TelecomPlus

Final Results

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Telecom Plus PLC
Final Results for the year ended 31 March 2023

"An exceptional performance with record revenues, profits and customer growth"

Telecom Plus PLC (trading as Utility Warehouse and UW), the UK's only supplier of bundled household utility services, today issues its final results for the year ended 31 March 2023.

Financial Highlights

- Revenues increased to £2,475.2 million (2022: £967.4m)
- Adjusted pre-tax profit up 55% to £96.2 million (2022: £61.9m)
- Adjusted EPS up 57% to 99.2p (2022: 63.2p)
- Statutory pre-tax profit up 81% to £85.5 million (2022: £47.2m)
- Statutory EPS up 92% to 86.6p (2022: 45.1p)
- Full year dividend of 80p (2022: 57p) per share

Operational Highlights

- Record organic growth
  - 22% increase in customers, taking our total base to 886,579 (2022: 728,680)
  - 24% increase in number of services supplied to 2.8 million (2022: 2.3 million)
- Sustainable multiservice cost advantage enabled us to save our customers over £30m on their energy bills alone during the year
- Insurance business more than doubled to over 100,000 policies
- Ranked top supplier in Uswitch Energy Awards for 'Best Customer Service' and 'Most Likely to Recommend'; 3rd in Which? Broadband Satisfaction survey
- 25% increase in Partner numbers to almost 60,000 (2022: 48,000) reflecting ongoing strong interest in our income opportunity as cost of living pressures continue to be felt by UK households

Outlook

- Comfortable double-digit annual percentage customer growth, leading to a broadly corresponding increase in adjusted pre-tax profits
- Ongoing investment in our services, people and technology with new specialist customer support hubs in Burnley and Selkirk
- Positioned to scale our insurance business with establishment of in-house broker and insurer

Andrew Lindsay & Stuart Burnett, Co-CEOs, said:
"This has been an outstanding year for the company: the fundamental strengths of our business model have reasserted themselves and delivered a strong outcome for all our stakeholders - particularly for our customers who benefitted from the lowest energy prices in the country throughout the year, saving over £30m on their bills.

The recent fall in the Ofgem Price Cap is welcome news for UK households, although energy prices remain substantially above historical levels. When this challenge is combined with reduced government support, rising mortgage costs and continuing high inflation, the need for households to make savings across all their essential utilities has never assumed such high importance. As the UK's only multiservice utility provider, UW remains uniquely positioned to help households to do exactly that, and we have seen a strong start to the current year, with recent customer growth putting us firmly on track to meet our goals.

However, we seek to go further than simply helping customers to save time and money on their household bills: through the UW Partner opportunity, thousands of people across the UK are earning a much-needed additional income every month. We expect the ongoing pressure on household budgets to continue to drive significant growth in the number of Partners recommending our market-leading services to their friends and family.

This unique combination of offering consumers both meaningful savings and additional earnings in the current economic environment underpins our target of welcoming an additional million customers to UW over the medium term."

There will be a virtual meeting for analysts today at 9.00am. Please contact CEN Advisory at: julian@cenadvisory.com for dial in details.

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About Telecom Plus PLC ("Telecom Plus"):

Telecom Plus, which owns and operates Utility Warehouse (UW), is the UK's leading multiservice utility provider, offering bundled household services - energy, broadband, mobile and insurance - through one account.

Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities and exceptional levels of service.

Customers sign up through a network of local UW Partners all across the country. These Partners recommend UW's services to friends, family and people they know by word of mouth.

Telecom Plus is listed on the London Stock Exchange (Ticker: TEP LN). For further information please visit telecomplus.co.uk

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Cautionary statement regarding forward-looking statements

This Announcement may contain "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they are based on numerous assumptions regarding the Company's present and future business strategies, relate to future events and depend on circumstances which are or may be beyond the control of the Company which could cause actual results or trends to differ materially from those made in or suggested by the forward-looking statements in this Announcement, including, but not limited to, domestic and global economic business conditions; market-related risks such as fluctuations in interest rates; the policies and actions of governmental and regulatory authorities; the effect of competition, inflation and deflation; the effect of legislative, fiscal, tax and regulatory developments in the jurisdictions in which the Company and its respective affiliates operate; the effect of volatility in the equity, capital and credit markets on profitability and ability to access capital and credit; a decline in credit ratings of the Company; the effect of operational risks; an unexpected decline in sales for the Company; any limitations of internal financial reporting controls; and the loss of key personnel. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Save as required by the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the Listing Rules or by law, the Company undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this Announcement.

Chairman's Statement

I am pleased to report an exceptional performance during FY23 with record revenues, record profits, and record organic growth in both customer and service numbers.

Adjusted pre-tax profits increased by 55% to £96.2m (2022: £61.9m) reflecting both the strong double-digit growth we achieved in our customer and service numbers over the last 18 months, and the significant rises in the Ofgem Energy Price Cap over the period, partially offset by extra growth related costs and an increase in the value of the energy savings we gave our customers to a record level of over £30m.

Revenues grew by more than £1.5bn to £2,475.2m (2022: £967.4m) reflecting both the strong organic growth achieved in customer and service numbers, and the impact from progressively higher energy prices during the year.

Adjusted earnings per share for the year rose by 57% to 99.2p (2022: 63.2p). Statutory pre-tax profits rose by 81% to £85.5m (2022: £47.2m), and statutory EPS rose by 92% to 86.6p (2022: 45.1p).

We comfortably exceeded our internal growth targets for the year, with customer numbers increasing by 157,899 (2022: 71,269) to 886,579 and service numbers rising by 533,239 (2022: 191,112) to 2,798,148. The difference between our growth in service numbers of 23.5% and customer numbers of 21.7% demonstrates the strong appeal of our differentiated bundled proposition, even during a year when energy prices dominated the domestic media agenda.

Our strong customer demographic (skewing towards multiservice homeowners), competitive market positioning (where we are consistently offering the UK's lowest energy prices to both new and existing customers), and limited appetite amongst other suppliers to attract new customers during a period of rising prices, resulted in our energy customer churn for the year remaining below 3%, although in recent months it has ticked up modestly to around 5% on an annualised basis.

Interest in the income opportunity we offer to our Partners continued to grow, particularly during the second half, reflecting increased levels of confidence in recommending the UW customer proposition and the growing demand for an additional income as the cost of living continued to rise. This resulted in total Partner numbers increasing to almost 60,000 by the end of the year.

I am exceptionally proud of the vital roles played by everyone in our business, in enabling us to deliver this record Company performance, against a background of repeated sizeable increases in the cost of energy alongside considerable government and regulatory intervention. To have been ranked as top supplier during such a challenging period by USwitch in their 2022 Energy Awards for 'Best Customer Service' and 'Most Likely to Recommend' is a huge achievement, and testament to both the value we offer and the considerable efforts by all of our teams to deliver the best possible customer service.

In addition to supporting our customers with the UK's cheapest energy throughout this challenging period, we also supported our employees in managing the rising costs that they themselves were facing, by providing them with £800 in one-off payments over the winter, and a company-wide CPI-linked 10.1% increase in salary from 1 April 2023.

Sustainability

Our people and the communities we serve are at the heart of our strategy. As a Company, we are culturally very focussed on our sustainability as a business - not just in our approach to building long-term relationships with our customers and Partners and supporting our employees, but also ensuring that we are doing business responsibly and considering our wider impact on the environment around us and supporting the UK's transition to net zero. I am pleased with the further progress we have made this year towards improving our sustainability, in particular by having delivered on our commitment to publish a net zero transition plan and to further develop our Climate-related Financial Disclosures.

As families across the UK continue to face high inflation and a rising cost of living, we are very proud of the role we play in helping our customers and Partners navigate those challenges: by sharing the benefits we derive as an integrated multiservice supplier with our customers by giving them sustainable long-term savings on their essential household services. Our Partner opportunity offers hard-working people, from all walks of life, the ability to earn an additional income to help offset the rising cost of living.

Looking ahead, our FY24 ESG objectives demonstrate the Company's continued commitment to improving its sustainability and I look forward to delivering further progress over the year ahead.

Corporate Governance

The UK Corporate Governance Code (the "Code") encourages the Chairman to report personally on how the principles in the Code relating to the role and effectiveness of the Board have been applied.

As a board we are responsible to the Company's shareholders for delivering sustainable shareholder value over the long term through effective management and good governance. A key role of mine, as Non-Executive Chairman, is to provide strong leadership to enable the Board to operate effectively.

We believe that open and rigorous debate around key strategic issues, risks and opportunities faced by the Company is important in achieving our objectives and the Company is fortunate to have non-executive directors with diverse and extensive business experience who actively contribute to these discussions.

Dividend and Capital Allocation

The Company continues to be highly cash generative whilst delivering rapid growth. We are proposing a final dividend of 46p (2022: 30p), bringing the total for the year to 80p (2022: 57p). This will be paid on 11 August 2023 to shareholders on the register at the close of business on 21 July 2023 subject to approval by shareholders at the Company's AGM which will be held on 4 August 2023.

The Board adopts a disciplined approach to the allocation of capital, with the overriding objective being to enhance long-term shareholder value. Our primary objective when allocating capital is to fund sustainable organic growth. Beyond that we have followed a long-standing progressive dividend policy in order to return surplus capital to our shareholders.

Going forward, the Board intends to also consider the appropriateness of using surplus cash to return capital to shareholders through share buy backs, any such amounts being determined by what is available after funding organic growth, modestly growing our current dividend payout, and maintaining an appropriate level of gearing.

Outlook

As the only fully-integrated supplier in the UK spanning four essential household markets (energy, broadband, mobile and insurance), our one-stop-shop proposition delivers long-term savings funded by the inherent efficiency of our bundled multiservice proposition, and has significant and growing appeal. It gives us a sustainable cost advantage which sets us apart from our competitors who are focussed on each individual market: and with 97 out of every 100 UK households taking their essential home services from one of these other suppliers, our organic growth opportunity has barely been tapped.

Since autumn 2021 we have grown our customer numbers at an annualised compound rate of over 20%, spanning a period during which energy commodity prices rose strongly for the first 12 months, before falling sharply over the subsequent and most recent eight month period. That we have been able to deliver such strong double-digit growth during both a rising and falling environment for energy prices gives us considerable confidence in our ability to continue doing so in future.

The strength of our competitive position is further supported by the more responsible regulatory environment in which demanding new capital adequacy requirements are being imposed upon suppliers, and the low regulatory margin allowed on energy which makes it extremely challenging for any standalone energy supplier to sell below the level of the price cap and earn an acceptable return on capital - something we have uniquely and consistently done throughout the current cost of living crisis and anticipate continuing to do in future.

