



# Report and Accounts



Year ended 31 March 2024

TelecomPlus

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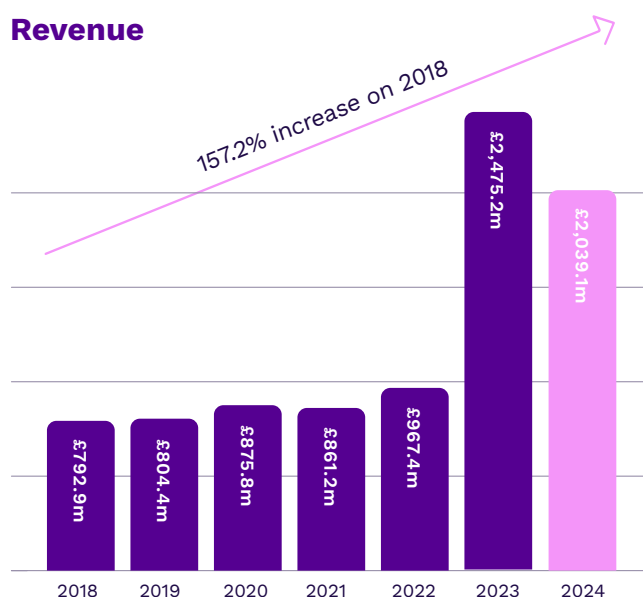
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## Financial Statements

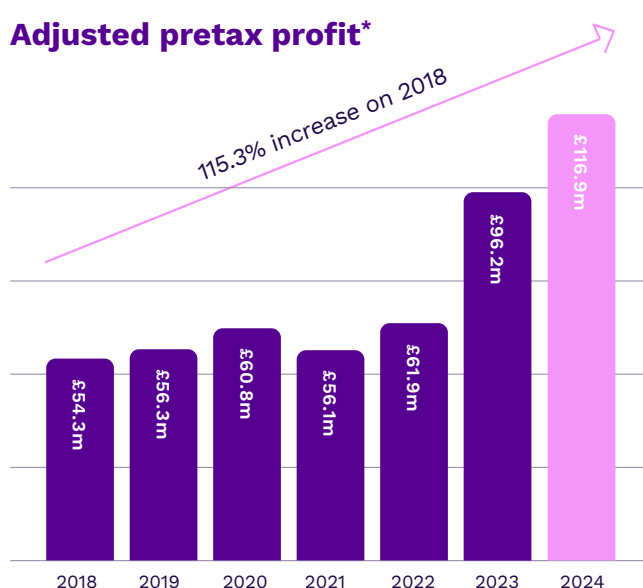
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# Financial and Operational Highlights

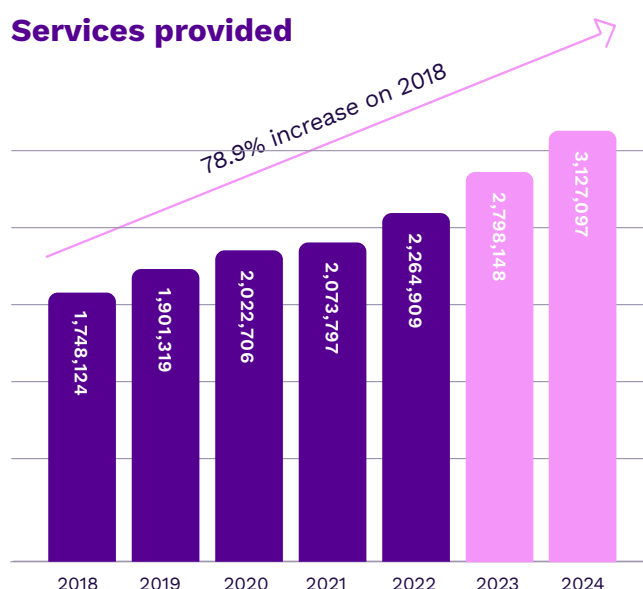
## Revenue



## Adjusted pretax profit\*



## Services provided



- Revenues of £2,039.1 million (2023: £2,475.2m)
- Gross profit up 16.0% to £355.2 million (2023: £306.2m)
- Adjusted pre-tax profit\* up 21.5% to £116.9 million (2023: £96.2m)
- Statutory pre-tax profit up 17.6% to £100.5 million (2022: £85.5m)
- Adjusted EPS\* up 9.9% to 109.0p (2023: 99.2p)
- Statutory EPS up 3.8% to 89.9p (2023: 86.6p)
- Full year dividend of 83p (2023: 80p) per share
- Net debt to adjusted EBITDA ratio at 0.9x
- Number of customers up 14.1% to 1,011,489 (2023: 886,579)
- Number of services supplied up by 328,949 to 3,127,097 (2023: 2,798,148)
- Insurance policies up 38.3% to 139,109 (2023: 100,590)
- Ranked “Best Value for Money” and “Most Likely to be Recommended” in Uswitch 2023 Energy Awards; rated “Excellent” on Trustpilot
- Increase in Partner numbers to 68,251 (2023: 59,842) reflecting ongoing strong demand for our income opportunity as cost of living pressures continue

\* Adjusted pre-tax profit (£116.9m), adjusted EBITDA (£133.3m) and Adjusted EPS exclude share incentive scheme charges (£5.2m), and the amortisation of the energy supply contract intangible asset (£11.2m). The reconciliations for adjusted profit before tax, adjusted EBITDA and net debt, and adjusted EPS are set out in notes 1 and 19 respectively of the financial statements.

# At a glance

## The UK's multi-service provider with over one million customers

We are the only multi-service provider in the UK, serving over one million customers under the Utility Warehouse brand. We offer our customers a one-stop shop for their essential services, bundling energy, broadband, mobile and insurance. We offer competitive prices over the long term, and we pride ourselves on genuinely helping our customers to stop wasting time and money on their household bills.

## A track record of growth in all conditions: on track for two million customers

The business has delivered uninterrupted growth in customer numbers for every one of its 25+ years. This has been achieved in a broad spectrum of market and macroeconomic conditions. This is evidence of the continuing strength of our business model, and the sustainable double-digit customer growth and earnings potential ahead. We remain firmly on track to add a further one million customers over the medium term.

## Our structural cost advantage

Our unique multi-service customer proposition spans the energy, broadband, mobile and insurance markets and allows our customers to bundle many of their essential household services together with UW. As a result, we receive up to four revenue streams from each of our customers but have just one single back office supporting all the services we provide to them. This gives us an inbuilt and enduring cost advantage that our competitors have been unable to replicate, and which we share with our customers year-on-year through lower prices.

## Fair pricing and loyal customers

This long-term, fair pricing approach, enhanced by top-rated customer service and the convenience of having one bill, one account, and one app to manage all their household services, builds loyalty amongst our customers to our brand; as a result, our typical homeownership customers display below-market rates of churn and bad debt, further compounding our cost advantage. We have launched our Price Pledge to new customers taking three or more services - guaranteeing UW will save them money.

## Our unique word-of-mouth customer acquisition model

The key to acquiring new multi-service customers is our unique and hard-to-replicate word-of-mouth acquisition model. Over many years we have built up a UK-wide community of some 68,000 Partners who are real advocates for our proposition. They overcome the natural inertia that exists to simultaneously switch multiple essential household services by personally explaining to family, friends, work colleagues and acquaintances the convenience of a single UW account for all their household services, and the long-term value we offer. This unique approach enables us to successfully grow our multi-service customer base in a way that other customer acquisition strategies cannot replicate. Our Partners are attracted by the opportunity to earn a second income amidst cost of living pressures, the flexible nature of the work, and by a mission to help their community through lower everyday bills.





# Investment case

## Why invest in Telecom Plus?

Telecom Plus is a unique UK multi-service provider with a purpose: to stop households wasting time and money on essential services. We have partnerships with leading suppliers of energy, broadband, mobile and insurance, and a high quality customer base. This leads to a high growth, predictable, capital-light and cash generative business model supporting a clear capital allocation policy of high returns through dividends supplemented by share buybacks.

### 1. The UK's only multi-service provider

We have a unique award-winning customer proposition providing multiple essential services including energy, broadband, mobile and insurance to over one million UK customers under the Utility Warehouse brand. This provides consistently larger savings than peers, and simplicity through a single bill and point of service.

### 2. Significant growth opportunity

Our ability to offer lower prices than competitors, combined with award-winning customer service, means we are able to achieve sustainable double digit customer growth. We are the leading challenger in our markets and with a c.3% share of the UK energy market, around 1% of the broadband and mobile markets, and a nascent position in insurance, there is ample opportunity for growth.

### 3. Differentiated route to market

Our business model is based on a unique and hard-to-replicate word-of-mouth route to market. Our Partners refer UW to their friends, family and their personal networks, attracting loyal multi-service homeowner customers which other operators find hard to reach. Customer satisfaction and loyalty gives market-leading

customer lifetimes and lower bad debts. Our Partners value the opportunity to earn an additional income, providing a high quality and low cost means of customer acquisition, while fulfilling our social purpose.

### 4. Structural cost advantage

We have a structural cost advantage as we have multiple revenue streams but only one set of overheads, unlike our competitors. This allows us to offer the most attractive prices to our multi-service customers, permitting us to be more profitable and reinvest in the business to improve our value for money still further – reinforcing our competitive position and sustaining our superior growth rate.

### 5. Capital light business model

We do not own any infrastructure, as we are a virtual service provider meaning we do not need significant capital expenditure to grow. We are able to offer high quality services from the best providers, benefiting from 20 year relationships and long term contracts. Our long track record increases supplier and Partner confidence in us. Our model means we differentiate on price, simplicity and service while not taking capacity or technology risk.

### 6. Proven financial track record with strong returns

We generate predictable, growing earnings from the supply of essential services. We are highly cash generative due to our capital light model. Over the last ten years our gross profit has grown by 254%, adjusted profit before tax by 162% and dividend per share by 137%. We consistently generate strong returns with a ROCE of above 30%. We pursue a progressive distribution policy with a total payout of 80-90% of adjusted net income including a dividend rising modestly with inflation and supplemented by share buybacks, with an appropriate level of gearing.

# Chairman's Statement



I am pleased to report another exceptional performance during FY24 with customer and service numbers continuing to show strong organic growth, and with record profits and dividends.

Adjusted pre-tax profits increased by 21.5% to £116.9m (2023: £96.2m), slightly above market expectations, reflecting the continuing double-digit growth in our customer and service numbers, and a modest tailwind from higher energy prices in Q1 (compared with the remainder of FY24).

The Ofgem energy price cap during FY24 averaged £2,140 (2023: £3,100). This significant reduction led to a fall in overall revenues for the business to £2,039.1m (2023: £2,475.2m) notwithstanding a significant increase in service numbers and higher revenues from non-energy services. These factors were also responsible for our higher gross profit margin, which at 17.4% (2023: 12.4%) is returning towards historically normal levels, and the 16.0% increase in our gross profit to £355.2m (2023: £306.2m). Adjusted earnings per share for the year rose by 9.9% to 109.0p (2023: 99.2p). Statutory pre-tax profits rose by 17.6% to £100.5m (2023: £85.5m), and statutory EPS rose by 3.8% to 89.9p (2023: 86.6p).

Our strong organic growth continued during the year, with customer numbers increasing by 14.1% to 1,011,489 (2023: 886,579) and service numbers rising by 328,949 to 3,127,097 (2023: 2,798,148).

Families across the UK faced strong inflationary pressures throughout the year, and we remain proud of the role we played in helping both customers and Partners navigate the challenges this created. Our unique business model shares the benefits we derive as an integrated multi-service supplier with our customers (by giving them sustainable long-term savings on their essential household services), whilst our Partner opportunity offers hard-working people, from all walks of life, the ability to earn an additional long-term income (which helps offset their rising cost of living whilst building financial freedom). As a result we are seeing ongoing strong demand in both these areas, with our total Partner numbers increasing by 14.1% to 68,251.



I am very proud of the commitment and achievements of our employees without which this record Company performance could not have been achieved. Amongst other accolades, we were awarded “Best Value for Money” and “Most likely to be Recommended” by Uswitch in their 2023 Energy Awards, came out top in the latest Which? league table of Energy Suppliers, were rated 5 stars for customer service by Uswitch in their 2024 Broadband Rankings, and achieved an “Excellent” rating on Trustpilot. This positive recognition reflects the outstanding customer service delivered by our colleagues, as well as the great value for money of our customer offering and the dedication of our Partners.



## Sustainability

Our people and the communities we serve are at the heart of our strategy. As a company, we are culturally focussed on our sustainability - not just in our approach to building long-term relationships with our customers and Partners and supporting our employees, but also in ensuring that we are doing business responsibly. This includes 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, including leveraging our updated E.ON contract, which enables UW to develop products that will better serve our customers as the UK moves towards net zero.

On our diversity and inclusion agenda, not only have we exceeded our targets for management roles held by women and employees from ethnically diverse backgrounds, we have also developed and launched our UW Belonging Groups, with six such groups created during FY24. We also conducted a Diversity & Inclusion audit, the findings of which will help us shape the future of this agenda at UW, ensuring we create an environment where everyone feels they belong and can develop to their full potential.

As families across the UK continue to face ongoing cost of living challenges, we are proud of the role we play in helping our customers and Partners navigate these sustainably, through a combination of savings on their household services (for customers) and an additional income to help offset the rising cost of living (for Partners). I am delighted that we have been able to quantify the positive socio-economic impact of the UW Partner opportunity, with 86% of the Partners who responded to our survey saying that being able to earn flexibly through UW had improved their quality of life.

Looking ahead, our FY25 ESG objectives demonstrate the Company's continued commitment to improving its sustainability and I look forward to delivering further progress over the year ahead. Further detail of the Company's sustainability agenda and ongoing progress is set out in our ESG and Sustainability Reports.

## 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.

Further detail of the Company's governance processes and compliance with the Code is set out in the Corporate Governance Statement.

## Dividend and capital allocation

The Company continues to deliver strong underlying cash generation, notwithstanding our ongoing double-digit organic customer growth.

We are proposing a final dividend of 47p (2023: 46p), bringing the total for the year to 83p (2023: 80p). This will be paid on 23 August 2024 to shareholders on the register at the close of business on 2 August 2024 subject to approval by shareholders at the Company's AGM which will be held on 13 August 2024. The Company also completed a share buyback of £10.2 million during the year, bringing the total return to shareholders for FY24 to 87.1% (see note 18) of adjusted net income.

The Board adopts a disciplined approach to the allocation of capital, with the overriding objective being to enhance long-term shareholder value, whilst maintaining an appropriate level of gearing; this means retaining sufficient

# Chairman's Statement

## continued

resources within the business to ensure that our organic growth is not constrained by lack of capital. We intend to continue following a progressive distribution policy, returning 80%–90% of adjusted net income to shareholders over the medium term, with the dividend growing in line with inflation, and with the balance being allocated to buying back shares.

### Board changes

As previously announced last autumn, Andrew Lindsay is stepping down as Co-CEO and from the Board after 16 years with the company. The current Co-CEO structure that has been in place for the past two years provides a clear succession path, and Stuart Burnett will assume overall responsibility for the business as sole CEO from our forthcoming AGM in August. Andrew will remain with the business on a part-time basis over the medium term, with a focus on supporting and further growing our Partner community.

We are delighted to welcome Bindi Karia as a new independent non-executive director to the Board. Ms Karia will join the Board immediately following the AGM. We expect her extensive experience, particularly in technology and innovation (where she has held senior board, investment, and advisory roles across the technology sector in Europe), to be of considerable value over the coming years.

### Outlook

#### Sustainable growth

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 multi-service proposition, with significant and growing appeal. This sustainable cost advantage sets us apart from our competitors, each of whom are focussed on individual market segments; and with 97 out of every 100 UK households taking their essential home services from these other suppliers, our organic growth opportunity has barely been tapped.

Since autumn 2021, over two and a half years ago, we have grown our customer numbers at an annualised compound rate of over 18%, spanning a period during which energy commodity prices increased steeply and

then fell sharply, before stabilising at or around current levels. During the period of steeply rising energy prices, our annualised customer growth rate was in excess of 20% (albeit on a smaller opening customer base), whilst during the periods of both falling and now broadly stable prices our annualised growth rate has been consistently around 14%. That we have been able to deliver such strong double-digit growth during a rising, falling and stable environment for energy prices gives us considerable confidence in our ability to continue doing so in future.

#### Regulatory environment

We fully endorse the more responsible regulatory environment for retail energy suppliers now in force, an outcome which we spent many years lobbying for. The combination of new capital adequacy requirements being imposed upon suppliers and the low regulatory EBIT margin allowed by Ofgem, make it extremely challenging for any standalone energy supplier to sell below the level of the price cap and earn an acceptable return on capital. As a result, we are uniquely positioned to outcompete over the longer term increasing our market share both sustainably and profitably.

Against that backdrop, and with energy prices having fallen significantly from their peak, rational competition has returned. All the major energy suppliers are actively seeking to acquire new customers, with a marked increase in advertising but, critically, based upon sensible pricing strategies. In this competitive marketplace, it has been encouraging to see our recent growth rate continuing into the new financial year, consistent with our guidance range set out below.

#### Energy prices

The average energy price this year is expected to fall by around 20% during the current year compared with FY24 (from £2,140 to around £1,650); this creates a modest headwind by reducing our average revenue per customer. However, the negative impact on our profitability from these lower energy prices will be offset by improving our operating leverage and selectively increasing our non-energy pricing, whilst maintaining a market-leading competitive position across all our services.

Looking forward, we retain significant levers to grow our EBITDA per customer over time, including further multi-service pricing optimisation, higher service penetration, and improved operating leverage.



## Guidance

We remain focussed on doubling the size of the business to over two million customers, with the following medium-term internal base case planning assumptions:

- annual percentage customer growth is expected to remain within the 10-15% range, with 12-14% organic customer growth expected during FY25;
- adjusted pre-tax profits are expected to increase broadly in line with customer growth, with Adjusted PBT for FY25 expected to be within a range of £124m to £128m; and
- excess capital will be returned to shareholders through a combination of steadily increasing dividends and buying back shares.

Both our people and our technology are vital to delivering an exceptional UW experience to our customers, and we will continue to invest in strengthening our teams at all levels as we scale, whilst evolving and improving our systems. It has been exciting to see our Partners referring 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, and with continuing uncertainty around the ability of

households to effectively fund a comfortable retirement, we anticipate that demand from new Partners joining UW to earn a valuable and secure residual income stream 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 another exciting year of growth, and the contribution they are making to the ongoing strong performance of the business.

Having broken through the one million customer milestone during FY24, we are now firmly on track to achieve our next milestone of two million customers over the medium term, and we look forward to making significant further progress towards this over the current year.



**Charles Wigoder**  
Non-Executive Chairman  
18 June 2024

# Co-Chief Executives' Review

## The year in summary

### Record customers and profits

Throughout our 25-year history, we have consistently helped UK households to stop wasting time and money on their essential services, which now encompass energy, broadband, mobile and insurance. Our unique multi-service proposition continues to demonstrate its inherent ability to deliver exactly what financially stretched and time-poor households are looking for, namely savings, simplicity and service. At the same time, our word-of-mouth Partner model is increasingly 'of its time', enabling people to earn a part-time income which solves their short-term cost pressures whilst building longer-term financial freedom. Together, these provide the sustainable competitive advantage which enabled us to deliver 14.1% customer growth in FY24 and pass the one million customer milestone, putting us firmly on track to double the size of the business to two million customers over the medium term.

We are now back in a normalised energy market, with rational competition returning and robust regulation ensuring all suppliers are operating sustainably. Falling wholesale energy prices throughout the year resulted in the Ofgem SVT price cap reducing from Q2 onwards, providing some relief for households. It is testament to the strength of our multi-service model that, despite these falling prices, we were able to deliver a 14.1% increase in customer numbers and a commensurate increase in profits, demonstrating the ability of our business model to deliver in all environments.

Whilst the dynamics in each of our markets constantly vary, we continually focus our efforts on strengthening our core multi-service proposition and supporting our Partner community. During the year, we continued to innovate and evolve our multi-service customer offering, launching our first Fixed energy tariff for 2 service customers (alongside our market-leading 3 service Fixed energy tariff), improving our mobile offering through the launch of our first 5G tariff, building out CityFibre as a full fibre broadband partner, and further developing our insurance product offering and sales journeys, with the number of customers taking insurance increasing by 38.3% to 139,109 (2023: 100,590).

Confidence in the sustainable strength of our customer proposition continues to build amongst our Partners which, combined with ongoing cost of living pressures, is resulting in more and more people turning to UW to bolster their incomes. There are now over 20 million people in the UK with a second or third part-time income – a trend

which is driven by changing societal attitudes towards work, plus long-term macro-economic developments around the need to build a sustainable retirement income. The total number of UW Partners increased by over 14% during the year to 68,251, underpinning the sustainability of our current high-quality growth with our Partners being a unique route-to-market for signing-up high quality customers (i.e. multi-service homeowners) 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 and consistently profitable business. In a year characterised by falling energy prices and the return of normalised energy competition, alongside inflation-beating price rises in our other core markets, we have concentrated our efforts on delivering our three key business priorities:

- Evolving our distinct company culture
- Delivering a seamless multi-service customer experience
- Bringing more multi-service homeowner customers on board

We are delighted to have made significant progress against these priorities, laying the foundations for further progress in the years ahead.

### Company culture

- We codified our culture and invested in developing our leaders through the leadership fundamentals programme, coaching, and team effectiveness courses. Our leadership engagement score is above target at 82%. We also enhanced the working environment for our customer-facing teams by introducing a new workforce management system allowing us to better predict call volumes and resource requirements, decreasing the number of people needing to work on Saturdays and allowing dynamic shift swaps.

### Customer experience

- Market leading customer service is vital to our success and the confidence our customers and Partners place in us. We invested in digital self-service and "right first time" query resolution through our WhatsApp channel which effectively uses AI. As well as continuing to invest in our Customer Relationship Management (CRM) systems we significantly improved our customer support capability by introducing 'one-way' video, allowing our advisors to understand and resolve energy and broadband queries faster by enabling them to see the problem the customer is experiencing in their home first hand.

### Multi-service customers

- We continued our focus on acquiring multi-service homeowner customers, including through our Fixed energy tariffs, which are only available to customers taking two or more services. Our customer numbers grew by over 14%, enabling us to achieve the historic milestone of reaching one million customers. Overall service numbers increased by 11.8% to 3.1 million.

This is an incredibly exciting time for the business. The marketplace in which we are now operating is once again the marketplace that this business was designed for, where our unique business model enables us to sustainably outcompete and build market share through offering households what they want – long-term savings on their essential household services, and an additional income from referring their friends and family.

As we look ahead, we remain confident of delivering another year of profitable double-digit customer growth as we work towards doubling the size of the business to two million customers over the medium term.

### Our business model

We have a unique, self-reinforcing and long-term business model. As the UK's only multi-service utility provider, we offer energy, broadband, mobile and insurance services, as well as a Cashback Card which provides extra savings at a wide range of retailers. The cashback available to our customers increases with the number of services taken. We bundle essential home services together to give UW customers peace of mind, sustainable long-term savings,

a simple single monthly bill, and award-winning customer service; these ensure our customers stay with UW for far longer than our competitors. The combination of higher revenues per customer (from taking multiple services) and lower churn generate a significantly higher average customer lifetime value.

By having a single set of central overheads for our multiple revenue streams, we are able to make substantial cost savings due to operating efficiencies. Therefore we have a sustainable, structural cost advantage which enables us to offer the best value across our range of services and offer significant savings year after year.

Our Partner network gives us a unique way of acquiring hard-to-reach multi-service homeowner customers. The perceived effort of switching multiple services can be high amongst consumers, resulting in conventional advertising approaches typically failing to successfully convert customers to a multi-service proposition. In contrast, a conversation with a trusted Partner can provide first-hand reassurance and explanation of the switching process – often based on the Partner's personal experience – thus helping to overcome the natural inertia associated with switching multiple essential household services simultaneously. As well as being trusted, our Partners benefit from referring their friends and families to UW's truly compelling customer proposition comprising market leading savings, award-winning customer service and the simplicity of a single bill and app.

This approach enables us to successfully grow our multi-service customer base in a way that other customer acquisition strategies cannot replicate.



# Co-Chief Executives' Review

## continued

### **Delivering higher profits and double digit customer growth in rising, falling and/or stable energy price environments**

When energy prices are rising/higher, we have additional margin available to deploy in acquiring new customers, making our new customer proposition relatively stronger, and our growth rate correspondingly higher – with our competitiveness further helped by the fact that during these periods it is more expensive for other suppliers to offer attractive fixed acquisition tariffs. As a result, we would expect to see faster organic customer growth during such periods (as achieved in FY23).

And of course, when energy prices are falling/lower, as has been the case over the last year, the converse is true, but with customer growth in FY24 still comfortably in double digits.

### **Unique multi-service bundle**

We enable customers to choose the essential services they want and bundle them together to create a unique multi-service proposition. These include energy, broadband, mobile and insurance services as well as a pre-paid Cashback Card. These bundles provide:

- Simplicity: a single 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.

By offering customers the ability to receive all their essential home services on a single monthly bill, and manage them on a single app, we deliver a straightforward and cost-effective experience. The more services customers take from us, the more they save. Annual savings average over £300 for customers taking all four services, with additional average savings of over £160 per year available to regular users of the Cashback Card.

A key component of our model is securing high quality and reliable wholesale services from established providers, which we then bundle together for our customers' benefit. We source our energy from E.ON, access Openreach and CityFibre broadband via PXC, and we utilise the EE network for mobile services. We have also established insurance relationships with major insurers alongside our own insurance company, UWI.

### **Unique structural cost advantage**

Our unique multi-service customer proposition allows customers to bundle many of their essential household services together with us. As a result, we receive up to four revenue streams from each of our customers but have just one single back office supporting all the services we provide to them. This gives us an inbuilt and enduring cost advantage that our competitors have been unable to replicate and which we share with our customers year-on-year through competitive prices.

This long-term, fair pricing approach, enhanced by top-rated customer service and the convenience of having one bill, one account, and one app to manage all their household services, builds loyalty amongst our customers to our brand; as a result, our typical homeownership customers display below-market rates of churn and bad debt, compounding our cost advantage.

### **A unique word-of-mouth model that creates earning opportunities**

The key to acquiring new multi-service customers is our unique and hard-to-replicate word-of-mouth acquisition model. Our network of over 68,000 Partners is motivated by the opportunity to earn additional income in the context of continuing cost of living pressures, the satisfaction of helping people to save money on their essential services, the need to save for retirement, and a long term structural trend towards multiple incomes which now comprises over 20 million individuals in the UK.

Our Partners receive a monthly commission based on the services being used by the customers they have referred, with the opportunity in some cases to choose to receive a prepayment of some of this future commission as a lump sum. As Partners refer more people to UW who then choose to sign-up as customers and as more new Partners are added to their teams, their income stream can continue to grow, creating truly life-changing potential earnings opportunities. As customers benefit from exceptional value, great service, and a more convenient way of buying their essential household services, and Partners can build a valuable residual income stream, there is a genuine alignment of interests between our Partners, customers and UW.



## Improvements to our multi-service bundles

During the year we continued to make important improvements to our bundles to ensure our loyal customers continued to receive a high quality and simple service:

- i) We re-launched fixed tariffs as part of our energy proposition and made a new fixed tariff available to customers taking 2 services (in addition to our existing fixed tariff offering for customers taking 3 or more services).
- ii) We improved our mobile offering by launching a new mobile tariff bringing 5G to our customers for the first time.
- iii) We improved our fibre broadband proposition by adding CityFibre, via their existing relationship with PXC, as the largest independent full fibre network in the UK covering over 3 million homes.
- iv) We made ongoing improvements to our unique Cashback Card proposition, including offering Google Pay functionality and adding major new retailers including Aldi, a leading budget supermarket, and IKEA, one of the nation's favourite furniture stores.

## Energy

After the turmoil seen in the energy market a few years ago, we have now seen stability return, allowing the removal of most government interventions by the end of the year, including the Energy Price Guarantee and the Market Stabilisation Charge. In this more stable environment we continued to grow strongly, increasing the number of energy services we supply from 1,522,350 to 1,678,404 over the year.

The Ofgem Price Cap was set at £3,280 at the start of the year, with the EPG reducing the cost to residential customers to £2,500. The cap fell to a low of £1,834 for the Oct – Dec price cap period, rising slightly to end the year at £1,928.

During this period, we have seen a gradual return of fixed price acquisition tariffs to the market and switching increase steadily. As a multi-service supplier, we have been able to offer extremely competitive fixed energy tariffs as part of our multi-service bundles funded by a combination of re-investing some of the margin we earn from supplying the broadband, mobile and/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 receive the highest overall total score on the Which? Energy Satisfaction Survey.

In October, we refined our Wholesale Services and Supply Agreement with E.ON, ensuring UW is in a strong position to compete effectively over the years ahead. Importantly, the updated agreement provides us with greater flexibility, enabling us to develop and launch a wider range of energy products – for example a broader set of attractively priced fixed tariffs to both the residential and small business markets. The amended contract also provides a framework for UW to develop innovative 'time of use' tariffs (suitable for EV charging and home generation and storage).

We maintained our position at the forefront of the smart meter rollout programme, working with Calisen to deliver our Ofgem target. We are now at over 70% penetration against a market average of 60% and we remain fully committed to delivering further progress on this vital element of the UK's transition to net zero.

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 and debt to ensure supplier sustainability. In lifting the ban on acquisition tariffs later this year Ofgem are seeking to strike a balance between ensuring market sustainability and encouraging rational competition between suppliers. We do not expect this to significantly change the overall competitive market dynamics, and expect our innovative, sustainable multi-service proposition to continue to benefit.

# Co-Chief Executives' Review

## continued

### Broadband

The broadband market remains highly competitive although switching levels remain low. With many people still working from home at least part-time, there remains an added reliance on broadband and WiFi making many consumers fear switching. This reluctance to switch has tempered our broadband growth, although we are pleased to have increased our broadband service numbers to 374,792 over the course of the year.

We are optimistic that the imminent retirement of old legacy copper broadband services in favour of full fibre broadband will give many consumers a reason to switch, and we are already seeing around 48% of new customers now taking a full fibre service.

At our Amplify event in September, we announced the launch of CityFibre which added an additional 3 million properties to our addressable full fibre market. To support this launch we organised a number of 'town takeovers' where Partners worked together in areas where full fibre had recently been made available, with more localised campaigns being planned.

Unlike most major broadband providers, we do not impose 'in contract price rises' for broadband customers, and we applied a lower price increase to those who are not in contract compared with most other leading suppliers, increasing our relative competitive position. With consumers still focused on a reliable service, we were pleased to be voted 4th in Which? 2024 Best Broadband Survey, and with our WiFi home hub retaining its Which? Best Buy status.

### Mobile

The trend in the mobile market continues to be led by 'SIM only' plans with many customers choosing to keep their handsets for longer, making our simple sim only offering very attractive. Our competitive and straightforward proposition has led to further strong growth in our mobile business of over 18%, ending the year with 466,216 services.

We introduced 5G on our new Unlimited+ tariff making it one of the best value unlimited deals in the UK, delivering 99.6% population coverage on the EE network. We also increased the amount of data on our Essentials tariff from 5GB to 8GB making it more suitable and competitive for many less intensive mobile users. Customers now also benefit from coverage on some of the London Underground as well as WiFi calling when they are connected to broadband.

