

Lightbulb ES Limited

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 10074259

SATURDAY



ABFMLSFN

A04

29/10/2022

#191

COMPANIES HOUSE

Lightbulb ES Limited

Company Information

Directors	H Brown M Clemow S Moloney K Morifuji V Beckers
Company secretary	M Clemow
Registered number	10074259
Registered office	The White Building 1-4 Cumberland Place Southampton SO15 2NP
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Lightbulb ES Limited

Contents

	Page
Group Strategic Report	1 – 5
Directors' Report	6 – 7
Directors' Responsibilities Statement	8
Independent Auditor's Report	9 – 12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Company Statement of Financial Position	15 – 16
Consolidated Statement of Changes in Equity	17 – 18
Company Statement of Changes in Equity	19 – 20
Consolidated Statement of Cash Flows	21 – 22
Notes to the Financial Statements	23 – 45

Lightbulb ES Limited

Group Strategic Report For the Year Ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021.

Principal activity and background

The principal activities of the company ("the Company") and its subsidiaries ("the Group") during the financial year are the supply of electricity and gas to residential customers through Igloo Energy Supply Limited ("IESL") and the sale and installation of air source heat pumps through Igloo Works Limited ("Igloo Works").

Based on the principle that the greenest unit of energy is the one that you do not use, the Group has been establishing itself as a champion in helping consumers manage their transition to net zero carbon. The Group's mission is to help make customers' homes smarter, more efficient and cost less to run.

Where customers have the opportunity and desire to pursue a green energy solution, we are able to work with them through Igloo Works who design and install air source heat pumps in residential properties thereby reducing their use of fossil fuels.

On 7 October 2021, following a period of high volatility and significant sustained wholesale energy price increases, IESL entered into administration and then entered into liquidation on 3 October 2022. The remaining businesses in the Group were mostly unaffected and continue to trade. Further details relating to events after the financial reporting date are noted in pages 6-7 and note 27 to the consolidated financial statements.

Business review

During the year ended 31 March 2021 the supply of electricity and gas business through IESL grew from 89,000 customers to 134,000, with revenue increasing by 117%. Gross margin fell from 9.6% to 1.1% as a result of challenging wholesale energy prices in January and February 2021. The Directors were pleased at the time to have been placed first by the Citizens Advice Energy Customer Service Ratings for the quarters ended December 2020 and March 2021 reflecting the efforts that the Group places on providing outstanding customer service.

Igloo Works, the heat pump installation business, established its engineering capability successfully installing heat pumps in its customers' homes and it has built its retail platform for serving customers online, which will enable the business to scale in line with its five year business plan.

In December 2020, the Company received a second tranche of £3.5 million equity funding and was further supported by £20 million secured debt financing in February 2021 from Osaka Gas UK Ltd. The support provided by Osaka Gas UK Ltd was intended to provide the Group with additional working capital for IESL and to scale Igloo Works in line with the Group strategy in the future.

Lightbulb ES Limited

Group Strategic Report For the Year Ended 31 March 2021

The financial performance and KPIs of the Group are summarised below:

	2021 £'000	2020 £'000
Revenue	152,404	70,112
Gross profit	1,679	6,721
Gross profit margin	1.1%	9.6%
Operating loss	(22,507)	(7,060)
Bank balances and cash	9,895	5,546
Trust Pilot	4.5	4.5
Customer Accounts	134,000	89,000

Principal risks and uncertainties

Wholesale Energy Market

The Group's trading and hedging strategies enabled it to manage wholesale energy pricing risks within an acceptable range for the year ended 31 March 2021 although this put significant pressure on the gross profit margin. By offering a single variable tariff to electricity and gas customers, the business was able to directly manage customer tariffs alongside wholesale commodity costs up to the energy price cap, applying changes when necessary to maintain appropriate gross margin performance. The Group managed short term market volatility by layering in a physical hedging position up to three months in advance with adjustments to tariff addressing longer term volatility. The Group's wholesale energy market strategy was not to take speculative market positions or place reliance on market movements in either direction.

As the wider economic recovery began following the COVID-19 pandemic, the wholesale energy markets in the UK and across the globe saw unprecedented volatility and an increase in wholesale energy prices at a level never seen before. Whilst IESL continued to hedge its position, once wholesale energy prices significantly exceeded those used in the regulatory retail price cap for a sustained period of time, it became apparent that IESL would suffer significant financial losses without further action being taken. Eventually the situation became untenable for IESL and the company was placed into administration on 7 October 2021 and then entered into liquidation on 3 October 2022. Further details are noted in pages 6-7 and note 27 to the consolidated financial statements.

Cash Management/Liquidity

The Directors manage cash and liquidity risk closely. The Group maintains a detailed daily cash flow model which forecasts cash generation and cash requirements for the next 18 months and is reviewed on a regular basis by management and the Board. Long-term, the Group maintains a 5-year strategic business plan which provides a forecast of cash requirements. During the year ended 31 March 2021 the Group received £3.5 million of equity financing and £20 million of secured debt financing.

To further mitigate against the cash impact of continued strong growth and a volatile wholesale market, the Directors engaged with corporate finance advisors following the year end to support the next phase of growth, further details are set out on pages 6-7 in the Directors Report.

Lightbulb ES Limited

Group Strategic Report For the Year Ended 31 March 2021

COVID-19 pandemic

The COVID-19 pandemic has represented a unique risk environment in the financial year. The two key risks around the COVID-19 pandemic for the Group are customer non-payment and the increase of network infrastructure charges. The Directors continually reviewed the risks as the pandemic evolved and while the Group did see an increase in infrastructure charges, it was able to identify and manage the risk as discussed below:

Customer non-payment

The Group did not see a significant increase in bad debts in the year with the bad debt provision of 0.5% (2020: 1.0%) of revenue. As government support for furlough ended in the next financial year it is expected that non-payment may increase. The Group monitors customer payments and bad debts on a weekly basis and models different scenarios into cash flow forecasting in order to manage the inherent uncertainty of COVID-19.