There was a marginal increase in customer churn towards the end of the year as we saw a number of suppliers tentatively re-starting their customer retention programmes, but there has yet to be any meaningful return to proactive customer acquisition activity - reflecting the regulatory focus on ensuring a sustainable retail energy marketplace, the ongoing impact of the Ofgem Market Stabilisation charge, and the low margins available to energy suppliers.

The welcome fall in the Ofgem Price Cap to £2,074 creates a modest headwind for us over the coming year in terms of lowering our average revenue per customer, and potentially reducing the feeling of urgency amongst people to switch their supplier. However, in a more stable retail market, and with energy prices looking likely to remain at around these levels for the foreseeable future, we are confident that our unique multiservice proposition will continue to underpin our competitive position and support further strong organic growth.

We remain focussed on our target of welcoming an additional one million customers to UW, with the following medium-term internal base case planning assumptions:

- annual percentage customer growth is expected to remain comfortably in double-digits, albeit below the record level we achieved last year
- adjusted pre-tax profits are expected to increase broadly in line with customer growth
- excess capital will be returned to shareholders through a combination of modestly increasing dividends and share buy-backs, as deemed appropriate.

Both our people and our technology are vital to delivering an exceptional UW experience to our customers, and as we scale, we continue to invest heavily in strengthening our teams at all levels, and evolving and improving our systems. As we increase the size of our team in response to the ongoing rapid growth in the number of customers we support, a key area of focus for the year ahead is to codify our distinct UW culture and embed it throughout our increasingly widespread employee base.

It has been exciting to see our Partners once again demonstrating their ability to recommend our strong and differentiated consumer proposition to a record number of households, delivering significant and high quality organic growth. With UK households facing continuing challenges and uncertainties over the coming year, particularly for those coming to the end of a cheap fixed-rate period on their mortgage, we anticipate that demand from new Partners joining UW to earn an additional income will remain strong.

I would like to thank my boardroom colleagues for their support and all our staff and Partners for their energy, drive and hard work through a challenging but exciting year of growth, and the contribution they are making to the ongoing strong performance of the business.

The last twelve months have put us firmly on track to achieve our medium-term target of welcoming an additional one million customers to UW, and we look forward to making significant further progress over the year ahead.

Charles Wigoder
Non-Executive Chairman
27 June 2023

Co-Chief Executives' Review

The year in summary: meeting consumer demand through multiservice bundles

Throughout our 25-year history, we have consistently helped UK households reduce the cost and hassle of running their homes. And 2023 was no different. As the rising cost of living has been felt by the nation, we have helped families bolster their finances through savings on their home services and earnings through the UW Partner opportunity. This has resulted in a year of record growth for the business, as we remain on track to deliver our medium-term goal of welcoming one million additional customers to UW.

2023 marked the first full year since sustainable pricing practices returned to the energy market. And with the return to a rational marketplace our business model has demonstrated its strength.

During the financial year, our multiservice bundles have provided real value to UW customers across all their home services, not only in delivering over £30 million of savings on their energy bills, but also a further £8m of Cashback card savings. The demonstrable ongoing value that we offer households on services they were previously buying from other suppliers is a clear ongoing driver of our growth and was a key factor in attracting nearly 160,000 net additional customers during the year.

Whilst the dynamics in each of our markets constantly vary, we continually focus our efforts on strengthening our core multiservice customer proposition and supporting our Partner community.

In the immediate aftermath of the energy crisis and following the failure of around 30 suppliers in autumn 2021, we experienced a marked increase in the proportion of new customers applying for just energy services from UW. To address this, we simplified our application journey, incorporated insurance into our multiservice bundles, and introduced tiered savings 'Boosts' to encourage multiservice take up amongst new customers. These initiatives have yielded strong results, particularly during a year in which there was near constant media coverage of high energy prices, with the growth in the number of services we supply (+24%) pleasingly outstripping the strong underlying growth in customers (+22%) during the year.

By integrating insurance into our multiservice bundles in April 2022, we made this service part of our core proposition, and saw an immediate acceleration in the rate of take up by new customers, leading to an increase in the number of policies from 44,834 to 100,590 over the course of the year. This is an encouraging trend for our future multiservice growth strategy.

As confidence in the strength of our customer proposition progressively increased amongst our Partners, and as interest in the income opportunity we offer grew in response to the rising cost of living faced by UK households, we saw more and more people turning to UW to bolster their incomes. The total number of UW Partners increased by over 25% during the year, reaching almost 60,000 for the first time. This reflects the appeal of our income opportunity in the current economic climate, and underpins the sustainability of our current high-quality growth with our Partners continuing to demonstrate their unique capability to introduce high-value customers (i.e. multiservice homeowners) to UW in significant volumes.

Rather than seeking growth at any cost, we take pride in the consistent disciplined approach we have adopted to building a long-term, sustainable business. In a year characterised by the demands of rapid customer growth, inflated levels of contact from our customers in response to high energy prices, and unprecedented regulatory and Government intervention, we have concentrated our efforts on delivering our three key business priorities:

- Building a great culture and environment for our people
- Looking after our customers as we grow
- Maximising high-quality customer growth

Through focussing all our people on these priorities, we are pleased to have made significant progress on each front:

- *increasing our employee Net Promoter Score (eNPS) to +39*
- *increasing our post-contact Customer Effort Score (CES), that measures the ease with which customers can use our services, resolve a support issue, or find the information they need, by 19% to 75 in March 2023*
- *delivering a 20% improvement in the proportion of new customers taking a multiservice bundle.*

All of these have contributed to our double-digit organic growth for the year and lay the foundation for further progress in the years ahead.

This is an exciting time for the business. After several years of modest progress, we saw a return to strong growth in autumn 2021, which continued throughout last year. This demonstrates our ability to respond to the challenges created by rapid customer growth and strengthens our confidence in successfully scaling the company over the medium term.

As we look at the external macro-economic environment around us, it seems clear that demand will remain high for the sustainable savings we offer our multiservice customers, and for the meaningful additional income opportunity we provide our Partners. And with 97 out of 100 UK households not yet with UW, there is scope for considerable further growth ahead.

Looking ahead, we are confident in delivering profitable double-digit % annual growth as we progress towards our medium-term goal of welcoming an additional one million customers to UW.

A unique business model in the UK - Our sustainable cost advantage

As the UK's only multiservice utility provider, we receive revenue streams from each of the services we supply to our customers, which we manage with a single set of central overheads. This gives us significant operating efficiencies relative to our competitors in each of our markets, and creates a sustainable, structural cost advantage.

This ongoing cost advantage enables us to price competitively across each of the individual services we supply, bundling them together into a unique multiservice proposition.

By bundling their home services together, UW customers receive sustainable long-term savings and the simplicity of a single monthly bill, whilst being supported by our award-winning customer services team.

This differentiated UW experience delivers market-leading levels of customer loyalty and creates a highly referable proposition that we harness through the most powerful form of marketing being - word-of-mouth.

This word-of-mouth marketing, led by our community of UW Partners, is the key to unlocking high levels of multiservice take-up by new customers, which in turn, strengthens our structural cost advantage.

This self-reinforcing cycle is the core of our business model.

Bundles that reduce the cost and hassle of running a home

We supply households throughout the UK with a wide range of essential services - energy, broadband, mobile and insurance - all under the UW brand.

Our customers bundle together the services they want, and benefit from a unique multiservice proposition that offers them:

- Simplicity - just one, simple bill for all their home services;
- Savings - compared with the prices they were previously paying; and
- Service - an easy to use customer app backed up by award-winning support teams.

We believe that one supplier offering a single place for consumers to manage all their essential home services, and a single monthly bill for all of them together, is logically the easiest and most cost-effective way to deal with bills. And in genuinely delivering on this multiservice proposition, we create something that is truly referable.

Loyal customers creating sustainable, long-term value

We help our customers to get on with more important things in their lives than managing their bills by delivering consistently fair value and great service, ensuring they never need to think about switching their utilities again.

We also seek to maximise their expected lifetime with us, by earning their trust and loyalty in a number of ways:

- Treating our customers fairly
  - We offer long-term, ongoing savings across our services, in preference to shorter-term pricing tactics that inevitably undermine customer trust, loyalty and longevity.
- Providing outstanding service
  - We provide our customers with award-winning customer service online, on our app and through our dedicated customer service teams, adopting a mantra of 'looking after every customer as though they were our own mum'.
- Offering customers incrementally better value with each additional service they take
  - Given the clear correlation between the number of services a customer takes and their expected lifetime as a UW customer, it is beneficial to both the customer and ourselves to provide additional savings to those who take multiple services from us.
- Encouraging customers that own their home to choose UW
  - Changes in who is occupying a property often leads to higher administrative costs, greater churn and bad debt, and thus pose particular challenges to suppliers of broadband and energy. By targeting homeowners who are less likely to move property, we underpin the long-term value of the business.
- Creating additional saving opportunities for our customers
  - For example, through our Cashback offering (which allows customers to further reduce their monthly bills through their everyday shopping) or through our Customer Referral scheme.

We want UW customers to have such a positive overall experience with us that they won't want to switch away from it, encouraging them to stay with us longer generating sustainable, long-term returns, and recommending us to their family and friends.

A unique Word of Mouth model that creates earning opportunities

Conventional advertising is ineffective at acquiring individual customers who take multiple services - the proposition is too complicated, and the perceived effort of switching is too high.

In contrast, a word of mouth recommendation from a trusted person will overcome the natural inertia to switching multiple services simultaneously, and deliver higher levels of multiservice take up by new customers.

We rely primarily on our community of Partners to provide these trusted personal recommendations, and it is their word-of-mouth marketing of UW that enables us to unlock the inherent value of a multiservice customer.

This word-of-mouth approach creates a genuine alignment of interests that is in stark contrast to the traditional advertising strategies of our competitors: these typically reach only a minority of highly engaged UK consumers who are prone to serial switching and therefore unlikely to generate long term returns.

Our Partners are paid for showing people they know how bundling their home services with UW can save them time and money. Each time they introduce a new customer they receive a one-off payment followed by an ongoing monthly commission stream which continues for as long as the customer remains with UW, and which grows as they build a team and acquire more customers.

At a time when the rising cost of living is applying increasing pressure to households across the country, our word-of-mouth marketing model is not only helping more and more families to benefit from much needed savings on their bills, but is also providing an opportunity for increasing numbers of people to more than offset the increased costs they are facing by earning a meaningful additional income. We are seeing more and more people turning to UW to do exactly that.