We expect mobile service growth to further accelerate during FY25, as we evolve our multi-service offering to give customers access to our multi-service discounts when they take a second mobile sim in their bundles, whereas previously only the first sim counted.

### Insurance

This year saw continued strong growth, with our policy book growing by 38.3% from 100,590 to 139,109. Our strategy remains clear: to deliver high quality cover, best-in-market customer service and exceptional value.

Following the approval by the Gibraltar Financial Services Commission for UW Insurance Limited ("UWI"), our wholly owned insurance company subsidiary, to commence operations in March 2023, it has successfully completed its first full year of trading. Through reinsurance arrangements with leading reinsurers, UWI has successfully achieved a suitable level of risk exposure that enables it to contribute to our strategic goals around growth and profitability, whilst limiting downside risk.

With just 12% of UW customers currently taking an insurance service as part of their UW bundle, we have a significant runway to scale this business through increased penetration of our existing product set, alongside launching additional insurance products in due course.

We anticipate the rate of Insurance service growth during FY25 will be slightly lower than FY24 (albeit offset by faster growth in other services) reflecting our recent decision to temporarily pause sales of our Insurance products to new customers whilst we review them with the FCA.

## Cashback Card

Our Cashback Card continues to go from strength to strength, with UW customers earning a record £10m in cashback off their bills this year (up 23% YoY). This unique proposition continues to strongly resonate with UW customers, enhancing customer loyalty and lifetime values, and giving our customers a meaningful way to offset recent increases in the cost of living.

This year we also inked major new brand partnerships, with leading brands including Aldi, IKEA and Merlin Group (Legoland, Thorpe Park, Chessington and others). We have a pipeline of new retailer partnership opportunities and are excited for how our unique Cashback Card continues to provide a point of major differentiation for UW compared to other providers.

We will shortly be launching Pay by Bank, for our customers to top up their Cashback Cards. This initiative is expected to deliver cost savings as well as pave the way for new commercial opportunities.

## Investing for growth

### Supporting our customers

To gain our customers' trust and ensure their loyalty for the long term we give them an excellent standard of service, fair treatment, and swiftly resolve any issues they might have. This is also important in delivering to our Partners a proposition which they can enthusiastically refer, and this is one of the key goals for our customer service and operations teams.

We continued to make significant advancement in our customer service across all sectors and this was highlighted externally including the top ranking in the 2024 Which? Energy Supplier survey and achieving an Excellent rating on Trustpilot.

Over the last year we began to experience a more normalised environment for customer contact, compared to the previous year in which call and email volumes almost doubled in response to concern about higher energy prices in the market. This has allowed us to start reducing some of the temporary resources we had put in place to deal with the increased level of contact demand from customers.



# Co-Chief Executives' Review

## continued

To ensure that customers joining UW have a great experience we have a dedicated Welcome team who can assist customers in their first few weeks across our Energy, Mobile, Broadband and Insurance services, whilst our advanced routing technology allows us to route new customer calls automatically to our specialist welcome advisors.

We are continuing to invest in digital self-service and resolving customer queries the first time a customer calls us. We significantly improved our customer support capability by introducing 'one-way' video, allowing advisors to understand and resolve energy and broadband queries faster by enabling them to see the problem first hand. We also invested in modern AI tools such as full and accurate note recording to assist advisors with future interactions and are exploring other AI use-cases which will increase speed and efficiency over time. We also rolled out a customer support WhatsApp channel which provides service through a virtual assistant.

We also increased support for our vulnerable customers with the opening of a dedicated energy prepayment customer service hub in Selkirk, Scotland in June 2023, where we now have over 65 colleagues trained to provide support to those in greatest need. We continued our support of customers who need assistance with their bills through the Ability to Pay teams and through the UW Hardship Fund, which is administered in partnership with the Citizens Advice Bureau.

As well as improving our training through advisor feedback we also launched live support for advisors where they can access dedicated support on calls through a chat platform to assist with more complex customer queries, improving our ability to resolve customer queries at the first point of contact.

As a result of our continued focus on providing market-leading savings and service, we were awarded "Best Value for Money" and "Most likely to be Recommended" by Uswitch in their 2023 Energy Awards, came out top in the latest Which? league table of Energy Suppliers, received

a 5 star rating for customer service from Uswitch in their 2024 Broadband Rankings, and achieved an "Excellent" rating on Trustpilot.

### Supporting our partners

We continue to expand the range and quality of our customer proposition with market leading savings on our bundled packages combined with best in class service. This has increased the confidence of our Partners to refer UW to people they know, leading to growing enthusiasm, and higher activity levels. As a result, we have experienced continued success in acquiring high quality homeowner customers.

There are now over 20 million people in the UK earning an additional part-time income, a number we believe is only set to rise further due to continued pressure from the day-to-day cost of living, increased mortgage interest costs, the trend to work flexibly from home and the need to generate sufficient income in retirement. Our Partner opportunity is perfectly positioned to capitalise on these significant and long-term trends, which we believe will continue to fuel demand for our Partner offer which will in turn generate strong growth in customers for the company.

Given the key role our Partners play in unlocking our highest value customers - multi-service homeowners - the ongoing growth of our Partner community puts us in a strong position for continued high-quality customer acquisition. We attract Partners from all walks of life including health workers, retirees, teachers, local government employees, students and the self-employed. We are hugely proud of the positive societal impact our Partner business model is having by generating additional income and flexible work opportunities, while at the same time lowering customer bills and providing outstanding customer service. We continue to invest in our Partners, not only by providing them with an excellent proposition to refer but also through digital tools and training, as well as the ability to work flexibly. We want to provide our Partners with a great experience which will lead to more referrals and greater Partner satisfaction, as we continue to succeed together.



## Operational performance and non-financial KPIs

We exceeded our growth targets for the year with customer numbers rising by 14.1% (2023: 21.7%) to 1,011,489.

As in 2023, our customer acquisition efforts were focused on residential customers, with our business offering remaining closed to new customers. During the course of FY25, we expect to relaunch our offering to new business customers.

Customers	2024	2023
Residential	995,892	866,403
Business	15,597	20,176
<b>Total</b>	<b>1,011,489</b>	<b>886,579</b>

The total number of services we supply to our customers grew by 11.8% (2023: 23.5%) to 3,127,097.

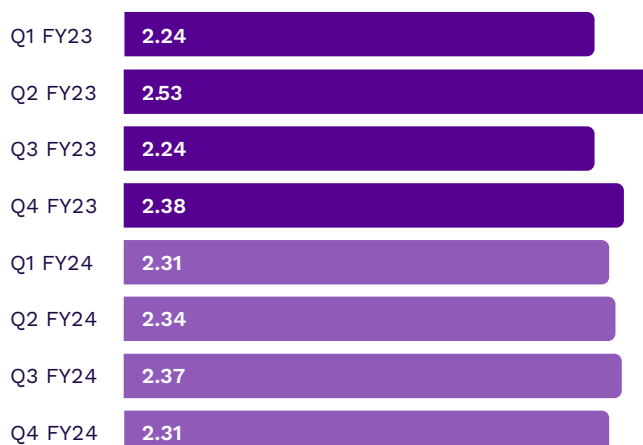
Services	2024	2023
<b>Core services</b>		
Energy	1,678,404	1,522,350
Broadband	374,792	354,118
Mobile	466,216	394,145
Insurance	139,109	100,590
<b>Other services</b>		
Cashback Card	448,529	405,118
Legacy telephony	20,047	21,827
<b>Total</b>	<b>3,127,097</b>	<b>2,798,148</b>

*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. There is also a clear correlation between the number of services taken and the customers' expected lifetime value to the business.

All our core services saw good rates of growth, although we are particularly pleased with the 38.3% growth in Insurance, on top of the 125% growth delivered in FY23.

## Average number of Core services taken by new residential customers signed up by Partners



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 focus on having a strong customer proposition and award-winning service pays off in our market-leading levels of customer loyalty, and with rational competition now firmly entrenched within the energy market, our annualised energy churn increased in line with expectations to 8.7% (2023: 2.8%), still significantly below historic levels.

Average revenue per customer remains well above historic levels at £2,117, albeit below the level reached in FY23 (£3,025) when energy prices were at their peak.

# Co-Chief Executives' Review

## continued

### The year ahead: our three FY25 business priorities

We have set our business priorities in order to sustain a level of growth which will allow us to reach our target of adding an additional million customers over the medium term. Our priorities reflect the importance of delivering high growth, improving customer service and maximizing efficiency. This will be supported by a continued evolution in our internal culture that will embed a performance-led approach more deeply, combined with a higher level of efficiency and cost-competitiveness.

#### 1. Supporting strong customer growth

We aim to drive continuing high levels of customer growth through enhancing the performance of our greatest asset: our unique word-of-mouth Partner network. We will look to grow the number of new Partners, and increase the activity levels of existing Partners, through building our purpose within the UW brand, aligning incentives to improve consistency, earning the confidence of our Partners by delivering the best possible customer proposition and accelerating the leadership of our most talented Partners.

We aim to expand the use of digital and social media tools to support the primary word-of-mouth model, as well as securing important new partnerships. We will redouble our focus on customer retention and increasing penetration of high quality multi-service customers, including incentives for customers to add additional services during their customer journey.

#### 2. Improving customer service

We will improve our customer service to enhance the customer and advisor experience, while at the same time driving a meaningful reduction in call volumes. This includes focusing on processes which deliver an improvement in our rate of "first time resolution".

We will create additional capacity for our customer service teams by speeding up internal systems, matching customer demand with agent levels and significantly increasing usage of faster digital service channels including our UW app, AI and WhatsApp. The improvement in customer service will be supported by advancements in agent performance measurement and training.

#### 3. Transforming efficiency

Modernising and transforming our UW platform is a key priority which will lower the cost of doing business. This includes improving visibility for customers so they will adopt more digital tools, simplifying our advisor experience and accelerating smart meter measurement. It also means delivering changes to our customer proposition with minimal cost and complexity and lowering costs by adopting a greater use of straight-through processing. We also aim to focus our build versus buy decisions on long term business benefits, which will increase flexibility to focus on our core growth drivers.

Ensuring we are efficiently delivering a competitive proposition and award-winning service is key to maintaining our structural cost advantage and the sustainability of our long-term growth trajectory as we double the size of the business to two million customers over the medium term.



**Stuart Burnett & Andrew Lindsay MBE**

Co-Chief Executive Officers

18 June 2024





# Financial Review

## Overview of results

	Adjusted			Statutory		
	2024	2023	Change	2024	2023	Change
Revenue	£2,039.1m	£2,475.2m	(17.6)%	£2,039.1m	£2,475.2m	(17.6)%
Gross profit	£355.2m	£306.2m	16.0%	£355.2m	£306.2m	16.0%
Profit before tax	£116.9m	£96.2m	21.5%	£100.5m	£85.5m	17.6%
Basic EPS	109.0p	99.2p	9.9%	89.9p	86.6p	3.8%
Dividend per share	83.0p	80.0p	3.8%	83.0p	80.0p	3.8%

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 £5.2m (2023: £2.8m) and the amortisation of the intangible asset of £11.2m (2023: £11.2m) arising from entering into the energy supply arrangements with E.ON (formerly npower) in December 2013; this decision reflects both the relative size and non-cash nature of these charges. 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 1 and 19 respectively of the financial statements.

## Summary

Adjusted profit before tax increased by 21.5% to £116.9m (2023: £96.2m) on lower revenues of £2,039.1m (2023: £2,475.2m). Statutory profit before tax increased 17.6% to £100.5m (2023: £85.5m). The fall in revenues primarily reflects significantly lower energy prices in the second half of the year. The increase in adjusted profit before tax reflects the continued impact of strong organic growth in both customer and service numbers, and higher non-energy profits following industry-wide price rises.

Distribution expenses increased to £51.3m (2023: £49.7m), mainly reflecting the continued growth in customers and services, partially offset by the fall in revenues.

Administrative expenses (excluding share incentive scheme charges and amortisation of the energy supply agreement intangible) increased during the year to £151.9m (2023: £129.0m), largely due to higher staff, technology and infrastructure costs as a result of inflationary pay rises, increased resources to manage strong growth, and the continued impact on customer services from higher energy prices in the first half.

The bad debt charge for the year (which is separately identified on the income statement as impairment loss on trade receivables) increased to £30.7m (2023: £28.7m), representing 1.6% of underlying revenues for the year (2023: underlying 1.6% excluding amounts paid directly to us by government (included in revenues) under their various support schemes).

Adjusted earnings per share increased by 9.9% to 109.0p (2023: 99.2p), with statutory EPS increasing by 3.8% to 89.9p (2023: 86.6p); these were impacted by the increase in the corporation tax rate from 19% to 25% for the period. In accordance with previous guidance, the Board is proposing to pay a final dividend of 47p per share (2023: 46p), making a total dividend of 83p per share (2023: 80p) for the year.

## Revenues

The strong growth in the number of services we are supplying continued, increasing by 328,949 over the course of the year (2023: 533,239), taking the total number of services provided to our customers to 3,127,097 (2023: 2,798,148).

The overall decrease in revenues mainly reflects the significantly lower energy prices during the year, partially offset by the increase in the number of services being supplied:

Revenues £m	2024	2023	Change
Electricity	1,066.6	1,214.7	(12.2)%
Gas	708.0	1,028.3	(31.1)%
Broadband	141.9	132.7	6.9%
Mobile	70.9	56.8	24.8%
Other	51.7	42.7	21.1%
<b>Gross Profit</b>	<b>2,039.1</b>	<b>2,475.2</b>	<b>(17.6)%</b>



## Gross profit

Gross profit for the year increased to £355.2m (2023: £306.2m), primarily driven by the growth in the number of services we supply, with industry-wide non-energy price increases offsetting energy price decreases. Our overall gross margin for the year rose to 17.4% (2023: 12.4%) due primarily to lower energy prices and the resulting reduced proportion of lower margin energy revenue, together with the previously mentioned industry-wide price increases in non-energy services.

## 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 £51.3m (2023: £49.7m), reflecting higher Partner commissions associated with our continued growth, partially offset by lower revenues.

Administrative expenses (excluding share incentive scheme charges and amortisation of the energy supply agreement intangible) increased during the year to £151.9m (2023: £129.0m), mainly as a result of higher staff, technology

and infrastructure costs. The increase in staff costs mainly reflects inflation-linked salary increases, increased resources to manage strong growth, and the continued impact on customer services from higher energy prices in the first half. Administrative expenses are expected to increase below the rate of customer growth in the coming year.

The bad debt charge for the year increased to £30.7m or 1.6% of underlying sales (2023: £28.7m, 1.6% underlying), mainly due to an increase in the number of customers having difficulty paying their bills in an environment of higher inflation. The proportion of customers with at least two energy bills outstanding increased to 3.32% (2023: 2.34%) across the year. The level has mainly been driven by the temporary moratorium imposed by Ofgem in February 2023 on the involuntary installation of prepayment meters for customers who refuse to pay for their energy. This moratorium was in place for longer than had been initially expected, although it has now been lifted, thus enabling a progressive ramp up of this debt recovery process. Furthermore, any movements in bad debt levels across the industry are recovered through increases in the relevant Ofgem price cap allowance, all of which accrue to the Group.

## Cash, capital expenditure, working capital and borrowings

	2024	2023	2022	2021	2020
Adjusted EBITDA (£'000)	133,251	110,118	73,760	66,446	68,939
Net debt (£'000)	(122,501)	103,424	(70,334)	(71,416)	(59,378)
Net debt/adjusted EBITDA ratio	0.9x	-0.9x	1.0x	1.1x	0.9x

As set out above, historically the Group's underlying Net Debt/adjusted EBITDA ratio has remained at around 1.0x. At the prior year end, 31 March 2023, the Group was in a net cash position. This unusual position arose as the Group benefitted from substantial one-off cash timing differences resulting from the Government's energy support schemes (where the Government stepped in to pay suppliers a proportion of their customers' energy bills, with such payments being received earlier by the Group compared to its conservative approach of billing customers monthly in arrears). The Group also benefitted from one-off timing differences relating to wholesale energy supply payments due to higher energy prices. As expected, these one-off cash timing benefits reversed during the current year as energy prices returned to more normal levels, and the Government energy support schemes ended. This resulted

in a meaningful cash outflow during 2024, with Net Debt/adjusted EBITDA consequently returning to more normal historical levels at around 0.9x.

As expected, the Group ended the period with a reported net debt position including lease liabilities of £122.5m (2023: net cash of £103.4m - including £120.8m of funds received in advance associated with the government energy support schemes), comprising cash of £57.8m (2023: £193.8m) less bank loans of £176.5m (2023: £89.7m) and lease liabilities of £3.8m (2023: £0.7m). The Group's underlying Net Debt/adjusted EBITDA ratio of 0.9x is calculated using adjusted EBITDA of £133.3m (representing operating profit of £106.3m, plus depreciation and amortisation of £21.8m and share incentive scheme charges of £5.2m).

# Financial Review

## continued

The Group's net working capital position showed a year-on-year cash outflow of £239.8m (2023: cash inflow of £146.3m), mainly reflecting the expected unwinding of funds associated with the government's energy support scheme that were received in advance of the year end in the prior year (and which previously led to a significant inflow in FY23 as outlined above). The decrease in accrued expenses and deferred income to £181.3m (2023: £417.4m) mainly relates to lower wholesale supplier cost accruals for energy given the significant decrease in energy prices year-on-year. The Group also benefitted from one-off timing differences relating to wholesale energy supply payments due to higher energy prices in the prior year which reversed in 2024.

The increase in trade and other receivables to £104.1m (2023: £58.9m) has mainly been driven by the lingering impact of high energy prices over the last two years. Trade receivables reflect the amounts invoiced to customers, which for most is based on their fixed monthly direct debits under a 'budget plan', and not based on actual energy used in that month. The significant price increases in FY23, which peaked in the winter of H2 FY23 at the time of highest seasonal energy usage, were not fully observed in the trade receivables balance in FY23. Instead, in FY23 the impact of prices is primarily seen through the increased accrued income balance (offset by government energy support scheme advance payments of £120.8m). In FY24, we now see the price increases fully come through into the invoicing, and therefore the trade receivables balance. In addition to high energy prices, there was an impact from the delayed installation of prepayment meters as a result of a temporary moratorium imposed by Ofgem, which has now ended. As at 31 March 2024 the Group also had pending residual government Energy Price Guarantee payments that are due to be received after the year end.

Capital expenditure of £12.5m (2023: £11.0m) 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 multi-service bundled customer base continues to grow.

## Dividend

The final dividend of 47p per share (2023: 46p) will be paid on 23 August 2024 to shareholders on the register at the close of business on 2 August 2024 and is subject to approval by shareholders at the Company's Annual General Meeting which will be held on 13 August 2024. This makes a total dividend payable for the year of 83p (2023: 80p).

## Share incentive scheme charges

Operating profit is stated after share incentive scheme charges of £5.2m (2023: £2.8m). 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. The tax charge for the year is £29.4m (2023: £17.3m). The effective tax rate for the year was 29.3% (2023: 20.2%), primarily reflecting the increase in the corporation tax rate from 19% to 25%, the ongoing amortisation charge on our energy supply contract intangible asset (which is not an allowable deduction for tax purposes), and tax adjustments in relation to share options charges.



**Nick Schoenfeld**  
Chief Financial Officer  
18 June 2024

# 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 mainly acquires new customers via word-of-mouth referrals from 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.

# Principal Risks and Uncertainties

## continued

### 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 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 privacy, information security, cyber security and fraud 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 data privacy and information/cyber 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 any of the companies within the Group fail to comply with privacy or data protection legislation or regulations, then such Group company could be subject to ICO enforcement action (which could include significant fines).

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

Fraud has the potential to impact the Group from a financial, regulatory and reputational perspective. To mitigate and control the risk of fraud effective controls are in place to identify and reduce incidents of fraud, actively investigate potential fraud, and report on fraud activity and trends both internally and to our industry partners. Fraud risks are overseen by the Group's Fraud Team which sits within Legal & Compliance.



## 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 an increasingly prescribed approach to social obligations, Ofgem has completed its 'Financial Resilience' reforms, significantly increasing its oversight of suppliers' financial health and operational sustainability. The primary impact of this regulatory change environment is more frequent and detailed reporting to Ofgem, typically in the form of mandatory Requests for Information.

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 telecommunications 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 Partner loans and hire purchase agreements. Further, in 2023 UWI became 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, customer redress and risk losing its authorised status, severely restricting its ability to offer insurance services to customers and consumer credit services to Partners.

Regulatory changes relating to insurance pricing practices and the FCA's Consumer Duty have had a significant impact on the financial services sector as a whole. The business has worked to deliver the Board-approved implementation plan and will continue to be informed by any clarifications and additional guidance issued.

In general, as the majority of the Group's services are supplied to consumers in highly regulated markets 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 Department for Energy Security and Net Zero, 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 telecommunications 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.

# Principal Risks and Uncertainties

## continued

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 multi-service 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 the telephony and broadband markets). 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 E.ON (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, and certain other associated supply costs is set by reference to the Ofgem published energy price cap, 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, growth rates and Partner productivity. 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.

# Principal Risks and Uncertainties

## continued

### 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

Operating our own in-house insurer requires taking on some underwriting risk, we 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, regulatory changes, and 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 direct 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. We have a dedicated Head of Sustainability and continue to use external specialists as needed.

The Group is committed to achieving net zero greenhouse gas emissions. In FY23 we evaluated our emissions and target against recognised standards. 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.

Based on this analysis we committed to 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 set an interim target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035, from an FY22 emissions baseline, in line with a 1.5°C world. The Group will have its targets validated by the SBTi, the leading body on emissions target setting, and will track and disclose progress against them.

The Group remains committed to continuing to implement the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), as well as the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

# People and Organisation

FY24 was a defining year for our people and culture with the introduction of both a North Star and our target culture.

Our North Star, **‘we help people stop wasting time and money’** is our why. It’s why we exist as a business, it’s the benefit we deliver and it’s the impact we hope to achieve in the future. It brings together everything we stand for and creates clarity on our direction as we move forward into the next phase of our growth journey - uniting us in our goal to reach two million customers.

We only have 3% market share and as a result of our unique business model we can not only help people stop wasting time and money but also grow exponentially. To help us realise this potential, our North Star taps into what people really care about - helping us to stand out in a complex marketplace across four regulated industries.

And if our North Star is our why, our culture is our how. It’s how we do things at UW.

Created by the people who live and breathe it, UW employees, our culture comes to life in everything we do. From the way we answer the phone to how we work together and deliver on big projects and goals, it runs through us and is a part of everyday life at UW.

## Our DNA - the guiding principles for our business and people

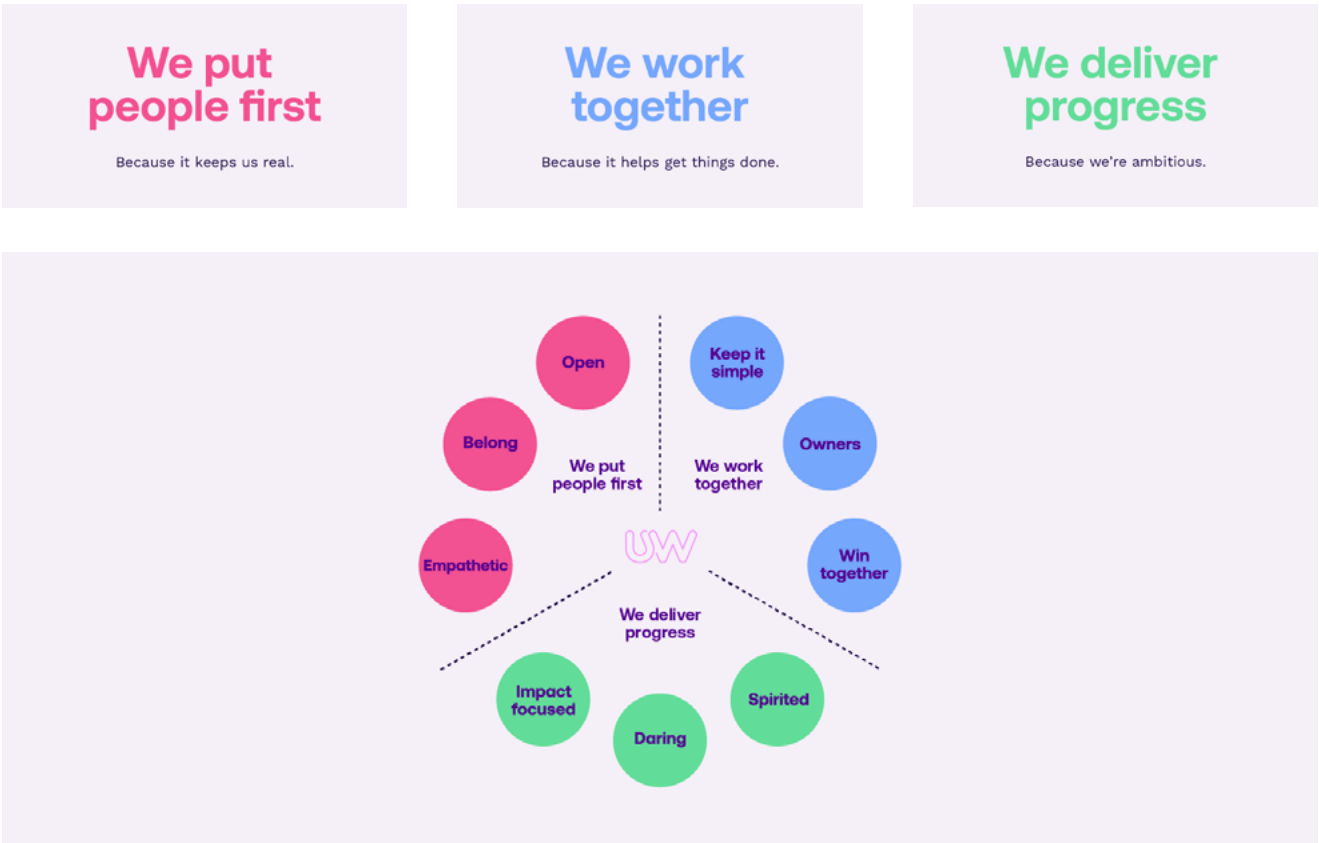
Three guiding principles for our business and all of us. Shaped by our focus groups, user testing and people surveys; they’re a reflection of who we are, and who we want to become.

## Our behaviours - how we show up

Our behaviours represent how we show up, and define the effort we make every day to be our best selves in everything we do.

***“Culture is always on - it happens even when people aren’t watching. We need Libby Townsend, Chief People Officer our culture to be something that is built into us - like muscle memory. The more we ‘practice’ our culture, the more ingrained it becomes.”***

**Libby Townsend, Chief People Officer**



Launched at our company All Hands event in October, we've been activating and embedding our culture across everything we do and in all parts of our employee lifecycle; from the way we attract and onboard new talent and develop our people, to supporting them through life moments, how we reward people - even through to the offboarding experience when people leave UW.

In November, we held our first-ever People Leader event - Elevate. Designed to give People Leaders insight into what our business will look like in the future, the role they play in our growth plans and equipping them with the right skills and resources to be culture builders and multipliers for the teams they lead.

#### As a result of the event:

100%

of People Leaders are clear on how leading with a performance mindset helps the growth of our business

87%

of People Leaders are confident in activating and embedding our culture within their teams

98%

of People Leaders understand our growth plans and the role they play in our success

97%

of People Leaders are clear on how setting the right culture helps to drive growth

95%

of People Leaders feel equipped with the information they need to support their team in delivering our plans for growth

In addition, and in support of our work to embed our culture, our latest employee survey results tell us we're sitting at a 71% positive response rate for the cultural shifts we're trying to drive.

## We've begun embedding our distinct UW culture to attract, develop and keep great people:

### Attract great people

Recruitment headlines are:

- 1071 vacancies filled
- Offer acceptance rate 93%
- Hiring for new Selkirk Hub
- Launched our Cultural DNA into our hiring process
- Glassdoor rating increased from 4 to 4.1

25%

of roles filled by internal team members

42%

roles filled by female hires

53%

of new People Leader recruits filled by females

The first half of FY24 continued seeing us hiring at scale, notably filling 799 vacancies between April - Sept. One of our core priorities for FY24 focussed on reducing our CSA attrition. As we drove key initiatives in this space from reinventing how we hire to improving our employee experience, we successfully saw a reduction in voluntary attrition from 46% to 32%. This positively impacted our hiring landscape during the second half of FY24 which saw a significant decrease in hiring with 272 roles being filled up until financial year end. Of the total of 1071 vacancies filled in the financial year, 868 of these were new and 203 replacement hires.

In addition to the knock-on effect of the reduced attrition in our call centre teams we saw that many other roles were no longer being directly replaced as we embedded a longer-term business vision which triggered our leaders to hire with a future focus lens on potential new skills required to continue our growth trajectory.

# People and Organisation

## continued

With the introduction of our Selkirk Hub, the team focussed on recreating our in person onsite assessment centres to ensure we continued to hire the right people who will stay with us and perform well. Thinking creatively to promote UW as an Employer of Choice in a small community, we secured a partnership with Borders College along with attending other local events to successfully develop our presence as an employer in the area. We continued to evolve our onsite hiring events and assessment centres across our hubs, and recently reintroduced these into Colindale when hiring our onsite teams.

Following last year's launch of Smart Recruiters internal careers portal which supported our desire to drive internal mobility and employee referrals we saw an increase from 12% to 25% of roles across UW filled by internal team members and 164 new hires come through employee referrals. 54% of our internally filled roles were occupied by females and 52% filled by individuals from under-represented minority groups. Our Refer a Friend scheme continued to attract great talent which saw an increase in costs through this medium.

As market conditions changed, we were well-positioned to attract great specialist talent in our core and tech teams. Our employer brand perception became more favourable and our approach to hybrid working continued to stand out as competitive. We continued to focus on ensuring our attraction strategy removed any bias and supported the attraction of diverse talent which saw a result of 42% of vacancies filled by females and 62% of vacancies filled by individuals from underrepresented minority groups.

As we codified our culture, we worked with the business to define our key talent personas and build our attraction messaging for these groups (Technology Teams, Core and Commercial Teams and Customer Facing Teams). We also embedded cultural assessments into our recruitment screening process.

### Develop and keep great people

Building on the success of launching our approach to learning with Spark we aim to support and empower our people at UW to connect, learn, grow, driving both personal and professional performance.

Spark is all about making it easy for our people to access the development they want and need, to perform and support their personal development no matter what role they hold. To improve the experience with Spark and make content easier to access we have launched a new learning platform to sit behind Spark with our new supplier LearnAmp in March. We are seeing over 80% of our people access the new platform.

Although Spark is for all at UW, we know that in order to make progress with our cultural shifts we need to disproportionately focus on our people leaders. They are multipliers of behaviour and performance. We have invested in developing our leaders at all levels more than ever before over the last year. From front-line new leaders to our executive leadership team, our whole leadership community has engaged with Spark to develop their leadership capability.