Network infrastructure charges

The socialisation of key infrastructure charges is a significant cost to the business and the business saw significant increases in these charges as a result of the first lockdown in Spring 2020 causing proportionally higher consumption allocations to the business. Subsequent lockdowns did not have the same impact on demand and therefore infrastructure charges were not significantly uplifted. The Group monitors these charges closely and changes are directly implemented into both the regular cash forecasting process and the tariff setting process.

To support the growth in both IESL and Igloo Works, the Group more than doubled in size from 115 employees in March 2020 when the country went into the first lockdown to 247 employees at March 2021. The Group was able to onboard and train the new team members remotely and saw no change to productivity due to the COVID-19 pandemic. The Group monitors health and wellbeing of staff and provides support in the uncertain COVID-19 environment.

The impact to the Group's operations as a result of the COVID-19 pandemic was minimal as the nature of business meant services were still required and facilitating home working was an easy transition as a result of the investment the Group had already made in its IT infrastructure and operations to support flexible & remote working.

The Group put in place strong support for its employees to work remotely, with a particular focus on the mental health of the team with regular team video calls and end of week activities to ensure employees were not isolated and continued to engage as part of the team to enable them to support the Group's customers in the best way possible.

Whilst the immediate impact of the COVID-19 pandemic didn't impact the Group significantly, the subsequent events caused by the rapid increase in wholesale energy prices superseded any concerns around the pandemic.

Further details relating to events after the financial reporting date are noted in pages 6-7 and note 27 to the consolidated financial statements.

Going Concern

The Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements for the Company and Group. The going concern statement is detailed in full in note 2.2 of the consolidated financial statements.

Lightbulb ES Limited

Group Strategic Report For the Year Ended 31 March 2021

Corporate Governance reporting under Section 172 of the Companies Act 2006

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006. This reporting requirement is made in accordance with the new corporate governance requirements identified in The Companies (Miscellaneous Reporting) Regulations 2018, which apply to Company reporting on financial years starting on or after 1 January 2019.

The matters set out in section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and on the environment;
- e) the desirability of maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

The Company has set out the strategic priorities and described the plans to support their achievement in the Business Review section above.

The success of the Company is dependent on the support of all stakeholders. Building positive relationships with stakeholders that share similar values is important to the Company and working together towards shared goals assists us in delivering long-term sustainable success. Details of key stakeholders and how we engaged with them during the year ended 31 March 2021 are set out below.

- *Employees* – The Directors recognise that employees are fundamental to the success of the business and delivery of our strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.
- *Customers* – An engaged, satisfied customer base is a foundation of the business. The Directors value a positive customer experience across all customer journeys very highly and are pleased to hold Trust Pilot score of 4.5. Additionally, in for the quarter ended March 2021, Igloo Energy came top of the Citizen's Advice Customer Service rankings, the result of the business's commitment to exceptional service. Customers are encouraged to engage with the business from interacting through the Me and My Home app to blog updates and newsletters. Igloo has a highly engaged customer research group and customer feedback is taken seriously and fed into continuous improvement.
- *Suppliers* – We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. The Directors recognise that relationships with suppliers are important to the Group's long-term success.
- *Government and regulators* – We engage with the government and regulators, such as Ofgem and BEIS, through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.
- *Shareholders* – the Directors engage with minority shareholders informally on a regular basis and with shareholders of more than 10% on a formal weekly cadence.
- *Debt Providers* – the Directors engage with debt providers per covenant requirements and recognise the importance of keeping providers informed as to business developments.
- *Community* – We have supported the community by creating over 250 new jobs from founding to end of March 2021. We are an accredited Living Wage employer, committed to ensuring that all our employees receive at least the real Living Wage.
- *Environment* – Environmental impact is core to our mission and ethos, with development of energy efficiency measures and the sale of products to reduce the environmental impact of our customer's homes.

Lightbulb ES Limited

Group Strategic Report For the Year Ended 31 March 2021

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making.

In February 2021, Osaka Gas UK Ltd, the Group's strategic investor provided a secured debt facility of £20 million to the Group, which was drawdown in full by 31 March 2021. The loan facility provided working capital to the Group. In negotiating and agreeing the facility and drawing down upon it, the Directors took key stakeholders' interests into account at the time of their decision, having due regard to a range of scenarios:

- Employees – the Directors assessed that the loan facility was in the employees' interests to provide stability for the Group.
- Customers – the Directors assessed that the loan facility was in the customers' interests to enable the tariff to remain competitive.
- Suppliers – the Directors assessed that the loan facility was in the suppliers' interests by providing stability to the Group and support for continued expansion.

Future developments

On 7 October 2021, following a period of rapid wholesale market increases, a forecast of a sustained mismatch between the regulatory retail price cap and wholesale energy costs, and deteriorating investor sentiment toward the UK energy market, IESL was placed into administration and then entered into liquidation on 3 October 2022. Further details relating to events after the financial reporting date are noted in pages 6-7 and note 27 to the consolidated financial statements.

The Directors remain committed to continue the Group's mission by expanding the heat pump installation business into the next financial year and continuing to provide its customers with personalised and targeted energy saving services. This provides the Group with an opportunity to accelerate its plan to support customers to transition to net zero heating for their homes.

This report was approved by the board on 19 October 2022 and signed on its behalf.



M Clemow
Director

Lightbulb ES Limited

Directors' Report For the Year Ended 31 March 2021

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2021.

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 1 to 5 of these consolidated financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £22,768,275 (2020: £7,218,659).

The Directors do not recommend the payment of a dividend for the year (2020: £Nil).

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year ended 31 March 2021

Emissions resulting from activities for which the Group is responsible (kgCO ₂)	7,150
Emissions resulting from the purchase of energy by the Group for its own use (kgCO ₂)	4,107
Emissions resulting from the purchase of energy by the Group for its customers use (kgCO ₂ e)	8,928
Total gross emissions (kg CO₂).	20,185
Revenue (£'000)	152,404
Intensity ratio: kg CO ₂ per £'000 of Revenue	0.1324

83% of the Groups emissions are related to fuel use for engineers and surveyors in the heat pump installation business, Igloo Works. The remaining emissions relate to the running of the office premises.