An inherently long-term business

Our multiservice proposition - delivered through our word-of-mouth route to market - drives the ongoing acquisition of loyal customers, thereby building long-term value for all parties:

- Our customers benefit from our lowest prices for longer in return for switching all their services to UW.
- Our Partners receive a long-term recurring income stream from a longer-lasting customer.
- Our shareholders access a growing earnings stream from an inherently sustainable business.

<u>Our bundles: best-in-class core services</u>

Our multiservice bundles

We made a number of important improvements to our multiservice customer proposition during the year:

i) We launched a new bundle structure centred on our 4 core services: energy, broadband, mobile and insurance. The evolved proposition expanded the qualifying services to include all our core products and gave customers greater flexibility to tailor their personal bundle.

ii) We refined our customer acquisition investment in order to better attract multiservice homeowners through the launch of our Boost incentive.

iii) We re-launched our customer referral programme with a traditional "give a reward / get a reward" mechanic, designing these incentives to similarly attract multiservice homeowners, as well revamping the digital referral and onboarding experiences. We are excited by the potential for this logical extension of our word of mouth marketing model but were frustrated to have to postpone the planned marketing campaigns for the new referral programme in response to the higher Ofgem Market Stabilisation Charges which we faced during the final quarter of the financial year; we look forward to seeing a marked increase in referral activity over the coming months.

As a result of this series of improvements, the last 12 months has seen a 20% improvement in the proportion of new customers taking a multiservice bundle.

In March 2023, in response to the new quarterly Ofgem Price Cap, we simplified the structure of our ongoing multiservice energy discounts, moving from a percentage-based discount to a consistent pounds-based discount. Importantly, this change creates a clear and simple price promise that suits our word of mouth marketing model whilst holding true to our 'take more, save more' value proposition.

Energy

In a market characterised by unprecedented levels of commodity price inflation and government intervention during the year, we were the fastest growing retail supplier in the country, increasing the number of energy services we supply by 24.8% from 1,219,836 to 1,522,350.

Whilst the Ofgem Price Cap increased sharply at the start of the year from £1,277 to £1,971, underlying wholesale energy prices continued to climb, driving retail prices to unsustainable levels with the Ofgem Price Cap soaring to £3,549 in October. In response, the government implemented several new schemes; the Energy Bill Support Scheme and Energy Price Guarantee supported residential customers by bringing the effective customer cost down to £2,100 over the winter, while the Energy Bill Relief Scheme supported non-domestic customers. Meanwhile the Ofgem Price Cap moved to a quarterly basis.

During this period the majority of energy suppliers withdrew their acquisition tariffs and the switching market slowed dramatically. As a multiservice supplier, we were uniquely positioned to continue acquiring customers throughout this period, offering sustainable and market leading energy savings funded by our margins from supplying the broadband, mobile or insurance services that our customers also take from us, and the operational cost advantage we enjoy as an integrated multi-utility supplier. We were pleased to be ranked third in the Which? 2023 Energy Supplier Survey, and ended the year replacing Utilita as the 8th largest energy supplier in the country.

In addition to implementing the numerous government support schemes, we maintained our position at the forefront of the smart meter rollout programme, successfully migrating our metering arrangements to Calisen group following the divestment of UWHS in March 2022. We are delighted to have recently passed the 1m smart meter milestone and remain fully committed to delivering further progress on this vital element of the UK's transition to net zero.

Over the course of last winter, forward wholesale prices fell significantly, triggering the Ofgem Market Stabilisation Charge, whereby a supplier who gains a customer is obliged to compensate the losing supplier for a proportion of their costs associated with hedging energy for that customer. This additional acquisition cost resulted in us further increasing our focus on acquiring multiservice customers during Q4, which reduced our overall growth rate during this period.

Retail prices currently look set to stabilise at around the £2,000 level for the rest of the year: whilst this is a significant reduction compared to recent months, it is roughly twice the level of the past decade. This ongoing additional pressure on household budgets can be expected to drive continued high demand for the long-term energy savings that we offer.

Ofgem remains focussed on its programme of retail market reform: through a series of market compliance reviews, it is tightening up on unsustainable supplier practices, and is currently consulting on numerous topics relating to Price Cap allowances - notably debt and EBIT margins - to ensure supplier sustainability. In so doing, Ofgem are ensuring a level playing field exists between suppliers and creating a market in which an innovative, sustainable multiservice proposition like ours stands to benefit. Further reform is expected as the immediate energy crisis recedes and Ofgem returns its focus to the transition to net zero.

Broadband

The broadband market continued to be highly competitive during the year, albeit market-wide switching rates remain lower than pre-pandemic levels due to greater concern over broadband disruption given the increased reliance many consumers place on connectivity when working from home. This reluctance to switch has tempered our broadband growth, albeit we still saw a near 10% increase in service numbers to 354,118 over the course of the year.

In response to highly competitive market dynamics, we reduced our broadband margins 18 months ago by offering introductory prices to new customers. Whilst we would prefer not to offer these tariffs, they make us one of the most competitively priced suppliers, particularly for our multiservice customers. In the past few months many broadband providers have increased their back-book prices by CPI+, and there are some early signs of a welcome upward market-wide trend emerging in introductory tariffs. Thanks to our multiservice model, we were able to keep our price increases below CPI and maintain our introductory tariffs unchanged.

With consumers increasingly focused on speed and reliance, we were pleased to be ranked 3rd in the 2023 Which? Broadband Satisfaction Survey, behind Zen and Hyperoptic. Our broadband router retained its Best Buy status from Which? and is supplemented by our whole home wifi Amazon eero proposition for larger households. Together, these demonstrate our focus on offering our customers what they value - quality services at affordable prices, as part of a multiservice bundle.

We extended our long-term partnership with TalkTalk for a further five years, gaining improved terms and access to their favourable agreements with alternative fibre networks. With 25% of new customers already taking full fibre services from us, this will enable us to accelerate our full fibre rollout, and we are pleased to be adding CityFibre's footprint this summer, increasing our addressable full fibre market to over 12.5m properties nationwide.

Mobile

The trend in the mobile market towards sim-only contracts and higher average data consumption continued through the year, with consumers now typically paying between £15 and £20 per month. Both our £20 unlimited data mobile plan, and our family bundle of four unlimited data sims for £59 per month, are market leading, particularly given they are on the EE network which provides the highest (99.6%) population coverage in the UK.

Our competitive and straightforward proposition has led to further strong growth of over 20% in our mobile business, ending the year with 394,145 services. With over half of our new customers benefiting from the peace of mind and value offered by our unlimited data plan, our mobile proposition epitomises what UW stands for.

We extended our long running partnership with EE giving us the additional flexibility to grow our base whilst continuing to offer market leading products and data allowances. UW customers will soon start to benefit from mobile coverage on the London Underground, and we expect to commence our preparation for launching 5G services in the coming months.

Insurance

This year was transformative for our insurance business, with our policy book more than doubling from 44,834 to 100,590. In focussing on delivering high quality cover and excellent value to our customers, we continue to benefit from strong retention rates of around 95%, and as our overall customer growth has increased, we have seen demand from new and existing customers remain strong for our insurance services. We are seeing the early benefits of this growth on our unit economics, and expect this emergent trend to accelerate as we achieve further economies of scale.

A key driver behind the marked acceleration in growth this year was the incorporation of insurance into our multiservice bundles and new customer onboarding journey at the start of the year. This has validated our strategy of further embedding insurance into our core proposition, and we were pleased that the Gibraltar insurance regulator ('GFSC') approved our insurer licence for UWI Limited ('UWI') in March 2023 (see below).

By combining our platform of 100,000+ insurance policies with end-to-end vertical integration through ownership of our own in-house broker and insurer, we are now positioned to genuinely scale our insurance business and become one of the UK's major personal lines insurance businesses over the coming years.

Cashback card

Our Cashback card saw significant growth this year with UW customers spending over £500m (2022: £368m) and earning Cashback on everyday spending of £8.2m (2022: £5.8m), an increase of over 40%. With households across the UK facing significant increases in the cost of living, our Cashback card offers a unique and valuable additional way of helping to reduce monthly outgoings.

Whilst not a material profit centre in its own right, our Cashback card adds huge value to our business, generating regular positive touchpoints with active cardholders through real time alerts of cashback earned, and creating genuine loyalty amongst customers who benefit from reductions in their monthly bills.

During the year we further strengthened our portfolio of retailer relationships and launched Cashback Insights, our first step in leveraging our new app platform to show our customers how much they have saved to date, and to help them maximise their future cashback earnings.

Given the ongoing high demand we are seeing for the savings that our Cashback card offers, we continue to seek additional retailer relationships and invest in improving the customer experience further, confident that this will translate into higher customer satisfaction and continued market-leading retention rates across all of our services.

Set up of UWI Limited

As part of our long-term insurance strategy, we were pleased that our application to the GFSC for authorisation for our own in-house insurer ("UWI") was successful. UWI has been authorised to operate across six classes of personal lines insurance, and has been approved to passport and write business into the UK, and we started writing our first policies in April 2023.

In order to enable us to run our own in-house Insurer effectively, we have hired an executive team of industry veterans, alongside a highly experienced board, chaired by Andrew Blowers OBE. Our UWI CEO Austyn Tusler, has worked in the insurance industry for over 25 years, including at AIG and Hiscox, and most recently as CUO of UK General. He is supported by a talented and capable team with deep experience of Personal Lines Insurance at leading names including the AA, Canopius and Direct Line Group, and decades of experience operating insurers in Gibraltar.

We believe that the launch of UWI will further accelerate scalable and profitable growth of our insurance business, by enabling us to:

- Further integrate our insurance products into our multiservice customer journeys, significantly improving penetration
- Improve our range of products
- Drive stronger claims management to protect our brand & better oversee the customer experience we deliver
- Operate more efficiently through end-to-end integration and control of our supply chain, enabling us to deliver greater value to our customers and shareholders
- Secure our supply-chain and provide cover for our customers throughout the underwriting cycle as we grow our insurance policy book

Investing for growth

Supporting our customers

In order to ensure our customers remain with us for the long term, and to earn the trusted personal recommendations of our Partners, we must consistently deliver a high standard of service, treat them fairly, and live up to our promise of letting them get on with their lives and forget about their utilities.

The rapid growth we have experienced over the last year, coupled with widespread concern and uncertainty amongst consumers about energy prices, resulted in a more-than-doubling in the number of calls and emails that we received from our customers. In response, we not only significantly increased the size of our internal customer service teams, but also developed relationships with two UK-based outsource partners who specialise in the energy sector in anticipation of a further uplift in contact over the winter months. By the end of the financial year we had started tapering down this temporary resource, and were very pleased with the flexibility that it offered, and the service levels we delivered to our customers as a result.

