eEnergy Group plc

Delivering on its stated ' buy-and-build' strategy to develop into a broader sector-related services company, eEnergy on Friday announced its acquisition ('the Acquisition') of Beond Group ('Beond', 'the Company'), together with its successful closing of a £3.2m (gross) equity Placing ('the Placing') conducted through an Accelerated Bookbuild ('ABB') that was priced at 10.0p/share. The Acquisition was completed for a total consideration of c.£2.4m cash (including c.£0.7m free cash in the business) sourced through the ABB, plus c.64.9m new eEnergy shares. With completion scheduled for tomorrow, Beond's integration will represent an important step toward the Board's stated ambition to create an integrated energy management and savings platform. As one of the UK's top 20 energy consulting and procurement businesses, Beond's differentiated, scalable and profitable platform has delivered consistent organic growth by offering its clients opportunity to both reduce costs and tackle climate. It also presents strategic and synergistic growth opportunities within the enlarged Group. Against a background of a highly incentivised client base, eEnergy's Board anticipates Beond delivering significant revenue expansion over the next two calendar years, during which time it targets a doubling of its EBITDA margin. The Acquisition is expected to be materially earnings enhancing for eEnergy in its first full year of ownership.

Beond – A differentiated Third-Party Intermediary ('TPI')

Beond offers its clients a range of sustainable energy services and risk consultations, including a green energy strategy, smart energy procurement, hedging strategies, bill validation, bureau services and market intelligence. Its key offering centres around a proprietary technology platform that is utilised through participation in reverse energy auctions, with a view to securing the most competitive, real-time, whole market outcome for clients, while delivering on their climate change/carbon impact goals through renewables that presently comprise over half the Company's total sourcing. Established over two decades ago, Beond's revenues base is derived from over 800 contracted customers that sustained a renewal rate of c.90%. Boasting an average relationship of 7 years with its top 10 customers, with its top 40 accounted for c.64% of 2019 revenues, current contracts presently deliver >75% of forecast revenues for CY 2021.

Strategic rationale – Delivering growth across enlarged Group

Beond appears to offer an ideal fit within the enlarged eEnergy, complementing but not overlapping the Group's existing offering. Having identified what is still a relatively immature, long-term, high growth opportunity to deliver substantial cost savings while also addressing carbon strategies, it uses technology to create a differentiated customer proposition. Expected to materially enhance eEnergy's earnings in its first full year, the Board has identified opportunity to further monetise certain of Beond's value-added service and introduce additional growth initiatives (including bundling) along with cross selling opportunities.

eEnergy – Living up to best expectations

Despite the continuing lockdown, the Group's financial year to end-June 2021 started particularly strongly. Seventy installations were completed in Q1, producing revenue of £4 million, up over 400% on the comparable period (200% organic growth), boosted by carry over of work from the previous period and the successful integration of RSL, while also securing a new project funding partner to support expansion of its Irish LaaS projects. As a result, the Board has stated it expects eEnergy to achieve breakeven profit after tax (before exceptional items) for both its current year first half to end-December 2020 and year to end-June 2021, which will include a full six month contribution from Beond.

Stock Data

Share Price	10.4p
Market Capitalisation	£25.0m*
Shares in issue:	240.0m*

**Following 15 December 2020 Admission*

Company Profile

Sector:	Support Services
Ticker:	EAAS
Exchange:	AIM

Activities

eEnergy Group ('eEnergy', 'the Group', 'EAAS') is a UK and Irish leader in the fast-growing energy efficiency service sector. Its wholly owned division, eLight, operates in the 'Lighting-as-a-Service' segment and aims to lead a revolution in how light is provided to Irish and UK commercial buildings.

Company website: www.eenergyplc.com

1-year share price performance

Source: LSE

Risk warning: Past performance and forecasts are not a reliable indicator of future results.

Turner Pope contact details

Turner Pope Investments ('TPI') Ltd
8 Frederick's Place
London EC2R 8AB

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Attention is drawn to the disclaimers and risk warnings at the end of this document.