Energy Efficiency Action

A central part of the Group's mission is to reduce consumer's energy usage and thereby reduce overall carbon. Igloo Works helps customers decarbonise their heat requirements by switching away from gas.

Events After the Reporting Date

Following a competitive tender process in Spring 2021, the Company engaged with a top tier corporate finance advisor to lead a significant equity fundraising to support the planned expansion of the Group. Initial feedback from investors in the early summer as part of this process were positive on the scale and success of the intended fundraising for the Group.

However, a period of increased volatility and a rapid rise in wholesale energy prices, with sustained peaks at unprecedented levels, and the differential between wholesale energy prices and the allowance under the retail price cap created a market environment which concerned investors. This was felt across the energy sector as a whole and many other smaller energy companies were placed into administration between September 2021 and November 2021 as a result.

As a result of this significant wholesale increase in energy prices, the overall investment required to support IESL increased three-fold between the commencement of the fundraising process and September 2021.

The Group actively consulted with industry partners, advisors, shareholders, prospective investors, suppliers, and employees during a very challenging period to explore future trading options for Igloo Energy. Following these discussions, the Directors of IESL concluded the prospect of a successful fundraising was remote and they could no longer operate with such ongoing losses and that IESL was no longer a going concern. On 7 October 2021, IESL was placed into administration and then entered into liquidation on 3 October 2022.

Lightbulb ES Limited

Directors' Report For the Year Ended 31 March 2021

The Group's customers were kept informed of the unprecedented challenges faced by IESL. Our customers experience remained of paramount importance when IESL was placed into administration and every effort has been made to help our customers transition smoothly to their new supplier, E.ON Next.

Market volatility in wholesale energy prices is common and can be impacted by multiple factors, however the period leading to the decision to place IESL into administration was unprecedented in nature.

Wholesale prices were being driven by a push for economic recovery post the Covid-19 pandemic by China, Asia and Europe. This was further compounded by depleted energy reserves in many countries, driving an urgent need for supply and an increase in price.

Supply tension from Russia further drove concerns that trading in a position of significant loss without control over or sight of price stability would be trading beyond the means of IESL, as such the decision to place the company into administration was made.

The other companies in the Group continue to trade and consideration has been given to a brand change. The brand and associated intellectual property are owned by the Company and licensed to the subsidiaries, recognising the value of the "Igloo" brand and that customers, suppliers and other stakeholders had come to recognise it as a trustworthy brand, the Directors took the decision to maintain the Igloo brand for the remaining companies in the Group.

Whilst the remaining companies in the Group were mostly unaffected by the above events and continue to trade, the overall scale of the Group will be significantly reduced in the next financial year.

Further details relating to events after the financial reporting date are noted in note 27 to the consolidated financial statements.

Directors

The Directors who served during the year were:

H Brown
M Clemow
S Moloney
K Morifuji
V Beckers (appointed 21 October 2020)

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

The report was approved by the board on 19 October 2022 and signed on its behalf.



M Clemow
Director

Lightbulb ES Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2021

The Directors are responsible for preparing the Group strategic report, the Directors' 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 Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Lightbulb ES Limited

Independent Auditor's Report to the Members of Lightbulb ES Limited

Disclaimer of opinion

We were engaged to audit the financial statements of Lightbulb ES Limited (the "Parent Company") and its subsidiaries (the "Group") which comprise the Consolidated and Company's Statement of Financial Position as at 31 March 2021, the Consolidated Statement of Comprehensive Income, the Consolidated and Company's Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the Group and the Parent Company. This is due to the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Group's main trading subsidiary, Igloo Energy Supply Limited ("IESL"), entered into administration on 7 October 2021 and then entered into liquidation on 3 October 2022. The Directors no longer have access to the subsidiary's operational and billing system ("the system"), which was used to derive turnover for the year ended 31 March 2021.

In the absence of IESL having access to the system, we have been unable to gain assurance on the system's ability to accurately process customer meter readings and to validate estimated billing data. As a result, we were unable to determine whether estimates of turnover were appropriately calculated based on reliable consumption information.

We were unable to satisfy ourselves by alternative means concerning turnover for the year ended 31 March 2021, which are included in the Consolidated Statement of Comprehensive Income of £152.4 million; trade receivables, accrued income and deferred turnover as at 31 March 2021, which are included in the Consolidated Statement of Financial Position of £13.1 million, £5.5 million and £29.3 million respectively.

Consequently, we have been unable to determine whether any adjustment is required to turnover for the year ended 31 March 2021, trade receivables, accrued income and deferred turnover as at 31 March 2021, as referred to above and included in the notes to these financial statements. The possible effects of any undetected misstatements in respect of these matters, if any, could be both material and pervasive to the financial statements.

Lightbulb ES Limited

Independent Auditor's Report to the Members of Lightbulb ES Limited (continued)

Emphasis of Matter – Post balance sheet event (liquidation of Igloo Energy Supply Limited)

We draw attention to Note 27 to the financial statements which explains that the Group's main trading subsidiary, Igloo Energy Supply Limited, entered into administration on 7 October 2021 and then entered into liquidation on 3 October 2022. As stated in Note 2.2, the impact of this event after the reporting date on the Group will result in a significantly smaller scale of operations moving forwards.

Other Companies Act 2006 reporting

Because of the significance of the matter described in the basis of disclaimer of opinion section of our report, we have been unable to form an opinion, whether 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 year 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.

Because of the significance of the matter described in the basis for disclaimer opinion section of our report, we are unable to conclude in the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, whether there are any material misstatements in the Strategic report or Directors' Report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the Parent Company.

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:

- 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the 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 financial statements, the Directors are responsible for assessing the Group's 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.

Lightbulb ES Limited

Independent Auditor's Report to the Members of Lightbulb ES Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

Based on our understanding of the Group and Parent Company and industry, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax. The Group and Parent Company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of relevant applicable legislation in the countries where the Group and Parent Company operates.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to turnover, management bias in accounting estimates and the adoption of inappropriate accounting policies.