We rely on the efforts of our colleagues in our customer support teams to look after all the services that our customers take from us. Through their hard work and commitment, we not only managed the increased number of contacts we received from our customers, but further improved the level of service we delivered, particularly during the winter, and were delighted that our post-call Customer Effort Score (CES) increased 19% over the course of the year.

We expanded our customer support capabilities through the opening of our first "centre of excellence" in Burnley with a focus on supporting new customers joining UW and specialising in the first 60 days of their journey with us: this new team complements those already working remotely and in our Colindale offices to meet the needs of our customers as we grow.

Given the increasing inflationary pressures on household budgets this year, supporting our most vulnerable customers has been a key priority. We significantly expanded our Ability to Pay teams to ensure that customers who need further assistance with their bills are treated sensitively by highly trained staff. Through our work with the Citizens Advice Bureau, we have also implemented a UW hardship fund to build upon existing means of help - such as the Warm Home Discount - and to create a pool of money that can be used to help customers on a discretionary basis.

To ensure our growing customer base is properly protected, we continue to invest in our cybersecurity and anti-fraud infrastructure. Over the last twelve months, we have increased the size of our privacy team and implemented additional data privacy training for employees. Our security operations centre is FIRST.Org accredited and our Data & Record Management is governed by Data, Security and Data Privacy teams with comprehensive processes and practices.

Investing in our customer experience continues to be a key business priority, both as a way of supporting our word-of-mouth marketing model and also our underlying operational efficiency. Major progress has been made on our new customer onboarding, bill payment and home-mover digital journeys, as well as the development of multiple new mobile and broadband self-serve capabilities. Our customer service advisor experience has seen similar further improvements, enabling faster and more efficient query resolution for our customers.

The strength of our customer service was recognised in our win for 'Best Customer Service' at the Uswitch Energy Awards 2022, and our highly commended award for 'Best Customer Support' in the Expert Reviews Energy Awards. Considering the rise in customer calls triggered by inflationary pressures, government intervention in the energy sector, and our rapid customer growth, these endorsements are a testament to effective policies and the hard work and commitment of our support teams.

Supporting our Partners

As our multiservice bundles have become increasingly compelling, so the confidence, enthusiasm and activity levels of our Partners have increased. Armed with a highly referrable customer proposition, and invigorated by the increased demand for the savings and earnings they can offer to people they know, momentum has built amongst our Partners, and they have played a key role in delivering the record levels of customer growth we have achieved this year.

In the face of rising living costs, people from all walks of life across the UK - nurses, teachers, students, retirees - have been joining UW in record numbers to earn an additional income as UW Partners. As higher energy prices evolved into a broader inflationary trend during the year, many found that they could not balance their household finances through savings alone. The opportunity to earn a secondary income that could more than offset the rising costs they are facing has proven a popular proposition.

To capitalise on this increased demand for the UW Partner opportunity, and to help more Partners succeed and earn, we took a number of steps to strengthen both our customer and Partner propositions during the year:

- Through implementing the market-wide energy 'Faster Switching' in the summer we significantly reduced the delay between customer sign up and commission payment, resulting in faster earnings for Partners
- In introducing our multiservice savings Boost in the autumn, we increased the referability of our customer proposition and therefore the earnings opportunity for Partners
- In January we extended the full Customer Bonus to new Partners, enabling them to start earning sooner, and helping more experienced Partners to accelerate the building of their teams and

their long-term residual income
- To support our growing Partner community, we were excited to launch our inaugural 'Save a Bundle' billboard, radio and digital marketing campaign towards the end of the year - seeking to raise consumer awareness of UW, add credibility to the UW proposition and facilitate our Partners when recommending us to people they know

Given the key role our Partners play in unlocking our highest value customers - multiservice homeowners - the ongoing growth of our Partner community puts us in a strong position for continued high-quality customer acquisition.

We are hugely proud of the positive societal impact the business is having in helping our Partners to earn an additional income and to meet the current rising cost of living; and we will continue to invest in supporting our Partners and helping them to achieve their goals through UW.

Operational performance and non-financial KPIs

We exceeded our growth targets for the year with customer numbers rising by 21.7% (2022: 10.8%) to 886,579.

Customers	**2023**	**2022**
Residential	866,403	705,634
Business	20,176	23,046
Total	**886,579**	**728,680**

This growth was slightly skewed towards the first half due to the adverse impact of the Ofgem Market Stabilisation Charge in the second half of the year.

The total number of services we supply to our customers grew by 23.5% (2022: 9.2%) to 2,798,148.

Services	**2023**	**2022**
Core services		
Energy	1,522,350	1,219,836
Broadband	354,118	323,623
Mobile	394,145	324,773
Insurance	100,590	44,834
Other services		
Cashback card	405,118	327,949
Legacy telephony	21,827	23,894
Total	**2,798,148**	**2,264,909**

Note: the table above sets out the individual services supplied to customers. Legacy telephony comprises non-geographic numbers (08xx) and landline only (no broadband) services provided.

Customers can take any combination of services - energy, broadband, mobile or insurance - they wish from us. The more services a customer takes, the greater the savings they make, and there is a clear correlation between the number of services taken and the customers' expected lifetime value to the business.

We saw healthy growth across all our core services, especially in energy which has clearly been the focal point of media attention and widespread consumer interest. However we were particularly pleased with the significant acceleration in the uptake of insurance, and the 125% growth in this service since it was incorporated into our multiservice bundles at the start of the year.

Average number of Core services taken by new residential customers signed up by Partners	
Q1 FY22	**2.28**
Q2 FY22	**2.16**
Q3 FY22	**1.84**
Q4 FY22	**2.09**
Q1 FY23	**2.24**
Q2 FY23	**2.53**
Q3 FY23	**2.24**
Q4 FY23	**2.38**

Following the launch of our simpler multiservice bundles at the start of the year we saw a solid improvement in the average number of service types being taken by new customers. As concerns over the future upward trajectory of energy retail prices increased during the summer months, we saw a temporary surge in the proportion of customers switching three or more services to us in order to access our competitive fixed price energy tariff. This returned to more normalised levels over the autumn, but increased again in the final quarter as we sharpened our focus on attracting our highest value customers - multiservice homeowners - in response to the incremental cost of acquiring new customers that resulted from the increased Ofgem Market Stabilisation Charge since January 2023.

The average number of Core services taken by new customers is a key metric that underpins the long-term sustainability of the business: customers taking two or more Core services from us are benefitting from a genuinely differentiated proposition, as well as greater ongoing savings, meaning that they are less likely to leave us.

Our long-term focus on winning our customers' loyalty and maximising their lifetimes with us continues to pay dividends, and our electricity supply point churn (the percentage of supply points leaving during the period, which we use as a proxy for overall churn) was extremely low at just 2.8% for the year (2022: 6%). There was a marginal increase towards the end of the year as we saw a number of suppliers tentatively re-starting their customer retention programmes, but there has yet to be any meaningful return to proactive customer acquisition activity - reflecting both the regulatory focus on ensuring a sustainable retail energy marketplace, the impact of the Ofgem Market Stabilisation charge, and the low margins available to energy only suppliers. Whilst churn is unlikely to remain at these record low levels, we are confident that our differentiated multiservice proposition and sustainable competitive pricing strategy mean that our churn will remain below the levels we were experiencing during the energy price war.

Average revenue per customer increased significantly to £3,025 (2022: £1,340). This was primarily due to materially higher energy prices, particularly in the second half of the year.

The year ahead: our three FY24 Business priorities

Having exceeded our internal 20% growth target for 2023, we are firmly on track to achieve our medium-term growth target of welcoming an additional one million customers to UW. As the immediate challenges of a year characterised by a return to rapid growth, heightened concern about energy prices, and significant regulatory and Government intervention are left behind, we have taken the opportunity to revisit our business priorities and adjust them to reflect the growth trajectory for the year ahead:

1. **Evolving our distinct company culture**

Our goal is to motivate and empower our people to deliver an excellent customer experience and ultimately, continue to drive growth. With a significantly larger and growing team, this year we will be focussing on evolving our distinct UW culture to help attract, develop and keep great people. And as a result, create the type of working environment, mindset and talent needed to deliver our growth targets.

To do this, we will focus on three core objectives:

- We will define, develop and start to embed our distinct culture across all aspects of the experience that our people have with UW.
- We will develop and grow our People Leaders to become culture and career builders.
- Lastly, we want to create an environment where our customer-facing teams feel empowered and engaged, and want to stay with UW.

2. **Delivering a seamless multiservice customer experience**

Our multiservice customer experience is key to our success and following the opening of our first customer service hub in Burnley in autumn 2022, we will shortly be opening our second hub in the Scottish borders town of Selkirk: this new centre of excellence will be focussed on ensuring our prepayment energy customers are fully supported against the wider backdrop of increasing affordability challenges.

Within this business priority, we are also focussed on delivering a streamlined digital experience for both new and existing customers, to enable our customers to access and make changes to their UW services without having to contact us.

For those that do want to contact us, we will continue to focus on providing our customer service advisors with the latest technical systems to support the delivery of award winning service.

3. **Bringing more multiservice homeowner customers on board**

The current climate offers a unique opportunity for UW to continue to help UK households both save and earn in the face of the increased cost of living; maximising the number of services our home owning customers take maximises their savings and delivers the most valuable long-term customer relationships for UW. And our word-of-mouth route to market remains at the heart of our ongoing growth strategy as the best route to acquiring these, our highest value customers.

To this end our primary goal is to significantly grow our existing Partner community, but also to continue to innovate around and extend our word-of-mouth model to appeal to new audiences such as through our rapidly growing Customer Referral programme.

Delivering exceptional value and service remains at the heart of our core multiservice proposition and we will continue to invest in each of our individual services, as well as our multiservice bundled benefits, with the goal of maximising customer lifetimes and increasing customer advocacy to further fuel our future growth.