This is a non-independent marketing communication. The analyst who has prepared this report is aware that TPI has a relationship with the company covered in this report. Accordingly, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

TPI acts as joint broker to eEnergy Group plc.

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Barry Gibb
Research Analyst
Tel: 0203 657 0061
barry.gibb@turnerpope.com

Andrew Thacker
Corporate Broking & Sales
Tel: 0203 657 0050
andy.thacker@turnerpope.com

Zoe Alexander
Corporate Broking & Sales
Tel: 0203 657 0050
zoe.alexander@turnerpope.com

Terms of the Acquisition

Inter-conditional on the success of an equity placing (the 'Placing Shares') undertaken by eEnergy through an ABB, the Group agreed to acquire all of the issued and to be issued share capital of Beond Group Limited.

Satisfying this requirement, it announced last Friday that the ABB had raised a total of £3.2m (gross) new funding through an equity Placing of ordinary shares to new and existing institutional and other investors at a price of 10.0 pence each (the 'Placing Price'). Under the terms of the Acquisition, which is expected to complete 15 December 2021, the total consideration will be:

1. **A cash consideration of £2.4 million, including £0.7 million of free cash held within the Beond business; and**
2. **64,948,456 Consideration Shares (the 'Consideration Shares'), representing a value of c.£6.49 million, based on the Placing Price of 10.0 pence per ordinary share.**

The Consideration Shares will represent c.26.9 per cent of the enlarged Group's share capital, following Admission of the Placing shares. Shares representing c.98 per cent. of the issued and to be issued share capital of Beond have been conditionally acquired under a Sale and Purchase Agreement ('SPA'), with the balance to be secured through a drag along compulsory purchase procedure, that is expected to result in the Admission of a further 1,177,326 further Consideration Shares to trading on AIM on or around 12 January 2021, pursuant to Beond's Articles of Association.

Lock-in of Consideration Shares

As a result of the Acquisition, Beond's Chief Executive Officer and majority owner, Mr. Derek Myers ('Mr. Myers') will have an interest in 44,682,915 Ordinary Shares in the Group, representing c.18.7 per cent. of the enlarged Group's share capital. All Beond shareholders, other than those subject to the compulsory purchase procedures referred to above, have agreed not to dispose of any Consideration Shares for a period of 24 months from Admission and to be subject to an orderly market restriction for a further period of 24 months, in each case subject to certain limited exceptions.

Details of the Placing

Both the Placing Shares and Consideration Shares are expected to be Admitted to trading at market opening on Tuesday 15 December 2020. The Placing Price represented a discount of approximately 3.8 per cent. to the closing mid-market price of 10.4 pence per Placing Share on 10 December 2020, being the last practicable day prior to the publication of this Announcement.

The Group has raised gross proceeds of £3.2 million through the Placing of 32,000,000 new ordinary shares of 0.3 pence each, representing approximately 13.3 per cent. of the enlarged Group's share capital. The net proceeds of the Placing will be used to part fund the Acquisition (including cash acquired in the Business) with any balance to be utilised by the enlarged Group for its general working capital requirements.

eEnergy - Board appointment

It is expected that Mr. Myers will take up a role as Chief Innovation Officer within the enlarged eEnergy Group and, as part of this role subject to necessary diligence, he is expected to join the Board as an Executive Director.

eEnergy – Concert Party

Following Admission of the Consideration Shares and Placing Shares the eLight Concert Party, as detailed in the Group's Admission Document of 9 January 2020, is expected to have its aggregate voting interest diluted to c.34.5 per cent aggregate voting interest, being less than 50 per cent., but more than 30 per cent., of the enlarged share capital in the Group.