Audit procedures performed by the Group and Parent Company engagement team included:

- Inspecting correspondence with tax authorities and lawyers;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions among the engagement team on how and where fraud might occur in the financial statements;
- Inspecting legal and professional fees for indications of non-compliance with laws and regulations;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, journal entries posted to turnover, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Lightbulb ES Limited

Independent Auditor's Report to the Members of Lightbulb ES Limited (continued)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Michael Simms

1D1F3D6C1FB84F3...

Michael Simms (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
19 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lightbulb ES Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	2.5,4	152,403,950	70,111,915
Cost of sales		(150,725,099)	(63,391,066)
Gross profit		1,678,851	6,720,849
Administrative expenses		(24,185,402)	(13,780,870)
Operating loss	5	(22,506,551)	(7,060,021)
Interest receivable and similar income	8	2,229	16,723
Interest payable and similar charges	9	(263,953)	(175,361)
Loss before tax		(22,768,275)	(7,218,659)
Tax on loss	10	-	-
Loss for the financial year		<u>(22,768,275)</u>	<u>(7,218,659)</u>

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited
Registered number: 10074259

Consolidated Statement of Financial Position
As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	11		41,439		63,117
Tangible assets	12		189,391		106,125
Investments	13		1		1
			<u>230,831</u>		<u>169,243</u>
Current assets					
Stocks	14	120,556		111,608	
Debtors: amounts falling due within one year	15	26,048,222		15,616,049	
Cash at bank and in hand	16	9,895,174		5,546,047	
		<u>36,063,952</u>		<u>21,273,704</u>	
Creditors: amounts falling due within one year	17	(41,062,333)		(27,462,230)	
Net current liabilities			<u>(4,998,381)</u>		<u>(6,188,526)</u>
Total assets less current liabilities			<u>(4,767,550)</u>		<u>(6,019,283)</u>
Creditors: amounts falling due after more than one year	18		(19,856,888)		-
Net liabilities			<u>(24,624,438)</u>		<u>(6,019,283)</u>
Capital and reserves					
Called up share capital	20		159		147
Share premium account	21		7,922,277		4,405,220
Share option reserve	21		1,371,327		1,335,471
Employment benefit trust	21		(1,004,808)		(989,488)
Warrant reserve	21		10,800		10,800
Profit and loss account	21		(32,924,193)		(10,781,433)
Total shareholders' deficit			<u>(24,624,438)</u>		<u>(6,019,283)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2022.



M Clemow
Director

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited
Registered number:10074259

Company Statement of Financial Position
As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	11		3,951		7,757
Tangible assets	12		4,307		10,328
Investments	13		300		200
			<u>8,558</u>		<u>18,285</u>
Current assets					
Debtors: amounts falling due within one year	15	21,010,909		2,275,527	
Cash at bank and in hand	16	7,913,897		1,803,021	
		<u>28,924,806</u>		<u>4,078,548</u>	
Creditors: amounts falling due within one year	17	(481,209)		(124,011)	
Net current assets			<u>28,443,597</u>		<u>3,954,537</u>
Total assets less current liabilities			<u>28,452,155</u>		<u>3,972,822</u>
Creditors: amounts falling due after more than one year	18	(19,856,888)			
Net assets			<u>8,595,267</u>		<u>3,972,822</u>
Capital and reserves					
Called up share capital	20		159		147
Share premium account	21		7,922,277		4,405,220
Share options reserve	21		1,371,327		1,335,471
Employment benefit trust	21		(1,004,808)		(989,488)
Warrant reserve	21		10,800		10,800
Profit and loss account	21		295,512		(789,328)
Total equity			<u>8,595,267</u>		<u>3,972,822</u>

Lightbulb ES Limited
Registered number:10074259

Company Statement of Financial Position (continued)
As at 31 March 2021

The parent company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The profit after tax of the parent company for the period was £459,325 (2020 loss - £861,069).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2022.



M Clemow
Director

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital	Share premium account	Share option reserve	Employment benefit trust	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 April 2020	147	4,405,220	1,335,471	(989,488)	10,800	(10,781,433)	(6,019,283)
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(22,768,275)	(22,768,275)
Total comprehensive income for the year	-	-	-	-	-	(22,768,275)	(22,768,275)
Contributions by and distributions to owners							
Shares issued during the year (note 20)	12	3,517,057	-	-	-	-	3,517,069
Issue of options (note 23)	-	-	661,371	-	-	-	661,371
Lapsed share options (note 23)	-	-	(625,515)	-	-	625,515	-
Issue of EBT (note 21)	-	-	-	(15,320)	-	-	(15,320)
Total transactions with owners	12	3,517,057	35,856	(15,320)	-	625,515	4,163,120
At 31 March 2021	159	7,922,277	1,371,327	(1,004,808)	10,800	(32,924,193)	(24,624,438)

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital	Share premium account	Share subscription reserve	Share option reserve	Employment benefit trust	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£
At 1 April 2019	128	378,960	420,692	32,585	-	10,800	(3,562,774)	(2,719,609)
Comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(7,218,659)	(7,218,659)
Total comprehensive income for the year	-	-	-	-	-	-	(7,218,659)	(7,218,659)
Contributions by and distributions to owners								
Shares issued during the year (note 20)	19	4,026,260	-	-	-	-	-	4,026,279
Shares issued during the year (note 20)	-	-	(420,692)	-	-	-	-	(420,692)
Issue of options (note 23)	-	-	-	1,302,886	-	-	-	1,302,886
Issue of EBT (note 21)	-	-	-	-	(989,488)	-	-	(989,488)
Total transactions with owners	19	4,026,260	(420,692)	1,302,886	(989,488)	-	-	3,918,985
At 31 March 2020	147	4,405,220	-	1,335,471	(989,488)	10,800	(10,781,433)	(6,019,283)