Stuart Burnett & Andrew Lindsay MBE
Co-Chief Executive Officers
27 June 2023

Financial Review

Overview of Results

	Adjusted			Statutory		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Revenue	£2,475.2m	£967.4m	*155.9%*	£2,475.2m	£967.4m	*155.9%*
Profit before tax	£96.2m	£61.9m	*55.4%*	£85.5m	£47.2m	*81.1%*
Basic EPS	99.2p	63.2p	*57.0%*	86.6p	45.1p	*92.0%*
Dividend per share	80.0p	57.0p	*40.4%*	80.0p	57.0p	*40.4%*

Throughout this report the Group presents various alternative performance measures ('APMs') in addition to those reported under IFRS. The measures presented are those adopted by the Chief Operating Decision Makers ('CODMs', deemed to be the Co-Chief Executive Officers), together with the main Board, and analysts who follow us in assessing the performance of the business. In order to provide a presentation of the underlying performance of the group, adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges of £2.8m (2022: £1.0m) and the amortisation of the intangible asset of £11.2m (2022: £11.2m) arising from entering into the energy supply arrangements with npower in December 2013; this decision reflects both the relative size and non-cash nature of these charges. In FY22 adjusted profit before tax and adjusted basic EPS also exclude: (i) the loss on the disposal of UWHS (£1.1m); (ii) the write-off of goodwill associated with the conditional disposal of Glow Green of (£1.5m); and (iii) the profit on disposal of a freehold property of (£0.6m). In FY23 adjusted profit before tax excludes the Group profit on disposal of Glow Green of £3.6m. The reconciliations for adjusted profit before tax and adjusted EPS are set out in notes 2 and 3 respectively of the financial statements.

Summary

Adjusted profit before tax increased by 55.4% to £96.2m (2022: £61.9m) on higher revenues of £2,475.2m (2022: £967.4m). Statutory profit before tax increased 81.1% to £85.5m (2022: £47.2m).

These increases reflect the impact of strong organic growth in both customer and service numbers, combined with higher retail energy prices. Within revenues, payments from the Government EPG and EBRS energy support schemes amounted to £681.6m.

Distribution expenses increased to £49.7m (2022: £29.7m), reflecting our growth in customers, services, and average revenues per customer during the year.

Administrative expenses (excluding share incentive scheme charges and amortisation of the energy supply agreement intangible) increased during the year by £44.6m to £129.0m (2022: £84.4m), largely due to higher staff, technology and infrastructure costs as we responded to the faster rate of customer growth, and to increased customer contact relating to higher energy bills and the multiple Government schemes introduced to help shield customers from the full impact of higher energy commodity prices.

The bad debt charge for the year (which is separately identified on the income statement as impairment loss on trade receivables) increased to £28.7m (2022: £11.6m), representing 1.6% of revenues for the year (2022: 1.2%) excluding amounts paid directly to us by government (included in revenues) under their various support schemes.

Adjusted earnings per share increased by 57.0% to 99.2p (2022: 63.2p), with statutory EPS increasing by 92.0% to 86.6p (2022: 45.1p). In accordance with previous guidance and our strong cash position, the Board is proposing to pay a final dividend of 46p per share (2022: 30p), making a total dividend of 80p per share (2022: 57p) for the year.

Revenues

The growth in the number of services we are supplying accelerated significantly, increasing by 533,239 services (2022: 191,112) during the course of the year, and taking the total number of services provided to our customers to 2,798,148 (2022: 2,264,909).

The increase in revenues reflects this increase in service numbers, strong organic customer growth since autumn 2022, and much higher energy prices during the period:

Revenues £m	**2023**	**2022**
Electricity	1,214.7	450.5
Gas	1,028.3	295.7
Landline and broadband	132.7	129.7
Mobile	56.8	44.7
Other	42.7	46.8
	2,475.2	**967.4**

Margins

Our overall gross margin for the year was 12.4% (2022: 19.5%) predominantly due to the big increase in the proportion of lower margin energy sales during the period, resulting from strong customer growth and higher retail prices.

Distribution and Administrative Expenses

Distribution expenses include the share of our revenues that we pay as commission to Partners, together with other direct costs associated with gathering new customers. These increased to £49.7m (2022: £29.7m), mainly reflecting higher Partner commissions and incentive costs associated with our increased growth in the year.

Administrative expenses (excluding share incentive scheme charges and amortisation of the energy supply agreement intangible) increased during the year by £44.6m to £129.0m (2022: £84.4m), mainly as a result of higher staff, technology and infrastructure costs. The increase in staff costs mainly reflects inflation-linked salary increases and cost of living support payments, and the continued investment in strengthening our customer service and management teams in order to ensure we continue to deliver outstanding support across all of our services given our increased growth. In anticipation of materially higher levels of contact from our customers over the winter period, we also temporarily boosted our energy customer service capacity with additional outsourced teams, which we have since scaled back.

The bad debt charge for the year increased to £28.7m (2022: £11.6m), mainly as a result of the impact of higher energy prices, and a consequent increase in the number of customers having difficulty paying their bills. The proportion of customers with at least two energy bills outstanding increased to 2.34% (2022: 2.04%). We have invested in our Payment Solutions Team during the period to help customers in payment difficulties. We have also established a hardship fund to assist vulnerable customers.

Accrued Income and Accrued Expenses

The increases in accrued income to £267.6m (2022: £134.9m), and accrued expenses to £417.4m (2022: £113.5m), at the year-end were mainly as a result of the significant increases in energy retail prices and wholesale costs, and the increase in the customer base.

Disposals

During the period, the Group received the necessary FCA change of control approval and completed the previously agreed sale of its 75% shareholdings in Glow Green Limited and Cofield Limited on 31 July 2022. This sale resulted in a profit on disposal of £3.6m shown on a separate line in the Consolidated Statement of Comprehensive Income, which has been excluded in calculating the adjusted profit before tax of £96.2m in order to more accurately reflect the underlying performance of the business.

Cash, Capital Expenditure, Working Capital and Borrowings

We ended the period with a reported net cash position including lease liabilities of £103.4m (2022: net debt of £70.4m), comprising cash of £193.8m less bank loans of £89.7m and lease liabilities of £0.7m. The cash position includes £120.8m of funds received in advance associated with the government energy support schemes, and which will diminish during the current year as the schemes cease to apply.

The Group's underlying Net Debt/adjusted EBITDA ratio (excluding advanced funds associated with the government energy support schemes) remains low at around 0.2x (adjusted EBITDA of £110.1m used in this ratio represents operating profit of £85.9m, plus depreciation and amortisation of £21.4m and share incentive scheme charges of £2.8m).

Our net working capital position showed a year-on-year cash inflow of £146.3m (2022: cash outflow of £10.4m), mainly reflecting the impact of the government energy support schemes advance payments of £120.8m. Capital expenditure of £11.0m (2022: £9.9m) related primarily to our ongoing investment in our technology platform and software, to support our ability to continue delivering a market leading customer experience as our multiservice bundled customer base continues to grow.

Dividend

The final dividend of 46p per share (2022: 30p) will be paid on 11 August 2023 to shareholders on the register at the close of business on 21 July 2023 and is subject to approval by shareholders at the Company's Annual General Meeting which will be held on 4 August 2023. This makes a total dividend payable for the year of 80p (2022: 57p).

Share Incentive Scheme Charges

Operating profit is stated after share incentive scheme charges of £2.8m (2022: £1.0m). These relate to an accounting charge under IFRS 2 Share Based Payments ('IFRS 2'). As a result of the relative size of share incentive scheme charges as a proportion of our pre-tax profits historically, and the fluctuations in the amount of this charge from one year to another, we are continuing to separately disclose this amount within the Consolidated Statement of Comprehensive Income for the period (and excluding these charges from our calculation of adjusted profits and earnings) so that the underlying performance of the business can be clearly identified in a consistent manner to that adopted during previous periods. Our current adjusted earnings per share have also therefore been adjusted to eliminate these share incentive scheme charges.

Taxation

A full analysis of the taxation charge for the year is set out in note 5 to the financial statements of the 2023 Annual Report. The tax charge for the year is £17.3m (2022: £12.2m). The effective tax rate for the year was 20.2% (2022: 25.9%).

Nick Schoenfeld
Chief Financial Officer
27 June 2023

Principal Risks and Uncertainties

Background

The Group faces various risk factors, both internal and external, which could have a material impact on long-term performance. However, the Group's underlying business model is considered relatively low-risk, with no need for management to take any disproportionate risks in order to preserve or generate shareholder value.

The Group continues to develop and operate a consistent and systematic risk management process, which involves risk ranking, prioritisation and subsequent evaluation, with a view to ensuring all significant risks have been identified, prioritised and (where possible) eliminated, and that systems of control are in place to manage any remaining risks.

The directors have carried out a robust assessment of the Company's emerging and principal risks. A formal document is prepared by the executive directors and senior management team on a regular basis detailing the key risks faced by the Group and the operational controls in place to mitigate those risks; this document is then reviewed by the Audit and Risk Committee. Save as set out below, the magnitude of any risks previously identified has not significantly changed during the period.

Business model

The principal risks outlined below should be viewed in the context of the Group's business model as a reseller of utility services (gas, electricity, fixed line telephony, mobile telephony, broadband and insurance services) under the Utility Warehouse and TML brands. As a reseller, the Group does not own any of the network infrastructure required to deliver these services to its customer base. This means that while the Group is heavily reliant on third party providers, it is insulated from all the direct risks associated with owning and/or operating such capital-intensive infrastructure itself.

The Group is able to secure the wholesale supply of all the services it offers at competitive rates, enabling it to generate a consistently fair level of profitability from delivering a great value bundled proposition to its customers. There is an alignment of interests between the Group and its wholesale suppliers which means that it is in the interests of the suppliers to ensure that the Group remains competitive, driving growth and maximising their benefit from our complementary route to market. Furthermore, the group benefits from a structural cost advantage, due to the multiple revenue streams it receives from customers who take more than one service-type, and only having one set of overheads. The Group has alternative sources of wholesale supply should an existing supplier become uncompetitive or no longer available.

In relation to energy specifically, the Group's wholesale costs are calculated by reference to a discount to the prevailing standard variable retail tariffs offered by the 'Big 6' to their domestic customers (effectively the Government price cap), which gives the Group considerable visibility over profit margins.

The Group's services are promoted using 'word of mouth' by a large network of independent Partners, who are paid predominantly on a commission basis. This means that the Group has limited fixed costs associated with acquiring new customers.

The principal specific risks arising from the Group's business model, and the measures taken to mitigate those risks, are set out below.

Reputational risk

The Group's reputation amongst its customers, suppliers and Partners is believed to be fundamental to the future success of the Group. Failure to meet expectations in terms of the services provided by the Group, the way the Group does business or in the Group's financial performance could have a material negative impact on the Group's performance.

In developing new services, and in enhancing current ones, careful consideration is given to the likely impact of such changes on existing customers.

In relation to the service provided to its customer base, reputational risk is principally mitigated through the Group's recruitment processes, a focus on closely monitoring staff performance, including the use of direct feedback surveys from customers (Net Promoter Score), and through the provision of rigorous staff training.

Responsibility for maintaining effective relationships with suppliers and Partners rests primarily with the appropriate member of the Group's senior management team with responsibility for the relevant area. Any material changes to supplier agreements and Partner commission arrangements which could impact the Group's relationships are generally negotiated by the executive directors and ultimately approved by the full Board.

