

Dear Good Energy Shareholder,

We write to you today partly in response to Good Energy's recent statements in respect of our Offer and also with a significantly improved offer price.

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## Ecotricity's Standing

Ecotricity have been building new sources of green energy and supplying it to homes and business, across Britain - for over 25 years.

We pioneered the concept of green electricity and of decentralised supply.

We built Britain's first Megawatt-scale windmill and solar project, significant milestones in the development of renewable energy.

Then we introduced a new kind of gas to Britain - the green kind.

We make our own small windmills, for houses and businesses.

And we operate a Smart Grid function that balances generation, demand and in future, storage on a minute by minute basis. This is the model for Britain's future grid, the one that will enable 100% green energy supply, nationally.

We powered the first on-street car charger and built Britain's first national network of charging points for electric vehicles.

We also run the world's greenest football club (according to FIFA and the UN) and have pioneered the use of Sport in the fight against the climate crisis. The global media footprint of Forest Green Rovers in the last 12 months is 5 billion impressions.

We make plant-based dinners for approaching 3000 schools and for retail in Ocado.

And we make diamonds from atmospheric carbon - something people quite like to have from something we have too much of. Skydiamond is the most recent project to emerge from our R&D department.

We have a number of other new ventures and products in development.

We are a not for dividend company, all of the money we make goes back into our mission - the pursuit of sustainability.

Some years we make a loss, because we invest in ideas that often nobody else can yet see the value of. We're not here to make money, we're here to make a difference.

Our model works.

We've grown from scratch to a projected £280m turnover this year and an EBITDA of £59m.

We employ nearly 800 people across the wider Green Britain Group - which Ecotricity is the largest part of.

The net assets of the Green Britain Group stand at £83m as of July this year.

And we have achieved all of this without external equity investment - we've grown organically while pioneering multiple new environmental and business concepts.

Led by our founder Dale Vince, OBE and UN Climate Champion.

## Our Plan

Britain has 40% green electricity on the grid right now, that's a long way from where we started 25 years ago, but there's further still to go. We need to get to 100%, ideally in the next 10 years. To do this we need to build.

Buying and selling existing green energy or the certificates that come with it - is not enough. It's a zero sum game, there is only 40% available to buy, when one company buys it for their customers, another one cannot. The only activity that leads to new green capacity - is building it.

We've been dedicated to that from inception. We undertake every aspect of project development, from site selection through to construction and long term maintenance. Our oldest windmill is 25 years old and still running, powering hundreds of local homes.

We have over 100MW of wind and sun projects either built already or underway.

Earlier this year we sold our national EV charging network, the Electric Highway. Our intention is to use the proceeds of this sale to return to our core mission (Energy) in response to the climate emergency and urgent need for more green energy. We're doubling down and some.

Our plan is to build 1,000MW of new green energy capacity in the next ten years - that's enough green energy to power about 2.5% of Britain's homes.

Our Bills into Mills concept is key to this - and it's a fact that the more customers we have the more we can build.

This is where our bid for Good Energy comes in - we can combine the spending power of Ecotricity and Good Energy customers - more Bills equals more Mills.

We seek to create a true green energy supplier of sufficient scale to not only impact the national generation mix but also to wrestle the narrative away from the greenwashing that dominates the market.

We are currently building two new solar projects using the new technology of bi facial panels. These are sited next to existing wind projects in order to share and maximise the use of the grid connection in a new Hybrid energy park mode that we also pioneered.

And work is underway on our first green gas mill, which will be the first in Britain to be 'grass fed'. This presents an enormous opportunity to tackle what is often referred to as the 'decarbonisation of heat challenge' - how to wean ourselves off fossil gas.

Our first grid scale battery storage project is also underway.

### Our pipeline of projects looks like this:

- In wind we have 51MW consented.
- In solar we have 35MW, consented and 1,800MW in planning.
- In battery storage we have 55MW consented and 150MW in planning
- In green gas we have 5MW consented and 16MW in planning.

## Good Energy's standing

We've been a shareholder of Good Energy for over five years, in that time we've seen annual messaging from the Board about growth potential and new initiatives. I would summarise it as a 'Jam tomorrow' message. And tomorrow never comes.