We have supported the development of our people leaders at all levels, here are some highlights:

- All leaders can now access our leadership fundamentals programme, designed to support new or less experienced leaders in learning (or re-capping) the basics of leadership.
- We support our experienced leaders with a dedicated programme to help them refine their leadership capability - working in partnership with Will It Make The Boat Go Faster. We have delivered our first programme with 16 leaders from our Business Leadership Group.
- We support leaders with potential to accelerate their development with a dedicated coaching programme with our external supplier and tool called Ezra. Providing 12 leaders per quarter with access to an external coach.
- We support teams to be as effective as they can with a series of self serve toolkits designed to help create high performance in a team.
- Senior teams have support in their team effectiveness using the Insights Discovery tool, providing internally delivered individual and team coaching and support.
- We have introduced an approach to talent reviews for senior leadership teams, giving us a view of those who have low and high levels of performance and potential.
- Our executive leadership team have access through Spark to high calibre external executive coaches, use of the Hogan psychometric tool, and a dedicated development pathway for them as a team.



## Develop headlines

70.4%

**On average, 70.4% of all employees accessed Spark content each month for FY24 (18% more than FY23)**

73.6%

**On average, 73.6% of People Leaders accessed Spark content each month for FY24 (8.5% more than FY23)**

- Engagement / satisfaction with People Leaders (aka our leadership index) in Heartbeat result was 85%, against our goal to maintain +80%.
- We have assessed 182 of our mid/senior people leaders' effectiveness against our leadership beliefs so far - with a 74% result, against our ambition of 80% for the year ahead.

Our continued focus on people capability will help us to further embed our culture and drive our cultural shifts - this is crucial not only to develop great people, but also to continue to give them reasons to continue their career at UW (to stay).

## Reward

We continue to review our Purple Deal and how we can continue to evolve our offering to enable flexibility and choice and foster a culture of engagement.

Underpinning the reward strategy and vision we are developing the UW career architecture which will provide the foundation for our employees to understand their role expectations, how their role contributes to the success of the business, how they can progress their careers in UW and how the Purple deal impacts them.

## Engagement

We recognise the importance of listening to our employees and continue to create opportunities for them to give feedback. In addition to our Heartbeat engagement survey which gives employees opportunities to give feedback three times a year, we also hold regular listening sessions within each Function and our Belonging Groups.

### Engagement survey headlines

Our employees continue to be positive about working at UW with an average eNPS of +26 across the year and response rates above 80%.

People are most positive about:

- the people they work with
- the support they get from their managers, particularly around wellbeing
- work/life balance
- feeling trusted to do their job
- opportunities to learn and develop

By listening to our employees' feedback, we've implemented changes including:

- Revising our approach to pay reviews, making sure we are paying a fair market rate for every role.
- Revamping our service anniversary scheme to better reward our employees for their commitment to success, with cash bonuses and additional annual leave.
- Introducing the UW holiday guarantee for our customer service advisor roles.
- Refreshing our recognition scheme to align with our DNA and behaviours.

# People and Organisation continued

## Our ways of working

We've continued to evolve the approach to how, and where we work to make sure the relevant teams can collaborate to deliver results and to ensure we provide the best employee experience possible.

During FY24 we've established guiding principles on 'How we work', which plays a critical part in bringing our culture to life. Our employees shared in our culture codification focus groups and Heartbeat surveys, that we needed to do more to support collaboration across functions so that we can work more effectively, efficiently, and ultimately, win together.

We've reviewed everyone's role at UW and identified who needs to connect more frequently in person. We identified for most roles connecting in person 2-3 days a week enables our culture to thrive.

We identified a need for an effective collaboration space for many of our leadership, enabling and commercial teams and opened a new Hub in Farringdon, central London. We've also refreshed our existing Hubs to make sure they can accommodate more regular employee attendance, typically for our operational teams.

We've created a 'How We Work playbook' to help our teams transition to more regular in-person, or hybrid working. Our playbook provides our first iteration of guiding principles for our teams to know how to work most effectively and we'll take steps in FY25 to develop these further, ensuring our teams utilise our Hubs and work practices to perform at their best.

## Diversity and inclusion

As a Company, we are fully committed to creating a diverse and inclusive workforce and culture. We ensure that full and fair consideration is given to opportunities for employment, training, career progression and promotion on the basis of each individual's ability, attitude and track record, irrespective of their gender, ethnic origin, nationality, age, religion, sexual orientation or disability. We also continue to take actions to create an environment where we highlight, educate, inform, support and celebrate uniqueness – creating an environment where everyone belongs and can bring their whole self to work, contribute their best work and develop to their full potential.

Importantly, we want to maintain an environment that reflects the diversity and characteristics of the customers and communities we operate in and which is free from any form of harassment, bullying and discrimination.



## In FY24, we have:

- Worked with an external Diversity and Inclusion (D&I) consultancy to do an independent audit on our internal processes, policies and culture to inform our D&I strategy and approach for FY25.
- In addition to our existing Menopause Support Groups we launched five new Belonging Groups (Carers, Working Parents, Pride, Women in Leadership, African-Caribbean) to offer peer to peer support, raise awareness and drive change. All Belonging Groups are led by our employees across the business with support from the People Team and Internal Communications.
- Here are some quotes from our Group Leads about why Belonging is so important for our business and employees:

***“As a Carer myself, I feel passionate that carers at UW are supported by all those around them at work. That is why we set up the UW Carers Network”***

**(Carers Group Lead)**

In accordance with the FCA's requirements on Board diversity targets and publication of numerical data on the ethnic background and the gender identity or sex of the individuals on the board and executive management, we have included the relevant statement and data tables on page 62.

***“As a rise in hate crimes against LGBTQ+ people continues, it's essential for us to remain visible, drive awareness and strive for an inclusive environment that everyone can be proud of at UW”***

**(Pride Lead)**

***“We are super proud that 40% of Leadership positions are held by women. We want to nurture and empower them to drive change for the positive, giving them the confidence and enabling them to grow”***

**(Women in Leadership Lead)**

We are pleased with the progress we've made in FY24. Looking forward to FY25, our key objective is to develop and embed a performance and efficiency approach that drives cultural mindset shifts, including our leaders setting goals and having regular conversations about their performance. We look forward to taking forward initiatives to embed our culture to attract, develop and keep great people including developing career pathways and enhancing our reward and recognition deal.



**BELONG**

# Sustainability Report

## ESG approach and strategy

We remain committed to fulfilling our environmental, social, and governance (ESG) responsibilities and objectives, which are integral to the way we operate. We do this by being a responsible and resilient company that delivers returns to investors over the long term, whilst minimising any negative impact on the environment, and having a positive impact on the people we interact with.

The Board has ultimate responsibility for our ESG strategy and tracks our progress towards our objectives. Our Co-CEO, Andrew Lindsay, has responsibility for overseeing our ESG strategy. Our Legal and Compliance Director has operational responsibility for ESG, including managing and delivering on our ESG strategy, and is supported by our Head of Sustainability. The company also has an ESG

Strategy Committee comprising the Legal and Compliance Director (Chair), Co-CEOs, CFO, Executive Leadership Team, the Company Secretary and Head of Sustainability. This group meets quarterly to discuss our ESG strategy, goals, initiatives and progress, thus ensuring a robust governance framework and tracking of progress against targets.

Our ESG strategy for the coming year is underpinned by the results of our double materiality assessment, which we undertook in FY23 and refreshed towards the end of FY24. We engaged with key stakeholders, namely our customers, Partners, employees, suppliers, investors, and Board to better understand the issues which are important to them and that are relevant to our business. This has provided us with a clearer understanding of what to prioritise, and helped us shape our ESG strategy to focus on four key pillars:



A detailed summary of our double materiality assessment, and our overall approach, can be found in our ESG Report, available at [telecomplus.co.uk](https://telecomplus.co.uk).

## Environment

We are committed to working towards a more sustainable, low-carbon future. Climate change is a challenge we all must face and we want to play our part in the UK's path to net zero<sup>1</sup>. Our commitment to the environment is set out in our ESG Report, underpins our Environmental Policy, and is also captured within our Supplier Code of Conduct.

In FY23 we developed our long and interim net zero targets based on detailed modelling of our emissions trajectory. This includes assumptions on external factors that, as a reseller, will strongly influence our decarbonisation ability - namely our key suppliers' decarbonisation plans, and the UK government's published projections on the decarbonisation trajectory of the UK energy grid. We remain committed to the following:

1. "Net Zero" as used herein means the Science-Based Targets Initiative ("SBTi") net zero definition, from the SBTi net zero Standard (<https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>) pursuant to which we are committed to (a) reducing our scope 1, 2 and 3 greenhouse gas (GHG) emissions to zero or a residual level consistent with a 1.5°C pathway and (b) will neutralise the impact of any residual emissions by permanently removing an equivalent volume of GHG emissions.



- achieving a target of net zero emissions on or before 2050, across scopes 1, 2 and 3, in line with a 1.5°C world;
- setting an interim, near-term target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035 from a FY22 baseline; and
- obtaining validation of our targets by the Science Based Targets Initiative (SBTi).

Our climate-related financial disclosures can be found on pages 47 to 54 and our GHG emissions disclosures on page 43 of this report. Further detail on our net zero transition plan is included in our ESG Report.

We are pleased to report on the progress against our FY24 environmental commitments:

Objective	FY24 commitment	Progress during FY24
To achieve net zero emissions by 2050 across Scopes 1, 2 and 3	Develop a net zero transition plan that is Transition Plan Taskforce-aligned by the end of FY25, including setting an interim target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035 (all targets to be verified by SBTi)	<p>○ Ongoing - developing our Transition Plan Taskforce-aligned net zero transition plan will be a key focus for FY25. We will begin work on SBTi target verification following the SBTi's major revision of the Corporate net-zero standard (which is ongoing in calendar year 2024).</p>
Procure renewable electricity for UW operated buildings	Move to renewable electricity at our Selkirk Hub by FY25	<p>✓ Achieved - our Selkirk Hub, which is a serviced office, is on a renewable electricity tariff.</p> <p>All UW operated sites are on a renewable electricity tariff that is PPA &amp; REGO-backed.</p>
Continue to develop our green product offering	Refresh our green product offering by the end of FY25	<p>○ Ongoing - our updated E.ON contact provides a framework for us to refresh our green customer product offering, and to develop innovative 'time of use' tariffs (suitable for EV charging, home generation, and storage).</p>



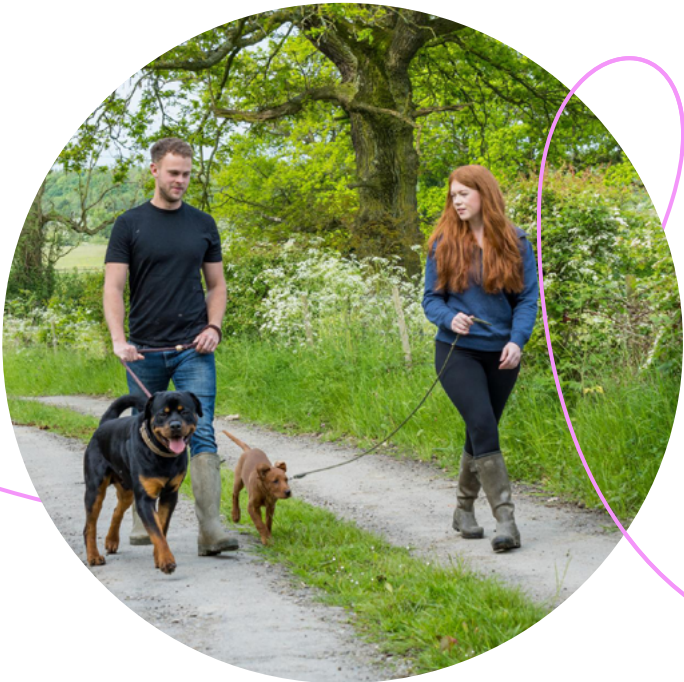
# Sustainability Report

## continued

Looking ahead to our FY25 ESG strategy, our environmental pillar will focus on continuing our journey to net zero through delivery against the following objectives and key results:

Objective		Key results
01	To achieve net zero emissions by 2050, across scopes 1, 2 and 3	Develop a net zero transition plan that is Transition Plan Taskforce-aligned by the end of FY25, including setting an interim target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035
02	Procure renewable electricity for all UW-operated buildings	Seek to ensure that all UW Hubs are on or are transitioned to renewable electricity by the end of FY26
03	Continue to develop our green product offering	Refresh our green product offering by the end of FY25

Further detail on our progress over the last year, as well as the environmental aspects of our FY25 ESG strategy, are set out in our ESG Report.



## Customers

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.

Continuing to support our vulnerable customers, particularly in the context of the rising cost of living, remains a key priority within our ESG agenda. Over the

last year, we have continued to partner with Citizens Advice Plymouth to support vulnerable customers. Our team of advisors at Citizens Advice Plymouth provide dedicated support to UW customers in financial difficulty, with guidance available for budgeting, increasing household income, and extending financial support in certain cases.

We are pleased to report on the progress against our FY24 customer commitments:

Objective	FY24 commitment	Progress during FY24
Help our customers to use energy more efficiently	Exceed our Ofgem specified target for smart meter installation during calendar year 2023	⊗ Not achieved - While we fell short of our Ofgem specified targets, we installed 92,753 smart meters in calendar year 2023, up from 75,104 in 2022, and now have a penetration rate of 70%, against a market average of 60%.
	Develop and promote energy efficiency advice initiatives by end of FY24	⊖ Partially achieved - In FY24 we promoted energy savings advice to customers via our website and our app, with a combined 17,939 visits in FY24.  Our dedicated phone line, provided by Scarf, had 133 calls in calendar year 2023. (Due to the mechanics of the data capture, this metric is reported for the previous calendar year, rather than the financial year).
Protect our customers' data, privacy and online safety	Achieve ISO27001 certification for our energy operations by end FY25	⊙ Ongoing - We are on track to obtain our ISO27001 certification by the end of FY25.
Enhance support for vulnerable customers	Supporting the deployment of a UW-funded £5 million Hardship Fund over FY24-FY26 by Citizens Advice	⊙ Ongoing - Over FY24 £555,864 was deployed from the Hardship Fund through Citizens Advice Plymouth to both UW and non-UW customers.



# Sustainability Report

## continued

Looking ahead to our FY25 ESG strategy, our customer pillar will focus on continuing to look after our customers through delivery against the following objectives and key results:

Objective		Key results
04	Help our customers to use energy more efficiently	Exceed our Ofgem specified target for smart meter installation during calendar year 2024 (17,947 electricity smart meters and 27,682 gas smart meters)
		By the end of FY25 develop tools to allow customers to monitor and budget for their energy consumption (avoiding bill shocks)
05	Protect our customers' data, privacy and online safety	Achieve ISO27001 certification for our energy operations by end FY25
06	Enhance support for vulnerable customers	Supporting the deployment of a UW-funded £5 million Hardship Fund over FY24-FY26 by Citizens Advice

Further detail on our progress over the last year, as well as the customer-focussed aspects of our FY25 ESG strategy are set out in our ESG Report.

### Supporting our employees and Partners

Our employees and Partners are the driving force behind the business. Inspiring, developing, and supporting our employees and Partners is a fundamental part of our Company culture.

Moreover, with the continued cost of living challenges, we are proud of both the employment opportunities we offer (with our hubs in Burnley and in Selkirk being great examples of how we are supporting local communities), but also the ability for hard-working people from all walks of life to be able to flexibly earn an additional income through our Partner opportunity.

Our employees are integral to our business and we continue to embed our distinct UW culture to attract, grow and

retain great people. We are committed to the health, safety and wellbeing of our people - this is outlined and promoted through our Health, Safety & Wellbeing Statement, and our Health and Safety Policy. The People section of this report provides further detail on our employee agenda, including diversity and inclusion.

Our community of self-employed Partners continues to be instrumental to our growth. Our Partner network now has 68,251 Partners, each seeking the opportunity to flexibly earn an additional income through referring UW to family and friends who then choose to sign up for our services and save time and money on their household bills. We support our Partners by providing access to free training, support, and tools to help them make the most of the UW opportunity, including training on talking about our regulated services, as well as on data privacy.









This year we worked with an expert external consultancy to understand the socio-economic impact of our UW Partner opportunity. The research provided insights into how being a UW Partner gives people an opportunity to earn around life's commitments, boosts income, builds confidence, and enables people to achieve more. Of the 348 Partners who took part in the research project:

- 86% said that being able to earn more flexibly through UW had improved their quality of life;

- 79% said the income they'd received from UW had provided them with a greater sense of financial empowerment;
- 65% had found that being part of UW had made them feel more comfortable in professional or social settings; and
- 53% stated that being a UW Partner had allowed them to increase their earnings outside of UW, change jobs, progress their career, or start their own business.

Further information regarding this project can be found in our FY24 ESG Report.

We are pleased to report on the progress against our FY24 employee and Partner commitments:

Objective	FY24 commitment	Progress during FY24
Evolve our distinct UW culture to attract, develop and keep great people	Maintain an Employee Net Promoter Score (eNPS) of +25 by the end of FY24	 Achieved - Our average FY24 aggregate eNPS +26
Continue to build diverse employee communities, where all UW employees feel a strong sense of belonging allowing them to thrive and grow	At least 40% of all management roles will be held by female employees at the end of FY25	 Achieved / Ongoing - 46.2% of management roles held by women
	At least 30% of all management roles will be held by ethnically diverse employees at the end of FY25	 Achieved / Ongoing - 34.4% of management roles held by ethnically diverse employees.
	Undertake a Diversity and Inclusion audit by end of FY24	 Achieved - We worked with an external diversity and inclusion consultancy to conduct an independent audit on our internal processes, policies, and culture. The results are informing our strategy going forward.
	Launch UW belonging networks, open to all employees, by end of FY24	 Achieved - Six Belonging Groups were launched in FY24 - Working Parents, African-Caribbean, UW Pride, Women in Leadership, Menopause Support Group, and our Carers Network.
Increase the Company's socio-economic impact by promoting the Partner opportunity as a second income to a wider audience	Quantify the social impact of the UW Partner opportunity by the end of FY24	 Achieved - We worked with an expert external consultancy to develop a framework to measure the impact of the UW Partner opportunity.



# Sustainability Report

## continued

Looking ahead to our FY25 ESG strategy, our employee and Partner pillar will focus on supporting our employees and Partners through delivery against the following objectives and key results:

Objective	Key results
07 Develop and embed a performance and efficiency approach that drives cultural mindset shifts	<b>100% of eligible people leaders have goals by the end of FY25</b>
08 Continue to build diverse employee communities, where all UW employees feel a strong sense of belonging, allowing them to thrive and grow	<b>Based on the findings of our FY24 diversity and inclusion audit, develop UW's diversity &amp; inclusion vision, strategy and action plan by the end of FY25</b>  <b>At least 40% of all management roles will be held by female employees at the end of FY25.</b>  <b>At least 30% of all management roles will be held by ethnically diverse employees at the end of FY25</b>  <b>Develop a robust framework to support and amplify our UW Belonging Groups to ensure their effectiveness and longevity</b>
09 Increase the Company's socio-economic impact by promoting the Partner opportunity as a second income to a wider audience	<b>Leverage the findings from our FY24 social impact study in our Partner proposition refresh to further drive the positive impact of the UW Partner opportunity</b>

Further detail on our progress over the last year, as well as the employee and Partner aspects of our FY25 ESG strategy, are set out in our ESG Report.

### Responsible business

Conducting business in a fair, accountable, and sustainable manner is critical to the continued success of the Company. Our systems and processes are built and developed to ensure high standards of compliance, data security, and business continuity.




We are committed to respecting human rights across our business and our supply chain. Our Human Rights Policy covers human rights, modern slavery, and forced labour, and provides the basis for embedding responsibility for respecting human rights throughout the Group. Our Board reviews and approves our annual Modern Slavery Statement, which is available on our website.

We have a zero tolerance approach to bribery and corruption which is embedded through our Anti-Bribery and Corruption Policy and training. Our policy describes our values and approach to counter bribery and corruption.



Our Supply Chain Policy and Supplier Code of Conduct set out the standards we expect our suppliers to adhere to, including respecting human rights and a zero tolerance approach to bribery and corruption.

We have a Whistleblowing Policy to encourage staff to report suspected wrongdoing (including human right violations, and bribery and corruption matters), and an independent whistleblowing hotline provided by SafeCall. Our Whistleblowing policy was reviewed and refreshed in FY24, and the revised policy will be published in H1 FY25.

We are pleased to report on the progress against our FY24 responsible business commitments:

Objective	FY24 commitment	Progress during FY24
Maintain reliability of supply, service and product delivery	Communicate an updated and centralised Critical Incident Response procedure to all employees by end of FY24	 Partially Achieved - Our Critical Incident Response procedure was reviewed in FY24 - our new Crisis Reporting and Management Policy and our Crisis Communication Plan are due to be published and communicated to all employees in H1 FY25.
Ensure robust and responsible supply chain management	Undertake an internal review of UW supply chain (with particular focus on human rights, modern slavery, and anti-bribery and corruption) by end of FY24	 Achieved - A review of our supply chain of risks relating to human rights, modern slavery, bribery and corruption, and sanctions was completed, with support from external consultants. The findings of the review reaffirmed that our supply chain is low-risk.
Ensure robust governance and transparency of the Partner model	Increase transparency of the mechanics and benefits of the Partner model by end FY24	 Achieved - Partner opportunity website refreshed, including greater detail on earning opportunities.

Looking ahead to our FY25 ESG strategy, our responsible business pillar will focus on doing business responsibly through delivery against the following objectives and key results:

Objective	Key results
 <p>Support the long term sustainable growth of the Company through effective ESG governance</p>	<b>Review and embed refreshed ESG governance structure by the end of FY25</b>
 <p>Ensure robust and responsible supply chain management</p>	<b>Refresh our procurement processes and procedures and embed into standalone internal procurement function by the end of FY25</b>

Further detail on our progress over the last year, as well as the governance-related aspects of our FY25 ESG strategy are set out in our ESG Report.

# Sustainability Report

## continued

### UW foundation and tree-planting

Through our UW Foundation (UWF), we continue to contribute to charitable initiatives and encourage our employees and Partners to give back through volunteering and charity fundraising, which can be matched by the UWF.

We also remain committed to our tree-planting pledge and continuing to support ecological restorations and re-wilding across the UK with our carefully selected tree-planting initiatives with charitable partners the National Trust, Moor Trees and Stump up for Trees.

FY24 commitment	Progress during FY24
Continue to contribute 1% of our reported annual profits to the UW Foundation and our tree planting initiatives	<p>We contributed 1% of FY23 reported annual profits to the UW Foundation and our tree planting initiatives. This represented £681,610.</p> <p>During FY24, the UWF made donations to: our partner charities (FareShare and The Wildlife Trusts); charities chosen by our UW Belonging Groups and our Hub offices; charities who our employees had undertaken fundraising activities for (via match requests); and other good causes in line with the UW Foundation aims. FY24 tree planting initiatives are captured in the following table.</p>

Going forward and with effect from 1 April 2024, we will move to a fixed contribution for the UW Foundation and tree planting initiatives. For FY25, Telecom Plus PLC will therefore contribute £350,000 to the UW Foundation and our tree planting initiatives.

Tree planting pledge	Progress during FY24
UW pledges to plant a tree on behalf of all new customers who take 3 or more core services, and employees who reach their fifth anniversary with UW	<p>Since UW's tree planting pledge was made in FY21, we have committed to plant 338,294 trees.</p> <p>By the end of FY24, 391,791 trees had been planted by our tree planting partners on our behalf, meaning we are currently ahead of our committed tree planting commitment.</p> <p>Our FY24 tree planting activities consisted of:</p> <p>91,364 trees planted by Stump Up For Trees 51,214 trees planted by the National Trust 75,000 trees planted by Gruinard Island</p> <p>We also signed a new 3 year partnership with Moor Trees who are working to restore and expand temperate rainforest on Dartmoor.</p>

Further details on the UWF and our tree-planting initiatives can be found in our ESG Report.

## Carbon reporting - Greenhouse gas (“GHG”) emissions statement

In the table below, we provide an overview of our Scope 1, 2 and 3 GHG emissions. We report in line with the

Greenhouse Gas Protocol and ISO 14064 Part 1 2018. We will continue to develop our carbon accounting and approach to measurement more generally as we seek to track our climate-related risks and opportunities more closely.

	FY24 1 April 2023 to 31 March 2024		FY23 1 April 2022 to 31 March 2023	
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities tCO <sub>2</sub> e (Scope 1)	80.03	N/A	84.34	N/A
Emissions from purchase of electricity, heat, steam and cooling purchased for own use tCO <sub>2</sub> e (Scope 2, location-based methodology )	683.52	N/A	746.43	N/A
Emissions from purchase of electricity, heat, steam and cooling purchased for own use tCO <sub>2</sub> e (Scope 2, market-based methodology)	26.71	N/A	29.92	N/A
Total gross Scope 1 & Scope 2 emissions tCO <sub>2</sub> e (all) Scope 2, (location-based methodology)	763.55		830.77	
Total gross Scope 1 & Scope 2 emissions tCO <sub>2</sub> e (all) Scope 2, (market-based methodology)	106.74		114.27	
Energy consumption used to calculate above emissions (kWh)	3,667,478.39	N/A	4,254,146.65	N/A
Gas (kWh)	308,058.28	N/A	268,515.88	N/A
Electricity (kWh)	3,300,851.80	N/A	3,859,933.09	N/A
Transport fuels (kWh)	58,568.31	N/A	125,697.68	N/A
Total gross Scope 1 & Scope 2 emissions by unit turnover/revenue (tCO <sub>2</sub> e/£M) (Scope 2 location-based methodology)	0.37		0.34	
Total gross Scope 1 & Scope 2 emissions by unit turnover/revenue (tCO <sub>2</sub> e/£M) (Scope 2 market-based methodology)	0.052		0.046	
Methodology	GHG Protocol & ISO14064 Part 1 2018 and Carbon Reduce		GHG Protocol & ISO14064 Part 1 2018 and Carbon Reduce	
Emissions from other activities tCO <sub>2</sub> e (Scope 3)	2,574,650.11		2,297,222.12	
Total gross Scope 3 emissions tCO <sub>2</sub> e	2,574,650.11		2,297,222.12	
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO <sub>2</sub> e (Scope 2 location-based methodology)	2,575,413.66		2,298,052.90	
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO <sub>2</sub> e (Scope 2 market-based methodology)	2,574,756.85		2,297,336.38	
Total gross GHG emissions per unit turnover/revenue (tCO <sub>2</sub> e/£M) (Scope 2 location-based methodology)	1,264.13		928.43	
Total gross GHG emissions per unit turnover/revenue (tCO <sub>2</sub> e/£M) (Scope 2 market-based methodology)	1,263.01		928.16	
Third Party verification	Verified to ISO14064 Part 1 2018 and Carbon Reduce		Verified to ISO14064 Part 1 2018 and Carbon Reduce	

# Sustainability Report

## continued

This statement has been prepared and verified by Achilles (to limited assurance) in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064 part 1 2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. It meets the requirements of the Streamlined Energy & Carbon Report framework.

Our GHG reporting year is the same as our financial year. We use the operational control methodology.

Our reporting covers: our UK-based Scope 1 (direct emissions from our own operation); Scope 2 (indirect emissions from the generation of purchased energy) which is calculated following location and market based methodology; and Scope 3 emission sources, covering the following GHG protocol categories purchased goods and services, fuel and energy related activities, waste generated in operations, leased assets, use of sold products and business travel.

We use the Location-based method for Scope 2 emissions accounting – as defined in the Scope 2 Guidance amendment to the Corporate Standard (ghgprotocol.org) and the Market-based method for Scope 2 emissions accounting – as defined in the Scope 2 Guidance amendment to the Corporate Standard (ghgprotocol.org).

We restate historical years' data when we think subsequent information is materially significant (e.g. replacing estimates with measured figures). This year we have not had to restate any historical years data. The data reflects the sale of UW's 75% shareholding in Glow Green Limited which was completed on 31 July 2022.

## Carbon and energy efficiency initiatives

This year we have continued to find ways to increase the efficiency of our direct energy use and reduce carbon emissions associated with our direct operations. We continued to refine how we use our office spaces in line with our flexible working model. This year at our main Colindale head office, this has resulted in a 14% reduction in electricity use between FY23 and FY24.

## Non-financial and sustainability statement

Pursuant to the provisions outlined in sections 414CA and 414CB of the Companies Act 2006, which specify the criteria for non-financial and sustainability reporting, the following table summarises our alignment with the required reporting:

Environmental matters	Page
Sustainable growth	34
Business resilience	08
Corporate social responsibility	34
Streamlined energy and carbon reporting	43
Climate-related financial disclosures	
Task Force on Climate-related Financial Disclosures	47
People	
People policies	28
Description of principal risks	
Business model	21
Principal risks	21
Other matters	
Anti-corruption and bribery policies	40
Social matters	34
Leadership and governance	58
Non-financial performance indicators	08

## Section 172(1) Statement

### Background

The Companies Act 2006 (the "Companies Act") sets out a number of general duties which directors owe to the Company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the Company, while having regard to the matters set out in section 172(1)(a) to (f) of the Companies Act. In the current financial year, the directors continued to exercise all their duties, while having regard to these and other factors as they managed and governed the Company on behalf of its shareholders.



## Engaging with key stakeholders

The success of the Company is dependent on building positive relationships with all of our key stakeholders to deliver long-term sustainable success. The table below sets out details of engagement with key stakeholders.

Stakeholder	Details
Shareholders	<p>As owners of the Company we rely on the support of shareholders and their views are important to the Board.</p> <p>The executive directors have an open dialogue with our shareholders through one-to-one meetings, group presentations with analysts, and at the Annual General Meeting. Discussions with shareholders cover a wide range of topics including financial performance, strategy and outlook. The non-executive directors engage with institutional shareholders on matters of governance and remuneration.</p> <p>Shareholder feedback, along with details of significant movements in the shareholder base are regularly reported to and discussed by the Board and, where appropriate, their views are sought as part of certain decision-making processes, e.g. shareholders have previously been consulted in relation to new remuneration arrangements and amendments made where appropriate.</p>
Partners	<p>The Company relies on the Partners within its independent distribution network for referring UW to new customers.</p> <p>Communication with our Partners is a key focus for the business and is conducted through various meetings, forums and large-scale conferences.</p> <p>Where appropriate, Partner feedback is sought when significant changes are being considered to the operation of the distribution network.</p>
People	<p>Employees are key to the Company delivering award-winning services to customers.</p> <p>There are many ways we engage with and listen to our employees including weekly email updates, employee surveys, forums, face-to-face briefings, and an internal company magazine.</p> <p>Key areas of focus include company development and strategy, health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our employees are made to the Co-CEOs ensuring consideration is given to employee needs, e.g. during the period, regular listening sessions within each Function and our employee Belonging Groups were held as set out in the People section of this report.</p>
Customers	<p>We build long-lasting relationships with our customers as evidenced by our low levels of churn.</p> <p>We devote considerable resources to understanding customer requirements and soliciting feedback from them on ways to improve our offer and services. We use this knowledge to inform our strategy of helping customers to “stop wasting time and money” by offering savings, simplicity and service across all the household services we are providing to them.</p>
Suppliers	<p>As a reseller we are required to work closely with our key suppliers to ensure that we are delivering the best possible combination of value and service to our customers; our success in achieving this is demonstrated by the numerous endorsements and consistent recommendations we receive from Which?</p> <p>The interests of our suppliers are strongly aligned to our own as the number of customers we are able to attract has a direct impact on their own financial performance and market share. This generates close and supportive relationships with our key suppliers which are fostered through regular interaction at a senior management level.</p>
Community	<p>We are committed to building positive relationships within the communities where we operate.</p> <p>We are a significant employer in the local communities around our offices and support a number of charitable activities. Our UW Foundation furthers these endeavours.</p> <p>Our Partner opportunity allows a range of people from communities across the UK to advance their lives, driving our strategy to help Partners to “get on in life”.</p>
Regulators	<p>We operate in highly regulated markets and understand the importance of maintaining a constructive working relationship with Ofgem, Ofcom, the FCA and the GFSC who between them are responsible for the regulation of the diverse range of services we offer.</p> <p>We engage with officials from these regulators as necessary to make them aware of the Company’s views when they are consulting on proposed regulatory changes, or if there are competition issues that need to be raised with them.</p>

### Further s172 factors

Further information as to how the Board has had regard to the s172 factors:

Section 172 factor	Key examples	Page
The likely consequences of any decisions in the long term	Sustainability Report	34
The interests of the Company's employees	People & Organisation Report	28
Fostering business relationships with suppliers, customers and others	Co-Chief Executives' Review	8
The impact of the Company's operations on the community and the environment	Sustainability Report	34
Maintaining a reputation for high standards of business conduct	Sustainability Report Corporate Governance Statement	34 58
The need to act fairly between members of the Company	Corporate Governance Statement Directors' Report	58 93

# Task Force on Climate-Related Financial Disclosures Report

We recognise that climate change is the single biggest environmental threat to the future of our planet. Companies have an important role to play in reducing the effects of harmful GHG emissions in our atmosphere and ensuring that we meet a 1.5°C target in line with the Paris Agreement.