Pursuant to Note 11 of Rule 9.1 of the Takeover Code, following a share issue by the Group, however, such person or persons have been diluted to not less than 30 per cent., but not more than 50 per cent. of the voting rights following a share issue, may subsequently acquire a further interest in Ordinary Shares, without incurring an obligation to make a general offer for the Group. This remains subject, however to both of the following limitations: (i) the maximum number of Ordinary Shares which may be acquired in any period of 12 months must not exceed 1% of the total voting rights of the Group; and (ii) the percentage of shares in which the concert party is interested following any acquisition must not exceed the highest percentage of shares in which such person or group of persons was interested in the previous 12 months.

eEnergy – Developing into a broader energy services company

eEnergy is a leading 'Energy Efficiency-as-a-Service' ('EEaaS') business currently focused on providing its core 'Light-as-a-Service' ('LaaS'), to educational as well as wider commercial & industrial customers through its eLight and Renewable Lighting Solutions ('RSL') operations in the UK and Ireland. The Group continues to enjoy strong organic growth opportunities, supported by macro tailwinds in businesses seeking energy cost reductions and facing strict, Government-mandated carbon targets.

At the time of its January 2020 IPO, eEnergy's Board detailed its wider ambition to seek timely expansion of Group operations to effect development as a broader energy services company. This would be executed through both organic growth and the acquisition of adjacent businesses in the energy management sector, which offer strategic and synergistic sector-related opportunities. It identified a 'Buy-and-Build" merger and acquisition ('M&A') strategy based on four pillars:

1. Acquiring established smart energy procurement platform businesses, including bolt-on acquisitions, which drive incremental earnings;
2. Scaling the existing EEaaS business through cross-sell opportunities while also moving into Heating-as-a-Service ('HaaS');
3. Acquiring a smart metering & software analytics business, benefitting from data-driven intelligence, higher quality of SaaS-type recurring revenues and enabling a 'share of savings' business model; and
4. Scaling the Group through a differentiated offering and benefitting from the operational synergies that follow.

eEnergy's ultimate ambition is to provide an integrated offering to clients through its energy management and energy savings platforms. The acquisition of Beond is the first major step towards this diversified energy management strategy. While LaaS is its existing offering, Beond will be eEnergy's first energy management platform, with a focus on green energy procurement.

The Group has been, and will continue assessing acquisition opportunities against its strict criteria, including market drivers (underlying market growth and high barriers to entry), strong business models (industry leading capabilities, being technology-enabled and synergistic with the eEnergy business) and attractive financial drivers (recurring revenues, profitable and cash generative). The Board believes that Beond, as an adjacent business with energy management and efficiency capabilities which offer strategic and synergistic growth opportunities, will meet this expectation. Its operations are supported by macro and industry tail winds to reduce energy costs and carbon footprints, with sector-leading capabilities through its proprietary reverse auction platform while also being profitable and cash generative, supported by recurring revenues from multi-year customer contracts.

Beond – An established platform for organic, recurring revenue growth

Beond is a UK-based green energy consulting and procurement business, whose services aim to reduce costs for clients and tackle climate change. It was established in 1999 and has been run by the current controlling shareholder since 2003. It presently has 36 employees, of which 22 are client facing.

Beond introduces a scalable technology platform with organic upside potential, as well as a highly complementary customer base plus opportunity for improved earnings quality to eEnergy. Beond's services include provision of clean energy strategy, smart energy procurement, hedging strategies, bill validation, bureau services and market intelligence. Its core offering is centred around a proprietary platform that is used to participate in reverse energy auctions on behalf of its clients. This platform provides a differentiated client proposition, in that it is one of only a small number of such auction platforms of scale in the UK market; working also to fulfil the customer's own requirement/desire in terms of carbon reduction/green energy, the Company presently sources 53% of its customer's energy needs through a mix of renewables suppliers.

Strategic rationale supporting the propose acquisition

eEnergy's market positioning and product development has been brought together as an integrated 'net-zero' energy savings offering, delivered through green and low-cost procurement, energy reduction through LaaS, complemented by new energy efficiency solutions.