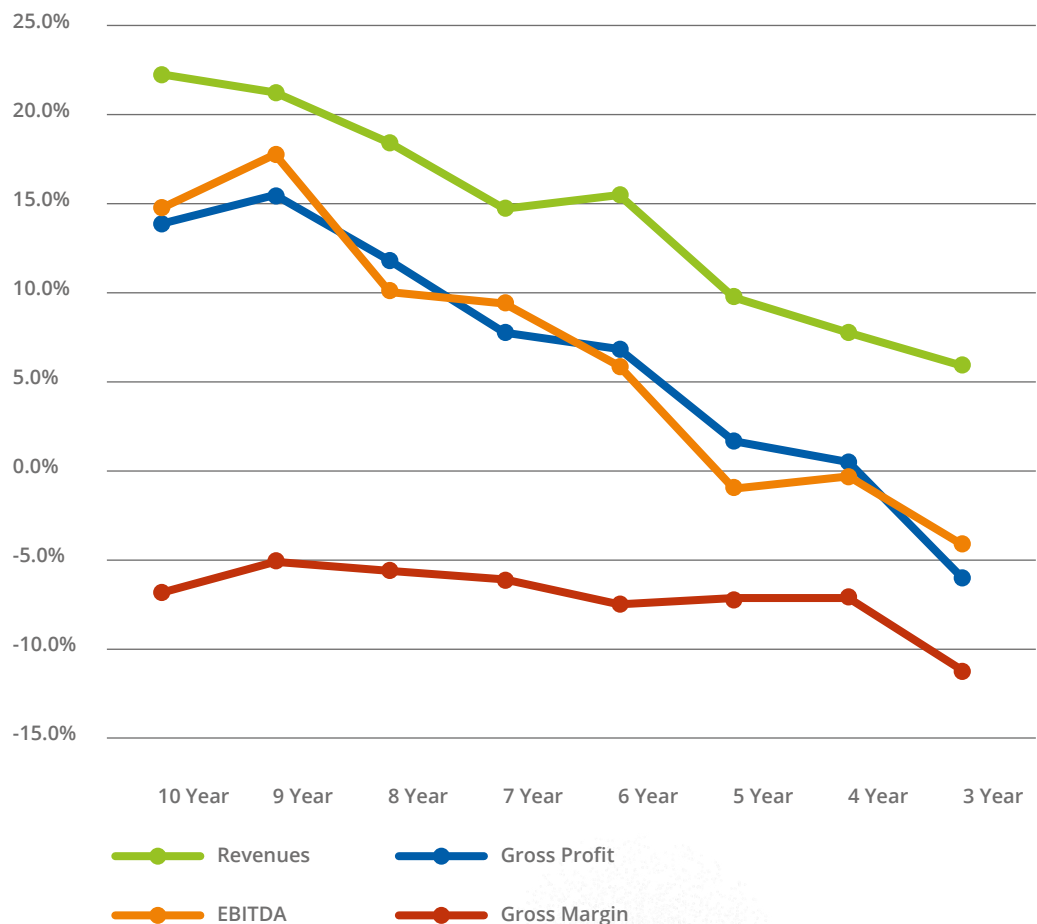
If you look at the key financial metrics of the company, it is in decline.

The board selectively highlighted three annual financial metrics from 2020 in its recent document in response to our Offer.

This failed to give the whole picture.

For the past five years – the rate of growth in all key metrics; turnover, gross margin, gross profit and EBITDA are negative as shown clearly in the graph below. Profit before tax (PBT) declined over the same period - from £1,434k in 2016 to a loss of £82k in 2020.

### Compound Annual Growth Year on Year (to 2020)



This is driven by a sustained loss of domestic supply customers and their replacement with business customers - with higher volumes and lower margins. This is lower quality business in response to a trend the Board have been unable to reverse - the steady decline of domestic customers.

Dividends have been in decline when adjusted for inflation and last year dropped to zero.

While these numbers show decelerating growth for the last five years, the Board of Good Energy claims to be "in a great position for accelerated growth". We believe this claim looks disconnected from reality, given the five year decline in these key metrics.

The Board set an ambitious growth target in 2015;

In September, it announced its new strategic focus and five-year business plan. This is designed to deliver the company's growth target of a fivefold increase in customer numbers (household equivalents) from a total of 176,500 as at June 2015 to approximately 900,000 as at 31 December 2020. This will enable Good Energy to leverage scale from its operating model in order to deliver sustainable, profitable growth. **Good Energy Annual Report 2015**