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital	Share premium account	Share option reserve	Employment benefit trust	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 April 2020	147	4,405,220	1,335,471	(989,488)	10,800	(789,328)	3,972,822
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	459,325	459,325
Total comprehensive income for the year	-	-	-	-	-	459,325	459,325
Contributions by and distributions to owners							
Shares issued during the year (note 20)	12	3,517,057	-	-	-	-	3,517,069
Issue of options (note 23)	-	-	661,371	-	-	-	661,371
Lapsed share options (note 23)	-	-	(625,515)	-	-	625,515	-
Issue of EBT (note 21)	-	-	-	(15,320)	-	-	(15,320)
Total transactions with owners	12	3,517,057	35,856	(15,320)	-	625,515	4,163,120
At 31 March 2021	159	7,922,277	1,371,327	(1,004,808)	10,800	295,512	8,595,267

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital	Share premium account	Share subscription account	Restated Share option reserve	Employment benefit trust	Warrant reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£
At 1 April 2019 (as restated)	128	378,960	420,692	32,585	-	10,800	71,741	914,906
Comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(861,069)	(861,069)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(861,069)</u>	<u>(861,069)</u>
Contributions by and distributions to owners								
Shares issued during the year (note 20)	19	4,026,260	-	-	-	-	-	4,026,279
Shares issued during the year (note 20)	-	-	(420,692)	-	-	-	-	(420,692)
Vesting of share options (note 23)	-	-	-	1,302,886	-	-	-	1,302,886
Issue of EBT (note 21)	-	-	-	-	(989,488)	-	-	(989,488)
Total transactions with owners	<u>19</u>	<u>4,026,260</u>	<u>(420,692)</u>	<u>1,302,886</u>	<u>(989,488)</u>	<u>-</u>	<u>-</u>	<u>3,918,985</u>
At 31 March 2020	<u><u>147</u></u>	<u><u>4,405,220</u></u>	<u><u>-</u></u>	<u><u>1,335,471</u></u>	<u><u>(989,488)</u></u>	<u><u>10,800</u></u>	<u><u>(789,328)</u></u>	<u><u>3,972,822</u></u>

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the financial year		(22,768,275)	(7,218,659)
Adjustments for:			
Amortisation of intangible assets	11	40,178	39,375
Depreciation of tangible assets	12	76,354	31,175
Loss on disposal of tangible assets		347	1,459
Interest paid	9	263,953	175,361
Interest received	8	(2,229)	(16,723)
Increase in stocks	14	(8,948)	(111,608)
Increase in debtors	15	(11,820,591)	(10,514,625)
Increase in creditors	17	13,600,103	20,415,174
Issue of share options		661,371	1,302,886
Bad and doubtful debts		1,388,418	857,262
Net cash (used)/generated from in operating activities		(18,569,319)	4,961,077
Cash flows from investing activities			
Purchase of intangible fixed assets	11	(18,500)	(17,000)
Purchase of tangible fixed assets	12	(159,967)	(89,851)
Sale of tangible fixed assets		-	458
Interest received	8	2,229	16,723
Employment benefit trust	21	(15,320)	(989,488)
Net cash used in investing activities		(191,558)	(1,079,158)

Lightbulb ES Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from financing activities			
Issue of ordinary shares	20	3,517,069	3,605,587
New secured loans	18	20,650,000	-
Loan transaction fees	18	(143,112)	-
Repayment of loans	18	(650,000)	(2,900,000)
Interest paid	9	(263,953)	(175,361)
Net cash from financing activities		23,110,004	530,226
Net increase in cash and cash equivalents		4,349,127	4,412,145
Cash and cash equivalents at beginning of year		5,546,047	1,133,902
Cash and cash equivalents at the end of year	16	<u>9,895,174</u>	<u>5,546,047</u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		9,895,174	5,546,047
		<u>9,895,174</u>	<u>5,546,047</u>

The notes on pages 23 to 45 form part of these financial statements.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

1. General information

Lightbulb ES Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

During the year ended 31 March 2021 the Group incurred a loss for the financial year amounting to £22,768,275 (2020: £7,218,659). As at 31 March 2021, the Group had net liabilities amounting to £24,624,438 (2020: £6,019,283). As at 31 March 2021, the Company had net assets of £8,595,267 (2020: £3,972,822).

The Group's main trading subsidiary, Igloo Energy Supply Limited (IESL) represents a large percentage of the Group's operations for the year ended 31 March 2021.

On 7 October 2021, IESL was placed into administration and then entered into liquidation on 3 October 2022. The impact of this event after the reporting date on the Group will result in a significantly smaller scale of operations going forward, further detail of which can be found on pages 6-7 and note 27.

The remaining Group Companies are focused on continued development of the Igloo brand by providing green energy solutions for the consumer through products, investments and research activities.

The Directors continue to closely monitor the impact of the Covid-19 pandemic on the Group's operations with an enhanced focus on credit control, but do not expect any material adverse impact. The Directors have also considered the direct and indirect impact of the Russian and Ukraine conflict on the Group's operations and similarly, they do not expect there will be any material adverse impact on the Group's operations. The Directors have stress tested the operational and cash flow forecasts of the Group's remaining activities moving forward. Even after taking into consideration a worst-case scenario whereby forecast revenues are limited, the Group has sufficient resources in place for at least the following twelve months.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.2 Going concern (continued)

The Directors have, at the time of approving the consolidated financial statements, an expectation that the Group and Company will have adequate resources to continue operating into the foreseeable future based on the current level of the Company's bank balances. This assessment is also based on information gathered since the commencement of the administration process relating to Igloo Energy Supply limited and following the repayment in full of the Company's secured £20 million facility agreement with Osaka Gas UK Ltd (notes 18 and 27).

Notwithstanding the significance of Igloo Energy Supply Limited to these consolidated financial statements and the fact that the subsidiary has been placed into administration after the reporting date, these consolidated financial statements have been prepared on a going concern basis.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Company would be identical.
- No cash flow statement has been presented for the parent company.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

2.5 Revenue

Revenue represents amounts receivable for goods and services net of VAT.