Integration of Beond into the Group will be overseen by the newly appointed Robert Van Leeuwen as Chief Operating Officer (a non-Board role). The management and integration teams will leverage the enlarged eEnergy, positioning it as a single technology infrastructure business while consolidating client data through a centralised CRM system and continuing to invest in the proprietary platform, including the delivery of a new interactive online client experience. As such, it will be well positioned for cross-sell and upsell activities between the LaaS and Beond's offerings and customers bases, with energy reduction through LaaS marketed to existing Beond customers and green energy procurement offering to both eLight and the more recently integrated RSL's existing customer bases.

eEnergy's Board has put in place a number of clear initiatives to be implemented following the Acquisition, which are designed to accelerate Beond's short-and-medium term growth:

1. Increasing revenues from existing customers, by monetising through the provision of additional complimentary services delivered as bundled solutions;
2. Unlocking synergies within centralised sales and operations to optimise lead generation and account management, consolidating costs in the process. This should allow proactive targeting of priority segments of Beond's customer base for LaaS and introduce Beond's reverse auction product suite and consulting expertise to eLight/RSL's customer base; and
3. Target stretch performance through a commercial sales culture, with a focus on improved sales conversions, accelerating lead generation activities and investing in a CRM platform.

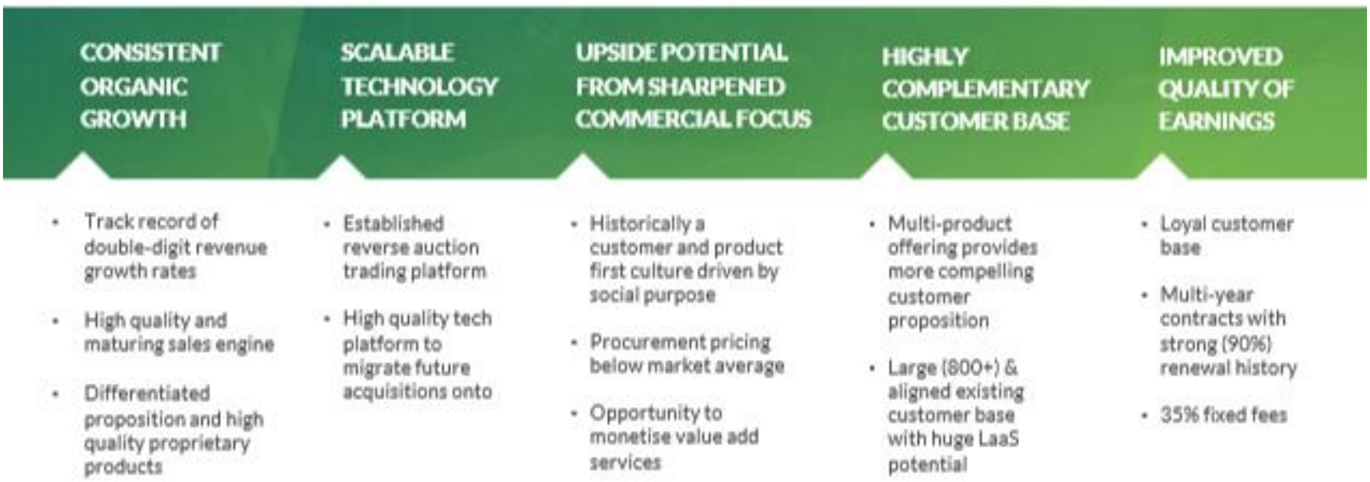
Third Party Intermediaries ('TPIs') operate in an established, but highly fragmented UK energy supply marketplace (typically offering services that range through efficiency, procurement, bureau and flexibility), which has been valued at c.£1.2bn. The traditional business model for an energy TPI is based largely on the core function of procurement and contract negotiation. As customer needs, technology and the energy sector itself have evolved, the TPI business model has responded with companies becoming wider energy consultants, sometime even broadening their offering to include areas such as risk management and data-driven products.

TPI penetration in the industrial and commercial ('I&C') sector is high at around 67%; for the SME sector, it is lower, at an estimated 40% or less. Generally speaking, TPIs are perceived to be a 'trusted source' by consumers seeking a wider view of the energy market, allowing them to mitigate concerns regarding their lack of information or understanding when dealing with a supplier directly. It is noted, however that as customer requirements evolve in terms of wider energy service provision (for example consumption, monitoring & analytics, metering services, etc.), TPIs might find themselves pitched against suppliers as competitors rather than serving in complementary roles, which potentially changes the nature of the tripartite relationship between the supplier, TPI and their mutual end user customer.