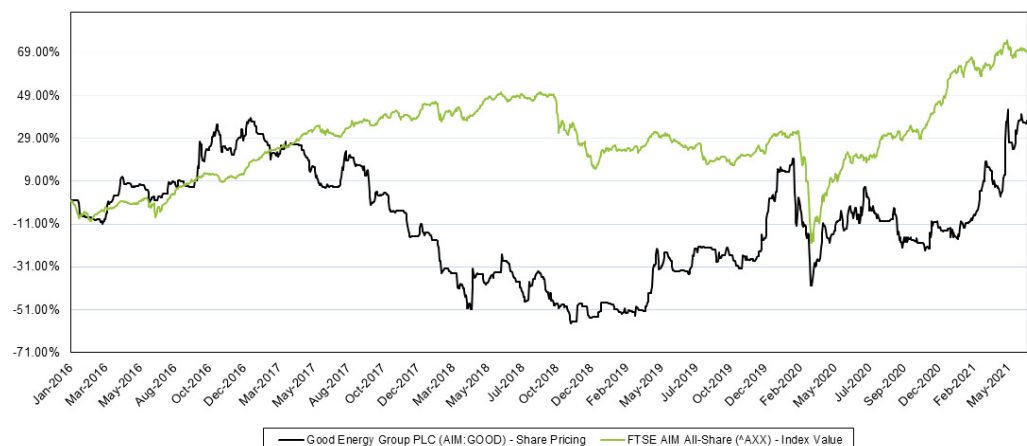
And abandoned it the very next year;

In 2015, we set a five-year growth ambition which was expressed in terms of achieving a target number of customers (household equivalents). The Board has now concluded that it is more appropriate to express its ambition in terms of delivering sustainable profitable growth and enhanced customer service, as this is more aligned to our focus on delivering increased shareholder value. **Good Energy Annual Report 2016**

...having failed to achieve customer number growth in the first year of that plan;

While total customer meter growth in 2016 was lower than 2015, ... **Good Energy Annual Report 2016**

It's no surprise to us that the share price has significantly underperformed over much of the same period, as the Board struggled to create a plan and deliver it. We see no reason to believe the next five years will be any different..



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## Our Offer

Our Offer is not 'hostile' - we are not hostile to the company, its staff, customers or shareholders - our Offer is respectfully made.

When we approached the Board we believed shareholders should be made aware of our interest, to be able to choose for themselves. The Board were not willing to inform shareholders so we did.

When we first approached the Board (on 15 June 2021) the share price was £2.82, our offer of £3.40 was a 20.6% premium to this and a 70.9% premium to the average of the previous 12 months.

The Board rejected our offer, with the claim it significantly undervalues the company - but they have offered no credible plan to do better for shareholders. Performance of the past five years, as detailed above, suggests they are not capable of achieving better for shareholders.

We have increased our offer today to £4.00. And we invite the Board to enter into a dialogue with us in the interests of all shareholders.

Our new offer is a premium of approximately 41.8% to the share price of £2.82, the day we first approached the Board, and approximately 101.4% to the average of the previous 12 months. It is also approximately 29.0% higher than the target price of £3.10 stated by Investec in their research note of 22 June this year.

Our offer presents an opportunity for shareholders to exit at a price approximately 37.0% above where the share price had ever been (before our approach) and beyond where we believe the Board are capable of taking it.

At the same time our offer is an opportunity to create real impact in the green energy market and in the fight against the climate crisis. A win financially and for the environment.

Our offer to shareholders is for 'Jam today' and a green outcome.

We hope that you will support us in this.

Cheers,

Dale

### Notes

1. Your attention is drawn to the Important Notices below and to the additional information set out in the Appendix to this letter.
2. Words or expressions defined in the Offer Document published by Ecotricity Group Limited on 11 August 2021 in connection with its Offer for Good Energy Group PLC have the same meaning when used in this letter.

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## IMPORTANT NOTICES

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer or the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 and specialising in advising on the acquisition of shares and other securities if you are in the United Kingdom, or otherwise from another appropriately authorised independent financial adviser in the relevant jurisdiction.**

If you sell or have sold or otherwise transferred all of your Good Energy Shares, please send this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document should not be mailed or otherwise forwarded, distributed or sent in whole or in part in, into or from the United States, Canada, Australia or Japan or any other Restricted Jurisdiction. If you have sold or otherwise transferred only part of your holding of Good Energy Shares, you should retain this document and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

**The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom, and the availability of the Offer to Good Energy Shareholders who are not resident in the United Kingdom, may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document come should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, Ecotricity disclaims any responsibility or liability for the violation of such restrictions by such persons.**

### **Overseas shareholders**

The Offer is not being made, directly or indirectly, in, into or from the United States, Canada, Australia or Japan or to any resident of the United States, Canada, Australia or Japan or any other Restricted Jurisdiction. Accordingly, copies of this document and any related offering documents are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from the United States, Canada, Australia or Japan or to any resident of the United States, Canada, Australia or Japan or any other Restricted Jurisdiction. Doing so may render invalid any purported acceptance. Further details in this regard are contained in paragraph 7 of Section C of Part 2 of the Offer Document. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation, or may otherwise intend, to forward this document and any accompanying documents outside the United Kingdom should read such paragraphs before taking any action.

### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by

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no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Publication on website**

A copy of this document will be made available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on the Ecotricity Group's website at [www.ecotricity.co.uk](http://www.ecotricity.co.uk) by no later than 12 noon (London time) on the day following the date of this document until the end of the Offer Period.

#### **Forward-looking statements**

This document includes certain "forward-looking statements". The forward-looking statements contained herein may include statements about Ecotricity's plans, objectives and expected performance. Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates" and words of similar import. These statements are based on certain assumptions, the current expectations of Ecotricity and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Conditions to the Offer, continued demand for Good Energy's products and services, competition in the markets in which Good Energy operates, changes in economic conditions, changes in the level of capital investment, success of business and operating initiatives and restructuring objectives, customers' strategies and stability, changes in the regulatory environment, fluctuations in interest and exchange rates, the outcome of litigation, government actions and natural phenomena such as floods, earthquakes and hurricanes. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this document. Ecotricity expressly disclaims any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.



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## Appendix – Additional Information

### 1. Responsibility

- 1.1. The Ecotricity Directors, whose names are set out in paragraph 2.1 of Part 6 of the Offer Document, accept responsibility for the information contained in this document except that the only responsibility accepted by them in respect of information relating to Good Energy, the Wider Good Energy Group and the Good Energy Directors, which has been compiled from previously published sources, is to ensure that such information is correctly and fairly reproduced and presented.
- 1.2. To the best of the knowledge and belief of the Ecotricity Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Zeus Capital

Zeus Capital, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser to Ecotricity and for no one else in connection with the Offer and will not be responsible to anyone other than Ecotricity for providing the protections afforded to clients of Zeus Capital, nor for providing advice in relation to the Offer, the content of this document or any matter referred to herein. Neither Zeus Capital nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Zeus Capital in connection with this Offer, any statement contained herein or otherwise.

### 3. Request for hard copy

Any Good Energy Shareholder, person with information rights or a holder of options or awards under the Good Energy Share Option Schemes may request a copy of this document in hard copy form. A hard copy of such information will not be sent to such persons unless validly requested from Link Group, by post at Central Square, 29 Wellington Street, Leeds LS1 4DL or by telephone from Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. All valid requests will be dealt with as soon as possible.

### 4. Rule 27 material changes

For the purpose of Rule 27.2 of the Takeover Code, Ecotricity confirms that since the publication of the Offer Document (a) save as disclosed in this document, Ecotricity is not aware of any changes in the information disclosed in the Offer Document which are material in the context of the Offer Document and (b) Ecotricity confirms that there have been no material changes to:

- (i) its intentions with regards to the business, employees and pension scheme(s) of Good Energy as detailed in Rule 24.2 of the Takeover Code;
- (ii) so far as the Ecotricity Directors are aware, and save as disclosed in Good Energy's unaudited interim results for the six months ended 30 June 2021 which were announced on 14 September 2021, the financial or trading position of Good Energy as detailed in Rule

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- 24.3(a)(v) of the Takeover Code, subject to Ecotricity not having had access to any information about the Good Energy Group otherwise than from published sources;
- (iii) its or its subsidiaries' material contracts as detailed in Rule 24.3(a)(vii) of the Takeover Code;
  - (iv) ratings or outlooks publicly accorded to Ecotricity prior to the commencement of the Offer period as detailed in Rule 24.3(c) of the Takeover Code (of which there were stated to be none in the Offer Document);
  - (v) ratings or outlooks accorded to Good Energy prior to the commencement of the Offer period as detailed in Rule 24.3(c) of the Takeover Code (of which there were stated to be none in the Offer Document);
  - (vi) any agreements or arrangements to which Ecotricity is a party which relate to the circumstances in which Ecotricity may or may not invoke or seek to invoke a condition of the Offer as detailed in Rule 24.3(d)(xii) of the Takeover Code (of which there were stated to be none in the Offer Document);
  - (vii) any irrevocable commitments and letters of intent which Ecotricity or any person acting in concert with Ecotricity has procured in relation to relevant securities of Good Energy as detailed in Rule 24.3(d)(xiii) of the Takeover Code (of which there were none provided for in the Offer Document);
  - (viii) any post-offer undertakings made by Ecotricity as detailed in Rule 24.3(d)(xviii) of the Takeover Code (of which there were none provided for in the Offer Document);
  - (ix) any offer-related arrangements or other agreements, arrangements or commitments permitted under, or excluded from, Rule 21.2 of the Takeover Code (including any inducement fees) as detailed in Rule 24.3(d)(xix) of the Takeover Code (of which there were none provided for in the Offer Document);
  - (x) any profit forecasts and quantified financial benefits statements as detailed in Rule 24.3(d)(xxi) of the Takeover Code (of which there were none provided for in the Offer Document);
  - (xi) its financing arrangements and sources of finance in respect of the Offer as detailed in Rule 24.3(f) of the Takeover Code;
  - (xii) any interests and dealings in relevant securities by, amongst others, the Ecotricity Directors and persons acting in concert with Ecotricity, as detailed in Rule 24.4 of the Takeover Code, as at 14 September 2021 (being the latest practicable date prior to the publication of this document);
  - (xiii) the effect of the Offer on the emoluments of its directors as detailed in Rule 24.5 of the Takeover Code (of which there were none provided for in the Offer Document);
  - (xiv) any incentivisation arrangements with members of Good Energy management who are interested in shares of Good Energy or any agreements, arrangements or understandings between Ecotricity and any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Good Energy, or any person interested or recently interested in shares of Good Energy, which has any dependence upon the Offer as detailed in Rule 16.2 or Rule 24.6 of the Takeover Code (of which there were none provided for in the Offer Document);