As a multi-service provider of home services, we must play our part and that is why we are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We acknowledge the importance of TCFD in helping us to manage the impact of climate change on our operations, as well as advance towards our net zero target.

Our climate-related financial disclosures in this section (together with the information cross-referenced within this section) are consistent with the recommendations and recommended disclosures of the TCFD, including the TCFD all-sector guidance, and in compliance with the requirements of LR 9.8.6R.(8) (UK Listing Rules). This disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

## Compliance summary table

	Paragraph	Consistent Y/N
<b>Governance</b>	<b>Paragraph 1</b>	
(a) Describe the board's oversight of climate-related risks and opportunities	Table 1 Paragraph 1.1 to 1.4	
(b) Describe management's role in assessing and managing climate-related risks and opportunities	Paragraph 1.3 to 1.5	
<b>Strategy</b>	<b>Paragraph 2</b>	
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Paragraph 2.1 to 2.9, table 2, table 3, and table 4	
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Paragraph 2.10 to 2.12, table 2 and table 3	
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Paragraph 2.11	
<b>Risk management</b>	<b>Paragraph 3</b>	
(a) Describe the organisation's processes for identifying and assessing climate-related risks	Paragraph 3.1 and 3.2	
(b) Describe the organisation's processes for managing climate-related risks	Paragraph 3.2 and 3.4	
(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Paragraph 3.1 and 3.3	
<b>Metrics and targets</b>	<b>Paragraph 4</b>	
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Paragraph 4.1 and 4.3	
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Paragraph 4.1.1	
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Paragraph 4.2	

# Task Force on Climate-Related Financial Disclosures Report continued

## 1. Governance

Table 1



- 1.1. The **Board** has ultimate responsibility for climate-related risks and opportunities. Our Co-CEOs have responsibility for overseeing our ESG strategy (including climate-related issues) and attend the quarterly ESG Strategy Committee to ensure oversight at Board level. Further, to assist the Board in monitoring and overseeing progress against climate related goals and targets, the Legal & Compliance Director (as the chair of the ESG Strategy Committee and a member of the Executive Leadership Team), prepares Board updates on climate-related matters, including climate targets and TCFD. During FY24 the Board received six updates on climate issues including: the development of our net zero<sup>2</sup> targets and transition plan; quantitative climate scenario analysis results; progress on targets; qualitative climate scenario analysis refresh plans; and external climate-related disclosures.
- 1.2. The **Audit & Risk Committee** monitors climate-related risk management and internal controls as part of the Group’s risk management policies. The internal controls in respect of climate change are reviewed and updated annually by the Legal & Compliance

Director and the Head of Sustainability. The controls were most recently updated in March 2024 and were reviewed and approved by the Audit & Risk Committee in April 2024. Once approved by the Audit & Risk Committee, the key risks and internal controls are submitted to the Board for review and approval.

- 1.3. The **ESG Strategy Committee** supports the Board in its strategic and operational oversight of climate change. The Committee considers, monitors, and has overall responsibility for the implementation of climate-related targets and initiatives, as well as associated risks. To embed climate change strategy and risk management across the business, the ESG Strategy Committee is composed of a cross section of stakeholders from Board to management level. The ESG Strategy Committee is chaired by the Legal & Compliance Director and consists of the Co-CEOs, CFO, Company Secretary, Executive Leadership Team, and Head of Sustainability. It is attended by members of the Business Leadership Group and the ESG Working Group. This ensures collaboration and effective reporting between functions with responsibility for strategic oversight

2. "net zero " as used herein means the Science-Based Targets Initiative ("SBTi") net zero definition, from the SBTi net zero Standard (<https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>) pursuant to which we are committed to (a) reducing our scope 1, 2 and 3 greenhouse gas (GHG) emissions to zero or a residual level consistent with a 1.5°C pathway and (b) will neutralise the impact of any residual emissions by permanently removing an equivalent volume of GHG emissions.

of climate-related matters and those tasked with managing the implementation of climate-related matters.

- 1.4. The Committee meets and receives updates from the ESG Working Group on climate-related matters every quarter. Climate targets, initiatives, objectives, and actions are considered, debated, and assessed within the context of the Company's business plans, budgets and strategy in this cross-function open forum. Where necessary, key Board members, Executive Leadership Team members and relevant management engage in more detailed discussions and planning on climate-related issues (for example, net zero transition planning, consumer demand for green products, and legislative changes and reporting requirements).
- 1.5. The **ESG Working Group** is the management level group that manages the day-to-day climate-related risks and issues on behalf of the ESG Strategy Committee. The ESG Working Group meets every six weeks to monitor progress on actions and reports back to the ESG Strategy Committee on a quarterly basis. The Working Group is led by our Head of Sustainability who, along with our Legal & Compliance Director, manages the Company's climate-related issues with assistance from specialist external consultants, as required.

## 2. Strategy

- 2.1. As a reseller of utility services (energy, broadband, mobile and insurance), we do not own or operate any energy generation assets or telecommunications networks / infrastructure. Primarily, our business involves the bundling of services that we procure from wholesale providers and reselling them, predominantly to consumers, via our technology platform. As a reseller, our risks and opportunities are different to those faced by other companies in the same industry sectors who own and operate assets or infrastructure. We have identified the actual and potential impact of climate change risks and opportunities on the business in the context of this unique business model, rather than the risks and opportunities present in the sectors in which we operate more generally.
- 2.2. Since July 2023, through our in-house insurer UWI Limited, we have started to underwrite insurance policies. UWI represents under 1% of our total FY24 revenue. As part of our FY24 qualitative climate scenario analysis we considered insurance specific risks in proportion to the relative importance of UWI to the overall group.
- 2.3. In FY22 we engaged external climate experts to assist us with conducting a qualitative climate scenario analysis to identify the actual and potential impacts of climate-related risks and opportunities on our business, and to understand the associated effects, our resilience, and mitigation measures. In FY24 we refreshed our climate scenario analysis to consider changes to our business, the external context, and regulatory reporting since FY22 and FY23. This included the addition of a 'middle of the road' plausible scenario, to align with latest guidance on climate scenario analysis.
- 2.4. We considered physical and transitional risks and opportunities which may arise in the short (<2029), medium (2029-2034) and long term (>2034-2050). We are satisfied these refreshed timeframes are appropriate and relevant for the business as: the short term covers our viability assessment period and, along with the medium term, aligns with the timeframe in which we might expect some transition risks to arise, while the long term reflects the realistic period in which we might expect physical climate related risks to manifest. These timeframes are consistent with the qualitative scenario analysis we have performed. Furthermore, these timeframes align with those used by our key suppliers which, as resellers of their services, we are linked to.
- 2.5. We used three plausible scenarios rooted in the commonly used Shared Socio-economic Pathway and Representative Concentration Pathway, in line with leading practice and in common with the methodology used by the Intergovernmental Panel on Climate Change:
  - Scenario 1: Steady path to sustainability (RCP1.9 / SSP1 - 1.5°C) A world which warms by 1.5°C, where the systemic orderly decarbonisation of industry is prioritised, economic models are reformed, and consumer attitudes shift - this scenario focuses on a world which rises to the challenge of tackling climate change, and focuses on transition risks associated with the rapid changes needed by 2030 to cut emissions in line with the Paris Agreement;
  - Scenario 2: Middle of the road (RCP4.5 / SSP2 - 2.5°C) A world which warms by 2.5°C, where decarbonisation is delayed and disorderly, and social fragmentation and inequality is widened between the globally connected elite and lower income communities - this scenario focuses on



# Task Force on Climate-Related Financial Disclosures Report **continued**

increasing inequalities and stratification both across and within countries, led by highly unequal investments in human capital, and increasing disparities in economic opportunity and political power; and

- Scenario 3: Fossil-fuelled global growth RCP8.5 / SSP5 - 4°C) A world which warms by 4°C with a continued global dependency on fossil fuels, worst case warming, and significant implications of deteriorating climate - this scenario focuses on systematic failure to address climate change. It assumes limited policy or regulatory support for decarbonisation and focuses on several physical risks.

## 2.6. Scenario Analysis Result and Mitigation

### 2.6.2 Risks

Table 2	Adverse impact of climate-related policy and regulatory change	Failure to respond to shifting consumer sentiment for products and services	Failure to demonstrate credible transitional action on climate change
Description	If climate-related policies and regulations become increasingly stringent (i.e., carbon pricing/tax, regulatory measures in response to energy price volatility), there is a risk of higher operating costs for us to adequately prepare for and adapt to such changes.	The growing demand for energy transition products and services (including insurance), stemming from shifting consumer sentiment and regulatory changes, may result in our offering becoming less competitive due to evolving customer expectations.	As societal and commercial expectations evolve to expect businesses to demonstrate credible action on climate change, we transition to a low carbon model more slowly than shareholder and stakeholder expectations.
Impacts	<p>Higher costs (such as the implementation of a carbon tax) would result in additional costs incurred based on our GHG emissions.</p> <p>As a multi-regulated provider, there may be multiple regulatory changes across our range of products and services (for example, further reform is expected as the energy crisis recedes and the focus of Ofgem turns back to the transition to net zero).</p> <p>Decrease in profitability because of increased costs.</p>	Decrease in revenue, driven by falling consumer demand, lower demand for multi-service bundling (if one or more services become less attractive because of energy transition product offering), as well as churn of existing customers due to their evolving expectations.	<p>Reduction in access to some forms of financial capital (lower investor demand / divestment).</p> <p>Decrease in revenue (due to reduced access to markets).</p> <p>Increased difficulty to attract and retain employees (driven by lower employee demand and higher attrition).</p>
Risk impact	High	High	High
Risk likelihood	High	High	Low
Risk type	Transition Policy / Legal	Transition Market	Transition Market
Timeframe	Medium term	Short - Medium term	Medium - Long term
Geography	UK	UK	UK
Scenario	+1.5°C	+1.5°C +2.5°C	+1.5°C

2.6.1. In the tables below we have set out the risks and opportunities we analysed in greater detail and ranked as high priority as part of our refreshed climate scenario analysis. Priority was determined by reference to business importance and stakeholder feedback. Whilst physical climate change risks are typically some of the most severe climate-related risks faced by owners and operators of assets and infrastructure in the utility sectors, because of our reseller model we are not directly impacted by physical risks to the same extent as other operators in the same sectors. Therefore, whilst physical risks were considered, they are not ranked as high priority. As noted above, our risks and opportunities have been identified specifically in relation to our business model as a reseller, rather than across the energy, telecommunications and financial services sectors.

Management response	Continue to perform horizon-scanning, compliance and regulatory monitoring, and regularly engage with government and regulators to keep ahead of upcoming developments in the regulatory landscape, and to understand the impact on our strategic resilience.	Inform future strategy by conducting market research and continuing to engage with customers on a regular basis (through customer surveys) in order to monitor any changes in consumer sentiment and expectation.	Continue to engage key stakeholders on climate change to keep abreast of shifting sentiment and evolving expectations.
	Continue to participate in consultations and industry forums.	Engage with our current energy, telecommunications and financial services suppliers on climate related issues and energy transition products and services.	Continue to develop and implement our transition plan to be net zero by 2050, and have targets verified by the Science Based Targets Initiative.
	Continue to engage with our current energy, telecommunications, and financial services suppliers on climate-related issues and regulatory changes.	Embed climate considerations into decisions on strategic wholesale supply agreements.	
	We have set a target to be net zero by 2050 (Scope 1, 2, 3) - working to reduce our emissions will in turn reduce our exposure to carbon taxes/pricing.	Continue to research and monitor market developments on green products and services and our ability to respond to any shifts.	

### 2.6.3 Opportunities

Table 3	Build a credible low carbon service proposition	Diversification of financial assets
Description	We are able to support and harness the low-carbon transition through product and service diversification (including providing insurance on transition products), and in doing so become a credible low-carbon multi-service provider.	We are able to diversify our financial assets and take on new forms of financing linked to our sustainability performance (for example, green bonds or sustainability performance linked loans).
Impacts	Increase in revenue and profitability (through higher customer demand, customer loyalty, and lower churn). Enhanced reputation. Increased ability to attract and retain employees. Higher investor demand.	Increase in access to, and diversification of, financial capital.
Risk impact	High	Medium
Risk likelihood	High	Medium
Risk type	Transition - Products & Services	Transition - Markets
Timeframe	Short - Medium term	Short term
Geography	UK	UK
Scenario	+1.5°C	+1.5°C +2.5°C
Management response	Conduct market research and continue to engage with customers on a regular basis (through our customer surveys) to understand customer demand and importance of energy transition utilities to them.	Consider the viability and impact of new forms of financing (such as green bonds, and/or sustainability-linked loans).
	Consider how our services and products can be further adapted to cater to an increasingly conscious consumer.	
	Consider new channels for delivering energy efficiency advice, and new sales routes for energy transition products and services.	
	Demonstrate credible progress on climate change, including a comprehensive net zero roadmap.	
	Engage with our current energy, telecommunications and financial services suppliers on climate-related issues, and energy transition products and services.	

# Task Force on Climate-Related Financial Disclosures Report continued

- 2.7. In FY23, to further understand the potential impacts, we quantified the risk from failure to respond to shifting consumer sentiment for green products and services, and the opportunity which arises from a shift in consumer sentiment for green products and services. Only this risk was quantified because there was no meaningful or appropriate way to quantify our other risks or opportunities.
- 2.8. As with the qualitative analysis, this analysis used three scenarios. Data was leveraged from the Intergovernmental Panel on Climate Change (IPCC) over three time horizons (2030, 2040 and 2050) specific to this risk, and includes a 2°C or lower scenario per the recommendations of the TCFD. The

- scenarios considered were:
1. Steady path to sustainability RCP1.9 / SSP1 - 1.5°C
  2. Middle of the road RCP4.5 / SSP2 - 2.5°C
  3. Fossil-fuelled global growth RCP8.5 / SSP5 - 4°C

The analysis to quantify the potential impacts of the risk and opportunity considers how future revenue growth may be impacted. The consumer sentiment shift agnostic base case used in the analysis assumed that the Group delivers on the Board’s medium-term ambition to welcome an additional one million customers to UW. The analysis considers the respective potential risk, and additional opportunity to achieve this growth from shifting consumer sentiment for green products and services.

2.9 Table 4

	Potential risk			Potential opportunity			% change to revenue	Key
	2030	2040	2050	2030	2040	2050		
Steady path to sustainability							-30 to -26	
Middle of the road							-25 to -21	
Fossil-fuelled growth	The consumer sentiment risk and opportunity are zero, in this scenario as there is not a "transition" in the economy and therefore no transition risks and opportunities are experienced.						-20 to -16	
							-15 to -11	
							-10 to -6	
							-5 to -1	
							0 to 4	
							5 to 9	
							10 to 14	

## 2.10. Key risk and opportunity:

- 2.10.1 The quantitative analysis indicates that under both a ‘Steady Path to Sustainability’ and a ‘Middle of the Road’ scenario there is a risk in the short to medium term that, if we do not respond to a potential shift in consumer sentiment, fewer customers will sign up to our services due to their preference for low carbon products. Under both scenarios there are also opportunities to cater for consumers looking for green products and services. The risk and opportunity reduce in the long term as the energy grid decarbonises.

## 2.11. Our resilience:

- 2.11.1 As a result of our flexible reseller model, the Group’s strategy is inherently resilient to this risk, as we can respond to shifts in customer sentiment quickly to keep pace with the market. For example, in response to rising cost pressures and consumer sentiment shifting towards lower-cost fixed energy products, we ceased to offer a REGO-backed variable energy tariff from 1 January 2024. As

part of our green strategy refresh, our focus is on developing products that our consumers want, and that will help them save money through the energy transition.

- 2.11.2 In addition, to help consumers reduce their own emissions, we are committed to increasing the uptake of smart meters in our customer base. We also offer energy efficiency advice on our website and via a dedicated energy efficiency telephone line (which provides independent advice to consumers and businesses). As part of our transition plans (outlined below), we are looking to further refresh our green product offering to ensure continued strategic resilience to this risk, and further consider any opportunity.

## 2.12. Net zero transition plans:

- 2.12.1 In FY23 we developed our initial net zero transition plan, which is summarised here (with further detail in our ESG Report). Scope 1 and 2 GHG emissions comprise, in aggregate, well under 1% of our overall

footprint. The majority of our Scope 3 emissions are associated with the energy we acquire through our wholesale agreement with E.ON and resell to our customers, with our energy services comprising 96.77% of our total footprint. We have committed to achieving net zero by 2050, across scopes 1, 2 and 3 from a FY22 emissions baseline. We will set an interim target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035, and will have our targets validated by SBTi.

2.12.2 Our scope 1 emissions now comprise 80.03 tonnes CO<sub>2</sub>e from fuels associated with heating our buildings and a small vehicle fleet of 11 vehicles, of which 7 are already hybrid or electric vehicles. We have identified potential interventions to decarbonise the remainder of these emissions and will further develop these plans. On Scope 2, we procure renewable electricity for UW operated buildings and commit to do so going forward. To decarbonise our value chain emissions we will work closely with our key suppliers, including E.ON (our wholesale energy supplier), to minimise our Scope 3 emissions wherever possible. However, our key focus is to continue to support our customers through the energy transition by developing and offering appropriate products and energy efficiency advice. As part of this, we will continue to support our customers to be more energy efficient through smart meter installation. We also commit to develop a net zero transition plan that is Transition Plan Taskforce-aligned by the end of FY25.

### 3. Risk management

- 3.1. The identification, assessment and management of climate-related risks are integrated into our wider risk management framework, which is detailed on pages 21 to 27 of this Report. Within this framework we consider the significance of climate risks in relation to other business risks.
- 3.2. To determine materiality of climate change risk we considered stakeholder views, qualitative considerations at executive/senior level, and potential impacts on the business. These considerations also inform how we make decisions to mitigate, transfer, accept or control climate risks.
- 3.3. The Audit & Risk Committee has overall responsibility for management and oversight of our risk management framework. The size and scope of the climate change

risk was evaluated in FY22 and was re-designated as a controlled principal risk following qualitative climate scenario analysis which highlighted that climate change risk could manifest in several different ways across multiple time horizons. The Legal & Compliance Director, as the nominated climate risk owner, updates the risk evaluation and key controls annually. The key controls are then reviewed and approved by the Audit & Risk Committee and Board each year to ensure that climate risk is effectively scoped, and there is appropriate oversight and controls in place.

- 3.4. As set out in the governance section above, to implement climate change risk mitigations the ESG Working Group actions outputs from the ESG Strategy Committee. The ESG Working Group tracks market drivers, internal data, and actions on our climate risks and opportunities. Tracking includes, for example, the costs, availability of, and market response to REGOs; the number of our customers on our green tariff; engagement with key suppliers; transition planning; and existing and emerging regulatory requirements. The Working Group reports back to the ESG Strategy Committee on a quarterly basis. This, along with qualitative assessment and consideration of stakeholder importance, and our ability to respond to climate related issues, assists the ESG Strategy Committee with prioritisation and management of risks and opportunities.

### 4. Metrics and targets

- 4.1. To help us assess our risks and opportunities, we tracked the following metrics throughout the year:
  - 4.1.1. Our carbon reporting on Scope 1, 2 and 3 emissions follows the Greenhouse Gas Protocol and this year our Scope 1 and Scope 2 emissions have been externally verified (limited assurance) to ISO14064 Part 1 2018 through Achilles Information Limited's Carbon Reduce Programme. Our Greenhouse gas emissions statement is set out on page 43.
  - 4.1.2. Total gross Scope 1 and Scope 2 emissions by unit turnover/revenue is tracked and available on page 43.
  - 4.1.3. Total gross GHG emissions per unit turnover/revenue (tCO<sub>2</sub>e/£M) is available on page 43.

# Task Force on Climate-Related Financial Disclosures Report **continued**

- 4.1.4. The importance of: (i) reducing greenhouse gas emissions; and (ii) energy efficiency advice to our stakeholders was analysed as part of our environment, social and governance double materiality assessment (a full assessment was undertaken in FY23, with a refresh in FY24). These topics ranked third and fourth, respectively. This assessment underpins our wider ESG strategy so is reported on in detail in our ESG Report.
- 4.1.5. In FY24 we sold 399,000 mWh of REGO-backed electricity, a decrease of 8% from FY23 (from 1 January 2024 we ceased to sell a REGO-backed tariff (as explained in paragraph 2.11.1), therefore a decrease was anticipated). We monitor market trends, industry updates, regulatory updates, and conduct our own research (including feedback from our Partner network), to ensure we are able to respond to changing consumer trends and markets.
- 4.1.6. Smart meter installation rates in our customers' homes reached 70% at the end of FY24. This was an increase on our FY23 rate of 65%. In line with regulatory changes, this target has been replaced with specific smart meter installation targets, and are for a calendar year (rather than a financial year). In the calendar year 2023, we installed 92,753 smart meters, which fell slightly short of the 100,061 target. Although we did not meet our Ofgem target, our penetration rate of 70% exceeds the industry average of 60%.
- 4.1.7. The number of customers visiting our energy efficiency webpage reduced to 17,939 visits in FY24, down from 65,000 in the previous year. This significant reduction is likely due to the receding of the energy crisis resulting in fewer consumers seeking advice. In addition, our dedicated phone line (provided by Scarf), had 133 calls in the calendar year 2023. (Due to the mechanics of the data capture, this metric is reported for the previous calendar year, rather than the financial year).
- 4.1.8. We now track employee sentiment on ESG topics on an annual basis through our employee 'Heartbeat' surveys. The results of our March 2024 survey, which included responses from 2080 employees, showed that:
- 66% of our employees are proud of UW's efforts to have a positive social and environmental impact on the world;
  - 29% have a neutral opinion of UW's efforts; and
  - 5% indicated they were not proud of UW's efforts to have a positive social and environmental impact on the world.
- 4.2. We have committed to achieving net zero by 2050, across scopes 1, 2 and 3. 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. Further information on this target, including our transition planning, is set out in pages 47 to 54 of this report.
- 4.3. We do not use internal carbon pricing as it is not relevant to our business due to our low Scope 1 and 2 carbon emissions. However, our simplified Telecom Plus Incentive Plan ("TPIP") introduced the continued relative decline of our Scope 1 and 2 emissions as a metric to be used when assessing the FY24 performance and TPIP award eligibility of our Co-CEOs and CFO.

## Strategic report approval

The Strategic Report set out on pages 1 to 54, which incorporates the Financial and Operational Highlights, the Chairman's Statement, the Co-Chief Executives' Review, the Financial Review, Principal Risks and Uncertainties, People and Organisation, Sustainability Report and Task Force on Climate-Related Financial Disclosures Report, has been duly approved by the Board.

By order of the Board  
**David Baxter**  
Company Secretary  
18 June 2024



# Board of Directors

## The Hon. Charles Wigoder, Non-Executive Chairman

### Appointed: 13 February 1998

Charles qualified as a Chartered Accountant with KPMG in 1984 and was subsequently employed by Kleinwort Securities as an investment analyst in the media and communication sectors. Between 1985 and 1988, he was head of corporate finance and development at Carlton Communications PLC and then Quadrant Group PLC. In March 1988 he left Quadrant Group to set up The Peoples Phone Company PLC, where he served as CEO; it was subsequently purchased by Vodafone in December 1996. He joined the Company as CEO in February 1998, becoming Executive Chairman in 2010 and Non-Executive Chairman in 2022.

**External appointments:** None.



## Beatrice Hollond, Senior Independent Non-Executive Director

### Appointed: 26 September 2016

Beatrice spent 16 years at Credit Suisse Asset Management in Global Fixed Income and began her career as an equity analyst at Morgan Grenfell Asset Management.

**External appointments:** Beatrice is a main board director and Chair of Remco (US) and Chair of the International Advisory Board (UK) of Brown Advisory, Chair at Millbank Financial Services Limited, Chair of F & C Investment Trust PLC, and adviser to a private family office where Beatrice is also Chair of the Investment Advisory Committee and a member of Remuneration & Governance Committees. Beatrice is a main board director and Chair of Oldfield & Co and a director of Smedvig AS.



## Andrew Lindsay MBE, Co-Chief Executive Officer

### Appointed: 25 November 2008

Andrew joined the Company in April 2007 and was appointed to the Board in November 2008. Before joining Telecom Plus, Andrew was Managing Director of Ryness, an electrical retail chain based in London in which he previously held a significant equity stake after performing a Management Buyout in 2006. Prior to buying Ryness, he spent three years as an analyst in the UK Mergers & Acquisitions team at Goldman Sachs. Andrew rowed for Great Britain at the Sydney Olympic Games in 2000, where he won a Gold medal. Andrew will be stepping down from the Board following the Company's forthcoming AGM in August.

**External appointments:** Andrew is a non-executive director at Mixergy Limited.



# Board of Directors

## continued

### **Stuart Burnett, Co-Chief Executive Officer**

**Appointed: 23 July 2020**

Stuart was promoted to Co-CEO in 2021, after two years as COO, and is responsible for all operational activity across UW including day-to-day management of UW's Energy, Telecoms and Financial Services businesses.

He joined the Company in 2016 as Legal & Compliance Director and then moved on to become Commercial Director, managing all commercial activity, including our key commercial relationships and customer proposition, before becoming COO in 2019. Stuart began his career as a corporate lawyer at Slaughter & May after reading law at Oxford University. He then worked in senior roles at RSA Insurance Group PLC and TSB Banking Group PLC, prior to joining the Company.

**External appointments:** None.



### **Nick Schoenfeld, Chief Financial Officer**

**Appointed: 7 January 2015**

Nick joined the Company in January 2015 as Chief Financial Officer. Since 2006, Nick was Group Finance Director of Hanover Acceptances, a substantial diversified private company with holdings in the food manufacturing, real estate, and agribusiness sectors. He was previously employed at Kingfisher plc, where he was responsible for the group's financial planning and analysis functions. Prior to this, he held senior strategic and development roles within Castorama and the Walt Disney Company, having started his career as a management consultant at the Boston Consulting Group. Nick also has an MBA from the Harvard Business School.

**External appointments:** None.



### **Andrew Blowers OBE, Non-Executive Director**

**Appointed: 22 November 2016**

Andrew's career spans over 30 years in the UK financial services industry. He was the founder and CEO of Swiftcover.com and Chairman of IIC NV from 2004 to 2009 and an executive director of Churchill Insurance before this. He was also the senior independent non-executive director of AA PLC, the UK's leading provider of roadside assistance, and the Chairman of ATEC Group Limited, a specialist digital insurance group.

**External appointments:** Andrew is the Chairman of SO-SURE Insurance, a specialist digital personal lines insurance provider.



## Carla Stent, Non-Executive Director

### Appointed: 26 July 2022

Carla is a former Chief Operating Officer and Partner at Virgin group and was previously Deputy Chief Financial Officer and Chief Administrative Officer of the Global Retail and Commercial Bank arm of Barclays Bank. She has been a non-executive for many years and most recently chaired the Marex Group plc board.

**External appointments:** Carla is currently Chair of the Audit and Risk Committee for Evelyn Partners.



## Suzi Williams, Non-Executive Director

### Appointed: 23 July 2020

As Chief Brand & Marketing officer at BT, Suzi was part of the team who transformed the business, prior to which she held senior leadership roles at Capital Radio Group, Orange, the BBC, KPMG Consulting and Procter & Gamble Europe. Suzi was an independent non-executive director at the AA PLC until its successful sale to private equity in March 2021.

**External appointments:** Suzi is a senior board advisor on brand and marketing. She is an independent non-executive at Zegona Communications where she is Chair of the Remuneration and Nomination Committee, and is also an independent non-executive director at JD Sports Fashion PLC.



# Corporate Governance Statement

The Board is pleased to report that during the year and as at the date of this Annual Report the Company has applied the main principles and complied with the provisions of the UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council in July 2018, save in the limited instances explained below. Copies of the Code are available at [www.frc.org.uk](http://www.frc.org.uk).

This report, together with the Director’s Report on pages 93 to 97 and the Directors’ Remuneration Report on pages 71 to 92, provides details of how the Company has applied the principles and complied with the provisions of the Code and where required explains the rationale for instances where the Company has not been compliant, namely: (i) the extension of the term of the Chairman beyond nine years; and (ii) the requirement to formally consult with employees regarding the determination of the directors’ remuneration policy. Further detail in relation to the Company’s position on formally consulting with employees regarding the determination of the directors’ remuneration policy is set out in the Directors’ Remuneration Report.

## The Board of Directors

The Board meets regularly to review the progress of the Company and to discuss the measures required for its future development. Directors are provided in advance with a formal agenda of matters to be discussed at each meeting, and with the detailed information and papers needed to monitor the progress of the Company, on a secure electronic portal. Records of meetings and the decisions of the Board are maintained by the Company Secretary and are approved by the Board at the following meeting. All directors have access to the advice and services of the Company Secretary and, if required, are able to take independent advice at the Company’s expense

in the furtherance of their duties. Any question of the removal of the Company Secretary is a matter for the Board as a whole. Whilst the members of the Board are all experienced and well qualified, the opportunity to receive further training at the Company’s expense is available to them. The non-executive directors attended such formal, externally facilitated courses as they considered relevant to their roles and responsibilities during the year.

## Board duties

The matters specifically reserved for decision by the Board are fully documented and include the following principal areas:

- reviewing and agreeing the Company’s strategy and long-term objectives;
- assessing performance in the light of the Company’s strategy and objectives;
- ensuring an effective system of risk management and internal controls is in place;
- approving changes to the structure, size and composition of the Board and reviewing its performance on an annual basis;
- reviewing the Company’s overall corporate governance arrangements;
- reviewing and approving the priorities surrounding the Company’s principal sustainability impacts, including climate change; and
- approval of the Company’s financial statements prior to publication.

