RNS Number : 9289X
eEnergy Group PLC
26 July 2024

26 July 2024

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

H1 24 Trading Update

eEnergy (AIM: EAAS), the net zero energy services provider, announces an update on trading for the six months ended 30 June 2024 ("the Period").

The Period has been focused on restructuring the operating platform of the Group following the sale of the Energy Management Division. In addition, Q1 24 trading was impacted by a constrained balance sheet prior to the Energy Management Division disposal and weak market conditions, resulting in a slow start to the year as previously guided. Market conditions improved during the Period and H2 24 has started with strong momentum which, together with a robust contracted forward order book, enables the Group to maintain full year revenue guidance at £25-26m.

Summary

- H1 24 Core Revenue[1] of £6.2m (pro forma[2] H1 23 £11.0m)
- H1 24 Core Adjusted EBITDA[1] loss of £(2.1)m (pro forma[2] H1 23 £0.5m)
- £5.2 million solar contract signed with Spire Healthcare plc, the Group's largest to date
- Up to £40m project funding facility with National Westminster Bank Plc (the "NatWest Facility") to finance energy efficiency and onsite generation technologies for the Group's public sector customers
- Sales pipeline growth has been strong in the Period (pipeline up 25% in the period)
- H2 24 revenues underpinned by contracted forward order book at 19 July - £12.9m expected to convert to revenue during H2 24 (pro forma[2] H1 23 £8.7m), comprising 75% of forecast H2 24 Solar revenues and 44% of forecast H2 24 LED revenues
- H2 24 started with strong momentum, with positive signs of market recovery
- Interim accounts expected to reflect an exceptional adjustment to the balance sheet following a full review of the Group structure and balance sheet, implemented following the sale of the Energy Management Division
- Nick Clark appointed to new role of Chief Operating Officer

Note (1): Core Revenue and Core Adjusted EBITDA relate to the underlying revenues and earnings of the continuing operations of the Group for the period. They exclude amounts related to the Energy Management Division, including pre-completion revenues and costs, and the accounting treatment of the disposal. They are stated before share-based payments and exceptional items. Exceptional items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's ongoing business and include transaction-related items, restructuring and integration costs.
Note (2): 'pro forma' means on a like-for-like basis, adjusted for the sale of the Energy Management Division.

Q1 24 was a period where the business continued to be hampered by a weak balance sheet. As previously highlighted, this was exacerbated by weak market conditions, driven by lower energy prices and higher costs of finance which saw lengthened customer decision-making cycles, culminating in a delay in contract signings. However, following the disposal of the Energy Management Division ("Disposal") and with the new NatWest Facility, the Group's balance sheet has been significantly strengthened, providing working capital for growth.

Market conditions have improved during the Period and the business has entered H2 24 with a robust contracted forward order book of which £12.9m is expected to convert to revenue in H2 24, comprising 75% of forecast H2 24 Solar revenues and 44% of forecast H2 24 LED revenues. This high level of contracted revenue gives the Board confidence in the underlying trading for the continuing business for the full year FY24.

During the Period the Group completed on the Disposal for £29.3m. The net proceeds from the Disposal are being used to reinvest into the Company's high growth Energy Services Division and all the Group's previous debt facilities of £8.1m have now been repaid. Following the Disposal, which has necessitated carving out a standalone accounting system at the same time as completing an ERP implementation and building independent infrastructure and platforms, management have taken the opportunity to restructure the continuing Group in order to build a strong foundation to drive long-term, scalable revenue and earnings growth with improving margins. This restructure has identified a number of items which management are proposing to adjust for in the interim accounts. As a result, the interim accounts are currently expected to reflect an adjustment to the balance sheet of up to £2.5m which management consider to be exceptional items and therefore excluded from adjusted earnings.

In addition to these anticipated exceptional items, exceptional costs in the period will reflect the costs of executing the Disposal as well as the separation and restructuring of the continuing business post-completion.

The Company expects to report its interim results during the second half of September 2024.

Harvey Sinclair, eEnergy CEO, comments: *"The first half of the year has been a transformative period for the business, with the sale of the Energy Management Division leaving a company with a solid track record and opportunity for growth. The strengthened balance sheet alongside the NatWest facility removes cash constraints on the business and provides working* *strengthened balance sheet alongside the NatWest facility removes cash constraints on the business and provides working capital to drive growth.*

"We have taken the opportunity following the sale to take a comprehensive review on the Group structure, operations and balance sheet. As a result the interim accounts are expected to reflect an exceptional balance sheet adjustment of up to £2.5m.

"With much of the education sales cycle centred around the school year, revenue generation for FY24 is expected to be concentrated in the second half of the year. We have a strong Current Forward Order Book and the Board is maintaining full year revenue guidance for FY24.

"We are pleased to have Nick Clark on board as a full-time COO. He brings extensive expertise and a proven track record in successful operational growth and he will be instrumental in driving eEnergy forward as we continue to evolve our leading customer offers."

Investor Presentation

Harvey Sinclair, CEO, and Crispin Goldsmith, CFO, will host an online presentation for investors on 8 August 2024. The presentation is open to all existing and potential shareholders, and will be held via the Equity Development platform and the Investor Meet Company platform.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. The person responsible for arranging for the release of this announcement on behalf of eEnergy is Harvey Sinclair, Chief Executive Officer.

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

eEnergy Group plc Harvey Sinclair, Chief Executive Officer Crispin Goldsmith, Chief Financial Officer	Tel: +44 20 7078 9564 info@eenergy.com
Strand Hanson Limited (Nominated Adviser) Richard Johnson, James Harris	Tel: +44 20 7409 3494
Canaccord Genuity Limited (Broker) Max Hartley, Harry Pardoe (Corporate Broking)	Tel: +44 20 7523 8000
Tavistock Jos Simson, Simon Hudson, Katie Hopkins	Tel: +44 207 920 3150 eEnergy@tavistock.co.uk

About eEnergy Group plc

eEnergy (AIM: EAAS) is revolutionising the path to Net Zero as a leading digital energy services provider for B2B and public sector organisations. We eliminate the barriers to clean energy generation and energy waste reduction, offering solutions that don't require upfront capital investment. Our vision is clear: make Net Zero possible and profitable for every organisation.

Our primary services include:

- **Reduce**: LED lighting and controls
- **Generate**: Solar PV, ground mount, rooftop, and carport
- **Charge**: EV charging and management software

All eEnergy's services come with intelligent circuit-level energy analytics and are funded through NatWest or Siemens to provide an off-balance sheet-compliant energy-as-a-service solution.

eEnergy has completed over 1,100 decarbonisation projects within the B2B and public sector. We are #1 in the education sector, having worked with over 840 schools, installing over half a million LED lights, and improving the learning environment for over 443,000 students-enough to fill Wembley Stadium almost five times over. In one year alone, eEnergy has saved the education sector £13 million in energy costs. With over 70% of schools yet to transition to LED lighting and over 90% yet to deploy solar, eEnergy estimates that at least £5.4 billion would need to be invested to install adequate rooftop solar, LED lighting, and EV charging infrastructure in UK schools.

eEnergy is a market leader within the education sector and has been awarded the Green Economy Mark by the London Stock Exchange.

-ends-

END