Information technology risk

The Group is reliant on its in-house developed and supported systems for the successful operation of its business model. Any failure in the operation of these systems could negatively impact service to customers, undermine Partner confidence, and potentially be damaging to the Group's brand. Application software is developed and maintained by the Group's Technology team to support the changing needs of the business using the best 'fit for purpose' tools and infrastructure. The Technology team is made up of highly-skilled, motivated and experienced individuals. The Group has a dedicated information security team which provides governance and oversight ensuring the confidentiality, availability and integrity of the Group's systems and operations whilst ensuring that any risks and vulnerabilities that arise are managed and mitigated.

Changes made to the systems are prioritised by business, Product Managers work with their stakeholders to refine application and systems requirements. They work with the Technology teams undertaking the change to ensure a proper understanding and successful outcome. Changes are tested as extensively as reasonably practicable before deployment. Review and testing are carried out at various stages of the development by both the Technology team and the operational department who ultimately take ownership of the system.

The Group has strategic control over the core customer and Partner platforms including the software development frameworks and source code behind these key applications. The Group also uses strategic third-party vendors to deliver solutions outside of our core competency. This largely restricts our counterparty risks to services that can be replaced with alternative vendors if required, albeit this could lead to temporary disruption to the day-to-day operations of the business.

Monitoring, backing up and restoring of the software and underlying data are made on a regular basis. Backups are securely stored or replicated to different locations. Disaster recovery facilities are either provided through cloud-based infrastructure as a service, and in critical cases maintained in a warm standby or active-active state to mitigate risk in the event of a failure of the production systems.

Data security risk

The Group processes sensitive personal and commercial data and in doing so is required by law to protect customer and corporate information and data, as well as to keep its infrastructure secure. A breach of security could result in the Group facing prosecution and fines as well as loss of business from damage to the Group's reputation. Recovery could be hampered due to any extended period necessary to identify and recover a loss of sensitive information and financial losses could arise from fraud and theft. Unplanned costs could be incurred to restore the Group's security.

The Group has deployed a robust and industry-appropriate Group-wide layered security strategy, providing effective control to mitigate the relevant threats and risks. The Group is PCI compliant and external consultants conduct regular penetration testing of the Group's internal and external systems and network infrastructure.

The Information Commissioner's Office ("ICO") upholds information rights in the public interest and, where required, companies within the Group are registered as data controllers with the ICO. If the Group fails to comply with all the relevant legislation and industry specific regulations concerning data protection and information security, it could be subject to enforcement action, significant fines and the potential loss of its operating licence.

Information security risks are overseen by the Group's Information Security and Legal & Compliance teams.

Legislative and regulatory risk

The Group is subject to various laws and regulations. The energy, telecommunications and financial services markets in the UK are subject to comprehensive operating requirements as defined by the relevant sector regulators and/or government departments.

Amendments to the regulatory regime could have an impact on the Group's ability to achieve its financial goals and any material failure to comply may result in the Group being fined and lead to reputational damage which could impact the Group's brand and ability to attract and retain customers. Furthermore, the Group is obliged to comply with retail supply procedures, amendments to which could have an impact on operating costs.

The Group is a licensed gas and electricity supplier, and therefore has a direct regulatory relationship with Ofgem. If the Group fails to comply with its licence obligations, it could be subject to fines or to the removal of its respective licences.

The regulatory framework for the UK's energy retail market, as overseen by Ofgem, is subject to continuous development. Any regulatory change could potentially lead to a significant impact on the sector, and the net profit margins available to energy suppliers. The pace and extent of regulatory change continues to be more substantial than in previous years. In addition to the industry-wide programmes of work, such as the continuing rollout of smart meters, and a growing range of environmental and social obligations, Ofgem has been implementing a special package of reform measures. These specific reforms emerged in response to the 'energy crisis': the period since the autumn 2021 associated with high wholesale energy costs, supplier failures and a consolidation of competition. The reforms cover development of the price cap, intensive assessment of suppliers' financial resilience and compliance performance, and temporary interventions to protect suppliers from their financial exposures to the wholesale market. The Group tracks this changing landscape closely, to identify risks and opportunities, to prepare for any subsequent operational changes, and also to input directly into Ofgem's work.

The Group is also a supplier of telecommunications services and therefore has a direct regulatory relationship with Ofcom. If the Group fails to comply with its obligations, it could be subject to fines or lose its ability to operate. The ongoing implementation of the European Electronic Communications Code has resulted in an increased regulatory burden and an even stronger Ofcom focus on compliance monitoring. Regulatory changes to the fixed line and broadband switching processes effective this calendar year are substantial and require cooperation from all fixed telecom providers. The Group is closely engaged in the relevant forums and industry groups to both influence and prepare for the changes.

The Group is authorised and regulated as an insurance broker for the purposes of providing insurance services to customers by the Financial Conduct Authority ("FCA"). In addition, the Group holds consumer credit permissions related to the provision of staff and Partner loans and hire purchases and has recently become authorised for insurance underwriting in Gibraltar by the Gibraltar Financial Services Commission ("GFSC"). If the Group fails to comply with FCA/GFSC regulations, it could be exposed to fines and risk losing its authorised status, severely restricting its ability to offer insurance services to customers and consumer credit services to staff and Partners.

Recent regulatory changes relating to insurance pricing practices and the FCA's new Consumer Duty will have a significant impact on the financial services sector as a whole. The business has prepared and the Board has approved an implementation plan which will continue to be informed by any clarifications and additional guidance issued.

In general, the majority of the Group's services are supplied to consumers in highly regulated markets, and this could restrict the operational flexibility of the Group's business. In order to mitigate this risk, the Group seeks to maintain appropriate relations with both Ofgem and Ofcom (the UK regulators for the energy and telecommunications markets respectively), the Department for Energy Security and Net Zero ("DESNZ"), the FCA and the GFSC. The Group engages with officials from all these organisations on a periodic basis to ensure they are aware of the Group's views when they are consulting on proposed regulatory changes.

Political and consumer concern over energy prices, broadband availability and affordability, vulnerable customers and fuel poverty may lead to further reviews of the energy and telecoms markets which could result in further consumer protection legislation being introduced, such as the Digital Markets, Competition and Consumers Bill which is being monitored. Political and regulatory developments affecting the energy and telecommunications markets within which the Group operates may have a material adverse effect on the Group's business, results of operations and overall financial condition.

The Group is also aware of and managing the impact of a developing regulatory landscape in relation to climate change and the Net Zero transition.

To mitigate the risks from failure to comply with legislative requirements in an increasingly active regulatory landscape, the Group's Legal & Compliance team has developed and rolled out robust policies and procedures, undertakes regular training across the business, and continually monitors legal and regulatory developments. The team also conducts compliance and assurance tests on the policies and procedures.

Financing risk

The Group has debt service obligations which may place operating and financial restrictions on the Group. This debt could have adverse consequences insofar as it: (a) requires the Group to dedicate a proportion of its cash flows from operations to fund payments in respect of the debt, thereby reducing the flexibility of the Group to utilise its cash to invest in and/or grow the business; (b) increases the Group's vulnerability to adverse general economic and/or industry conditions; (c) may limit the Group's flexibility in planning for, or reacting to, changes in its business or the industry in which it operates; (d) may limit the Group's ability to raise additional debt in the long-term; and (e) could restrict the Group from making larger strategic acquisitions or exploiting business opportunities.

Each of these prospective adverse consequences (or a combination of some or all of them) could result in the potential growth of the Group being at a slower rate than may otherwise be achieved.

Bad debt risk

Whilst the Group's focus on multiservice home-owners acts as a mitigating factor against bad debt, the Group has a universal supply obligation in relation to the provision of energy to domestic customers. This means that although the Group is entitled to request a reasonable deposit from potential new customers who are not considered creditworthy, the Group is obliged to supply domestic energy to everyone who submits a properly completed application form. Where customers subsequently fail to pay for the energy they have used, there is likely to be a considerable delay before the Group is able to control its exposure to future bad debt from them by either switching their smart meters to pre-payment mode, installing a pre-payment meter or disconnecting their supply, and the costs associated with preventing such customers from increasing their indebtedness are not always fully recovered.

Bad debt within the telephony industry may arise from customers using the services, or being provided with a mobile handset, without intending to pay their supplier. The amounts involved are generally relatively small as the Group has sophisticated call traffic monitoring systems to identify material occurrences of usage fraud. The Group is able to immediately eliminate any further usage bad debt exposure by disconnecting any telephony service that demonstrates a suspicious usage profile, or falls into arrears on payments.

Wholesale price risk

Whilst the Group acts as principal in most of the services it supplies to customers, the Group does not own or operate any utility network infrastructure itself, choosing instead to purchase the capacity needed from third parties. The advantage of this approach is that the Group is largely protected from technological risk, capacity risk or the risk of obsolescence, as it can purchase the precise amount of each service required to meet its customers' needs.

Whilst there is a theoretical risk that in some of the areas in which the Group operates it may be unable to secure access to the necessary infrastructure on commercially attractive terms, in practice the pricing of access to such infrastructure is typically either regulated (as in the energy market) or subject to significant competitive pressures (as in telephony and broadband). The profile of the Group's customers, the significant quantities of each service they consume in aggregate, and the Group's clearly differentiated route to market has historically proven attractive to infrastructure owners, who compete aggressively to secure a share of the Group's growing business.

The supply of energy has different risks associated with it. The wholesale price can be extremely volatile, and customer demand can be subject to considerable short-term fluctuations depending on the weather. The Group has a long-standing supply relationship with Eon (formerly npower) under which the latter assumes the substantive risks and rewards of buying and hedging energy for the Group's customers, and where the price paid by the Group to cover commodity, balancing, transportation, distribution, agreed metering, regulatory and certain other associated supply costs is set by reference to the average of the standard variable tariffs charged by the 'Big 6' to their domestic customers less an agreed discount, which is set at the start of each quarter; this may not be competitive against the equivalent supply costs incurred by new and/or other independent suppliers. However, if the Group did not have the benefit of this long-term supply agreement it would need to find alternative means of protecting itself from the pricing risk of securing access to the necessary energy on the open market and the costs of balancing.

Competitive risk

The Group operates in highly competitive markets and significant service innovations by others or increased price competition, could impact future profit margins and growth rates. In order to maintain its competitive position, there is a consistent focus on improving operational efficiency. New service innovations are monitored closely by senior management and the Group is generally able to respond within an acceptable timeframe where it is considered desirable to do so, by sourcing comparable features and benefits using the infrastructure of its existing suppliers. The increasing proportion of customers who are benefiting from the genuinely unique multi-utility solution that is offered by the Group, and which is unavailable from any other known supplier, further reduces any competitive threat.