Matters that are specifically delegated to the committees of the Board are documented in the various Terms of Reference of each committee which are available on the Company’s website ([www.telecomplus.co.uk](http://www.telecomplus.co.uk)).



**Table of attendance at formal meetings during the year ended 31 March 2024**

Name of Director	Board	Remuneration Committee	Audit & Risk Committee	Nomination Committee
<b>Number of meetings</b>	<b>10</b>	<b>3</b>	<b>3</b>	<b>1</b>
Charles Wigoder	10	-	-	1
Beatrice Hollond	10	3	3	1
Andrew Lindsay	10	-	-	-
Stuart Burnett	10	-	-	-
Nick Schoenfeld	10	-	-	-
Andrew Blowers	10	3	3	-
Suzi Williams	10	3	-	1
Carla Stent	10	-	3	-

In accordance with provision 12 of the Code, led by the Senior Independent Non-Executive Director, the non-executive directors also met without the executives present during the year.

## Board evaluation

The Board undertakes an evaluation process on an annual basis, to consider the accountability, transparency and effectiveness of the Board and its committees. The

directors recognise that the Code requires an external evaluation of the boards of FTSE 350 companies to be carried out at least every three years. During the period an external evaluation of the Board was carried out by Warwick Court Advisory.

### 2023 Evaluation: Progress to date

Focus area	Actions during 2023-2024
Driving diversity within management structures below Board level	The Company has undertaken several initiatives to drive diversity and inclusion at management level. Further details can be found on pages 28 to 33.
There should be greater focus on succession planning at Board and below Board level by the Nomination Committee	The Nomination Committee has set out formal succession matrices for the Board and the People Team have implemented greater focus on internal succession planning at below Board level.
There was a need to consider an externally facilitated Board effectiveness review in 2024	An externally facilitated Board evaluation was undertaken during the period.

### 2024 Evaluation

An external evaluation of the Board for the current year was externally conducted by Warwick Court Advisory Limited ("WCA") through the completion of formal detailed board, and board committee evaluation questionnaires by each director. WCA also interviewed each director and produced a report which was discussed by the Nomination Committee and reported to the full Board. The Review was undertaken in accordance with the principles of the Code by WCA on a fully independent basis. Prior to its appointment as external evaluator, neither WCA nor its representatives had any prior connection with either the Company or its individual directors.

The evaluation questionnaires and interviews were focussed on assessing effectiveness in the following key areas:

- the size and balance of the Board;
- the quality of board debates and its decision-making processes;
- the quality of board meeting material;
- the individual contributions made by each director;
- the Chairman's approach to leadership;
- the Senior Independent Director's role as a sounding board to the Chairman;
- the non-executive directors' challenge of the executive directors;



# Corporate Governance Statement

## continued

- the Board's approach to identifying and mitigating key business risks;
- the quality of the Company's communications with key stakeholders;
- the Board's consideration of workforce policies and practices;
- the Board's approach to identifying and managing conflicts of interest to ensure independent judgement;
- the Board's consideration of diversity and succession planning; and
- the induction and training of board members.

The overall conclusion reached by WCA was that the Board and its Committees had operated well during the year, with the Board currently having a good combination of skills and experience, which had been proactively crafted by reference to specific requirements for commercial and professional skill sets over time.

WCA noted that the Board had much to celebrate when considering the Company's successful and sustained growth over many years and its long-standing status as a FTSE 250 Company. The evolution of the Board over the last few years, with improved gender diversity and levels of independent non-executive directorship, had not meant any loss of entrepreneurial spirit or "founder energy", resulting in a healthy blend of commerciality and stewardship. WCA reported that whilst there will always be areas for incremental improvement, the Board was operating comfortably in line with the principles of the Code with very few areas of recognised divergence all of which are readily explainable as being in the best interests of the Company.

In relation to strategy, WCA concluded that Directors all demonstrated strong awareness of the Company's purpose - "helping households to stop wasting time and money on their essential bills" and at the same time to help the Company's "Partners" to achieve their personal goals. This was regarded as a purpose that has a strongly positive social impact, thereby contributing to wider society.

In relation to Board processes, WCA reported that the executive directors had been able to clearly demonstrate reasonable and proper controls, systems, procedures and protocols to support the Company's activities and justify its licence to operate from stakeholders. This feedback was seen as a positive indicator of board effectiveness. Board members generally felt that there was a healthy respect for process in the underlying senior leadership cadre, which supported the executive leadership and by extension the Board, resulting in high levels of trust and confidence generally.

In relation to governance, WCA concluded that the Board was right to be confident that it had the appropriate governance structures in place, noting that it regarded governance as fundamentally needing to be embedded in board business and decision making in such a way that left space for good quality business conversations.

In overall summary, the Company's self-assessment of its own performance as Above Average/Advanced was borne out by WCA's independent evaluation, with a few areas meriting further discussion by the Board as part of their consideration of possible actions for their forward-looking incremental improvement plan.

The process noted the following areas of further potential review and discussion by the Board: (i) further development of the Nomination Committee Succession Planning Agenda, in line with new Code (2024), which includes both the Board and senior management below it; (ii) focus on stakeholder engagement strategy for the Board to support its understanding of key stakeholder views as an additional strategic insight into the business; (iii) review the optimal types, format and volumes of information provided to the Board and the regularity of board meetings to support the Company's growth and expansion plans; and (iv) further consideration of the impact of the new Code (2024) with its increased focus on internal control measures, due to come into effect from 1 January 2026.

## Board balance and succession

The Board comprised three executive directors and five non-executive directors at the year-end. Beatrice Hollond acted as the Company's Senior Independent Non-Executive Director.

Membership of each committee of the Board is set out in the table below:

Name of Director	Remuneration Committee	Audit & Risk Committee	Nomination Committee
Charles Wigoder	-	-	✓
Andrew Lindsay	-	-	-
Stuart Burnett	-	-	-
Nick Schoenfeld	-	-	-
Andrew Blowers <sup>1</sup>	Chair	✓	-
Beatrice Hollond <sup>1</sup>	✓	✓	✓
Suzi Williams <sup>1</sup>	✓	-	Chair
Carla Stent <sup>1</sup>	-	Chair	-

1. Indicates independent non-executive directors.

The Code sets out circumstances which are likely to impair, or could appear to impair, a non-executive director's independence. These circumstances include serving on the board for more than nine years from the date of appointment. At the date of publication of this report, all our non-executive directors, excluding the Chairman, have served on the Board for less than nine years and are considered independent.

The Code also sets out that the Chair should not stay in post beyond nine years from the date of their first appointment to the Board. Charles Wigoder has been a director of the Company since 1998 and moved to Non-Executive Chairman following the Company's AGM in July 2022. The Board has considered the extension of Mr Wigoder's term as Chairman, albeit in a non-executive capacity, and is satisfied that this is in the best interests of the Company given his extensive knowledge of the business and the markets within which it operates. This conclusion was supported by the external Board evaluation exercise conducted by WCA during the year and detailed above.

As announced on 21 November 2023, Andrew Lindsay will be stepping down as Co-CEO of the Company at the AGM in August 2024 and Stuart Burnett will take over full operational responsibility of the business. Following this, more than half of the Board will comprise of independent non-executive directors.

The Nomination Committee have also continued to monitor the composition, diversity and skills matrix of the Board with a focus on succession planning for our non-executive directors. One of the key areas of focus of the Nomination Committee this year was to identify a new independent non-executive director to join to Board. Following an extensive search conducted by an independent external firm, the Committee proposed the appointment of Bindi Karia as the new independent non-executive director. Further details can be found in the Nomination Committee report on pages 66 and 67.

## Board diversity

The Board sets the tone for inclusion and diversity across the business and continues to commit to the development of a diverse and inclusive organisation. One of the main objectives of the Nomination Committee in considering the appointment of new directors to the Board remains to ensure that successful candidates are of the highest calibre and demonstrate the best possible combination of skills and experience. The Committee's terms of reference, which were reviewed and updated in May 2023, further stipulate that candidates from a wide range of backgrounds shall be considered and that due regard will be given to the benefits of diversity on the Board.

The Board also has a Diversity and Inclusion policy, which reinforces the Company's commitment to promote diversity on the Board and complements the Company's wider

# Corporate Governance Statement

## continued

workforce diversity policy. The Nomination Committee report provides further details on the objectives of this policy and its linkages to company strategy on page 66.

The Nomination Committee is mindful of the increasing focus on the benefits of Board diversity, including the guidance and targets issued by the FTSE Women Leaders Review, the Parker Review and the FCA. The Listing Rules include specific diversity targets to ensure that at least 40% of the Board are women, at least one of the senior board positions (Chair, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Senior Independent Director (SID)) is a woman, and that at least one Director is from a minority ethnic background, requiring companies to report on a 'comply or explain' basis. As at 31 March 2024 and at the date of publication of this report, the Company met one of these targets with Beatrice Hollond as the SID; the Board has 37.5% female representation; and there were no directors from ethnic minority groups. However, the Board will meet the Listing Rules targets following the appointment of Ms Bindi Karia as a new non-executive director following the AGM in August 2024.

Further detail regarding the Company's position in relation to encouraging diversity within all layers of the organisation is set out in the 'People and Organisation' section of the Strategic Report on pages 28 to 33.

The tables below report our data on the gender identity and ethnic diversity of the Board, senior board positions and executive management. The data on Board diversity was collected by asking the Directors to respond to the specific questions with the use of questionnaires. The executive management, along with the rest of our employees, were encouraged to self-identify their gender and ethnicity data on our HR systems, so that we can improve our monitoring and reporting on demographic data across the employee lifecycle and measure our progress towards our diversity goals. The questions asked, and answer options provided, were selected based on the legal definition of sex under the Equality Act 2010 for gender representation and on the current ONS data collection recommendations on race and ethnicity.

### Gender Representation Data

	Number of Board members	Percentage of Board members	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management*
Men	5	62.5%	4	9	75%
Women	3	37.5%	1	3	25%

### Ethnicity Representation Data

	Number of Board members	Percentage of Board members	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management*
White British or other White (including minority-white groups)	8	100%	5	11	91.7%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	1	8.3%

\*We regard our Executive Leadership Team as executive management for the purposes of LR 9.8.6.

## Division of responsibilities

As at the date of this report, the Board is made up of the Non-Executive Chairman, a Senior Independent Director plus three independent Non-Executive Directors and three Executive Directors with the following responsibilities:

### Non-Executive Chairman

- Responsible for leading the Board and for its overall effectiveness in directing the Company.
- Facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.
- Ensures that the Board plays a full and constructive part in the development and determination of the Company's strategy.
- Promotes effective decision-making and constructive and sufficient debate around key issues.
- Ensures that the Board seeks regular engagement with major shareholders in order to understand their views on governance and performance against the strategy.
- Leads the annual evaluation process of board effectiveness.

### Senior Independent Director

- Provides a sounding board to the Chairman.
- Serves as an intermediary for the other directors where necessary.
- Remains available to shareholders should they have any concerns they have been unable to resolve through normal channels.
- Responsibility for communication with key shareholders in relation to corporate governance matters.

### Co-Chief Executive Officers

- Responsible for leading the Company's business and executing its strategy and commercial objectives together with implementing the decisions of the Board and its committees.
- Ensure that the Company's decisions are sustainable in the long-term, through appropriate management, implementation and progress of sustainability interventions which support the Company's strategy and address material impacts including climate change.
- Ensure that the Company's business is conducted in accordance with the highest standards of integrity, in keeping with our culture.
- Lead the engagement with the Company's key stakeholders.

### Chief Financial Officer

- Provides financial leadership to the Company and aligns with the Company's business and financial strategy.
- Responsible for financial planning, treasury and tax functions.
- Responsible for internal and external financial reporting and stewardship of Company's assets.
- Supports the Co-CEOs in maintaining relationships with key stakeholders.

### Independent Non-Executive Directors

- Responsible for scrutinising, measuring and reviewing the performance of management.
- Provide constructive challenge and feedback to the executive directors and support in the development of the Company's strategy.
- Bring an external perspective, knowledge and experience to the Board.

### Company Secretary

- Acts as secretary to the Board and its committees.
- Develop Board and committee agendas and collate and distribute papers.
- Supports the Chairman in considering the effectiveness of the Board.
- Ensures compliance with Board procedures and that the Board receives high quality information in a timely manner.
- Provides advice, services and support to all directors when required.

## Re-election

The Company's Articles stipulate that one third of all directors are required to retire by rotation at each Annual General Meeting and all newly appointed directors are required to offer themselves for election by the shareholders at the next Annual General Meeting.

However, the Code requires that all directors of FTSE 350 companies be subject to annual re-election by shareholders. Therefore, all the directors will be submitted for re-election at the forthcoming Annual General Meeting in August other than Andrew Lindsay, who will be stepping down from the Board. The Board has determined that all directors submitted for re-election continue to make a valuable contribution to the commercial success of the Company, with each bringing a complementary range of skills to the team.

# Corporate Governance Statement

## continued

### Remuneration Committee

The Board has a Remuneration Committee whose responsibility is to ensure that the remuneration of executive directors is sufficient to attract, retain and motivate people of the highest calibre. The Remuneration Committee currently comprises three independent non-executive directors, namely Andrew Blowers (Chair of the Committee), Beatrice Hollond and Suzi Williams. Following election at the AGM in August 2024, Ms Bindi Karia will also become a member of the Remuneration Committee. The Directors' Remuneration Report provides the details of the emoluments of each director, and this may be found on pages 71 to 92.

The Remuneration Committee has written terms of reference, which have been reviewed and updated to reflect best practice and describe the authority and duties which have been delegated to it by the Board. The terms of reference are available on the Company's website ([www.telecomplus.co.uk](http://www.telecomplus.co.uk)).

### Audit & Risk Committee

The Audit & Risk Committee comprises three independent non-executive directors, Carla Stent (Chair of the Committee), Andrew Blowers and Beatrice Hollond in compliance with the Code (provision 24). The activities of the Audit & Risk Committee are set out on pages 68 to 70.

The Audit & Risk Committee has written terms of reference, which have been reviewed and updated to reflect best practice and describe the authority and duties which have been delegated to it by the Board. The terms of reference are available on the Company's website ([www.telecomplus.co.uk](http://www.telecomplus.co.uk)).

### Nomination Committee

The Nomination Committee comprises Suzi Williams (Chair of Committee), Beatrice Hollond and Charles Wigoder and therefore has a majority of independent

non-executive directors in compliance with the Code (provision 17). The main purpose of the Nomination Committee is to make recommendations to the Board on the appointment of new directors. The activities of the Nomination Committee are set out on pages 66 and 67. The Nomination Committee has written terms of reference, which have been reviewed and updated to reflect best practice and describe the authority and duties which have been delegated to it by the Board. The terms of reference are available on the Company's website ([www.telecomplus.co.uk](http://www.telecomplus.co.uk)).

### Relations with shareholders

It is the policy of the Company to maintain a dialogue with institutional shareholders and to keep them informed about the objectives of the business. The Board considers that it is appropriate for the executive directors to discuss any relevant matters regarding company performance with major shareholders and this is undertaken primarily by the Co-Chief Executives and Chief Financial Officer. The Co-Chief Executives provide feedback from major shareholders to the other directors, ensuring that Board members, and in particular non-executive directors, develop a balanced understanding of the views of major investors. The executive directors met with a number of the Company's main shareholders during the year.

The Co-Chief Executives and Chief Financial Officer also have periodic discussions with the Company's brokers and any issues are fed back to the Board as appropriate. When reports are received from the Company's brokers following investor presentations, these are submitted to the Board for review. Additionally, key representatives of the Company's brokers are periodically invited to present at a full Board meeting.

Responsibility for communication with key shareholders in relation to corporate governance and Board remuneration matters lies primarily with the Senior Independent Non-Executive Director and the Chair of the Remuneration Committee who are assisted in this regard by the Company Secretary.



## Annual General Meeting

Notice of the Annual General Meeting and related papers are sent to all shareholders at least 20 working days before the meeting. Separate resolutions are proposed for each matter including the adoption of the Report and Accounts, the approval of the Company's Remuneration Policy, the Directors' Remuneration Report and the appointment of the Group's external auditor. Proxy votes are counted and the meeting is advised of the number of proxies lodged for and against each resolution. The chairs of the Audit and Risk, Remuneration and Nomination committees and the remaining non-executive directors are normally available to answer questions. Shareholders who attend are invited to ask questions and take part in the meeting.

## Internal control and risk management

The Board acknowledges its responsibility for the Group's systems of internal control and risk management. However, it recognises that any system can only provide reasonable, and not absolute, assurance against material misstatement or loss. The principal risks faced by the Company and the measures taken to address these risks are set out in the Strategic Report on pages 21 to 27.

In conjunction with the Company's senior management team, the executive directors regularly identify, review

and evaluate the key risks faced by the Group and the effectiveness of the internal controls in place to mitigate these risks. The results of these reviews are recorded in a formal document which sets out a detailed evaluation of each risk and the associated internal control in place to mitigate that risk. The document is reported to the Audit & Risk Committee for review at least once per year. Following review by the Audit & Risk Committee the document is reported to the full Board. The Board of directors has continued to review the internal controls of the Company (including financial, operational and compliance controls and risk management) and the principal risks which the Company faces during the year. No material weaknesses in internal controls were identified during the year by the directors.

## Share capital and voting rights

Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report under the capital structure and substantial shareholders sections on pages 95 and 96.

By Order of the Board  
**David Baxter**  
Company Secretary  
18 June 2024

# Nomination Committee Report

## Introduction

The members of the Nomination Committee (“the Committee”) are Suzi Williams (Chair), Beatrice Hollond and Charles Wigoder; this means that the Committee has a majority of independent non-executive directors in compliance with the UK Corporate Governance Code (“the Code”) (provision 17).

The key responsibilities of the Nomination Committee include:

- making recommendations to the Board on the appointment of new non-executive and executive directors, including making recommendations as to the composition of the Board generally and the balance between executive and non-executive directors;
- giving consideration to succession planning for directors and other senior executives;
- reviewing on an annual basis the time required from non-executive directors and assessing whether the non-executive directors are spending enough time to fulfil their duties;
- reviewing and monitoring the implementation of the Board’s policy on diversity and inclusion;
- reviewing the re-election by shareholders of directors under the annual re-election provisions of the Code; and
- evaluating any matters relating to the continuation in office of any director including the suspension or termination of service of an executive director.

The Committee’s general position in relation to diversity and the Code requirement to set out any measurable objectives that exist in this regard is included in the Corporate Governance Statement on pages 61 and 62 of this document.

## The Committee’s activities for the year ended 31 March 2024

The Committee met formally during the year and Committee matters were also discussed as part of certain full Board meetings. The Committee’s principal activities during the year related to the identification and evaluation of a new independent non-executive director, and co-ordinating the Company’s externally facilitated Board evaluation exercise.

### Appointment of new independent non-executive director

As previously set out in the prior year Annual Report, the Committee has been mindful of the focus on Board diversity and the formal government-led targets for FTSE 350 companies. During the period the Committee commenced the process of identifying a new independent

non-executive for appointment to the Board. An external search consultancy, Korn Ferry, was instructed to draw up a diverse shortlist of suitable candidates for consideration by the Committee. From this shortlist, a small number of candidates were invited to meet the members of the Committee, acting on behalf of the Board, to evaluate their suitability for this role.

From the potential candidates interviewed, Bindi Karia was identified as an extremely strong candidate by the Committee and displayed a keen interest in joining the Board. Ms Karia has deep experience in technology and innovation having held senior board, investment and advisory roles across the technology sector in Europe.

Ms Karia is currently a non-executive director at Zigup PLC (formerly Redde Northgate PLC), and a Venture Partner at Molten Ventures Plc, a European Technology Venture Capital Fund. Bindi has previously held a variety of senior technology roles, including as a Digital Advisory Board member at The Very Group and Centrica, as well as senior roles at Silicon Valley Bank, Microsoft Ventures and PwC. Bindi also serves on the University of East London Board of Governors, where she is also Chair of the Ethics Advisory Committee.

The members of the Committee formally interviewed Ms Karia, benchmarking her experience and capabilities against the key attributes previously discussed by the Board. The Committee’s conclusions were reported to the Board and her appointment was put forward for approval. Ms Karia’s extensive technology experience was particularly attractive. Ms Karia will formally join the Board immediately after the forthcoming AGM in August and will become a member of the Remuneration Committee, and in due course the Company’s workforce engagement non-executive director. Ms Karia’s appointment will bring the Board to 50% of director roles held by women.

Korn Ferry does not have any other connection with the Company.

### Diversity and inclusion

The Company recognises that the Board sets the tone for inclusion and diversity across the business. The boardroom is a place for robust and open debate where challenge, support, diversity of thought and teamwork are essential for optimal decision-making and the long-term success of the Company. Current Board performance is strong in this regard.

To further codify this the Board has a Board Diversity and Inclusion policy, which sets out its approach to diversity and inclusion of the Board and its committees in

compliance with DTR 7.2.8AR(1). The objective of this policy is to formalise the Company's commitment to ensure there is an appropriate balance of skills, experience, diversity and independence on the Board and any new appointments are subject to a formal, rigorous and transparent procedure, and based on merit, objective criteria and promote diversity in all aspects.

The Nomination Committee is mainly responsible for reviewing and monitoring the implementation of this policy and for leading succession planning to support its objectives. The current formation of the Board and its targets to achieve diversity is detailed in the Corporate Governance statement on pages 61 to 63.

### Skills and experience

The Nomination committee uses a skills matrix when assessing its succession plans. The matrix identifies where the skills and experience of our Board members are particularly strong and where there are opportunities to further develop the Board's collective knowledge.

Background and experience	Number of Non-Executive Directors (/5)
Finance and risk expertise	4
Operational expertise	3
Sector/industry/markets expertise	3
Media and marketing expertise	2
Environment Social Governance (ESG) experience	1
Remuneration matters	3
External boardroom experience	5

### Induction, training and development

The ongoing training and development requirements of the Board members are regularly reviewed with further training made available to address any development needs to update their skills, knowledge and familiarity with the Company.

### Board evaluation

In accordance with the Code, the Company conducts an annual evaluation of Board and Board Committee performance and effectiveness, which every Director

engages in. The 2024 evaluation was carried out by an external company, Warwick Court Advisory ("WCA"). The Committee identified a list of potential providers and interviewed a shortlist. WCA was selected principally based on its experience of evaluating similarly-sized publicly listed companies, and the appropriateness of the proposed approach. Prior to its appointment, neither WCA nor its representatives had any prior connection with either the Company or its individual directors.

The evaluation by WCA concluded that the Board and its Committees had operated well during the year. Further details on the process and outcome can be found in the Corporate Governance Statement on pages 59 and 60.

### Succession planning

The Committee, building on insights from the external Board evaluation, continued to develop its detailed Board design and succession plan during the period. A key aim of the Committee is to ensure seamless transition for senior executive positions as demonstrated by the stepping down of Andrew Lindsay and take-over by Stuart Burnett of full operational responsibility of the business from the AGM, following a period acting as Co-CEOs.

### Time commitment

The expected time commitment of all directors is agreed and set out in writing in their letters of appointment. All directors are engaged in providing their external commitments to establish that they have sufficient time to meet their board responsibilities. Any proposed external board appointments are approved by the Board and consideration is given to potential conflicts and how these can be managed, and this is reviewed on a regular basis. Further details on the Board's external appointments can be found on pages 55 to 57.

The Nomination Committee and the Board are comfortable that all Board members have sufficient capacity to serve on the Company's board.

I look forward to updating you again at the next opportunity.

**Suzi Williams**

Chair of the Nomination Committee

On behalf of the Board

18 June 2024

# Audit and Risk Committee Report

In accordance with the UK Corporate Governance Code (“the Code”) (provision 24) the Committee comprises three independent non-executive directors Carla Stent (Chair), Beatrice Hollond and Andrew Blowers. Carla Stent is also identified as having recent and relevant financial experience.

## The Audit & Risk Committee

The purpose of the Committee is to assist and provide advice to the Board in the fulfilment of its oversight responsibilities, to ensure the integrity of the financial reporting and audit process, to oversee the maintenance of sound internal control and corporate risk management systems, to review the Company’s attitude to risk, and to monitor compliance with legal obligations and regulatory requirements.

Attendance at Committee meetings during the current year by Committee members is set out in the Corporate Governance Report on page 59 of this document. In accordance with best practice, the Committee has the opportunity to meet with the external auditor of the Company without the presence of any executive directors and has done so during the current year. The Chair of the Committee has also had direct contact with the Audit Partner during the year.

The key responsibilities of the Committee include:

- reviewing the appointment, re-appointment and removal of the external auditor and the direction of the external auditor to investigate any matters of particular concern;
- assessing the effectiveness of the Company’s external auditor, including considering the scope and results of the annual audit;
- reviewing the independence and objectivity of the external auditor and assessing any potential impact on objectivity resulting from the provision of non-audit services by the external auditor;

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company’s performance;
- reviewing the impact of the application of new accounting standards and other disclosure requirements;
- reviewing the adequacy and effectiveness of the Company’s internal financial controls and other internal control and risk management processes;
- reviewing the Company’s compliance, whistleblowing and fraud processes; and
- advising the Board on the appropriate level of risk appetite for the Company and the principal and emerging risks that the Company is willing to take across all major activities.

The senior management team and executive directors periodically review the effectiveness of key internal control and risk management processes within the Company and report any changes in such activities to the Committee and the external auditor for consideration. The review covers material controls, including financial, operational and compliance controls.

## The Committee’s activities for the year ended 31 March 2024

During the year under review, the scope of the Committee increased to, more formally, include oversight of both audit and risk related activities. Many of the risk related activities had previously been monitored at Board level. The formalisation of the routes for reporting are still being transitioned and will continue to be a focus in the next financial year.

The Committee’s main activities during the current year included a review of the financial statements including a detailed evaluation of the significant accounting issues therein.

The actions taken by the Committee in regard to these issues are described in the table below.

Issue	Action taken by the Board and Committee
Verification of the operational accuracy of billing system	Review of internal analysis  Monitoring of regulator communications (Ofgem, BABT) and monthly monitoring of detailed call centre statistics which would indicate significant billing issues.
Revenue recognition in relation to energy services	Monitoring of key assumptions underlying the recognition of energy revenues based on internal analysis.
Estimation related to Expected Credit Losses	Review of key assumptions underlying the estimations related to Expected Credit Losses.

Also, the Committee has considered, amongst other matters, compliance with the provisions of the Code and accounting developments, the effectiveness of the Company's internal financial control environment and its risk management and control processes. As part of this process the Committee has also considered the need for any special projects or internal investigations and concluded that no such additional projects or investigations have been required.

During the period the Committee continued with its programme of more detailed reviews into various areas of the business. These included: the implementation of Consumer Duty regulations; financial services compliance monitoring; energy/telecoms regulation and compliance monitoring; cyber security reviews; data protection and privacy reviews; IT controls; fraud monitoring; and a review of the company's executive and non-executive governance model and accountabilities.

In accordance with the Code (provision 25), the Committee has also considered the need for an internal audit function at the Group. In the light of the simplicity of the Group structure, its single country focus, its relatively straightforward financial model, the internal controls and internal and external assurance in place and the fact that management and the Board conduct regular financial and compliance reviews, the Committee has recommended to the Board that an internal audit function is not currently appropriate for the business. This decision will be kept under regular review and, where appropriate, external assurance will continue to be sought on specific areas of concern.

During the year the Committee reviewed and approved the Company's half-year and annual financial statements. The Committee has advised the Board that the annual report and accounts taken as a whole provide a fair, balanced and understandable picture of the Company's position and performance, business model and strategy.

The Committee's other main activity was conducting an external auditor tender process as described below.

## External auditor tender

KPMG LLP ("KPMG") was first appointed as the Group's auditor with effect from February 2015, following a competitive tender process. In accordance with the requirement to put the audit out to tender at least every 10 years, the Committee conducted such a process again during the period.

The tender process was conducted during the autumn of 2023 and concluded in November. A list of potential

audit firms, including a number outside the 'Big 4', was drawn up principally based on their credentials in the markets within which the Company operates, and their experience of auditing large publicly listed companies. The most appropriate firms were then shortlisted and approached to gauge their interest in tendering for the Company's audit.

A small number of the firms approached, including the existing auditor KPMG, expressed an interest in formally pitching for the audit of the Company.

The firms were asked to submit a structured written proposal to the Committee covering the following main areas:

- detailed proposed audit plan and timeline;
- critique of the Company's prior year Annual Report;
- analysis of any key specific audit risks identified;
- a detailed auditor transition plan;
- proposed approach to communication with the Finance Team and Committee;
- credentials in the markets within which the Company operates;
- client references in relation to the proposed lead audit partner; and
- proposed audit fees.

The firms were also invited to spend time with the executive directors and members of the Finance Team of the Company in order to further their understanding of the business, and they also had access to the Chair of the Committee. This enabled the firms to tailor fully their proposals to the Committee.

The Committee reviewed the written proposals received and the firms presented formally to the Committee demonstrating a good understanding of the Company's markets and the audit approach required for large publicly listed companies. The high quality of the pitches presented the Committee with a difficult decision. However, after a thorough analysis of the firms based on a comprehensive balanced scorecard matrix, the Committee decided to recommend to the Board the reappointment of KPMG as auditor of the Company.

The Committee determined that the key differentiating factors in favour of KPMG included the experience and approach of the new proposed audit partner, and the efficiency and effectiveness of the proposed audit approach.

## External auditor effectiveness

The Company's external auditor, KPMG, presented a detailed audit report to the Committee following a review



# Audit and Risk Committee Report

## continued

of the annual financial statements. Having regard to its review of the work performed by the external auditor during the year and its approach to key audit issues, the Committee was satisfied with the effectiveness of KPMG as external auditor.

In reaching this conclusion, the Committee assessed:

- the efficiency with which the audit team was able to understand the Company and its systems and processes;
- the experience and expertise of the audit team;
- the scope and eventual fulfilment of the detailed audit plan;
- the robustness and perceptiveness of the audit team in their handling of key accounting and audit judgements; and
- the nature and quality of the content of the external auditor's report.

In the meantime, the Committee has recommended to the Board, for approval by shareholders at the AGM, the reappointment of KPMG as the Company's external auditor for the coming year.

### External auditor independence

In order to guard against the objectivity and independence of the external auditor being compromised, the provision of any significant additional services remains subject to the prior approval of the Committee.

The Committee would prohibit the provision of the following key types of non-audit related work by the Company's external auditor:

- tax services;
- services that involve playing any part in the management or decision-making of the Company;

- designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- valuation services, including valuations performed in connection with actuarial services or litigation support services; and
- services linked to the financing, capital structure and allocation, and investment strategy of the Company, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the Company.

The Committee will also prohibit any other work where mutual interests exist that could impair the independence and objectivity of the external auditor.

### Reporting of staff concerns

During the year the Company operated an independently-facilitated whistleblowing system for staff of the Company to raise, in confidence, concerns they may have over possible improprieties, financial or otherwise. All employees have been notified of this arrangement on the Company's intranet website (Code provision 6). No significant matters were raised by employees during the current year.