Given this and the expected increasing significance of the TPI going forward, it is possible that Ofgem in conjunction with the Competition and Markets Authority ('CMA'), will commence a move toward some form of mandatory regulation or code of conduct in order to ensure confidence in the sector does not become impacted by sharp practices.

Given that such an outcome would likely centre on audits of transactional transparency and client accrued value added, such a move might be expected to kick-off a phase of sector consolidation, shaking out smaller undercapitalised players to the benefit of larger operators (like Beond) who have invested in new technologies and interactive platforms. This might also lend itself for development of a high margin, self-service, automated price comparison model for SME users.

Beond Group Limited – Strategic Rationale Supporting Acquisition



Source: eEnergy, Investor Presentation, December 2020

Beond's Online Reverse e-Auction - Providing a differentiated client proposition

Central to its client proposition, Beond has invested c.£3m in developing an online reverse e-auction platform. This offers both clients and suppliers real-time access to the most competitive energy supply contracts. It delivers a bespoke service aligned with the consumer's specified carbon requirements, along with any defined terms and/or conditions to be met, including their billing requirements.

The reverse auction is a highly volatile marketplace. Beond's software platform is populated by all major UK energy suppliers who submit real-time bids in order to secure contracts for supply. While there are thought to be up to 4,000 TPIs that operate in this UK arena of, the vast majority of those that become involved in reverse energy auctions do so in a manual fashion, presenting their supply proposal by simply using a spreadsheet. Given that prices can typically be expected to be updated every 30 minutes or so, their customers are unlikely to secure the best deal available while operating with limited transparency. The increasingly 'savvy' industrial and commercial buyer, however, recognises that by being able to instead interact in real-time, the tendering and energy supplier bidding process becomes comprehensive and automated; this effectively creates an 'open competitive pit' that requires participants to check and compare live bids, ultimately rebidding to declare their best prices in order to secure the business. Being one of just a small handful of TPIs operating such a platform, Beond expects to see its premium service continue to enjoy growth through a broadening customer base while also gaining market share.

Energy companies in the bidding include renewable, nuclear and fossil fuel suppliers. Significantly, where a fossil fuel supplier is the most competitive bidder, Beond pay for their carbon offset at no additional cost to the client, thereby ensuring the customer receives the greenest energy supply contract on the market. Beond also provides Zero Carbon Blockchain Tokens to reward users for tackling climate change. As such, the platform not only ensures the most competitive pricing and motivation for green energy but is also able to satisfy the customer's need for intelligent data, along with measurement /reporting/transparency.

Beond revenues – A mix of fixed and variable

Beond's revenues are typically accrued on a basis of 15% client pays (for energy consultation, bill validation etc.) and 85% supplier pays (for metering, standing fees and direct energy consumption). In total, some 35% of client revenue is based on fixed fees (mitigating the impact of the Pandemic) which are independent of usage and c.65% varies with usage. As part of an enlarged Group, Beond might be expected to sharpen its focus on more market-trending procurement pricing. The Board expects the Acquisition will present the opportunity to monetise further value-add services with the existing customer base.

In particular, an opportunity for near-term operating margin improvement that has been highlighted by eEnergy can be recognised by Beond's present supplier billing arrangements, which are based on a kWh levy, being substantially below the market average rate, which Turner Pope estimates presently be c.0.3p/Kwh. By undertaking a process of normalisation with Beond's suppliers upon prospective contract renewal, a step improvement might be possible. Together with other accrued operating efficiencies, eEnergy considers Beond's 2019 EBITDA margin of 14% might double to 28% over the next two calendar years. Such an ambition is not considered overly ambitious by Turner Pope, given the Company's most obvious quoted peer in the UK energy procurement and efficiency sector, Inspired Energy plc (AIM: INSE), which also utilises different IT platforms to support client needs, reported an EBITDA margin of over 38% for its year to end-December 2019.

Beond benefits from strong relationship with its customer base of over 800 clients. Its top 40 customers generate 64% of revenues and has an average relationship with its top 10 customers of 7 years. Its earnings profile benefits from a strong recurring and contracted revenue base, with an average contract retention rate of approximately 90%.