Energy supply revenue is recognised on the basis of electricity and gas supplied during the period. Revenue for energy supply activities includes the energy supplied to customers between the date of the last meter reading and the year end on a customer by customer basis. The value of energy supplied but not billed or measured is calculated with reference to consumption data estimates provided by independent third parties.

The Group has received grant income intended to compensate for incurred qualifying expenditure. Grant income is recognised in the period when the grant becomes receivable.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefits from the use of the leased assets.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Share based payments

The Group provides share-based payment arrangements and warrants to certain employees and other third parties. Equity-settled arrangements and warrants are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest. The Company uses the Black Scholes model to calculate the fair value of the share options and warrants at the date of the grant.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group has no cash-settled arrangements.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.11 Employment benefit trust

The Company has established an employment benefit trust (EBT). When the Company makes payments to the EBT, those payments are considered an exchange of one asset for another. Any assets that the EBT acquires in a subsequent exchange transaction are considered to be under the control of the Company. Accordingly, assets and liabilities of the EBT are accounted for by the Company as an extension of its own business and recognised in its own financial statements.

Company's equity held by the EBT is accounted for within the Company's equity under the EBT reserve.

2.12 Intangible assets

Platform costs and licensing costs are recognised at cost less any amortisation and any impairment losses. The cost of intangible assets acquired is their fair value at the date of acquisition. Only platform costs acquired from a 3rd party are capitalised. Each identifiable asset is amortised over its own estimated useful economic life as follows:

Platform costs	- 20%
Licensing costs	- 33%

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 33%
Computer equipment	- 33%
Tools & equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Impairment non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for energy sold in the ordinary course of business. Accrued income relates to unbilled revenue at the year end which arises due to the timing difference between bill dates and the end of a month.

Trade and other receivables are assessed at the end of each reporting period for evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current. Customer advances relate to amounts where the customer is in a credit position.

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.20 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Current and deferred taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have identified the following key sources of estimation uncertainty:

- Turnover for energy supply activities includes the energy supplied to customers between the date of the last meter reading and the year end on a customer by customer basis. The value of energy supplied but not billed or measured is calculated with reference to consumption date estimates provided by independent third parties.
- Provisions for doubtful debts are recognised where receipt of cash is no longer probable. The Directors have based their assessment on the level of provision on collection rates experienced by the Group to date. The estimates and assumptions used to determine the level of provision will continued to be reviewed periodically. During the year an increase in the provision of 0.33% (2020: 0.64%) of the annual revenue was recognised.
- The valuation of options and warrants involves estimating the fair value of the share price at the time of the warrants were issued as well as the volatility of the share price. The Company uses the Black Scholes model for the valuation of options and warrants. During the year options granted were valued at £59.15 per share at the date of the grant. This was based on the most recent share issue transaction. The Company has used the FTSE mean 360 day volatility index as a benchmark for the volatility estimate. Refer to note 23 Share based payments.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sales of energy	152,076,528	69,708,976
Sales of energy efficient products	145,368	15,293
Grant income	182,054	387,646
	<u>152,403,950</u>	<u>70,111,915</u>

All turnover arose within the United Kingdom.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

5. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Amortisation of intangible assets	40,178	39,375
Depreciation of tangible assets	76,354	31,175
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	115,000	73,000
Fees payable to the Group's auditor for tax services	15,200	10,345
Operating leases	297,827	206,105
Loss on sale of tangible assets	347	1,459
Defined contribution pension cost	<u>215,147</u>	<u>45,525</u>

6. Employees

	2021 £	2020 £
Wages and salaries	7,068,954	2,507,442
Social security costs	738,738	261,854
Cost of defined contribution scheme	215,147	45,525
	<u>8,022,839</u>	<u>2,814,821</u>

The average monthly number of employees, including the Directors, during the year was 190 (2020: 68).

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>359,833</u>	<u>196,207</u>

The highest paid Director received remuneration of £190,000 (2020 - £156,667).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,313 (2020: £1,316).

A total of £20,000 of fees were incurred during the year to Shipley LLP relating to Directors' fees (2020: £12,012).

8. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>2,229</u>	<u>16,723</u>

9. Interest payable and similar charges

	2021 £	2020 £
Interest payable	2,712	533
Loan interest payable	261,241	174,828
	<u>263,953</u>	<u>175,361</u>

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

10. Taxation

	2021 £	2020 £
Current tax on loss for the year	-	-
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(22,768,275)</u>	<u>(7,218,659)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(4,325,972)	(1,371,545)
Effects of:		
Expenses not deductible for tax purposes	138,796	142,319
Deferred tax not recognised	4,187,176	1,229,226
Total tax charge for the year	<u>-</u>	<u>-</u>

The corporation tax rate will increase to 25% with effect from 1 April 2023.

The group has unprovided trading losses carried forward of approximately £30,002,704 (2020 £8,829,982) available for utilisation against future trading profits. No deferred tax asset has been recognised in respect of the amounts as recoverability is dependant upon there being sufficient taxable trading profits against which they may be offset.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

11. Intangible assets

Group

	Platform costs £
Cost	
At 1 April 2020	135,279
Additions	18,500
At 31 March 2021	<u>153,779</u>
Amortisation	
At 1 April 2020	72,162
Charge for the year	40,178
At 31 March 2021	<u>112,340</u>
Net book value	
At 31 March 2021	<u><u>41,439</u></u>
At 31 March 2020	<u><u>63,117</u></u>

Platform costs consist of billing and industry systems for regulatory compliance.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

11. Intangible assets (continued)

Company

	Platform costs £
Cost	
At 1 April 2020	19,030
At 31 March 2021	<u>19,030</u>
Amortisation	
At 1 April 2020	11,273
Charge for the year	3,806
At 31 March 2021	<u>15,079</u>
Net book value	
At 31 March 2021	<u><u>3,951</u></u>
At 31 March 2020	<u><u>7,757</u></u>

Platform costs consist of billing and industry systems for regulatory compliance.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

12. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Tools and equipment £	Total £
Cost				
At 1 April 2020	21,231	127,568	-	148,799
Additions	2,062	153,564	4,341	159,967
Disposals	(359)	-	-	(359)
At 31 March 2021	<u>22,934</u>	<u>281,132</u>	<u>4,341</u>	<u>308,407</u>
Depreciation				
At 1 April 2020	9,304	33,370	-	42,674
Charge for the year	7,310	68,727	317	76,354
Disposals	(12)	-	-	(12)
At 31 March 2021	<u>16,602</u>	<u>102,097</u>	<u>317</u>	<u>119,016</u>
Net book value				
At 31 March 2021	<u>6,332</u>	<u>179,035</u>	<u>4,024</u>	<u>189,391</u>
At 31 March 2020	<u>11,927</u>	<u>94,198</u>	<u>-</u>	<u>106,125</u>

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

12. Tangible fixed assets (continued)

Company

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2020	18,651	2,875	21,526
Additions	294	-	294
At 31 March 2021	<u>18,945</u>	<u>2,875</u>	<u>21,820</u>
Depreciation			
At 1 April 2020	8,323	2,875	11,198
Charge for the year	6,315	-	6,315
At 31 March 2021	<u>14,638</u>	<u>2,875</u>	<u>17,513</u>
Net book value			
At 31 March 2021	<u><u>4,307</u></u>	<u><u>-</u></u>	<u><u>4,307</u></u>
At 31 March 2020	<u><u>10,328</u></u>	<u><u>-</u></u>	<u><u>10,328</u></u>

13. Fixed asset investments

Group

	Trade investments £
Cost or valuation	
At 1 April 2020 and 31 March 2021	<u><u>1</u></u>

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	200
Additions	100
At 31 March 2021	<u>300</u>

Name	Country of incorporation	Holding	Principal activity
Igloo Energy Supply Limited	United Kingdom	100%	Supplier of electricity and gas
Igloo Works Limited	United Kingdom	100%	Supplier of energy efficient products
Igloo Renewable Assets Limited	United Kingdom	100%	Supplier of energy efficient products
MRA Service Company Limited	United Kingdom	0.34%	Business support service

The registered office of Igloo Energy Supply Limited is Suite 3, Regency House, 91 Western Road, Brighton, BN1 2NW. Igloo Works Limited and Igloo Renewable Assets Limited is The White Building, 1-4 Cumberland Place, Southampton, SO15 2NP.

The registered office of MRA Service Company Limited is 8 Fenchurch Place, London, EC3M 4AJ.

	Aggregate of share capital and reserves £	Loss £
Igloo Energy Supply Limited	(33,141,236)	(23,177,220)
Igloo Works Limited	(77,969)	(50,090)
Igloo Renewable Assets Limited	<u>(190)</u>	<u>(290)</u>

Igloo Energy Supply Limited was placed into administration on 7 October 2021, please see note 27

Lightbulb ES Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2021**

13. Fixed asset investments (continued)

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

14. Stocks

	Group 2021 £	Group 2020 £
Raw materials and consumables	<u>120,556</u>	<u>111,608</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade receivables	13,072,233	4,860,745	-	128,222
Amounts owed by Group undertakings	-	-	20,920,175	2,115,438
VAT receivable	185,657	832,365	-	-
Other debtors	76,899	76,804	-	-
Prepayments	7,262,535	4,615,668	33,838	18,383
Accrued income	5,450,898	5,230,467	56,896	13,484
	<u>26,048,222</u>	<u>15,616,049</u>	<u>21,010,909</u>	<u>2,275,527</u>

Amounts due to Group undertakings refer to amounts owed to the Company for funding provided to Group companies, and unpaid royalty fees. The loan balance is interest free and repayable on demand.

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £1,388,418 (2020: £857,262).

Accrued income related to unbilled revenue at the year end. Prepayments include £6,913,158 (2020: £4,496,288) of collateral on deposit as required by certain gas and electricity industry specific suppliers.

16. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>9,895,174</u>	<u>5,546,047</u>	<u>7,913,897</u>	<u>1,803,021</u>

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

17. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	5,280,100	2,914,596	114,632	1,126
VAT payable	-	-	115,367	54,302
Other taxation and social security	300,564	132,044	-	-
Customer advances	6,172,735	9,630,842	-	-
Accruals and deferred income	29,308,934	14,784,748	251,210	68,583
	<u>41,062,333</u>	<u>27,462,230</u>	<u>481,209</u>	<u>124,011</u>

18. Creditors: amounts falling due after one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Loans	19,856,888	-	19,856,888	-
	<u>19,856,888</u>	<u>-</u>	<u>19,856,888</u>	<u>-</u>

On 9 February 2021 the Company entered into a £20m loan facility agreement with Osaka Gas UK Ltd. £20m was drawdown by 31 March 2021 in two instalments of £15m and £5m and it is repayable on 9 February 2024, bearing interest at 8.5% per annum. The transaction costs were £143,112 and have been amortised over the life of the loan. Refer to note 27.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

19. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at amortised cost	19,035,720	10,821,017	20,977,071	2,257,144
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(54,679,233)</u>	<u>(17,699,340)</u>	<u>(20,222,730)</u>	<u>(69,708)</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and loans payable.

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
793,514 (2020: 732,921) ordinary shares of £0.0002 each	<u>159</u>	<u>147</u>

The issued shares are fully paid, are of the same class and have the same voting rights.

Share subscription

On 12 June 2020, the Company issued 562 ordinary shares with a nominal value of £0.0002 each for £33,242 cash consideration.

On 16 December 2020, the Company issued 59,170 ordinary shares with nominal value of £0.0002 each for £3,499,994 cash consideration.