I look forward to updating you again at the next opportunity and will be available at the AGM to respond to any questions shareholders may have on this report or in relation to any of the Committee's activities.

**Carla Stent**

Chair of the Audit and Risk Committee

On behalf of the Board

18 June 2024

# Directors' Remuneration Report

## Annual statement

As chair of the Remuneration Committee ("Committee") and on behalf of the Board, I am pleased to present our report on directors' remuneration for the year ended 31 March 2024.

The report comprises three sections:

- This statement, which provides an overview of the key decisions made on Directors' remuneration during the year.
- The Annual Report on Remuneration, which describes how our current Policy was applied for the year ended 31 March 2024.
- Our Directors' Remuneration Policy ("Policy") approved by shareholders at the 2023 Annual General Meeting ("AGM").

## Performance outcomes for the year ended 31 March 2024

The Company delivered an excellent performance in the year to 31 March 2024, achieving continued strong organic growth in customer numbers and record year-end profits and dividends.

The company's performance is reflected in variable remuneration outcomes, with the annual Telecom Plus Incentive Plan ("TPIP") award outturn for Executive Directors at 83.9% of maximum. The Group delivered adjusted PBT of £116.9m (2023: £96.2m) which resulted in an outcome of 81.9% of maximum for the adjusted PBT

element (which carries a 70% weighting of the overall award). Performance against strategic objectives (which focussed on employee satisfaction, customer services performance and customer growth) resulted in an outcome of 89.7% of maximum for the strategic element (which carries a 30% weighting of the overall award).

The Committee carefully considered the TPIP outcome and concluded that it fairly reflected the performance of the Company and did not this year elect to exercise any discretion.

In accordance with the rules of the TPIP approved by shareholders in 2023, 30% of the award will be paid in cash and 70% will be deferred into nil-cost options vesting in two years. The shares issued from exercising the nil-cost options will be subject to a further two-year holding period. Full details of the TPIP outcome for the year ended 31 March 2024 are set out on pages 85 to 87.

No long-term incentive growth shares awards were capable of vesting during the year ended 31 March 2024.

## Revised policy approval

The Committee was pleased that the new Directors' Remuneration Policy was approved by over 85% of the Company's shareholders at the 2023 AGM and would like to thank shareholders for their engagement during this process. The Policy is set out in detail on pages 73 to 83.

# Directors' Remuneration Report

## continued

### Implementation of the Policy for the year ending 31 March 2025

#### Base salaries and fees

All Executive Directors received salary increases of 3.0% effective from 1 April 2024 (including Andrew Lindsay applicable until the AGM in August when he will be stepping down from the Board). The Committee was satisfied that this was an appropriate increase given the alignment with the wider workforce salary increases.

#### Pensions

In line with our 2023 approved Policy and more typical market practice, the Committee has agreed to transition the level of pension provision (or cash allowance equivalent) for executive directors from a fixed monetary amount to a percentage of salary. As a result, the percentage level of pension provision (or cash allowance equivalent) for executive directors for FY25 will be 4.5% of base salary which is equal to the percentage contribution rate available to the majority of employees and below the rate of 10% which employees with 8 or more years' service are entitled to receive.

#### TPIP awards

TPIP awards with a maximum opportunity of 350% of salary will be granted to Stuart Burnett (CEO) and of 235% of salary for Nick Schoenfeld (CFO) in respect of the year ended 31 March 2025 subject to the following performance measures:

- Adjusted Profit before Tax (70% weighting)
- Operational efficiency
- Optimisation of administrative expenses (7.5% weighting)
- Growth and product development
- Relaunch of business energy proposition (5.0% weighting)
- Growing the target Multi Service Home Owner customer base (7.5% weighting)
- Exceed the smart meter rollout target (10.0% weighting)

The Committee has carefully considered the most appropriate performance measures for the awards. The majority of the award will be assessed against the Group's primary financial KPI (profit) in line with best practice. The non-financial measures incentivise efficiency and cost control whilst delivering high quality growth.

The targets for the awards are considered to be commercially sensitive and will be disclosed in next year's Directors' Remuneration Report.

Following the end of the one-year performance period, any shares earned will be subject to a two-year deferral period in advance of vesting. An underpin will apply over the performance and deferral periods, which will be assessed with reference to the following financial and non-financial metrics:

- Balance sheet health – net debt:EBITDA ratio below 3x and no notifiable breach of bank covenants.
- Growth in core services – the number of core services supplied to UW Residential customers must have increased between the date of award and the date of vesting.
- Emissions reductions – Scope 1 and 2 emissions must be lower, at the end of the vesting period, than the projected Scope 1 and 2 emissions 1.5°C degree reduction pathway level for the end of the vesting period, as set out in the Company's ESG Report published in the award year.
- Reputation – there must have been no material damage to the reputation of the Company during the vesting period.

A holding period will apply for two years from the date of vesting. No TPIP award will be granted to Andrew Lindsay in the financial year ending 31 March 2025.

#### Conclusion

We believe that the Policy operated as intended during the year and we consider that the remuneration received by the Executive Directors was appropriate taking into account Company and personal performance, and the experience of shareholders and employees.

I hope that this Remuneration Report will receive your support at the upcoming AGM, where I will be available to respond to any questions shareholders may have on this report or in relation to any of the Committee's activities.

**Andrew Blowers OBE**

Chairman of the Remuneration Committee  
18 June 2024

# Remuneration Policy

## Introduction

The Directors' Remuneration Policy was approved by shareholders at the AGM on 4 August 2023 (85.07% of votes cast being in favour) and became effective from that date. There are no proposals to amend the Directors' Remuneration Policy at the 2024 AGM. A summary of the policy is set out below for reference to assist with the understanding of the contents of this report. The full policy is detailed in our FY23 Annual Report, which can be found in the "Investors" section under "Latest results and annual report" on the Company's corporate website ([www.telecomplus.co.uk](http://www.telecomplus.co.uk)).

The Company's overall remuneration policy is to ensure that the executive directors and other senior managers are fairly and responsibly rewarded for their individual contribution to the overall long-term performance of the Company, in a manner that ensures that the Company is able to attract, motivate, and retain executives of the quality necessary to ensure the successful long-term performance of the Company. The Policy continues to be based on the principle that the remuneration of the directors and senior management should be aligned with the expectations of external shareholders.

The Policy also takes into account the principles set out in Provision 40 of the UK Corporate Governance Code:

Provision 40 requirement	How this has been addressed
Simplicity	<p>The Company operates an approach to remuneration that is simple to understand and familiar to stakeholders:</p> <ul style="list-style-type: none"> <li>• fixed element: base salary, benefits and pension.</li> <li>• variable element: annual TPIP award which pays out 30% in cash and 70% in shares deferral for two years and subject to additional two year post-vesting holding period.</li> </ul>
Clarity	<p>The operation of our Policy, and its alignment to our strategy are clearly disclosed as well as the performance requirements that dictate outcomes. This provides clarity to stakeholders on the relationship between the successful implementation of the strategy and how our leadership is rewarded.</p>
Risk	<p>The Policy includes features to ensure Executive Director remuneration supports the long-term sustainability of the business and is risk-aligned with shareholders. These features include:</p> <ul style="list-style-type: none"> <li>• malus and clawback provisions;</li> <li>• a two-year post-vesting holding period for vested TPIP awards;</li> <li>• two-year deferral in shares of 70% of any TPIP payout;</li> <li>• an underpin that operates in respect of TPIP awards from the start of the performance period, to the end of the deferral period; and</li> <li>• a minimum shareholding requirement, including a two-year post-employment requirement.</li> </ul>
Predictability	<p>The Policy governs the minimum and maximum opportunities for the Executive Directors in relation to their TPIP awards, providing a clearly defined limit. Actual incentive outcomes vary depending on the level of performance achieved against specific measures.</p>
Proportionality	<p>A large element of Executive Director remuneration is share-based, ensuring that the interests of Executive Directors and shareholders are aligned. The TPIP deferral in shares for two years, and the additional two year post-vesting holding period, and the minimum shareholding requirement maintain this alignment over the longer-term.</p>
Alignment to culture	<p>To ensure that remuneration drives behaviours consistent with our purpose, values and strategy, we aim to:</p> <ul style="list-style-type: none"> <li>• understand the remuneration of the wider workforce; and</li> <li>• engage with our stakeholders, including our colleagues.</li> </ul>

# Remuneration Policy

## continued

Remuneration policy table

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
<b>Base salary</b>			
To recognise status and responsibility to deliver operational strategy on a day-to-day basis.	<p>Base salary is paid in 12 equal monthly instalments during the year.</p> <p>Base salaries are reviewed annually with any changes normally effective from 1 April each year, and also (where relevant) to reflect changes in the responsibilities of each individual.</p>	<p>Whilst there is not a set maximum, increases will normally be in line with the range of increases awarded to other employees.</p> <p>Salary increases above this level may be awarded in appropriate circumstances including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• to reflect any change in the level of responsibility of the individual (whether through a change in role or an increase in the scale and/ or scope of the activities carried out by the Company);</li> <li>• an increase in experience and knowledge of the Company and its markets.</li> </ul>	None, although overall performance of the individual is considered by the Committee when setting and reviewing salaries.



How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
<b>Benefits</b>			
To provide benefits commensurate with the role and market practice.	<p>Executive Directors receive benefits set at an appropriate level taking into account total remuneration, market practice, the benefits provided to other employees in the Group and individual circumstances.</p> <p>The Company pays for private healthcare for each director and their immediate family.</p> <p>The Company provides company cars for executive directors where appropriate.</p> <p>The Company provides death in service benefits up to a maximum of four times annual base salary (subject to prevailing policy caps).</p> <p>The Committee reserves the right to introduce other benefits, for example in the case that this is necessary to attract and/or retain key executive directors.</p> <p>In relation to new directors the Company will pay for reasonable relocation expenses where required.</p>	<p>Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, the level of benefits provided for other employees in the Group and individual circumstances.</p>	None.
<b>Pension</b>			
To provide funding for retirement.	<p>Defined contribution pension scheme is open to all employees and executive directors.</p> <p>In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may take a taxable cash supplement instead of contributions to a pension plan.</p>	<p>The percentage level of pension provision (or cash allowance equivalent) for executive directors will not exceed the highest percentage contribution rate available to a majority of employees.</p>	None.

# Remuneration Policy

## continued

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
<b>Telecom Plus Incentive Plan</b>			
To incentivise the delivery of financial and strategic priorities and directly align the directors' interests with those of all other shareholders.	<p>Awards under the Telecom Plus Incentive Plan are dependent on the achievement of performance measures.</p> <p>30% of the award earned is paid in cash following the end of the performance period.</p> <p>The balance is deferred in the form of a nil cost option, conditional share award or restricted share which vests after a further two years and is thereafter subject to a further two-year post-vesting holding period.</p> <p>A discretionary underpin will apply over the performance and deferral periods.</p> <p>Malus applies to cash awards prior to payment and deferred share awards prior to vesting.</p> <p>Cash payments are subject to clawback provisions for up to two years following payment.</p> <p>Deferred share awards are subject to clawback provisions during the two-year deferral period.</p> <p>Malus and clawback may apply in the following circumstances: a material misstatement of the Company's results, error in the assessment of a performance target or in the information used to determine the value of the cash award and/or the number of shares, a material regulatory breach, gross misconduct on the part of the Participant, reputational damage to the Company, a material failure of risk management, insolvency or corporate failure, or any similar circumstances in the opinion of the Board.</p> <p>Dividends (or equivalents, including the value of any reinvestment) may accrue in respect of deferred share awards.</p>	<p>Maximum opportunity of up to 350% of base salary may be awarded in respect of each financial year.</p>	<p>Targets are set annually reflecting the Company's financial and strategic priorities and performance is measured over a one year period.</p> <p>At least 70% of the awards will be assessed against financial performance metrics. The balance is assessed against non-financial strategic objectives.</p> <p><b>Financial metrics</b> No more than 25% of each metric will vest for threshold performance with full vesting for maximum performance.</p> <p><b>Non-financial metrics</b> Non-financial metrics vesting will apply on a scale between 0% and 100% based on the Committee's assessment of performance against objectives. The discretionary underpin will be assessed with reference to a range of financial and non-financial metrics.</p>

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
<b>Shareholding requirement</b>			
To strengthen the long-term alignment of directors' interests with those of all shareholders.	Shareholding requirement policy is primarily derived from the issue of shares resulting from the exercise of awards made under company share plans, such as the new Telecom Plus Incentive Plan and existing awards made under the LTIP 2016.	<p>Executive directors are expected to progressively build and retain a shareholding in the Company worth 200% of basic salary over a maximum of 10 years; until such time as they have achieved this level, they are required to: (i) retain all the shares vesting to them under the Telecom Plus Incentive Plan (other than to settle associated tax liabilities on vesting); and (ii) retain not less than 25% of any shares issued to them under the LTIP 2016.</p> <p>Under LTIP 2016, in relation to the 25% blocks of their award which vest after 3, 5 or 7 years, participants are required to retain 50% of any shares they choose to convert for at least 12 months. In relation to the final 25% block which vests after 10 years, they are obliged to retain 75% for 12 months, 50% for 18 months, and 25% for 24 months.</p> <p>The above holding periods continue to apply to participants after they cease to be employed by the Company.</p> <p>Future share awards to directors will be made subject to a post-vest holding period.</p>	N/A

# Remuneration Policy

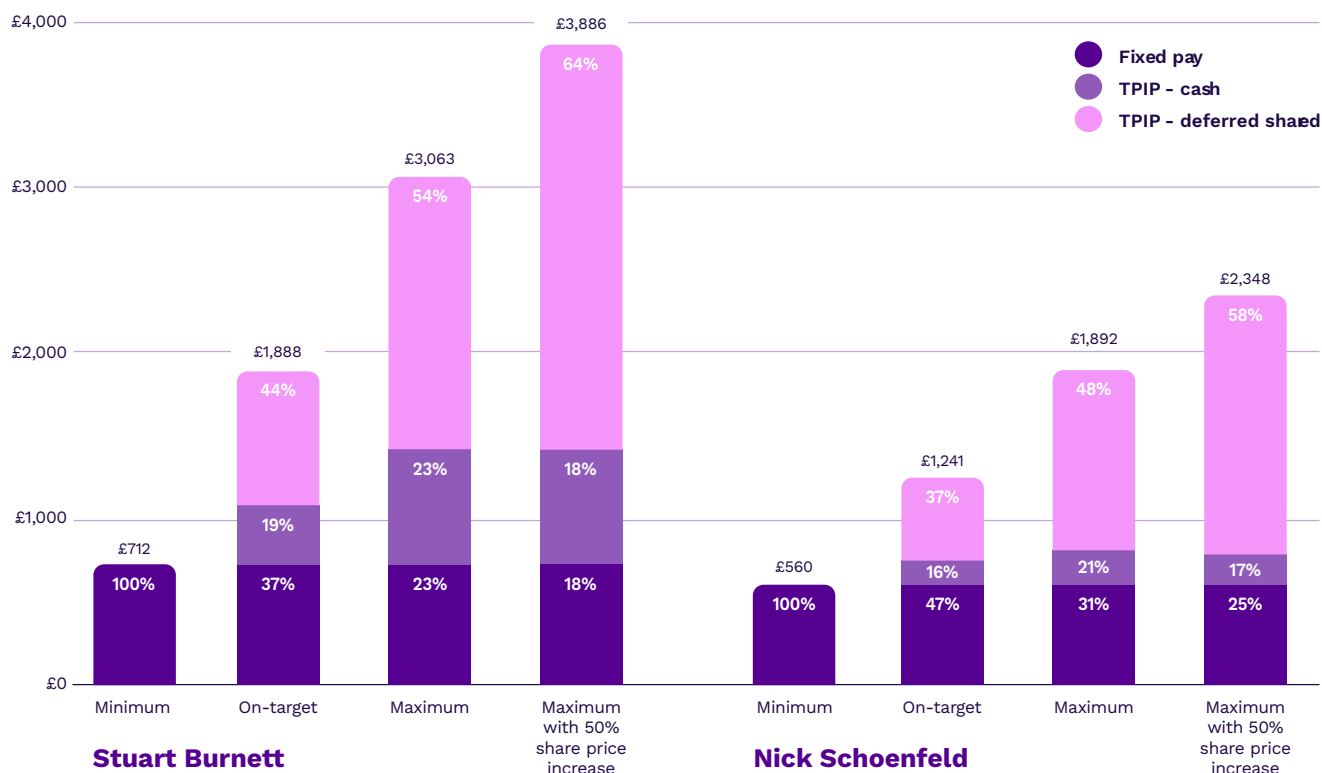
## continued

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Shareholding requirement (continued)			
		<p>Post-employment</p> <p>Executive directors who step down from the Board are required to retain a holding in 'guideline shares' equal to:</p> <ul style="list-style-type: none"> <li>• 200% of salary (or their actual shareholding at the point of departure if lower) for the first 12 months following stepping down as executive director.</li> <li>• 100% of salary (or their actual shareholding at the point of departure if lower) for the subsequent 12 months.</li> </ul> <p>'Guideline shares' do not include shares that the executive director has purchased or which have been acquired pursuant to share awards which vested before 16 December 2020. Unless the Committee determines otherwise, an executive director or former executive director shall be deemed to have disposed of shares which are not 'guideline shares' before 'guideline shares'.</p>	

1. The Policy for Executive Directors is consistent with the policy applied across the company with respect to salaries and pension, where the provision for executive directors will not exceed the highest percentage contribution rate available to a majority of employees. Taxable benefits vary by role taking into account market practice. The company operates a number of incentive plans including the TPIIP, a deferred bonus plan and a share option plan.

## Illustrative application of the Policy

The bar charts below seek to illustrate the potential rewards available under the proposed remuneration policy for the coming financial year under varying levels of performance.



The bar charts have been prepared based on the following assumptions:

Minimum performance	Fixed remuneration comprising base salary and pension to be paid in 2024/25, estimate of benefits to be paid based on 2023/24 total single figure of remuneration
On-target performance	Fixed remuneration 50% of TPIP opportunity is earned
Maximum performance	Fixed remuneration Maximum TPIP opportunity is earned
Maximum performance plus share price appreciation	Fixed remuneration Maximum TPIP opportunity is earned 50% share price appreciation applies to share element of TPIP award



# Remuneration Policy

## continued

### Non-executive directors' fees policy

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
To attract non-executive directors who have a broad range of experience and skills to support and oversee the implementation of strategy and ensure good corporate governance.	<p>Non-executive directors' fees are set by the Board as a whole and aligned with the responsibilities of each director.</p> <p>Annual fees are paid in 12 equal monthly instalments during the year.</p> <p>Non-executive directors' fees are periodically reviewed by the Board in the light of any changes in role and prevailing market rates for Non-executive directors in other listed companies of similar size and with similar characteristics.</p>	Non-executive directors' remuneration will not be set outside the parameters of prevailing market rates for similarly-sized companies of comparable complexity.	Non-executive directors are not eligible to participate in any performance-related arrangements or share incentive schemes.

## Policy on payments for loss of office

The table below sets out the Company's policy regarding service contracts and payments for loss of office.

Standard provision	Policy	Details	Other provisions in service contracts
Notice periods in executive directors' service contracts	<p>6 - 12 months' notice from the Company.</p> <p>6 - 12 months' notice from the executive director.</p>	<p>Executive directors may be required to work during notice period or may be provided with pay in lieu of notice if not required to work full notice.</p> <p>All executive directors are subject to annual re-election by shareholders.</p>	N/A
Compensation for loss of office in service contracts	<p>No more than base salary, benefits and pension contributions for the period of the executive director's notice.</p> <p>No contractual provision for additional compensation in the event of loss of office resulting from poor performance.</p>	Any statutory entitlements or sums to settle or compromise claims in connection with any termination of office would need to be paid as necessary, subject to the fulfilment of the director's duty to mitigate their loss.	N/A
Treatment of unvested TPIP awards	All awards lapse except for "good leavers" which are defined as leavers due to death, injury, ill-health, disability, redundancy, transfer of employee to another company outside of the Group, or at the Board's discretion, in which case an explanation will be provided in the relevant Directors' Remuneration Report.	<p>Under the TPIP, at the payment date of the Cash Award, a portion will be deferred into a Deferred Share Award which will normally vest after a further 2 years.</p> <p>For "good leavers", unpaid Cash Awards and unvested Deferred Share Awards will vest on the normal payment and vesting dates (unless the Committee determines otherwise). Cash Awards will normally be pro-rated for time according to the portion of the 1 year performance period in employment. Deferred Share Awards will normally be pro-rated for time according to the portion of the 3 year period from the start of the 1 year performance period of the Cash Award to the vesting date of the Deferred Share Award in employment. For both Cash and Deferred Share Awards, the extent of payment and vesting will normally be determined by the Committee taking into account any performance conditions and/or underpins.</p>	N/A

# Remuneration Policy

## continued

Treatment of unvested LTIP 2016	<p><b>Legacy arrangement: LTIP 2016</b></p> <p>All awards lapse except for “good leavers”: i.e. death, or where the employing company or the company with which the office is held ceases to be a member of the Group or the transfer of employment out of the Group by reason of the Transfer of Undertakings (Protection of Employment) Regulations 2006.</p> <p>In the event of injury, disability, retirement or redundancy, the Committee may exercise its discretion to classify the participant as a “good leaver”.</p>	<p><b>Legacy arrangement: LTIP 2016</b></p> <p>If a participant in the LTIP 2016 ceases to be employed within the Group otherwise than as a “good leaver”, any unvested awards will be forfeited. Any growth shares which have vested but not been converted, must be converted within 14 days of the end of their employment otherwise they will be forfeited; the conversion ratio shall be based on the average share price for the 30 working days immediately preceding the date on which conversion takes place.</p> <p>If a participant in the LTIP 2016 is a “good leaver”, then they shall be entitled to the benefit of any shares that have become convertible prior to the date of leaving, and such shares shall be converted (at the option of the employee) either within 14 days of the termination of their employment (in which case the conversion ratio shall be based on the average share price for the 30 working days immediately preceding the date on which conversion takes place), or during the next annual vesting period using the criteria which apply on that date.</p>	N/A
Exercise of discretion	Discretion to be used only in exceptional circumstances.	The Committee will take into account the recent performance of the director and the Company, and the nature of the circumstances around the executive director’s departure.	N/A
Non-executive Directors	Non-executive directors are appointed for an initial term of one year which is then reviewed by the Board on an annual basis thereafter.	<p>Non-executive directors are all subject to annual re-election by shareholders at the Company’s AGM each year.</p> <p>Non-executive directors have a three month notice period and there is no provision for compensation if required to stand down.</p>	Non-executive directors have the right to seek independent professional advice at the expense of the Company in the pursuance of their duties.

## Approach to recruitment remuneration

The Committee's approach is to pay the amount necessary to recruit the best candidate to each particular role. In determining these amounts the Committee will be mindful of, inter alia, prevailing market rates, the chosen candidate's skills, knowledge and experience, and their existing location and position. Where the candidate has variable remuneration arrangements with a previous employer that will be lost on leaving employment, the Company will consider offering a sign-on award in compensation for the value foregone, either as an award under an existing share incentive scheme or a bespoke award under the Listing Rules exemption available for this purpose. The face and/or expected values of the award(s) offered will not materially exceed the value ascribed to the award(s) foregone, and where practicable would follow the same vesting timing and form (i.e. cash or shares) save that the Committee may award the whole of the value in shares, at its discretion. The application of performance conditions would be considered and, where appropriate, the awards could be made subject to claw-back in certain circumstances. For material amounts the Committee would, where practicable, consult with key institutional shareholders ahead of committing to make any such sign-on awards, and in any event a full explanation of any amounts awarded, an explanation of why it was necessary and a breakdown of the awards to be made will be announced to the markets at the time of granting. For the avoidance of doubt, should a new director be internally promoted from the Company's senior management team they will not be expected to give up or amend any element of remuneration granted to them prior to becoming a director which is inconsistent with the remuneration policy set out above.

Any new executive director's remuneration package would include similar elements, and be subject to the same constraints, as those of the existing executive directors as outlined in the above policy table.

## Statement of consideration of shareholder views

The Chairman of the Committee engages with certain of the Company's largest shareholders who have expressed an interest in being consulted in relation to remuneration matters to understand their expectations and monitor any changes in their views. Shareholder and proxy advisor remuneration guidelines were considered, and our largest shareholders consulted, when drafting the current Policy.

## Statement of consideration of employment conditions elsewhere in the group

The Committee considers pay levels across the organisation when setting remuneration for all directors (both executives and non-executives). However, this review is undertaken against a background of ensuring that the prevailing market rates for all levels of employee in the organisation are taken into account in order to attract, retain and motivate the best employees at each level. In relation to directors, specific account is taken of any change in the level of responsibility of the director (whether through a change in role or the increased size of the Company) or an increase in experience and knowledge of the Company and its markets which may not be relevant to roles elsewhere in the Company. The Company does not deem it appropriate to formally consult with employees regarding the determination of the directors' remuneration policy. However, employees have the opportunity to make comments on any aspect of the Company's activities through an employee survey and any comments made which are relevant to directors' remuneration would be considered by the Committee.

# Annual Report on Remuneration

## Remuneration Committee

The Committee is responsible for reviewing and making recommendations to the Board regarding the policy relating to the total remuneration paid to the executive directors and senior management of the Company. It meets regularly to review and set all elements of the remuneration paid to the executive directors of the Company and monitors the level and structure of remuneration for other senior management of the Company. It also exercises all the powers of the Board in relation to the operation of the Company's share incentive schemes, including the grant of options and the terms of those grants.

The Committee met formally three times during the year and details of attendance at these meetings are provided in the Corporate Governance Statement on page 59.

The Committee's principal activities during the year included:

- reviewing and approving executive director remuneration packages;
- monitoring senior management remuneration packages; and
- reviewing and approving the issue of share options to certain employees.

## Single total figure of remuneration

### Year ended 31 March 2024 (audited)

Audited details of directors' remuneration for the year are as follows:

Director	Salary & fees £'000	TPIP award <sup>1</sup> £'000	Taxable benefits £'000	Pension contributions <sup>3</sup> £'000	Total £'000	Total fixed £'000	Total variable £'000
Charles Wigoder	210	-	-	-	210	210	-
Andrew Lindsay	652	1,923	10	4	2,589	666	1,923
Stuart Burnett	652	1,923	10	4	2,589	666	1,923
Nick Schoenfeld	580	1,065	11	4	1,660	595	1,065
Andrew Blowers <sup>2</sup>	108	-	-	-	108	108	-
Beatrice Hollond	63	-	-	-	63	63	-
Carla Stent	68	-	-	-	68	68	-
Suzi Williams	63	-	-	-	63	63	-
<b>Total</b>	<b>2,396</b>	<b>4,911</b>	<b>31</b>	<b>12</b>	<b>7,350</b>	<b>2,439</b>	<b>4,911</b>

1. 70% of the award is deferred into shares for two years in accordance with the rules of the TPIP.

2. Additional remuneration received from appointment as Chairman of UWI Limited the Group's insurance company.

3. The level of pension provision for executive directors has transitioned from a fixed monetary amount of £4,000 per annum to 4.5% of base salary in line with the percentage contribution rate available to the majority of employees. This change was effective 1 April 2023, however the excess value above the previous fixed monetary amount in respect of FY24 was paid in April 2024 in a backdated payment and so will be reported within the FY25 single total figure.



## Year ended 31 March 2023 (audited)

Audited details of directors' remuneration for the year are as follows:

Director	Salary & fees £'000	Annual bonus <sup>1</sup> £'000	Taxable benefits £'000	Pension contributions £'000	Total £'000	Total fixed £'000	Total variable £'000
Charles Wigoder	295	-	-	-	295	295	-
Andrew Lindsay	621	885	10	4	1,520	635	885
Stuart Burnett <sup>2</sup>	557	885	5	4	1,451	566	885
Nick Schoenfeld	621	398	9	4	1,032	634	398
Andrew Blowers <sup>3</sup>	73	-	-	-	73	73	-
Beatrice Hollond	60	-	-	-	60	60	-
Carla Stent <sup>4</sup>	44	-	-	-	44	44	-
Suzi Williams	60	-	-	-	60	60	-
Melvin Lawson <sup>5</sup>	4	-	-	-	4	4	-
Julian Schild <sup>5</sup>	15	-	-	-	15	15	-
<b>Total</b>	<b>2,350</b>	<b>2,168</b>	<b>24</b>	<b>12</b>	<b>4,554</b>	<b>2,386</b>	<b>2,168</b>

1. One third of the bonus is deferred into shares in accordance with the rules of the DBP.

2. Stuart Burnett's annual base salary was increased to £621,195 on 1 October 2022.

3. Additional remuneration received from appointment as Chairman of UWI Limited the Group's insurance company.

4. Appointed 26 July 2022.

5. Retired 26 July 2022.

## Salary and benefits (audited)

The Committee awarded 5.0% increases to the annual base salaries of all the directors with effect from 1 April 2023 as follows:

- Charles Wigoder - increased from £200,000 to £210,000;
- Andrew Lindsay - increased from £621,195 to £652,255;
- Stuart Burnett - increased from £621,195 to £652,255;
- Nick Schoenfeld - increased from £588,810 to £621,195, and subsequently reduced to £538,000 from the 2024 AGM following shareholder approval of the TPIP;
- Beatrice Hollond - increased from £60,000 to £63,000;
- Andrew Blowers - £65,000 to £68,250 (excluding remuneration for Chairmanship of UWI Limited);
- Carla Stent - £65,000 to £68,250; and
- Suzi Williams - £60,000 to £63,000.

The increases were deemed reasonable given the Company's average base salary increase for all employees of 10.1% from 1 April 2023. The amounts relating to taxable benefits received mainly include the provision of private health insurance and motor vehicles to the directors.

## Long-term incentives (audited)

Vesting of long-term incentive awards. No long-term incentive awards were capable of vesting during the year ended 31 March 2024.

## Long term incentive awards granted during the year (audited)

The maximum annual TPIP award opportunities for each executive director for the year ended 31 March 2024 were as follows:

Andrew Lindsay - 350% of base salary  
 Stuart Burnett - 350% of base salary  
 Nick Schoenfeld - 235% of base salary

# Annual Report on Remuneration

## continued

The awards were granted subject to financial and non-financial strategic objectives. 70% of the TPIP was based on adjusted PBT performance. The PBT targets were set by reference to multiple factors, including internal

budgeting and broker forecasts. The remaining 30% of the TPIP was subject to strategic objectives and any pay-out under this element was subject to achieving the threshold PBT target.

