**3,742**	3,742
Crispin Goldsmith	**530**	–
	84,118	83,588

The following Directors had also been granted share options to acquire the shares of the Company: As at 31 December 2023

As at 31 December 2023

Number of options (thousands)

	Harvey Sinclair	**Crispin Goldsmith**	**Ric Williams**
Exercisable at 6.12p until 30 June 2030	**4,085**	**–**	**4,085**
Exercisable at 0.3p from 8 December 2024	**–**	**2,500**	**–**
	4,085	**2,500**	**4,085**

As at 30 June 2022

Number of options (thousands)

	Harvey Sinclair	Crispin Goldsmith	Ric Williams
Exercisable at 6.12p until 30 June 2030	4,085	–	4,085
Exercisable at 0.3p from 8 December 2024	–	2,500	–
	4,085	2,500	4,085

The total number of share options held by the Directors at 31 December 2023 was 6,584,960 (30 June 2022: 8,169,920).

In July 2020 the Company implemented the eEnergy Group Management Incentive Plan ('MIP'). The MIP includes the EMI share options described above. As at 31 December 2023 three Directors, Harvey Sinclair, David Nicholl and Andrew Lawley, participate in the MIP. The extent to which the MIP converts into new ordinary shares of the Company depends upon the total shareholder return generated over the MIP's measurement period but the maximum dilution to existing shareholders is capped at 9.4%. Details of the MIP are included in note 33 to the financial statements.

Provision of information to the auditor

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

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

Auditor

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

This report was approved by the Board on 29 April 2024 and signed on its behalf.

Crispin Goldsmith
Company Secretary
29 April 2024

Statement of Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they comply with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

Independent auditor's report to the members of eEnergy Group plc

Opinion

We have audited the financial statements of eEnergy Group plc (the 'parent company') and its subsidiaries (the 'group') for the 18 month period ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the 18 month period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included obtaining an understanding of the basis of preparation of Board approved budgets and cash flow forecasts for the period to 30 April 2025, assessing the accuracy of historic forecasts, testing the underlying assumptions and assessing Management's sensitivity analysis on possible changes which could impact the available headroom, including loan covenant compliance. We also identified and tested events subsequent to the period-end date impacting upon going concern.

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

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

Our application of materiality

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

Based on our professional judgement, we determined materiality for the group financial statements as a whole to be £609,000 (2022: £300,000). This was calculated at the average of 2% of revenue and 5% of adjusted EBITDA, excluding exceptional items. Benchmarks of revenue and adjusted EBITDA have been selected as we consider these to be the most significant determinants of the group's performance for shareholders. The materiality benchmarks are unchanged from the prior year.

The parent company materiality was £163,000 (2022: £167,000) based upon 5% of the adjusted loss before tax excluding exceptional items in order to ensure adequate coverage of expenditure, being the main driver of results for the parent company.

Performance materiality is the application of materiality at the individual account or balance level set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group and parent company was set at 60% (2022: 70%) of overall materiality, equating to £365,400 and £97,800 respectively, based upon our assessment of the risk of misstatement through substantive testing and the incidence of errors detected in prior periods.

Component materiality for significant and/or material components of the group ranged from £500,000 to £125,000 (2022: £101,000 to £23,000).

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of £30,450 (2022: £15,000) for the group and £8,150 (2022: £8,350) for the parent company.

Independent auditor's report to the members of eEnergy Group plc continued

Our approach to the audit

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

The accounting records and financial statements of two material subsidiary undertakings were audited by Azets Ireland, a component auditor in Ireland, under our instructions as group auditor in accordance with ISA (UK) 600, based upon component materiality and risk to the group.

Key audit matters

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

Key audit matter	How our scope addressed this matter
Revenue recognition Under ISA (UK) 240 there is a rebuttable presumption that there is a risk of material misstatement in revenue recognition due to fraud. Revenue for the period ended 31 December 2023 was £45,634,000 and details of the related judgements and estimates are disclosed in notes 2.12 and 2.22. The group has various revenue streams comprising Light as a Service ('LaaS'), energy Management services, capital expenditure contracts and trading of energy credits. Each revenue stream has different contractual and performance obligations which in turn require separate revenue recognition policies and assumptions requiring judgement and estimation. eEnergy Management Group presents additional risk that the revenue from these entities, within the energy Management sector of the business, has not been appropriately accounted for in accordance with IFRS 15 *Revenue from Contracts with Customers*. eEnergy Insights Limited has also generated material revenue, which relates to specialist smart metering measurement equipment and analytics. There is a risk this revenue has not been appropriately accounted for in accordance with IFRS 15. Revenue recognition is therefore a key focus of our audit.	Our work in this area included: • Updating and documenting (for all revenue streams) our understanding of the internal control environment in operation for the material income streams and undertaking a walk-through to ensure that the key controls within these systems have been operating in the period under audit; • Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the period-end; • Reviewing the audit working papers of the component auditor and discussing their work and findings with the audit partner and manager; • Reviewing post-period end receipts to ensure completeness of income recorded in the accounting period; • Testing revenue cut-off having regard to: performance obligations under the contract, installation, subcontractor and material costs (energy efficiency contracts) and the types of energy Management contracts, including the existence of one or more performance obligations; • Reviewing revenue contracts to understand the substance of arrangements with finance partners and ensuring these are accounted for appropriately; and • Ensuring revenue is accounted for and disclosed in accordance with IFRS 15.

Key audit matters continued

Key audit matter	How the scope of our audit responded to the key audit matter
Assets held for sale – discontinued operations The proposed sale of the subsidiaries (eEnergy Management Ltd, eEnergy Consultancy Ltd & eEnergy Insight Ltd) creates a discontinuing operation that must be accounted for and disclosed in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. IAS 36 requires an impairment test to ensure that the carrying value of the assets relating to the discontinuing operation are not overstated. Since the subsidiaries have been sold after the period-end there is a risk that the disclosure of post balance sheet event is not adequately disclosed.	Our work in this area included: • Obtain an understanding of the terms and conditions of the sale of the subsidiaries and the discontinuing operation, including any financial or operational implications that may impact the financial statements. • Inquire with Management about the entity's policies and procedures for accounting for and disclosing discontinuing operations resulting from the sale, including any changes resulting from the sale. • Bring the assets and liabilities of the discontinuing operation to fair value in the financial statements in accordance with IFRS 5. • Determine if there is any impairment loss in accordance with IAS 36, 'Impairment of Assets' and IFRS 5. This may include obtaining impairment testing reports and reviewing other relevant documentation. • Document the fair value measurements of the assets and liabilities related to the discontinuing operation, including the nature and extent of the measurement, and evaluate the potential impact of such measurements on the financial statements. • Consider the adequacy of any disclosures related to the discontinuing operation in the financial statements, including any disclosures required by IFRS 5.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent auditor's report to the members of eEnergy Group plc continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with Management, and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from IFRSs, the Companies Act 2006 and the AIM Rules.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to enquiries of Management and review of legal / regulatory correspondence and legal ledger accounts.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from Management override of controls, that the estimates, judgements and assumptions applied by Management regarding revenue recognition and the assessment of impairment of goodwill and intangible assets gave the greatest potential for Management bias.
- As in all of our audits, we addressed the risk of fraud arising from Management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We communicated the risk of non-compliance with laws and regulations, including fraud, to the component auditor who incorporated this into their testing, which was reviewed by the group audit team.

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

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

Use of our report

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

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

15 Westferry Circus
Canary Wharf
London E14 4HD
29 April 2024