The Directors anticipate that the Group will face continued competition in the future as new companies enter the market and alternative technologies and services become available. The Group's services and expertise may be rendered obsolete or uneconomic by technological advances or novel approaches developed by one or more of the Group's competitors. The existing approaches of the Group's competitors or new approaches or technologies developed by such competitors may be more effective or affordable than those available to the Group. There can be no assurance that the Group will be able to compete successfully with existing or potential competitors or that competitive factors will not have a material adverse effect on the Group's business, financial condition or results of operations. However, as the Group's customer base continues to rise, competition amongst suppliers of services to the Group is expected to increase. This has already been evidenced by various volume-related growth incentives which have been agreed with some of the Group's largest wholesale suppliers. This should also ensure that the Group has direct access to new technologies and services available to the market.

Infrastructure risk

The provision of services to the Group's customers is reliant on the efficient operation of third party physical infrastructure. There is a risk of disruption to the supply of services to customers through any failure in the infrastructure e.g. gas shortages, power cuts or damage to communications networks. However, as the infrastructure is generally shared with other suppliers, any material disruption to the supply of services is likely to impact a large part of the market as a whole and it is unlikely that the Group would be disproportionately affected. In the event of any prolonged disruption isolated to the Group's principal supplier within a particular market, services required by customers could in due course be sourced from another provider.

The development of localised energy generation and distribution technology may lead to increased peer-to-peer energy trading, thereby reducing the volume of energy provided by nationwide suppliers. As a nationwide retail supplier, the Group's results from the sale of energy could therefore be adversely affected.

Similarly, the construction of 'local monopoly' fibre telephony networks to which the Group's access may be limited as a reseller could restrict the Group's ability to compete effectively for customers in certain areas.

Smart meter rollout risk

The Group is reliant on third party suppliers to fully deliver its smart meter rollout programme effectively. In the event that the Group suffers delays to its smart meter rollout programme the Group may be in breach of its regulatory obligations and therefore become subject to fines from Ofgem. In order to mitigate this risk the Group dual-sources (where practicable) the third party metering and related equipment they use.

The Group may also be indirectly exposed to reputational damage and litigation from the risk of technical complications arising from the installation of smart meters or other acts or omissions of meter operators, e.g. the escape of gas in a customer's property causing injury or death. The Group mitigates this risk through using established reputable third party suppliers.

Energy industry estimation risk
A significant degree of estimation is required in order to determine the actual level of energy used by customers and hence that should be recognised by the Group as sales. There is an inherent risk that the estimation routines used by the Group do not in all instances fully reflect the actual usage of customers. However, this risk is mitigated by the relatively high proportion of customers who provide meter readings on a periodic basis, and the high level of penetration the Group has achieved in its installed base of smart meters.

Gas leakage within the national gas distribution network
The operational management of the national gas distribution network is outside the control of the Group, and in common with all other licensed domestic gas suppliers the Group is responsible for meeting its pro-rata share of the total leakage cost. There is a risk that the level of leakage in future could be higher than historically experienced, and above the level currently expected.

Underwriting risk
Whilst operating our own in-house insurer will require taking on some underwriting risk, we will largely mitigate these risks through: (i) migrating highly predictable existing lines of business, for which we have several years of trading history, and have already achieved sufficient scale to maintain low volatility and predictable returns; (ii) targeting conservative returns on capital through a risk-averse investment strategy; (iii) where appropriate, using conservative levels of reinsurance, including protection for catastrophe risks such as storm, flood and freeze; (iv) using real-time and proprietary data, such that we are aware of all risks incepted in real time, and are able to price risks accurately, and manage overall portfolio exposure; and (v) maintaining and growing our existing home insurance panel, such that our in-house insurer can selectively target risk profiles that are suitable for our balance sheet (e.g. houses with lower rebuild cost and not adversely exposed to catastrophe (CAT) perils).

Acquisition risk
The Group may invest in other businesses, taking a minority, majority or 100% equity shareholding, or through a joint venture partnership. Such investments may not deliver the anticipated returns, and may require additional funding in future. This risk is mitigated through conducting appropriate pre-acquisition due diligence where relevant.

Climate change risk
Climate change has the potential to significantly impact the future of our planet. Everyone has a role to play in reducing the effects of harmful greenhouse gas emissions in our atmosphere and ensuring that we meet a 1.5°C target in line with the Paris Agreement. No business is immune from the risks associated with climate change as it acts as a driver of other risks and impacts government decision-

making, consumer demand and supply chains. Development of climate-related policy and regulatory change as well as shifts in consumer sentiment could impact on the Group's ability to achieve its financial goals and result in increased compliance costs or reputational damage.

In recognition of this, climate change risk is integrated into the Group's risk management framework. Climate change is designated as a standalone principal risk for the business and the Legal & Compliance Director is assigned as the owner for managing this risk. It is designated as a controlled risk due to the Group's agile reseller business model which means the business is strategically resilient as it is able to respond quickly to climate change developments and is insulated from more severe physical risks. The risk is further mitigated through the Group's approach to understanding and monitoring the developments and the impacts from climate change. The ESG Strategy Committee, consisting of co-CEOs, CFO, Company Secretary, Executive Leadership Team and senior management is updated by the ESG Working Group on climate issues. Climate issues are then assessed and used to inform the Group's strategy as needed. To bolster our understanding of climate change in FY23 we created a new Head of Sustainability role and continued to use external specialists as needed.

The Group is committed to achieving net zero greenhouse gas emissions. In line with our commitment to develop a detailed net zero transition plan and carbon target plan in FY23 we evaluated our emissions and target against recognised standards including Science Based Targets initiative ("SBTi") Corporate Net Zero Standard, the gold standard framework for emissions target-setting. We modelled our emissions trajectory and used credible assumptions on external factors that, as a reseller, will strongly influence the Group's decarbonisation ability including our key suppliers' decarbonisation plans and the UK government's published projections about the decarbonisation trajectory of the UK energy grid. We have adjusted our target to be Net Zero on or before 2050, across scopes 1,2 and 3 to allow us to implement a credible science-based plan by aligning with the UK government and our key suppliers. We will use an FY22 emissions baseline, and we will set an interim target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035. The Group will have its targets validated by the SBTi, the leading body on emissions target setting. Once targets are validated to SBTi we will begin tracking and disclosing progress against them.

The Group is committed to continuing to implement the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	**2023**	**2022**
		£'000	£'000
Revenue	1	2,475,160	967,433
Cost of sales		(2,168,964)	(778,958)
Gross profit		306,196	188,475
Distribution expenses		(49,692)	(29,686)
Administrative expenses		(129,014)	(84,423)
Share incentive scheme charges		(2,849)	(960)

Amortisation of energy supply contract intangible		(11,228)	(11,228)
Total administrative expenses		(143,091)	(96,611)
Impairment loss on trade receivables		(28,675)	(11,566)
Impairment of goodwill		-	(1,536)
Other income		1,156	1,844
Operating profit		85,894	50,920
Financial income		1,016	136
Financial expenses		(5,051)	(2,709)
Net financial expense		(4,035)	(2,573)
Profit / (Loss) on disposal of subsidiary		3,595	(1,139)
Profit before taxation		85,454	47,208
Taxation		(17,293)	(12,205)
Profit for the period		68,161	35,003
Profit and other comprehensive income for the year attributable to owners of the parent		68,426	35,467
Loss for the year attributable to non-controlling interest		(265)	(464)
Profit for the period		68,161	35,003
Basic earnings per share	3	86.6p	45.1p
Diluted earnings per share	3	85.2p	45.0p

Consolidated Balance Sheet

As at 31 March 2023

Assets	**2023**	**2022**
	£'000	£'000
Non-current assets		
Property, plant and equipment	25,816	26,180
Investment property	8,271	8,345
Intangible assets	142,491	152,418
Goodwill	3,742	3,742
Other non-current assets	47,529	32,855
Total non-current assets	227,849	223,540
Current assets		
Inventories	5,698	4,152
Trade and other receivables	58,863	50,463
Current tax receivable	3,083	-
Accrued income	267,576	134,917
Prepayments	16,954	4,077

Costs to obtain contracts	20,912	15,151
Cash	193,804	29,647
Assets classified as held for sale	-	3,838
Total current assets	566,890	242,245
Total assets	794,739	465,785
Current liabilities		
Trade and other payables	(55,396)	(38,101)
Accrued expenses and deferred income	(417,354)	(113,493)
Current tax payable	-	(8)
Liabilities classified as held for sale	-	(7,551)
Total current liabilities	(472,750)	(159,153)
Non-current liabilities		
Long term borrowings	(89,721)	(99,215)
Lease liabilities	(659)	(766)
Deferred tax	(901)	(1,078)
Total non-current liabilities	(91,281)	(101,059)
Total assets less total liabilities	230,708	205,573
Equity attributable to equity holders of the parent		
Share capital	4,003	3,982
Share premium	150,652	147,112
Capital redemption reserve	107	107
Treasury shares	(5,502)	(5,502)
JSOP reserve	(1,150)	(1,150)
Retained earnings	82,598	61,935
	230,708	206,484
Non-controlling interest	-	(911)
Total equity	230,708	205,573

Consolidated Cash Flow Statement

For the year ended 31 March 2023

	2023	**2022**
	£'000	£'000
Operating activities		
Profit before taxation	85,454	47,208
Adjustments for:		
Net financial expense	4,035	2,573
Impairment of goodwill	-	1,536
(Profit) / Loss on disposal of subsidiaries	(3,595)	1,139
Depreciation of property, plant and equipment	3,968	4,558
Profit on disposal of fixed assets	(85)	(940)
Amortisation of intangible assets	17,407	15,786
Amortisation of debt arrangement fees	506	436
(Increase)/decrease in inventories	(1,546)	2,173
Increase in trade and other receivables (including Costs to obtain contracts)	(176,146)	(18,750)
Increase in trade and other payables	323,974	6,144
Share incentive scheme charges	2,849	960
Corporation tax paid	(20,605)	(11,528)
Net cash flow from operating activities	236,216	51,295
Investing activities		
Purchase of property, plant and equipment	(3,535)	(2,196)
Purchase of intangible assets	(7,480)	(7,747)
Disposal of property, plant and equipment	91	1,567
Cash held in subsidiaries at disposal	(596)	-