The tables below set out the assessment of the objectives versus the targets set, with straight line vesting between each of the target values:

### Financial element

	Weighting % of TPIP overall opportunity	% of element vesting			Actual	Payable (% of maximum for this element)	Payable (% of overall opportunity)
		25%	50%	100%			
FY24 Adjusted PBT	70.0%	£75.0m	£85.0m	£135.0m+	£116.9m	81.9%	57.3%

### Non-Financial element

Strategic objective	Detail	Weighting % of TPIP	% of element vesting				Actual	Payable (% of maximum for this element)	Payable (% of overall opportunity)
			0%	70%	85%	100%			
Looking after our Employees	Customer Service team voluntary attrition.	5.0%	>55%	45%	40%	<35%	32%	100.0%	5.0%
	Employee Net Promoter Score (eNPS).	5.0%	<10	20	25	30	25.5	86.5%	4.3%

Strategic objective	Detail	Weighting % of TPIP	0%	% of element vesting					Actual	Payable (% of maximum for this element)	Payable (% of overall opportunity maximum)
				25%	50%	70%	85%	100%			
Looking after our Customers	Customer service efficiency – ratio FTEs: Customers.	5.0%	<510	550	575	600	625	650+	744	100.0%	5.0%
	Deliver hub strategy – establish Selkirk & one other hub.	5.0%	Less than two hubs established	n/a	n/a	n/a	n/a	Two hubs established	Two hubs established	100%	5.0%
Growing our target Multi Service Home Owner customer base	% growth in homeowner base taking 2 or more Core Services.	10.0%	<2.5%	5%	10%	12.5%	15%	20%+	13.47%	75.8%	7.6%

The above resulted in an outturn for the financial element of the TPIP equal to 81.9% of maximum, and for the strategic element of 89.7% of maximum.

The overall TPIP outturn for all Executive Directors is therefore equal to 84.2% of the maximum opportunities based on the targets set. The Committee carefully considered the TPIP outcome and concluded that it fairly reflected the strong performance of the Company, and therefore elected not to exercise any discretion. 70% of the TPIP earned will be deferred into shares for two years under the plan rules and will remain subject to ongoing performance underpins.

### Payments to past directors (audited)

There were no payments to past directors during the year.

### Payment for loss of office (audited)

There were no payments for loss of office made to directors during the year.

## Statement of Directors' Shareholding and Share Interests (audited)

The interests of the directors and their connected persons in the Company's ordinary shares as at 31 March 2024 were as set out below. There have been no changes to those interests between 31 March 2024 and the date of this report.

	Beneficially held	LTIP 2016 – growth shares	Deferred Shares Bonus Plan	SAYE Scheme	Share options	Shareholding (as a % of salary) <sup>1</sup>
Charles Wigoder	5,337,991	-	-	1,737	-	41,382%
Andrew Lindsay	359,149	15,000	44,988	-	-	896%
Stuart Burnett	6,410	7,500	36,189	-	75,000	16%
Nick Schoenfeld	7,951	15,000	20,244	-	-	24%
Andrew Blowers	-	-	-	-	-	N/A
Beatrice Hollond	1,800	-	-	-	-	N/A
Carla Stent	-	-	-	-	-	N/A
Suzi Williams	-	-	-	-	-	N/A

1. Based on a share price of 1,628p being the closing mid-market share price on 28 March 2024. The Committee has adopted a shareholding guideline which requires the executive directors to build up and maintain a shareholding of at least 200% of salary. See page 77 for further details.

## Share interests (audited)

Details of the share awards held by or granted to directors during the year are set out in the table below (further details on the estimated cost of these awards are set out in note 21 to the financial statements):

# Annual Report on Remuneration

## continued

	1 April 2023	Granted	Lapsed	Exercised	31 March 2024	Exercise price per share	Exercisable from	Expiry date
<b>Charles Wigoder</b>								
SAYE Scheme								
18 August 2021	1,737	-	-	-	1,737	1036p	1 Nov 24	30 Apr 25
<b>Andrew Lindsay</b>								
LTIP 2016 – growth shares								
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 19	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 21	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 23	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 26	31 Aug 26
Deferred Shares Bonus Plan								
22 Jul 2021	17,383	-	-	-	17,383	5p	22 Jul 23	22 Jul 31
26 Jul 2022	9,346	-	-	-	9,346	5p	26 Jul 24	26 Jul 32
4 August 2023	-	18,259	-	-	18,259	5p	4 Aug 25	4 Aug 33
<b>Nick Schoenfeld</b>								
LTIP 2016 – growth shares								
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 19	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 21	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 23	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	N/A	1 Aug 26	31 Aug 26
Deferred Shares Bonus Plan								
22 Jul 2021	7,822	-	-	-	7,822	5p	22 Jul 23	22 Jul 31
26 Jul 2022	4,206	-	-	-	4,206	5p	26 Jul 24	26 Jul 32
4 August 2023	-	8,216	-	-	8,216	5p	4 Aug 25	4 Aug 33
<b>Stuart Burnett</b>								
LTIP 2016 – growth shares								
4 April 2017	1,875	-	-	-	1,875	N/A	1 Aug 19	31 Aug 26
4 April 2017	1,875	-	-	-	1,875	N/A	1 Aug 21	31 Aug 26
4 April 2017	1,875	-	-	-	1,875	N/A	1 Aug 23	31 Aug 26
4 April 2017	1,875	-	-	-	1,875	N/A	1 Aug 26	31 Aug 26
Deferred Shares Bonus Plan								
22 Jul 2021	11,271	-	-	-	11,271	5p	22 Jul 23	22 Jul 31
26 Jul 2022	6,659	-	-	-	6,659	5p	26 Jul 24	26 Jul 32
4 August 2023	-	18,259	-	-	18,259	5p	4 Aug 25	4 Aug 33
Share options								
22 July 2016	50,000	-	-	-	50,000	1047p	22 Jul 19	21 Jul 26
25 July 2019	8,334	-	-	-	8,334	1342p	25 Jul 22	24 Jul 29
25 July 2019	8,333	-	-	-	8,333	1342p	25 Jul 24	24 Jul 29
25 July 2019	8,333	-	-	-	8,333	1342p	25 Jul 26	24 Jul 29

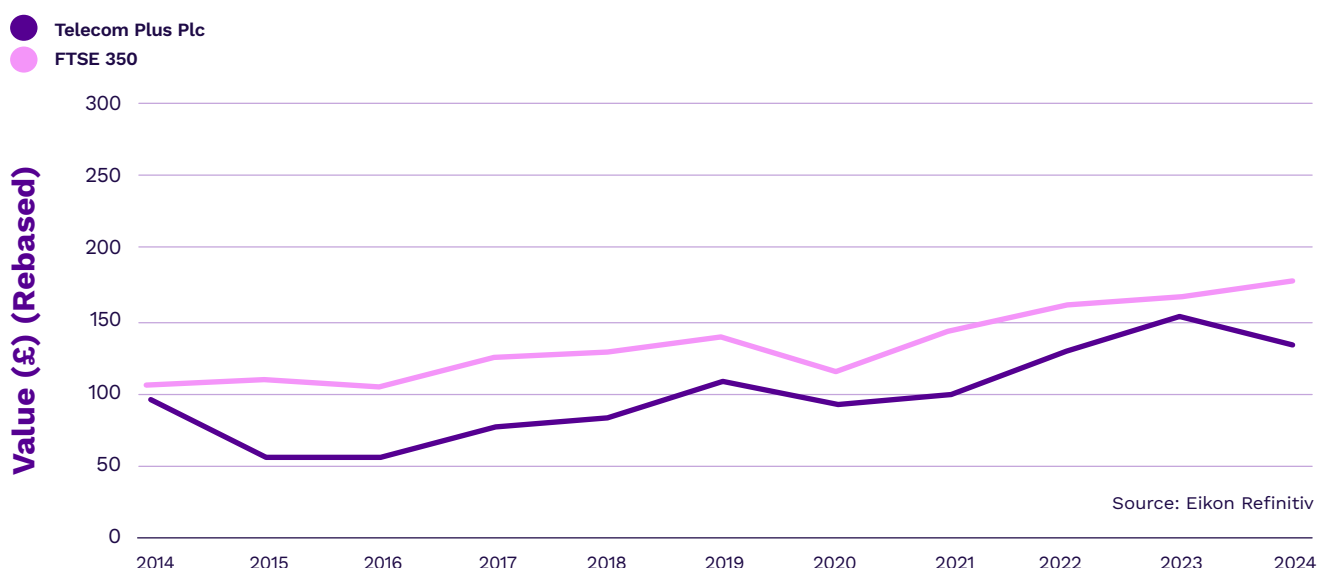
The face value of the interests awarded to Andrew Lindsay and Stuart Burnett on 4 August 2023 were £295,065 each (18,250 shares at a market price of 1,616p on the date of grant), and for Nick Schoenfeld £132,771 (8,216 shares at a market price of 1,616p on the date of grant). These options no longer have performance conditions attached and were granted on the basis of the result of the performance conditions in place for FY23 as detailed in the 2023 Annual Report.

### LTIP 2016

Performance measures and targets for the LTIP 2016 Award are detailed in the 2019 Annual Report and Accounts on page 69.

### Performance graph showing total shareholder return

The following graph shows the Company's performance measured by total shareholder return compared with the FTSE 350 Index for the period 1 April 2014 to 31 March 2024. The FTSE 350 Index has been chosen as the Company is a constituent of this Index.



Source: Eikon Refinitiv

### Table of historical data

The following table sets out the total remuneration and the amount vesting under the annual bonus and share incentive schemes as a percentage of the maximum that could have been achieved, in respect of the Co-Chief

Executive. The Co-Chief Executive was Mr Andrew Lindsay in all years shown in the table (noting that he served as sole CEO until November 2021).

Year ended 31 March	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single figure of total remuneration £'000	2,175	2,017	523	555	581	594	1,141	1,214	1,520	2,589
Annual bonus (%)	N/A	N/A	N/A	N/A	N/A	N/A	62.6	69.5	95.0	N/A
Share incentives vesting (%)	100	N/A	N/A	N/A	N/A	N/A <sup>1</sup>	N/A	N/A	N/A	84.2

1. Although 3,750 growth shares under the LTIP 2016 vested to the Co-Chief Executive during each of 2020, 2021 and 2024, the minimum share price at which these are convertible into ordinary shares in the Company is £20 and this was not achieved during the period.



# Annual Report on Remuneration

## continued

### Annual percentage change in remuneration of directors and employees

The table below sets out the percentage change in each director's salary/fees, benefits and bonus between the years ended 31 March 2020 and 31 March 2021, 31 March 2021 and 31 March 2022, 31 March 2022 and 31 March 2023, and, 31 March 2023 and 31 March 2024, compared

to the average employee remuneration of the Company for each of these elements of pay, calculated on a full-time equivalent basis. The average employee change has been calculated by reference to the mean of employee pay.

	Year	Salary & fees	Benefits	Bonus
Charles Wigoder	2023/2024	(28.8)%	N/A	N/A
	2022/2023	(37.8)%	N/A	N/A
	2021/2022	1.0%	N/A	N/A
	2020/2021	2.0%	N/A	N/A
Andrew Lindsay	2023/2024	5.0%	0.0%	117.3%
	2022/2023	5.5%	42.9%	44.1%
	2021/2022	1.0%	16.7%	12.0%
	2020/2021	3.1%	(66.7)%	N/A
Stuart Burnett	2023/2024	5.0%	100.0%	117.3%
	2022/2023 <sup>1</sup>	24.0%	0.0%	102.1%
	2021/2022	19.0%	0.0%	23.4%
	2020/2021	N/A	N/A	N/A
Nick Schoenfeld	2023/2024 <sup>6</sup>	(6.6)%	22.2%	167.6%
	2022/2023	5.5%	50.0%	44.2%
	2021/2022	1.0%	0.0%	12.2%
	2020/2021	3.1%	0.0%	N/A
Andrew Blowers	2023/2024 <sup>2</sup>	47.9%	N/A	N/A
	2022/2023 <sup>2,3</sup>	62.2%	N/A	N/A
	2021/2022	1.0%	N/A	N/A
	2020/2021	0.0%	0.0%	N/A
Beatrice Hollond	2023/2024	5.0%	N/A	N/A
	2022/2023 <sup>3</sup>	33.3%	N/A	N/A
	2021/2022	1.0%	N/A	N/A
	2020/2021	0.0%	N/A	N/A
Carla Stent	2023/2024	5.0%	N/A	N/A
	2022/2023 <sup>4</sup>	N/A	N/A	N/A
Suzi Williams	2023/2024	5.0%	N/A	N/A
	2022/2023 <sup>3</sup>	33.3%	N/A	N/A
	2021/2022 <sup>5</sup>	1.0%	N/A	N/A
	2020/2021	N/A	N/A	N/A
Average employee	2023/2024	18.4%	39.1%	15.5%
	2022/2023	6.0%	0.3%	43.0%
	2021/2022	(9.0)%	(24.6)%	41.2%
	2020/2021	4.5%	(0.1)%	(1.5)%

1. Increases due to alignment of Co-CEO remuneration package.

2. Includes additional remuneration for Chairmanship of the Company's Gibraltar insurance company UWI Limited.

3. Reflects results of market benchmarking exercise as detailed in the 2022 Annual Report.

4. Appointed 26 July 2023.

5. For comparative purposes Suzi Williams' remuneration for the year ended 31 March 2021 has been annualised.

6. Reduction in salary due to introduction of TPIP as explained in prior year Remuneration Report.

## Chief Executive pay ratio (unaudited)

The table below sets out the Chief Executive pay ratio, using the Co-Chief Executive's (Andrew Lindsay's) single total remuneration as disclosed on page 84 to the comparable full-time equivalent total remuneration of the UK employees whose pay is ranked at the 25th percentile, median and 75th percentile.

The Company used Option A to calculate the ratios as this is the approach typically preferred by shareholders and proxy voting agencies. The remuneration figures for the employees at each quartile were calculated as at that the last day of the relevant financial year. Sensitivity analysis has been performed to ensure that the median and quartile employees are reasonably representative.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	A	38:1	22:1	16:1
2021	A	59:1	41:1	33:1
2022	A	79:1	44:1	35:1
2023	A	62:1	53:1	42:1
2024	A	111:1	95:1	69:1

Pay details for the individuals in 2024 are set out below:

	CEO	25th percentile (lower quartile)	50th percentile (median)	75th percentile (upper quartile)
Salary	£652,000	£22,328	£25,741	£34,833
Total remuneration	£2,589,000	£23,223	£27,186	£37,313

In the case of the CEO, his total remuneration comprises a significant proportion in variable pay. His total remuneration therefore varies considerably depending on the level of performance against the metrics driving the variable pay outcomes. The introduction of the TPIP has increased the total remuneration of the CEO, however 70% of the award is deferred into shares over two years and is subject to ongoing performance underpins thus strongly aligning the

CEO's long-term interests with those of all stakeholders. The result of the median pay ratio is in line with the Company's general policy to provide a competitive remuneration package so as to enable the attraction and retention of high calibre individuals at each level.

## Relative importance of the spend on pay

Set out below is a summary of the Company's levels of expenditure on pay and other significant cash outflows to key stakeholders.

Year ended 31 March	2024 £'000	2023 £'000	Change %
Wages and salaries	106,106	80,495	31.8%
Dividends	64,982	50,601	28.4%
Share buybacks	10,128	-	N/A

## Statement of Implementation of the Policy for the financial year commencing 1 April 2024

Information on how the Company intends to implement the Remuneration Policy for the financial year commencing 1 April 2024 is set out in the Annual Statement on page 72.

## Advisers to the Committee

Wholly independent and objective advice on executive remuneration is received from the Committee's external advisers.

PwC were appointed as Remuneration Committee advisers in August 2022. PwC is one of the founding members of the Remuneration Consultants Group and is a signatory to its Code of Conduct.

Fees paid to PwC for their services to the Remuneration Committee during the year, based on time and expenses, amounted to £67,225 (excluding VAT) (2023: £49,000 excluding VAT).

# Annual Report on Remuneration

## continued

### Shareholder vote and shareholder engagement

Details of the votes cast in relation to the main remuneration resolutions at the 2023 AGM are set out below:

	2023 AGM	%
<b>To approve the 2023 Remuneration Report</b>		
Votes cast in favour & Chairman discretion	57,831,631	95.67
Votes cast against	2,620,582	4.33
<b>Total</b>	<b>60,452,213</b>	<b>100.00</b>
<b>Withheld</b>	<b>8,922</b>	

	2023 AGM	%
<b>To approve the TPIP</b>		
Votes cast in favour & Chairman discretion	54,343,662	91.74
Votes cast against	4,896,090	8.26
<b>Total</b>	<b>59,239,752</b>	<b>100.00</b>
<b>Withheld</b>	<b>1,221,383</b>	

	2023 AGM	%
<b>To approve the Directors' Remuneration Policy</b>		
Votes cast in favour & Chairman discretion	50,395,671	85.07
Votes cast against	8,841,286	14.93
<b>Total</b>	<b>59,236,957</b>	<b>100.00</b>
<b>Withheld</b>	<b>1,224,178</b>	

	2023 AGM	%
<b>To approve the Omnibus Plan</b>		
Votes cast in favour & Chairman discretion	57,953,972	95.86
Votes cast against	2,501,109	4.14
<b>Total</b>	<b>60,455,081</b>	<b>100.00</b>
<b>Withheld</b>	<b>6,054</b>	

The Committee was pleased that the new Directors' Remuneration Policy was approved by over 85% of the Company's shareholders at the 2023 AGM.

**Andrew Blowers OBE**  
Chairman of the Remuneration Committee  
On behalf of the Board  
18 June 2024

# Directors' Report

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 March 2024.

## Principal activities and business review

The Company's principal activity is to act as a holding company. The Company is incorporated and domiciled in England and Wales. The list of its subsidiaries is set out on page 132. A full review of the development of the business is contained in the Strategic Report on pages 1 to 54. A summary of the financial risk management objectives and policies is contained in note 22 to the financial statements. Environmental matters, including greenhouse house gas emissions are set out in the Sustainability Report on pages 34 to 44.

This Directors' Report, together with the information in the Strategic Report forms the management report for the purposes of DTR 4.1.8R. The Strategic Report, the Governance Reports, which includes this Directors' Report, and any notes to the Financial Statements include information that would otherwise be included in the Directors' Report required under the Companies Act 2006.

## Results and dividends

The profit for the year after tax of £71,037,000 (2023: £68,161,000) has been transferred to reserves. An interim dividend of 36p per share (2023: 34p) was paid during the year. A final dividend of 47p per share (2023: 46p per share) is proposed. The adjusted profit before tax for the year ended 31 March 2024 was £116,865,000 (see Financial Review page 18).

## Directors

The names of directors who served during the year and their interests, including those of their connected persons, in the share capital of the Company at the start and end of the year are set out in the table below. Details of the directors' share incentive awards are disclosed in the Directors' Remuneration Report on pages 87 to 89.

Director	Ordinary 5p shares held at	
	31 March 2024	31 March 2023
Charles Wigoder*	8,430,674	8,430,674
Andrew Lindsay	359,149	359,149
Stuart Burnett	6,410	-
Nick Schoenfeld	7,951	7,951
Andrew Blowers*	-	-
Beatrice Hollond*	1,800	1,800
Suzi Williams*	-	-
Carla Stent*	-	-

\*indicates non-executive directors

In respect of the above shareholdings, Mr Wigoder has a non-beneficial interest in 3,092,683 shares (2023: 3,092,683).

The powers of directors are set out in the Company's Articles of Association (the "Articles"). The Articles may be amended by way of a special resolution of the members of the Company. The Board may exercise all powers conferred on it by the Articles and in accordance with the Companies Act 2006, and other applicable legislation.

The Board has established a formal, rigorous and transparent process for the selection and subsequent appointment of new directors to the Board. The rules relating to the appointment and replacement of directors are contained within the Articles. The Articles provide that Directors may be appointed by an ordinary resolution of the members or by a resolution of the Directors, provided that, in the latter instance, a director appointed in that way retires at the first Annual General Meeting following their appointment. In addition, shareholders within excess of 20% of the shares in the Company are entitled under the Articles to appoint a director and remove any such director appointed.

In accordance with current best practice, all Board directors, other than Andrew Lindsay who is stepping down, will be retiring at the forthcoming AGM and will then offer themselves for re-election.

# Directors' Report

## continued

### Directors' service contracts

The executive directors are each engaged under a rolling contract of service requiring 6 months' notice of termination on either side. The dates of the executive directors' service agreements are as follows:

	Date of service agreement
Andrew Lindsay	5 May 2011
Nick Schoenfeld	9 October 2014
Stuart Burnett	23 July 2020

All non-executive directors are subject to re-election at each AGM. The appointment of the non-executive directors may be terminated on either side on three months' notice. The dates of each non-executive director's appointment are as follows:

	Date of service agreement	Expiry of current term
Charles Wigoder	26 July 2022	2024 AGM
Beatrice Hollond	26 September 2016	2024 AGM
Andrew Blowers	2 November 2016	2024 AGM
Suzi Williams	23 July 2020	2024 AGM
Carla Stent	26 July 2022	2024 AGM

Copies of the service contracts and letters of appointment are held at the Company's Registered Office and will be available for inspection within normal business hours / at the Annual General Meeting.

### Directors' conflicts of interest

The Directors have a statutory duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Companies Act 2006 and the Company's Articles allow the Board to authorise such conflicts of interest should this be deemed to be appropriate.

The Board has put in place effective procedures for managing and, where appropriate, approving conflicts or potential conflicts of interest. Under these procedures, the Directors are required to declare all directorships or

other appointments to companies which are not part of the Group, as well as other situations which could give rise to a potential conflict. The Board will, where appropriate, authorise a conflict or potential conflict, and will impose all necessary restrictions and/or conditions where it sees fit. The Company maintains a register of directors' interests which is reviewed regularly by the Board.

### Political donations

The Company did not contribute in cash or in kind to any political party, whether by gift or loan. It will, however, ensure that the Group continues to act within the provisions of the Companies Act 2006 requiring companies to obtain shareholder authority before they make donations to political parties and/or political organisations as defined in the Companies Act 2006.

### Directors' and Officers' liability insurance

The Company maintains appropriate insurance to cover directors' and officers' liability and has provided an indemnity, as permitted by the Companies Act 2006, in respect of all of the Company's directors which was in force throughout the financial year and remains in force. Neither the insurance nor the indemnity provides cover where a director has acted fraudulently or dishonestly.

### Employees

The requirements of the Companies Act 2006 in respect of employees are set out in the Strategic Report on pages 28 to 33.

### Stakeholder engagement

More information on stakeholder engagement, including our relationships with our Partners, suppliers, customers and our community can be found in the Strategic Report on pages 1 to 54

### Substantial shareholders

As at 18 June 2024, in addition to the directors, the following have notified the Company of their substantial shareholdings as detailed below:



Shareholder	Number of shares	Percentage of issued share capital
abrdn PLC	6,293,904	8.0%
Schroders Investment Management	4,363,816	5.5%
BlackRock	3,840,794	4.9%
Vanguard Group	3,504,752	4.4%
Primestone Capital	3,468,350	4.4%
JP Morgan Asset Management	2,736,310	3.5%
Jupiter Asset Management	2,457,443	3.1%

## Capital structure

### Restrictions on the transfer of shares

The Company only has ordinary shares in issue. Other than as set out below, there are no restrictions on the transfer of the ordinary shares, except where a holder refuses to comply with a statutory notice requesting details of those who have an interest and the extent of their interest in a particular holding of shares. In such cases, where the identified shares make up 0.25% or more of the ordinary shares in issue, the directors may refuse to register a transfer of any of the identified shares in certificated form and, so far as permitted by the Uncertificated Securities Regulations 2001, a transfer of any of the identified shares which are held in the electronic share dealing system CREST, unless the directors are satisfied that they have been sold outright to an independent third party.

Other than as set out below and so far as the directors are aware, there were no arrangements at 31 March 2024 by which, with the Company's co-operation, financial rights carried by securities are held by a person other than a holder of securities, or any arrangements between holders of securities that are known to the Company and which may result in restrictions on the transfer of securities or on voting rights.

Non-Executive Chairman Charles Wigoder entered into an agreement to charge 325,000 of his shares in the Company as security for a loan from Barclays Bank Plc ("Barclays") on 3 December 2013. The loan enabled him to apply for

57,142 ordinary shares as part of his open offer entitlement which resulted from funding the Company's entering into the new energy supply arrangements with npower on 20 December 2013. Under the terms of the charge, title to the 325,000 shares can be transferred, sold or otherwise dealt with by Barclays following the occurrence of a failure to pay any amount due and payable under the loan.

On 22 March 2018, Charles Wigoder notified the Company that he had entered into an agreement to charge 1,404,000 of his shares in the Company as security for a loan from the Julius Baer Group ("Julius Baer"). Under the terms of the charge, title to the 1,404,000 shares can be transferred, sold or otherwise dealt with by Julius Baer following an event of default under the security agreement.

On 23 March 2018, Charles Wigoder notified the Company that he had deposited a further 350,000 of his shares in the Company into a collateral account at Barclays as partial security for an increase to his existing loan facility. Under the terms of his agreement with Barclays, title to the 350,000 shares can be transferred, sold or otherwise dealt with by them following an event of default under the security agreement.

The Company established a Joint Share Ownership Plan ("the JSOP") on 30 March 2011. As part of the JSOP an employee benefit trust was established to jointly hold shares with the participants in the plan ("the JSOP Share Trust"). As at 31 March 2024, the JSOP Share Trust held 252,638 shares. All voting and dividend rights attached to these shares have been waived.

### Share plans

The Company operates a number of share-based incentive plans that provide the Company's ordinary shares to participants at exercise of share options upon vesting or maturity. The plans in operation include the Long Term Incentive Plan ("LTIP"), the Telecom Plus Incentive Plan ("TPIP"), the Deferred Share Bonus Plan ("DBP"), the Employee Share Option Plans ("ESOPs"), and the Sharesave Scheme ("SAYE"). Details of these plans are set out in the Directors' Remuneration Report on pages 71 to 92 and in note 21 to financial statements. Awards under these plans are satisfied by using either newly issued shares or market purchased shares held in the JSOP Share Trust. The trustee does not register votes in respect of these shares and has waived the right to receive any dividends.

# Directors' Report

## continued

### Takeovers

There are no significant arrangements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, save in relation to the arrangements with E.ON and EE/BT for the supply of energy and mobile telephony respectively, or any agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

### Authority for purchase of own shares

At the last AGM held on 4 August 2023, the Company obtained authority to purchase up to 7,947,344 ordinary shares representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 23 June 2023. The Company intends to renew this authority at this year's AGM.

During the year, in accordance with its stated capital allocation policy the Company re-purchased 650,429 ordinary shares for a total consideration of £10.2m. The ordinary shares acquired were transferred to treasury.

### Treasury shares

The Company held 1,132,705 (2023: 482,276) ordinary shares in treasury as at 31 March 2024 with a total value of £15,688,000 (2023: £5,502,000).

### Disclosure of information

Each of the directors has confirmed that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director

in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Corporate governance

The Company's position in relation to compliance with the requirements of the UK Corporate Governance Code issued by the Financial Reporting Council is set out mainly in the Corporate Governance Statement on pages 58 to 65.

### Environment and Emissions

In accordance with LR 9.8.6R, climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures are contained in the Strategic report on pages 47 to 54. Information on the Company's greenhouse gas emissions is set out in the Sustainability Report on pages 34 to 44.

### Overseas entities

The Company has two overseas entities: UW Spain S.L.U. in Spain and UWI Limited in Gibraltar (see note 9 to the financial statements).

### Financial instruments

Group companies use financial instruments to manage certain types of risks, including those relating to credit, foreign currency exchange, cash flow, liquidity, interest rates, and equity and property prices. Details of the objectives and management of these instruments are contained in note 22 to the financial statements.

## Risk, control and viability

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and the potential impact of the principal risks and uncertainties set out on pages 21 to 27. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2027.

The directors have determined that a three-year period to 31 March 2027 constitutes an appropriate period over which to provide its viability statement. This is the period focussed on by the Board during the strategic planning process.

Whilst the directors have no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report with a reasonable degree of confidence while still providing a longer-term perspective.

In making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board considers at least annually, a three-year strategic plan. The output of this plan is used to perform central debt and headroom profile analysis, which includes a review of sensitivity to 'business as usual' risks, such as bad debt in severe but plausible events.

The Board also considers the ability of the Group to raise finance and deploy capital. The results take account of

the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks.

Under the Company's energy supply arrangements E.ON is responsible for funding the principal working capital requirements relating to the supply of energy to the Company's customers. This includes funding the Budget Plans of customers who pay for their energy in equal monthly instalments.

The Group has from Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland total revolving credit facilities of £175.0 million for the period to 17 November 2027, of which £103.6 million was drawn down as at 31 March 2024, with cash balances of £57.8m on deposit. In addition, the Company has £75.0 million of private placement debt provided by Pricoa and MetLife which matures in November 2030.

The Company has considerable financial resources together with a large and diverse retail and small business customer base and long-term contracts with a number of key suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks.

Whilst this review does not consider all of the risks that the Group may face, the directors consider that this stress-testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

For and on behalf of the Board  
**David Baxter**  
Company Secretary  
18 June 2024

# Statement of Directors' Responsibilities in Respect of the Report and Accounts and the Financial Statements

The directors are responsible for preparing the Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

**Charles Wigoder**  
Non-Executive Chairman  
18 June 2024

**Nick Schoenfeld**  
Chief Financial Officer  
18 June 2024

# Independent Auditor's Report to the Members of Telecom Plus PLC

## 1. Our opinion is unmodified

We have audited the financial statements of Telecom Plus PLC ("the Company") for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated and Company Cashflow Statements, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note (a) to (aa).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 15 December 2015. The period of total uninterrupted engagement is for the 10 financial years ended 31 March 2024.