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- (xv) the ultimate owner of any securities in Good Energy to be acquired pursuant to the terms of the Offer as detailed in Rule 24.9 of the Takeover Code;
  - (xvi) any indemnities, dealing arrangements, option arrangements or other arrangements which may be an inducement to deal or to refrain from dealing as detailed in Note 11 on the definition of acting in concert and Rule 24.13 of the Takeover Code (of which there were none provided for in the Offer Document); and
  - (xvii) any fees and expenses expected to be incurred by Ecotricity in connection with the Offer as detailed in Rule 24.16 of the Takeover Code.

## 5. Sources of information and bases of calculation

In this document, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

- (i) The statement in this document regarding the forecast financial performance of Green Britain Group is based upon the Board approved internal forecasts of Green Britain Group to 30 April 2022 as at 14 September 2021, being the last practicable date prior to the date of this document;
- (ii) The statement in this document that there has been a five year decline in the rate of growth of revenue, gross margin, gross profit and EBITDA of Good Energy is based on the annual growth rates across the metrics stated above contained within the audited annual report and accounts of Good Energy for each of the periods ended 31 December 2016 to 31 December 2020 inclusive;
- (iii) The statement in this document that profit before tax has declined over the same period from £1,434k to a loss of £82k is based on the audited annual report and accounts of Good Energy for the period ended 31 December 2016 and the period ended 31 December 2020;
- (iv) The graph in this document containing the year on year compound annual growth rates for revenue, gross margin, gross profit and EBITDA is derived from calculated compound annual growth rates for those metrics, based upon the figures stated in the annual report and accounts of Good Energy for the periods below:
  - a. 10 year is from the period ended 31 December 2011 to the period ended 31 December 2020;
  - b. 9 year is from the period ended 31 December 2012 to the period ended 31 December 2020;
  - c. 8 year is from the period ended 31 December 2013 to the period ended 31 December 2020;
  - d. 7 year is from the period ended 31 December 2014 to the period ended 31 December 2020;
  - e. 6 year is from the period ended 31 December 2015 to the period ended 31 December 2020;

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- f. 5 year is from the period ended 31 December 2016 to the period ended 31 December 2020;
  - g. 4 year is from the period ended 31 December 2017 to the period ended 31 December 2020;
  - h. 3 year is from the period ended 31 December 2018 to the period ended 31 December 2020;
- (v) Good Energy Share prices have been derived from Bloomberg and represent the Closing Prices on the relevant date;
  - (vi) FTSE AIM All Share Index data in this document has been derived from S&P Capital IQ and represents the closing index value on the relevant date;
  - (vii) The graph in this document comparing the relative performance of the Closing Price of Good Energy to the closing index value of the AIM All Share Index adjusts each value on 4 January 2016, being the first day of trading in 2016, to 100 and compares the relevant percentage change for both metrics through to the 15 June 2021, being the day prior to Ecotricity's first approach to Good Energy;
  - (viii) The statement in this document that dividends have been in decline over the past 5 years when adjusted for inflation is based upon the annual dividend per share declared by Good Energy adjusted by reference to the CAGR of the RPI All Items Index of 2.7 per cent. from January 2016 to December 2020 according to the Office of National Statistics, then compared to the corresponding figures stated in the audited annual report and accounts for Good Energy for the period ended 31 December 2020.