Interest received	847	136
Cash flow from investing activities	(10,673)	(8,240)
Financing activities		
Dividends paid	(50,601)	(44,787)
Interest paid	(4,934)	(2,630)
Interest paid on lease liabilities	(17)	(238)
Drawdown of long term borrowing facilities	55,000	65,000
Repayment of long term borrowing facilities	(65,000)	(55,000)
Fees associated with borrowing facilities	-	(597)
Repayment of lease liabilities	(107)	(1,530)
Issue of new ordinary shares	3,561	2,032
Cancellation of B shares in subsidiary	-	(2)
Cash flow from financing activities	(62,098)	(37,752)
Increase in cash and cash equivalents	163,445	5,303
Net cash and cash equivalents at the beginning of the year	30,359	25,056
Net cash and cash equivalents at the year end	193,804	30,359
Cash and cash equivalents per balance sheet	193,804	29,647
Cash and cash equivalents included within assets classified as held for sale	-	712
Net cash and cash equivalents at the year end	193,804	30,359

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £'000	**Share premium** £'000	**Capital redemption reserve** £'000	**Treasury shares** £'000	**JSOP reserve** £'000	**Retained earnings** £'000	**Non-controlling interest** £'000	**Total** £'000
Balance at 1 April 2021	3,970	145,094	107	(5,502)	(1,150)	70,306	(447)	212,378
Profit and total comprehensive income	-	-	-	-	-	35,467	(464)	35,003
Dividends	-	-	-	-	-	(44,787)	-	(44,787)
Credit arising on share options	-	-	-	-	-	960	-	960
Deferred tax on share options	-	-	-	-	-	(11)	-	(11)
Issue of new ordinary shares	14	2,018	-	-	-	-	-	2,032
Cancellation of B shares in subsidiary	(2)	-	-	-	-	-	-	(2)
Balance at 31 March 2022	3,982	147,112	107	(5,502)	(1,150)	61,935	(911)	205,573
Balance at 1 April 2022	3,982	147,112	107	(5,502)	(1,150)	61,935	(911)	205,573
Profit and total comprehensive income	-	-	-	-	-	68,426	(265)	68,161
Dividends	-	-	-	-	-	(50,601)	-	(50,601)
Credit arising on share options	-	-	-	-	-	2,849	-	2,849
Deferred tax on share options	-	-	-	-	-	(11)	-	(11)
Issue of new ordinary shares	21	3,540	-	-	-	-	-	3,561
Disposal of non-controlling interest	-	-	-	-	-	-	1,176	1,176

Balance at 31 March 2023	4,003	150,652	107	(5,502)	(1,150)	82,598	-	230,708

Notes

1. Revenue

Revenue by service

	2023	2022
	£'000	£'000
Electricity	1,214,683	450,544
Gas	1,028,267	295,696
Landline and broadband	132,678	129,703
Mobile	56,777	44,673
Other	42,755	46,817
	2,475,160	967,433

The Group operates solely in the United Kingdom. During the current period, revenue includes payments received from the Government energy support schemes of £367.8m in respect of electricity and £313.8m in respect of gas.

2. Alternative performance measures

Throughout this document the Group presents various alternative performance measures ('APMs') in addition to those reported under IFRS. The measures presented are those adopted by the Chief Operating Decision Makers ('CODMs', deemed to be the Co-Chief Executive Officers), together with the main Board, and analysts who follow us in assessing the performance of the business.

Adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges and the amortisation of the intangible asset arising from entering into the energy supply arrangements with npower in December 2013; this decision reflects both the relative size and non-cash nature of these charges. The loss for the period attributable to the non-controlling interest is excluded as these losses are not attributable to shareholders of the Company. In 2023 adjusted profit before tax also excludes the loss on the disposal of Glow Green; this decision reflects the one-off non-operating nature of this item.

	2023	2022
	£'000	£'000
Statutory profit before tax	85,454	47,208
Adjusted for:		
Loss for period attributable to non-controlling interest	265	464
Amortisation of energy supply contract intangible assets	11,228	11,228
Share incentive scheme charges	2,849	960
Loss on disposal of subsidiary - UWHS	-	1,139
Profit on disposal of subsidiary - Glow Green	(3,595)	-
Impairment of goodwill - Glow Green	-	1,536
Profit on sale of freehold property	-	(603)
Adjusted profit before tax	96,201	61,932

3. Earnings per share

The calculation of basic and diluted earnings per share ("EPS") is based on the following data:

	2023	2022
	£'000	£'000

Earnings for the purpose of basic and diluted EPS	68,426	35,467
Share incentive scheme charges (net of tax)	2,346	793
Amortisation of energy supply contract intangible assets	11,228	11,228
(Profit) / Loss on disposal of subsidiary	(3,595)	1,139
Impairment of goodwill - Glow Green	-	1,536
Profit on disposal of freehold office building (net of tax)	-	(488)
Earnings excluding share incentive scheme charges and amortisation of intangibles for the purpose of adjusted basic and diluted EPS	78,405	49,675
	Number ('000s)	**Number** ('000s)
Weighted average number of ordinary shares for the purpose of basic EPS	79,049	78,601
Effect of dilutive potential ordinary shares (share incentive awards)	1,220	286
Weighted average number of ordinary shares for the purpose of diluted EPS	80,269	78,887
Adjusted basic EPS[1]	99.2p	63.2p
Basic EPS	86.6p	45.1p
Adjusted diluted EPS[1]	97.7p	63.0p
Diluted EPS	85.2p	45.0p

It has been deemed appropriate to present the analysis of adjusted EPS excluding share incentive scheme charges due to the relative size and historical volatility of the charges. In view of the size and nature of the charge as a non-cash item the amortisation of intangible assets arising from the energy supply agreement with E.ON has also been adjusted. It has also been deemed appropriate to exclude the impact of the disposal of Glow Green Limited and Cofield Limited ("Glow Green"). The amortisation of the energy supply contract intangible assets, the profit on the disposal of Glow Green have not been adjusted for taxation as these items do not impact the amount of corporation tax paid by the Group.

4. Dividends

	2023 £'000	**2022** £'000
Prior year final paid 30p (2022: 30p) per share	23,689	23,559
Interim paid 34p (2022: 27p) per share	26,912	21,228

The Directors have proposed a final dividend of 46p per ordinary share totalling approximately £36.4 million, payable on 11 August 2023, to shareholders on the register at the close of business on 21 July 2023. In accordance with the Group's accounting policies the dividend has not been included as a liability as at 31 March 2023. This dividend will be subject to income tax at each recipient's individual marginal income tax rate.

5. Related parties

Identity of related parties

The Company has related party relationships with its subsidiaries and with its directors and executive officers. Related party transactions are conducted on an arm's length basis.

Transactions with key management personnel

Directors of the Company and their immediate relatives control approximately 11.1% of the voting shares of the Company. No other employees are considered to meet the definition of key management personnel other than those disclosed in the Directors' Remuneration Report in the Annual Report.

Details of the total remuneration paid to the directors of the Company as key management personnel for qualifying services are set out below:

	2023	**2022**
	£'000	£'000
Short-term employee benefits	3,816	3,200
Deferred shares bonus	723	443
Social security costs	543	428
Post-employment benefits	12	12
	5,094	4,083
Share incentive scheme charges	400	42
	5,494	4,125

During the year, the Group acquired goods and services worth £Nil (2022: £Nil) from companies in which directors have a beneficial interest. No amounts were owed to these companies by the Group as at 31 March 2023. During the year, the Group sold goods and services worth £Nil (2022: £Nil) to companies in which directors have a beneficial interest.

During the year directors purchased goods and services on behalf of the Group worth £256,000 (2022: £306,000). The directors were fully reimbursed for the purchases and no amounts were owing to the directors by the Group as at 31 March 2023. During the year ended 31 March 2023, the Group made sales to Glow Green worth £159,300 and purchases worth £161,000. During the year the directors purchased goods and services from the Group worth approximately £109,000 (2022: £28,000) and persons closely connected with the directors earned commissions as Partners for the Group of approximately £9,000 (2022: £6,000).

As set out in note 6, during the period the Group completed the sale of its 75% interests in Glow Green Limited and Cofield Limited to Non-Executive Chairman Charles Wigoder.

Subsidiary companies

During the year ended 31 March 2023, the Company purchased goods and services from the subsidiaries in the amount of £782,000 (2022: £96,000 purchased by the Company from the subsidiaries).

During the year ended 31 March 2023 the Company also received distributions from subsidiaries of £60,000,000 (2022: £50,000,000). At 31 March 2023 the Company owed the subsidiaries £104,376,000 which is recognised within trade payables (2022: £55,257,000 owed by the Company to the subsidiaries).

6. Disposal

Having received FCA change of control approval, the Group completed the disposals of its 75% shareholdings in Glow Green Limited and Cofield Limited ("Glow Green") for cash consideration of £1 to Charles Wigoder, Non-Executive Chairman of the Group on 31 July 2022.

Since acquiring Glow Green in 2018, the business was consistently loss-making; this contributed to a cumulative funding requirement of over £6m that remained with Glow Green as a debt to the Group and will be repaid over time. The repayment of the loan has been personally guaranteed by Charles Wigoder.

As a smaller related party transaction, the disposal fell within the requirements of section 11.1.10R of the Listing Rules and the Board obtained written confirmation from its sponsor that the terms of the proposed transaction were fair and reasonable as far as the shareholders of the Group are concerned.

The net liabilities of Glow Green as at 31 July 2022 were £(4.7)m and the profit on disposal of the Group's 75% share was therefore £3.6m in the current period. This has been reflected in the Profit on disposal of subsidiary line in the Consolidated Statement of Comprehensive Income.

7. Basis of preparation

The financial information set out above does not constitute the Group's statutory information for the years ended 31 March 2023 or 2022, but is derived from those accounts. The Group's consolidated financial information has been prepared in accordance with accounting policies consistent with those adopted for the year ended 31 March 2022. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's annual general meeting. The auditor has reported on these accounts, their reports were unqualified and did not contain statements under the Companies Act 2006, s498(2) or (3).

8. Directors' responsibility statement

The directors confirm, to the best of their knowledge:

(a) the financial statements, prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

(b) the Chairman's Statement, Co-Chief Executives' Review, Financial Review and Principal Risks and Uncertainties include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors of Telecom Plus PLC and their functions are listed below:

Charles Wigoder - Non-Executive Chairman
Andrew Lindsay - Co-Chief Executive Officer
Stuart Burnett - Co-Chief Executive Officer
Nick Schoenfeld - Chief Financial Officer
Beatrice Hollond - Senior Non-Executive Director
Andrew Blowers - Non-Executive Director
Carla Stent - Non-Executive Director
Suzi Williams - Non-Executive Director

By order of the Board

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[1] Adjusted basic and diluted EPS exclude share incentive scheme charges and the amortisation of the intangible asset recognised as a result of the new energy supply arrangements entered into with npower in December 2013.

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