On 26 March 2021, the Company issued 861 ordinary shares with nominal value of £0.0002 each for £6,018 cash consideration.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

20. Share capital (continued)

	Number of Shares	Share capital	Share premium
Brought forward on 1 st April 2020	732,921	147	4,405,220
Shares issued 12 th June 2020	562	-	33,242
Shares issued 16 th December 2020	59,170	12	3,499,982
Shares issued 26 th March 2021	861	-	6,018
Issuance costs	-	-	(22,185)
At 31 March 2021	<u>793,514</u>	<u>159</u>	<u>7,922,277</u>

21. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Share option reserve

The share options reserve represent the value of the equity settled share options granted. Please refer to Note 23 for detail of the Company's share options schemes

Employment Benefit Trust (EBT)

An employment benefit trust (EBT) was established on 25 February 2020 to hold shares on trust for the future benefit of employees and to be able to satisfy employee share scheme options as they are exercised in the future. During the current year Lightbulb ES Ltd contributed £15,320 (2020: £989,488) to the employee benefit trust. The Trustee of the EBT, LGL Trustees Limited purchased 259 (2020: 16,643) of the Company's ordinary shares with a nominal value of £0.0002 each from existing shareholders of Lightbulb ES Ltd at a share price of £59.15 per share.

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

21. Reserves (continued)

Warrant reserve

On 27 November 2018 the Company issued 38,567 share warrants. The warrants vested immediately and expire at the earliest of the 5th anniversary of the grant date or at Exit. A total amount of £10,800 was charged to the statement of comprehensive income.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Analysis of net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	5,546,047	4,349,127	9,895,174
Debt due in more than two years but not more than five years	-	(19,856,888)	(19,856,888)
	<u>5,546,047</u>	<u>(15,507,761)</u>	<u>(9,961,714)</u>

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

23. Share based payments

On 10 December 2019, the Company granted 169,057 share options ("First Option") to Osaka Gas, which vested immediately and expired on 31 January 2021. £579,866 was recognised in share option reserve in relation to this option in 2020. On 16 December 2020, Osaka Gas exercised 59,170 shares at £59.1515 per share the remainder of the First Option expired on 31 January 2021. A transfer of £579,866 (2020: nil) has been made between share options reserve and retained earnings upon part-vesting and part-expiration of the full First Option.

In December 2019, the Company also granted the option to buy up to 30% of the equity of the Company ("Second Option"), the options vested at 31 January 2021 being the earlier of (i) the date on which the First Option has been exercised in full; and (ii) the expiration of the First Option on 31 January 2021. On 9 February 2021 the Second Option was modified in a deed of variation. The condition of vesting was modified to completion of any Fund Raising between 9 February 2021 and 8 February 2024. The Second Option has not vested.

On 16 December 2019 the Company granted 53,550 share options to employees under the Enterprise Management Incentive (EMI) share options scheme. Eligible employees were granted share options in the Company as part of the EMI share options scheme. The options are exercisable over four years after the grant date and expire ten years after the grant date. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Group until exercise, otherwise the awards lapse. The total amount charged to the statement of comprehensive income in relation to these options was £610,934 (2020: £723,020). A transfer of £45,450 (2020: £Nil) has been made between share options reserve and retained earnings upon exercise or lapse of any previously recognised share options.

A second EMI allocation was made on 27 January 2021 for 26,199 share options to eligible employees. As with the first allocation, the options are exercisable over four years from the initial grant date and expire ten years after the initial grant date. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Group until exercise, otherwise the awards lapse. The total amount charged to the statement of comprehensive income relation to these options was £50,437 (2020: £Nil).

	Weighted average exercise price (£) 2021	Number 2021	Weighted average exercise price (£) 2020	Number 2020
Outstanding at the beginning of the year	54.24	423,528	13.98	50,062
Granted during the year	12.00	25,473	59.64	373,466
Utilised during the year	57.76	(173,702)	-	-
Recalculated during the year	39.83	102,303	-	-
Outstanding at the end of the year	45.87	377,602	54.24	423,528

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £215,147 (2020: £45,525). Contributions totalling £39,185 (2020: £15,661) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £
Not later than 1 year	156,596	249,655
Later than 1 year and not later than 5 years	-	156,596
	<u>156,596</u>	<u>406,251</u>
	Group 2021 £	Group 2020 £
Lease payments recognised as an expense	<u>297,827</u>	<u>206,105</u>

26. Related party transactions

In addition to matters noted in Note 7, the Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the Group.

During the year the spouse of a Group Director was employed by the Group in a role and salary commensurate with her experience and background. She received a salary of £95,000 (2020 - £89,154).

27. Post balance sheet events

As disclosed in Note 2.2, on 7 October 2021, Igloo Energy Supply Limited (IESL), a Lightbulb ES Limited Group company entered into administration and then entered into liquidation on 3 October 2022.

This was due to rapid increase in the wholesale cost of energy which increased beyond the consumer retail cap. This resulted in every unit of energy being sold below the cost of wholesale purchase. In turn this led to an increased burden on cashflow and increased losses.

Given the nature of the increase in wholesale fuel prices, no imminent review of the consumer retail cap the Directors of IESL took the decision to file for Administration. Under advice from lawyers, the Directors believed that to continue to trade in a market which was unstable and

Lightbulb ES Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

27. Post balance sheet events (continued)

demonstrating unrepresented costs for an undefined period of time would not be in the interest of all stakeholders.

By making the decision to enter into Administration the Directors safeguarded the remaining assets of IESL and Lightbulb ES Limited. This included the strong Igloo brand.

Wholesale Energy prices remained at these higher prices during the remainder of 2021 with prices up to 4.5 times those at the end of March 2021.

With the remainder of the Group operating on a Going Concern basis, all non-energy supply related employees were transferred to Igloo Works Limited in order to continue and grow the operations of Igloo Works Limited and the other group companies.

The COVID-19 pandemic has caused widespread disruption to the global economy. As at the date of signing the financial statements the Group and Company has not experienced a material impact in trading performance due to COVID-19. The subsequent events caused by the rapid increase in wholesale energy prices superseded any concerns around the pandemic.

On 19 November 2021 Lightbulb repaid Osaka Gas £4 million of its secured loan. On 22 February 2022 the administrators of IESL settled the remaining balance of the secured loan to Osaka Gas in full.

28. Controlling party

There is no controlling party.