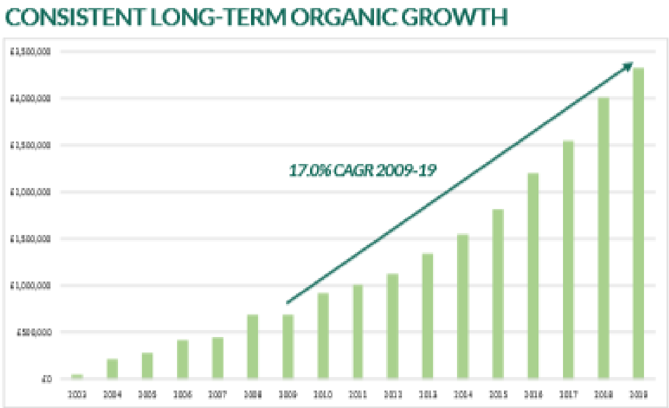
Beond is profitable and its revenues have grown consistently in recent years, averaging 17.0% annual growth between 2009 and 2019.

Current trading - 2020 revenues likely to be surprisingly resilient

Despite being somewhat mitigated by fixed fees, the fact that 65% of the supplier pay typically received by Beond varies with usage, revenue take for 2020 was bound to have been impacted by reduced nationwide energy consumption amongst the I&C sectors it services. A November 2020 report from the International Energy Agency ('IEA'), for example, concluded mid-summer total, weather corrected, electricity demand across a basket of major EU territories was c.10% below the level achieved in 2019. Considering this figure will have been partially compensated by increased residential use during the same period, Turner Pope considers it is realistic to estimate a 20% overall reduction in UK I&C usage during the lockdown period, with a steady recovery commencing in Q4 2020 which is expected to accelerate during H1 2021 as the vaccination programme progresses.

In this respect, Beond's overall 2020 extraordinary COVID-19 revenue impact could be c.10%. Accounting for continued new business growth during the period, driven by its customer acquisition strategy combined a modest level (c.13%) of supplier prepayments lowering the impact of supplier clawbacks and protection offered through fixed fees (metering etc.), means that the total for the year to 31 December 2020 should be down only slightly (c.5%), year-on year. This is a good reflection of the underlying resilience of Beond's business model, its loyal customer base and something (COVID-19 permitting) that should be rapidly recouped in 2021.

Beond Group Revenue Growth 2003 to 2019 (£m)



Beond Group Summary Profit & Loss Accounts (£m)

Summary P&L *Year-ended 31 December*	2018 £'000	2019 £'000	Growth %
Turnover	3,003	3,319	10.5%
Gross Profit	2,500	2,624	4.9%
Gross Profit %	*83.3%*	*79.1%*	
EBITDA	**218**	**468**	**114.7%**
EBITDA %	***7.3%***	***14.1%***	

Note: 1. Beond Group Limited Filed 2018 Accounts – Companies House
2. Beond Group Limited 2019 Accounts Completed but not yet Filed
3. As at 31 December 2019, Beond had gross assets of £1.2 million.

Beond Group – Client Services offered

Beond Group – Selected Top Clients

Source: eEnergy, Investor Presentation, December 2020

Confident outlook for 2021

Based on expected post-Acquisition benefits of improved operational efficiencies and further growth initiatives, Beond's customer activity is expected to surpass to its historic growth rate in the New Year. eEnergy projects average annual growth of 22% in the first two calendar years (2021 and 2022) following integration. Significantly in this respect, existing customer contracts already provide visibility for generation of 75% of these revenues for the 12 months ended December 2021.

Taking this together with the Board's anticipated improvement in EBITDA margins with largely fixed operational costs, its expectation of being able to deliver a base case EBITDA of c.£0.80 million for the year to 31 December 2021 (2019: £0.50m) seems reasonable. Indeed, extrapolating this scenario further out to 2022 suggests potential for an EBITDA figure well in excess of £1m appears to be quite realistic.

eEnergy – A successful record of growth, both organic and through acquisition

eEnergy's full year report to end-June 2020 was released on 14 October 2020. It demonstrated a successful and timely business plan, seemingly offering the right energy saving and efficiency products and services at exactly the right time. The Group has identified a strong organic growth opportunity in its core LaaS operation, supported by macro tailwinds from businesses seeking energy cost reductions while facing strict, Government-mandated carbon targets. The addressable market in just one area of focus, the education sector, is estimated by the Group as being values at more than £1.5 billion, while targeting 10% market penetration through approximately 2,000 schools over the next 3-4 years. Elsewhere in the commercial sector, eEnergy is focussed on COVID-19 resilient sectors, such as food, healthcare and distribution & logistics. Supported by a strong and growing contract pipeline that delivers excellent cash conversion, the Board has repeated its confidence in eEnergy's ability to deliver a breakeven result for its half year ended 31 December 2020 and expectation of a similar outcome for the full year to end-June 2021, which will include a full six months contribution from the newly acquired Beond.

On 1 July 2020, eEnergy acquired RSL. The rationale for this move was clear in that its established operation expanded the Group's footprint further into academies and state schools to create a market leader in the education sector. Demonstrating the success of the Board's vision and sector targeting, RSL completed 27 projects in total worth £1.6m in financial year 2020. Benefits accruing from its integration into the eEnergy have include a >15% supply chain direct cost reduction and 360bp revenue increase based on eLight's contract form. Following RSL's rapid integration, eLight itself also went on to secure a £1m contract (the largest ever) with a Multi Academy Trust for installations at four schools before end of December 2020.

Similar benefits and opportunities are expected to accrue through its latest acquisition. Its loyal customer base (demonstrated by the approximately 90% contract retention rates) and greater revenue visibility (through multi-year contracts and fixed metering fees), will see an enlarged eEnergy benefit from an improved quality of earnings. Other than the operational improvements already cited, for example, eEnergy and Beond also have highly complementary customer bases while an expanded multi-product offering potentially provides a more compelling and bundled customer proposition. Amongst other things, potential to cross sell eLight services into its Beond's existing client base has already been examined. Selecting amongst the most obvious targets for rapid conversion, highlighted c.100 companies with potential contract value in excess of £50,000 each. Beond management can be expected to similarly examine eLight/RSL clients for introductions. The outcome could potentially be to secure a significant number 'easy wins' over the coming 12 to 24 months.

Looking into the new calendar year, TPI expects the enlarged Group to start throwing off quite significant amounts of free cash as the lockdown is gradually relaxed and customer, now increasingly focussed on the benefits of cost reduction, energy efficiency and carbon reduction, move to contract. The building of such momentum in turn, might be expected to further support its Board's wider ambitions to facilitate its ambitious European 'buy-and-build' consolidation strategy with a view to capturing opportunity in the broader, but still relatively nascent, EEaaS sector. TPI's Initiation research of January 2020 established both DCF and peer-group indicative assessments that suggested a prudent target valuation for eEnergy's businesses of £15.0 million. Having since delivered on the market's best expectation, successfully integrated RSL and now broadened its offering with the acquisition of Beyond, TPI has temporarily suspended its valuation in order to reset expectations based on recent positive news flow.

Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone.

THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.

Conflicts

This is a non-independent marketing communication under the rules of the Financial Conduct Authority ("FCA"). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited ("TPI") has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

Risk Warnings

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPIs research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently, AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.

Specific disclaimers

TPI acts as joint broker to eEnergy Group plc ('eEnergy') which is listed on the AIM Market of the London Stock Exchange ('AIM'). TPIs private and institutional clients may hold, subscribe for or buy or sell eEnergy's securities.

Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. Where information utilised in this document has been provided to TPI by eEnergy and/or is attributed to eEnergy or a third-party source, that information has not been subject to any independent verification or evaluation by TPI or any other party. TPI has no authority whatsoever to make any representation or warranty on behalf of eEnergy.

General disclaimers

This document, which presents the views of TPIs research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPIs judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPIs prior written consent.