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### Overview

<b>Materiality:</b> group financial statements as a whole	£5.1m (2023: £3.9m) 5% (2023: 4.5%) of profit before tax
<b>Coverage</b>	99.9% (2023: 97.9%) of group profit before tax

### Key audit matters vs 2023

<b>Recurring risks</b>	Expected Credit Losses on Trade Receivables and Accrued Income	◀▶
	Non-Smart Meter Energy Revenue Recognition	▼
	Recoverability of parent company's investment in subsidiaries (Parent)	◀▶



# Independent Auditor's Report to the Members of Telecom Plus PLC continued

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the

key audit matters (unchanged from 2023), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<b>Expected credit losses on trade receivables and accrued income</b>	<b>Subjective estimate</b>	<b>Our procedures included:</b>
<p>(Loss allowance: £59.0m; 2023: £42.7m) (Impairment loss on trade receivables: £30.7m; 2023: £28.7m)</p> <p>Refer to page 68 (Audit Committee Report), page 116 (accounting policy) and pages 136-137 (financial disclosures).</p>	<p>Significant estimation uncertainty is associated with the expected credit loss provision over trade receivables and accrued income at each reporting date. Similar to the prior year, uncertainty is still heightened by the impact of the ongoing cost of living pressure.</p> <p>The allowance for expected credit loss is recognised based on an estimate of future cash flows. In arriving at this estimate, the Group considers whether the customer is live or closed (live being an ongoing customer; closed being a former customer), the current ageing profile of debt, historical collections experience by payment plan, and an assessment of current economic conditions.</p> <p>As part of our risk assessment, we determined that the expected credit losses for trade receivables has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note (b)(ii)) disclose the sensitivity estimated by the Group.</p>	<ul style="list-style-type: none"> <li>• <b>Test of Detail:</b> Assessing the segmentation of debt (principally by age, between live and closed accounts and between customers with or without a prepayment meter or repayment plan), by selecting a sample of receivables and agreeing to supporting documents.</li> <li>• <b>Re-calculation:</b> Assessing whether the expected credit loss was accurately and consistently calculated in accordance with the Group's methodology.</li> <li>• <b>Historical comparisons:</b> Evaluate the appropriateness of the Directors' estimate, by comparison to historical cash collection and write off data. We have agreed the historical data through a combination of third party confirmations, and by selecting a sample of internal data and agreeing to supporting documents.</li> <li>• <b>Sector experience:</b> Evaluate how current and future economic scenarios are incorporated into the expected credit loss provision, based on our knowledge of the entity and experience of the industry in which it operates.</li> <li>• <b>Assessing transparency:</b> Assessing the adequacy of the disclosures in respect of the expected credit loss critical accounting estimates, judgements and assumptions, sensitivities, and accounting policies.</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>• We found the group's allowance of the expected credit losses on trade receivables and accrued income to be acceptable (2023: acceptable).</li> </ul>

	The risk	Our response
Non-smart meter energy revenue recognition	Subjective estimates	Our procedures included:
<p>(£151.5 million; 2023: £275.1m)</p> <p>Refer to page 68 (Audit Committee Report), pages 118-119 (accounting policy) and page 123 (financial disclosures).</p>	<p>A significant element of Revenue recognised in relation to the supply of gas and electricity for non-smart meters, includes making an estimate of the volume of energy supplied to customers between the date of the last meter reading and the year end.</p> <p>The method of estimating usage is reliant on historical data, and is subject to volatility in weather patterns. Since October 2022, customer consumption patterns have significantly changed in response to high energy prices, reducing the relevance of historic data. To account for changes in consumption patterns, and the time lag in receiving updated meter readings for non-smart meters, the company leverage their real time Smart meter usage data to adjust the estimated usage for non-smart meters.</p> <p>The risk of misstatement is that the estimated non-smart meter energy revenue does not reflect the gas and electricity actually delivered as at 31 March 2024. The quantum of revenue subject to an estimate is such that even a relatively small percentage error could result in a materially misstated outcome.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that non-smart meter energy revenue has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note (b)(i)) disclose the sensitivity estimated by the Group.</p>	<p>• <b>Risk Assessment:</b> Assessing the volume and nature of customer complaints in relation to estimated meter readings in order to identify whether any indicators exist of an underlying issue with the Group's estimation of energy usage that would require further investigation.</p> <p>• <b>Assessing methodology:</b> Considering whether the methodology used remains appropriate, and assessing whether the method is consistently applied throughout the year.</p> <p>• <b>Test of detail:</b> Re-calculating the estimate, including the overlay adjustment that leverages observed falls in smart meter consumption to reduce the estimated revenue on non-smart meters. The supporting actual and estimated meter readings for smart and non-smart meters were sampled and agreed to source documentation.</p> <p>• <b>Assessing transparency:</b> Assessing the adequacy of the disclosures of the critical accounting estimates, judgements and assumptions, sensitivities, and accounting policies in respect of the estimated non-smart meter revenue</p> <p>We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p><b>Our results</b></p> <p>• We found the resulting estimate of non-smart meter energy revenue to be acceptable (2023 result: acceptable).</p>

# Independent Auditor’s Report to the Members of Telecom Plus PLC continued

Recoverability of parent company’s investment in subsidiary	Low risk, high value	Our procedures included:
<p>(£277.5m; 2023: £262.0m)</p> <p>Refer to page 121 (accounting policy) and pages 132 (financial disclosures).</p>	<p>The carrying amount of the parent company’s investment in subsidiary represents 99% (2023: 98%) of the company’s total assets.</p> <p>Recoverability of the investment is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, due to the size of the investment in the context of the parent company financial statements and materiality, this is considered to be the area that had the greatest effect on our overall parent company audit.</p>	<p>• <b>Tests of detail:</b> Comparing the carrying amount of the investment value with the subsidiary’s draft balance sheet to identify whether the net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether the subsidiary has historically been profit- making.</p> <p>• <b>Assessing subsidiary audit:</b> Assessing the work performed on that subsidiary and considering the results of our work on that subsidiary’s profits and net assets.</p> <p>We performed the tests above rather than seeking to rely on any of the group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p><b>Our results</b></p> <p>• We found the Company’s conclusion that there is no impairment of its investments in subsidiary to be acceptable. (2023 result: acceptable).</p>

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £5.1m (2023: £3.9m), determined with reference to a benchmark of Group profit before tax of £100.5m (2023: £85.5m), of which it represents 5% (2023: 4.5%).

Materiality for the parent Company financial statements as a whole was set at £2.8m (2023: £2.8m), determined with reference to a benchmark of Company total assets, of which it represents 1.1% (2023: 1.1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £3.8m (2023: £2.9m) for the Group and £2.3m (2023: £2.3m) for the parent Company.

We applied this percentage in our determination of performance materiality because all but one factor did not indicate an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £255,000 (2023: £193,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 8 (2023: 10) reporting components, we subjected 3 (2023: 3) to full scope audits for group purposes. All audits, including the audit of the parent company, were conducted by the group team, with component materiality ranging from £2m to £3.8m (2023: £1.74m to £3.1m).

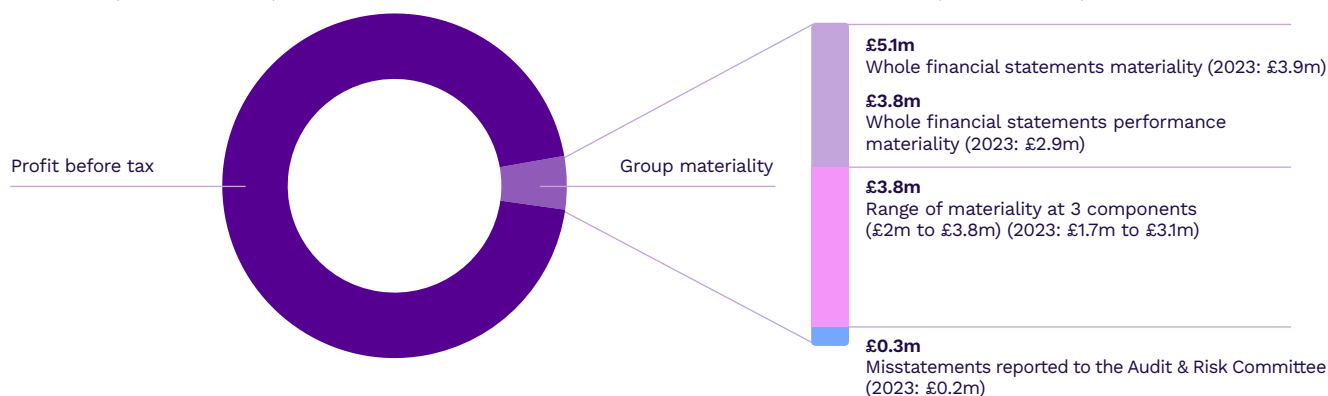
The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

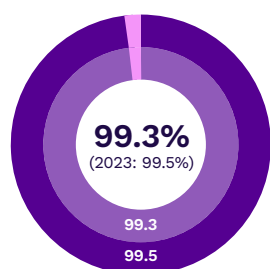
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

#### Group profit before tax

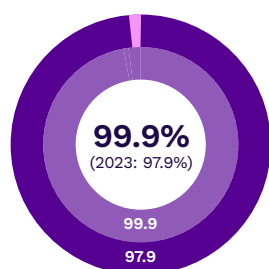
£100.5m (2023: £85.5m)



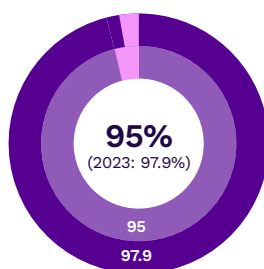
#### Group revenue



#### Group profit before tax



#### Group total assets



- Full scope for group audit purposes 2024
- Full scope for group audit purposes 2023
- Residual components

# Independent Auditor's Report to the Members of Telecom Plus PLC **continued**

## 4. The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of the planning and risk assessment of our audit, and we held discussions with our climate change professionals to challenge our risk assessment. The key factor relevant to this consideration being that the principal activity of the company is as a reseller of utility services as opposed to power generation within the energy sector. This limits any direct impact on the financial statements and therefore no specific areas of focus were identified. We have read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

## 5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The potential churn of the customer base as a result of increased competition.
- The ability of the customer base to pay for the services they are using as a result of impacts from the "cost of living crisis".

We considered whether these risks could plausibly affect the liquidity and covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note (b) to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note (b) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note (b) to be acceptable; and
- the related statement under the Listing Rules set out on page 97 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 6. Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit and Risk Committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as non smart meter energy revenue and expected credit loss provisions. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue constitutes a high value of individually small transactions with little judgement, as estimates are based on data obtained from third parties, with limited opportunities for bias.

We identified a fraud risk related to expected credit losses on trade receivables and accrued income because of the significant estimates and judgements required and potential pressures to meet profit targets. Further details are set out in the key audit matter disclosure in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue, cash and intangible asset entries posted to unusual accounts.

## Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with its licence obligations set by Ofgem, Ofcom, FCA, and certain aspects of company legislation recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.



# Independent Auditor's Report to the Members of Telecom Plus PLC **continued**

## **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **7. We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

## **Strategic report and directors' report**

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Directors' remuneration report**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## **Disclosures of emerging and principal risks and longer-term viability**

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within Risk, Control and Viability Statement, page 97 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Risk, Control and Viability Statement how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Risk, Control and Viability Statement, set out on page 97 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of

anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

# Independent Auditor's Report to the Members of Telecom Plus PLC continued

## 8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## 9. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 98, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

## 10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Robert Seale (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
18 June 2024

# Consolidated Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	1	2,039,131	2,475,160
Cost of sales		(1,683,921)	(2,168,964)
<b>Gross profit</b>		<b>355,210</b>	<b>306,196</b>
Distribution expenses		(51,294)	(49,692)
Administrative expenses - other		(151,943)	(129,014)
Share incentive scheme charges	21	(5,160)	(2,849)
Amortisation of energy supply contract intangible	7	(11,228)	(11,228)
Total administrative expenses		(168,331)	(143,091)
Impairment loss on trade receivables	13	(30,712)	(28,675)
Other income	1	1,377	1,156
<b>Operating profit</b>	2	<b>106,250</b>	<b>85,894</b>
Financial income		3,482	1,016
Financial expenses	3	(9,255)	(5,051)
<b>Net financial expense</b>		<b>(5,773)</b>	<b>(4,035)</b>
Profit on disposal of subsidiary	24	-	3,595
<b>Profit before taxation</b>		<b>100,477</b>	<b>85,454</b>
Taxation	5	(29,440)	(17,293)
<b>Profit for the period</b>		<b>71,037</b>	<b>68,161</b>
Profit and other comprehensive income for the year attributable to owners of the parent		71,037	68,426
Loss for the year attributable to non-controlling interest		-	(265)
<b>Profit for the period</b>		<b>71,037</b>	<b>68,161</b>
Basic earnings per share	19	89.9p	86.6p
Diluted earnings per share	19	88.8p	85.2p

The accompanying notes form part of these financial statements.

# Consolidated Balance Sheet as at 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	26,773	25,816
Investment property	6	8,049	8,271
Intangible assets	7	135,785	142,491
Goodwill	8	3,742	3,742
Other non-current assets	12	55,892	47,529
<b>Total non-current assets</b>		<b>230,241</b>	<b>227,849</b>
<b>Current assets</b>			
Inventories		3,749	5,698
Trade and other receivables	13	104,066	58,863
Current tax receivable		101	3,083
Accrued income	13	222,036	267,576
Prepayments		9,958	16,954
Costs to obtain contracts	14	23,411	20,912
Cash		57,829	193,804
<b>Total current assets</b>		<b>421,150</b>	<b>566,890</b>
<b>Total assets</b>		<b>651,391</b>	<b>794,739</b>
<b>Current liabilities</b>			
Trade and other payables	16	(56,016)	(55,396)
Accrued expenses and deferred income	17	(181,308)	(417,354)
<b>Total current liabilities</b>		<b>(237,324)</b>	<b>(472,750)</b>
<b>Non-current liabilities</b>			
Long term borrowings	15	(176,509)	(89,721)
Lease liabilities	15	(3,821)	(659)
Deferred tax	10	(1,106)	(901)
<b>Total non-current liabilities</b>		<b>(181,436)</b>	<b>(91,281)</b>
<b>Total assets less total liabilities</b>		<b>232,631</b>	<b>230,708</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	18	4,007	4,003
Share premium		151,553	150,652
Capital redemption reserve		107	107
Treasury shares	18	(15,688)	(5,502)
JSOP reserve		(1,150)	(1,150)
Retained earnings		93,802	82,598
<b>Total equity</b>		<b>232,631</b>	<b>230,708</b>

These accounts were approved and authorised for issue by the Board on 18 June 2024.

**Stuart Burnett, Director**

**Nick Schoenfeld, Director**

*The accompanying notes form part of these financial statements.*

# Company Balance Sheet as at 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiary undertakings	9	277,480	262,037
Other non-current assets	12	2,275	2,956
<b>Total non-current assets</b>		<b>279,755</b>	<b>264,993</b>
<b>Current assets</b>			
Trade and other receivables	13	267	317
Prepayments and accrued income		206	225
Cash		48	1,056
<b>Total current assets</b>		<b>521</b>	<b>1,598</b>
<b>Total assets</b>		<b>280,276</b>	<b>266,591</b>
<b>Current liabilities</b>			
Trade and other payables	16	(24,383)	(44,321)
Accrued expenses and deferred income	17	(18)	(117)
<b>Total current liabilities</b>		<b>(24,401)</b>	<b>(44,438)</b>
Non-current liabilities		-	-
<b>Total assets less total liabilities</b>		<b>255,875</b>	<b>222,153</b>
<b>Equity</b>			
Share capital	18	4,001	3,997
Share premium		151,553	150,652
Capital redemption reserve		107	107
Treasury shares	18	(15,688)	(5,502)
Retained earnings		115,902	72,899
<b>Total equity</b>		<b>255,875</b>	<b>222,153</b>

By virtue of section 408 of the Companies Act 2006 the Company is exempt from presenting a statement of comprehensive income. The Company made a loss for the year of £1,458,000 before the distributions from subsidiary companies of £94,000,000 (2023: loss of £1,342,000 before receipt of distributions from subsidiary companies of £60,000,000).

These accounts were approved and authorised for issue by the Board on 18 June 2024

**Stuart Burnett, Director**

**Nick Schoenfeld, Director**

The accompanying notes form part of these financial statements.



# Consolidated and Company Cash Flow Statements for the year ended 31 March 2024

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Operating activities</b>				
Profit before taxation	100,477	85,454	92,542	58,658
Adjustments for:				
Distributions from subsidiary companies	-	-	(94,000)	(60,000)
Net financial expense	5,773	4,035	-	-
Profit on disposal of subsidiary	-	(3,595)	-	-
Depreciation of property, plant and equipment	3,561	3,968	-	-
Profit on disposal of fixed assets	(129)	(85)	-	-
Amortisation of intangible assets and impairment	18,280	17,407	-	-
Amortisation of debt arrangement fees	389	506	-	-
Decrease/(increase) in inventories	1,949	(1,546)	-	-
(Increase)/decrease in trade and other receivables (including Costs to obtain contracts)	(4,239)	(176,146)	750	(285)
(Decrease)/increase in trade and other payables	(237,460)	323,974	20	(14)
Decrease in inter-company payable	-	-	(20,057)	(10,941)
Share incentive scheme charges	5,160	2,849	-	-
Corporation tax paid	(26,248)	(20,605)	-	-
<b>Net cash flow from operating activities</b>	<b>(132,487)</b>	<b>236,216</b>	<b>(20,745)</b>	<b>(12,582)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(882)	(3,535)	-	-
Purchase of intangible assets	(11,614)	(7,480)	-	-
Disposal of property, plant and equipment	129	91	-	-
Disposal of associated companies	681	-	-	-
Distributions from subsidiary companies	-	-	94,000	60,000
Cash held in subsidiaries at disposal	-	(596)	-	-
Interest received	3,535	847	-	-
<b>Cash flow from investing activities</b>	<b>(8,151)</b>	<b>(10,673)</b>	<b>94,000</b>	<b>60,000</b>
<b>Financing activities</b>				
Dividends paid	(64,982)	(50,601)	(64,982)	(50,601)
Interest paid	(7,195)	(4,934)	-	-
Interest paid on lease liabilities	(26)	(17)	-	-
Drawdown of long term borrowing facilities	183,550	55,000	-	-
Repayment of long term borrowing facilities	(95,000)	(65,000)	-	-
Fees associated with borrowing facilities	(2,151)	-	-	-
Repayment of lease liabilities	(252)	(107)	-	-
Issue of new ordinary shares	905	3,561	905	3,561
Purchase of own shares	(10,186)	-	(10,186)	-
<b>Cash flow from financing activities</b>	<b>4,663</b>	<b>(62,098)</b>	<b>(74,263)</b>	<b>(47,040)</b>
(Decrease)/increase in cash and cash equivalents	(135,975)	163,445	(1,008)	378
Net cash and cash equivalents at the beginning of the year	193,804	30,359	1,056	678
<b>Net cash and cash equivalents at the year end</b>	<b>57,829</b>	<b>193,804</b>	<b>48</b>	<b>1,056</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity for the year ended 31 March 2024

Consolidated	Share capital	Share premium	Capital redemption reserve	Treasury shares	JSOP reserve	Retained earnings	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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
<b>Balance at 1 April 2023</b>	<b>4,003</b>	<b>150,652</b>	<b>107</b>	<b>(5,502)</b>	<b>(1,150)</b>	<b>82,598</b>	<b>-</b>	<b>230,708</b>
Profit and total comprehensive income	-	-	-	-	-	71,037	-	71,037
Dividends	-	-	-	-	-	(64,982)	-	(64,982)
Credit arising on share options	-	-	-	-	-	5,160	-	5,160
Deferred tax on share options	-	-	-	-	-	(11)	-	(11)
Issue of new ordinary shares	4	901	-	-	-	-	-	905
Purchase of treasury shares	-	-	-	(10,186)	-	-	-	(10,186)
<b>Balance at 31 March 2024</b>	<b>4,007</b>	<b>151,553</b>	<b>107</b>	<b>(15,688)</b>	<b>(1,150)</b>	<b>93,802</b>	<b>-</b>	<b>232,631</b>

The accompanying notes form part of these financial statements.

# Company Statement of Changes in Equity for the year ended 31 March 2024

Company	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2022	3,976	147,112	107	(5,502)	64,842	210,535
Loss for the year	-	-	-	-	(1,342)	(1,342)
Distributions from subsidiary companies	-	-	-	-	60,000	60,000
Total comprehensive income for the year	-	-	-	-	58,658	58,658
Dividends	-	-	-	-	(50,601)	(50,601)
Issue of new ordinary shares	21	3,540	-	-	-	3,561
Balance at 31 March 2023	3,997	150,652	107	(5,502)	72,899	222,153
<b>Balance at 1 April 2023</b>	<b>3,997</b>	<b>150,652</b>	<b>107</b>	<b>(5,502)</b>	<b>72,899</b>	<b>222,153</b>
Loss for the year	-	-	-	-	(1,458)	(1,458)
Distributions from subsidiary companies	-	-	-	-	94,000	94,000
Total comprehensive income for the year	-	-	-	-	92,542	92,542
Dividends	-	-	-	-	(64,982)	(64,982)
Credit arising on share options*	-	-	-	-	15,443	15,443
Issue of new ordinary shares	4	901	-	-	-	905
Purchase of treasury shares	-	-	-	(10,186)	-	(10,186)
<b>Balance at 31 March 2024</b>	<b>4,001</b>	<b>151,553</b>	<b>107</b>	<b>(15,688)</b>	<b>115,902</b>	<b>255,875</b>

The accompanying notes form part of these financial statements.

\* In the current year, the Parent Company Balance Sheet has been amended to show the cumulative impact of share-based payments on the reserves and the investment in subsidiary undertakings of the Parent Company. This is due to the Parent Company being the entity that issues new ordinary shares to satisfy the exercise of share options by employees of the subsidiary undertakings of the Group.

# Notes to the Consolidated Financial Statements

## General information

Telecom Plus PLC (the ‘Company’) is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the ‘Group’) and the Group’s interest in associates.

The financial statements were authorised for issue by the directors on 18 June 2024.

## Presentation of financial statements

As a result of the relative size and historical volatility of share incentive scheme charges it has been decided to separately disclose the amounts on the face of the Consolidated Statement of Comprehensive Income.

In view of the size and nature of the charge as a non-cash item, the amortisation of energy supply contract intangible asset has also been separately disclosed on the face of the Consolidated Statement of Comprehensive Income for the period. More information regarding the intangible asset is set out in note 7 of these financial statements.

In this document references to “short term”, “medium term” and “long term” mean one to two years, five to seven years, and over seven years respectively.

## Significant accounting policies

### (a) Statement of compliance

These Group and parent company financial statements were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

### (b) Basis of preparation

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 54. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 to 20 and within notes 15 and 22 to the financial statements. In addition, notes 15 and 22 include the Company’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Under the revised energy supply arrangements which were effective from 1 December 2013, E.ON (formerly npower) is responsible for energy volume purchases and for carrying out any hedging required, thus protecting the Company from short term wholesale price movements. The agreement also allows the Company to match the payment profile for wholesale energy to E.ON to the collections from its customers each month. This includes customers who pay for their energy in equal monthly instalments throughout the year, thereby avoiding significant seasonal cashflow swings.

### Going concern

As a result of its wholesale supply agreement with E.ON the Group is not directly exposed to short-term fluctuations in the energy wholesale markets with E.ON undertaking the required hedging.

The Group has total revolving credit facilities of £175.0 million with Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland Group PLC for the period to 17 November 2027 (“RCF”) and private placement debt facilities with Pricoa and Metlife of £75.0m for the period to 17 November 2030 (“PPF”). As at 31 March 2024 £103,550,000 of the RCF facilities was drawn down (2023: £90,000,000) and £75,000,000 of the PPF was drawn down (2023: £Nil). Further detail regarding the maturity and applicable covenants is disclosed in note 15.

The directors have prepared base and sensitised forecasts for a period of at least 12 months from the date of authorisation of these financial statements, including the effect of severe, but plausible, downside scenarios. Those forecasts indicate that the Group can continue to operate within the terms of its existing bank facilities. Furthermore, the directors have considered the possibility of taking mitigating action, such as the temporary reduction or cancellation of the annual dividend, in the event of any severe but plausible scenarios.

Consequently, the directors have a reasonable expectation that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The accounting policies set out below have been consistently applied to both years presented, unless otherwise stated. The financial statements have been prepared on a historical costs basis.

# Notes to the Consolidated Financial Statements

## continued

### **Critical accounting estimates, judgements and assumptions**

In the process of applying the Group's accounting policies, which are described below, the Directors have made judgements, estimations and assumptions regarding the future. The judgements, estimations, and assumptions that have the most significant impact on the amounts recognised in the financial statements are detailed below.

Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, actual results may differ from these estimates and assumptions.

### **Significant estimates**

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future years affected. The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### **(i) Revenue recognition**

The Group recognises energy revenues on an individual meter-by-meter basis. These revenues are recognised on the basis of actual meter readings where these are available at each month end, and estimation for each meter where meter readings are not available. Each month customers are sent a bill setting out the amount of energy that they have used, based either on actual or estimated meter readings. These amounts of individual customer billed usage form the basis of the recognition of energy revenues.

The Group is among the leaders in the energy industry for smart meter installations and has a very high penetration of smart meters within its customer base of approximately 70% at the year end. Smart meters are able to remotely feedback actual meter readings at period ends to suppliers. Actual meter readings received from smart meters at each period end are therefore used to recognise a large portion of energy revenues.

In relation to the estimation of revenues from non-smart meter customers, where meter readings have not been communicated through a manual meter reading, the Group estimates the amount of energy consumed by each meter. These estimations are based on observed historical consumption patterns. The Group uses assumptions provided by the relevant industry databases, being a combination of the expected annual quantities of usage on a meter-by-meter basis ("Annual Quantities" or "AQ's" for gas and "Estimated Annual Consumption" or "EAC's" for electricity); a regional profiling factor to allocate the annual

quantity per month, accounting for historic seasonality; and for gas meters, a further regional adjustment for the impact on usage of weather.

As consumer behaviour changes, e.g. reducing usage during periods of high prices, there is a lag before the meter-by-meter industry-calculated AQ's and EAC's reflect true consumption. The Group therefore refines its estimations to reflect the lag in the impact on AQ's and EACs from changes in behaviour. As a result of smart meters making up over 70% of the Group's customer base, the Group assumes that customers without operating smart meters are on average using the same amount of energy as their smart equivalents in each region. These refinements are only applied in instances where customers have an estimated bill.

The amount of estimated energy revenue recognised from non-smart meters in the year ended 31 March 2024 was £151.5m (2023: £275.1m). The range of reasonable outcomes for the estimated energy revenue is considered to be significant, if the estimation routines used were impacted by an indicative sensitivity of +/-6.5% (2023: 1.5%) accuracy overall (based on observed differences between estimates and actual meter readings received), the difference in energy revenues recognised in the period would be +/-£9.8m (2023: £4.1m).

During the current period the Group continued to receive payments from the Government energy support schemes. These amounts have been recognised as revenue as they are directly linked to the amount of energy used by each of the Group's customers, had the Government not funded the amounts they would have been collected directly from each customer. The amounts recognised have therefore arisen directly as a result of the Group's contracts with its customers for the supply of energy.

#### **(ii) Recoverability of trade receivables**

At each reporting date, the Group evaluates the estimated recoverability of trade receivables and records allowances for expected credit losses based on experience. Estimates associated with these allowances are based on, among other things, the historical collection experience of those categories (principally whether the indebted customer remains with the Group or not, whether the indebted customer has a repayment plan or prepayment meter in place or not, and the age of the debt). During the current period there has been a temporary moratorium imposed by Ofgem on the involuntary installation of prepayment meters. This moratorium was in place for longer than initially expected and therefore the Group has estimated the potential impact of this on expected eventual recoveries.

The Group also makes an assessment of the impact of prevailing factors on expected future losses where appropriate. Such factors include customer churn levels, customer demographic information, monthly bill direct debit rejection levels, regulatory changes, and broader macroeconomic data. In the light of these assessments, and where appropriate, recovery expectations are adjusted. Whilst calculated expected collection levels have remained broadly consistent in the current period, some risks remain in relation to whether collection rates will be sustainable throughout the remainder of the cost of living crisis.

Receivables settled by direct debit are deemed to present a lower credit risk than those settled by cash or bank transfer. This is reflected in the lower provision held against the monthly accrued income balance relative to trade receivables.

The actual level of trade receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

At 31 March 2024, the allowance for expected credit losses relating to customer invoicing was £59.0m (2023: £42.7m). If the collection experience was to improve/decline by an indicative sensitivity of +/- 8% (2023: 5%) (based on observing the range of recovery rates in the past 3 years and factoring reasonable information regarding current circumstances and economic forecasts), this would increase / decrease the provision by +/- £7.0m (2023: £2.8m) accordingly.

### Significant judgements

There following key judgements have been made by management in the process of applying the Group's accounting policies.

#### (i) Revenues

During the current period the Group received payments from the Government energy support schemes of £91.1m (2023: £367.8m) in respect of electricity and £18.7m (2023: £313.8m) in respect of gas. The classification and presentation of these payments required significant judgement to determine whether they should be disclosed under IAS 20 (Government Grants), or IFRS 15 (Revenue). These amounts have been recognised as revenue as they are directly linked to the amount of energy used by each of the Group's customers, had the Government not funded the amounts they would have been collected directly from each customer. The amounts recognised have therefore arisen directly as a result of the Group's contracts with its customers for the supply of energy.

### IFRS 17 Insurance Contracts adoption

In the current financial year to 31 March 2024, the Group began directly underwriting insurance policies through its wholly-owned subsidiary UWI Limited ("UWI"). The nature of the insurance services provided by UWI (i.e. short-tailed, with significant reinsurance where appropriate to limit exposure), have lead the Group to conclude that the disclosures required by IFRS 17 could not reasonably be expected to influence the decisions made by the primary users of the financial statements.

The insurance services provided by UWI are not currently considered material to the results of the Group, with total written premiums of £10.6m (2023: £nil), and with a total provision exposure to the Group of £690,000 (2023: £nil), for claims incurred that are not reported to UWI at the year end. Significant reinsurance is in place to limit exposure to claims volatility on the home insurance books.

The Group has therefore concluded that it is not relevant to provide the separate disclosures relating to insurance services required by IFRS 17 for the year ended 31 March 2024. Nonetheless, at the end of each financial year, management will perform an assessment of changes in the size and/or nature of the individual insurance services to establish whether there is any material impact on the understandability of the Group financial statements from not providing the detailed disclosure required by IFRS 17. The assessment will focus on the total amount of written premiums, related assets/liabilities, the magnitude of claims, and any changes in the nature of possible uncertainties. Management has reviewed the other activities of the Group and not identified any other material arrangements requiring the application of IFRS 17.

### (c) Basis of consolidation

#### (i) Subsidiaries

The Group's financial statements consolidate the financial statements of Telecom Plus PLC and its subsidiaries. Subsidiaries are consolidated from the date on which control transfers to the Group and are included until the date on which the Group ceases to control them.

Control is recognised where an investor is expected to receive, or has rights to, variable returns from its investment in the investee and has the ability to affect these returns through its power over the relevant activities of the investee. Transactions between Group companies are eliminated on consolidation.

#### (ii) Employee benefit trusts

In accordance with IFRS 10 Consolidated Financial Statements, the assets and liabilities of employee benefit trusts are consolidated in the Group financial



# Notes to the Consolidated Financial Statements

## continued

statements. Employee benefit trusts are treated as a legal entity separate from the Company but as subsidiaries of the Company.

Any loans made by the Company to employee benefit trusts are accounted for as loans in accordance with the relevant terms. When the trust transfers shares to employees to satisfy share incentive scheme awards, this is considered to be, in substance, two transactions: a distribution of the shares from the employee benefit trust back to the Company as treasury shares, followed by a distribution of those shares to the employees.

### (d) Revenue

#### Overview

Revenue is the value of goods and services supplied to external customers and Partners excluding value added tax and other sales related taxes. For each of the Group's main income streams from the provision of fixed line telephony, broadband, mobile telephony, gas and electricity services, transactions are recorded as sales in the month when the transfer of those services or the supply of goods takes place. The Group's customers are invoiced in the month following that in which the services are provided. Tariffs are set by customer, by service, and these can vary depending on the number of services provided. Each element of any package is considered independently for the purposes of a performance obligation to determine how the price is derived.

The Group also generates revenue as a result of providing bill payment protection and accidental death cover to customers for a monthly fee. The Group also offers home insurance and boiler cover services to customers.

#### Revenue recognition – agent versus principal

Management assesses the revenue recognition of each of the Group's service offerings on either an agent or principal basis. The identification of the principal in the contract is not always clear, specifically whether the Group controls the service prior to transfer to the customer. The determination of whether the Group is a principal or an agent for each service offering is evaluated by establishing which entity is responsible for providing the specified goods or services against a list of indicators that could indicate an agency relationship. These include:

- (i) Evaluating which entity is primarily responsible for providing the specified goods or services.
- (ii) Evaluating whether the Group has inventory risk.
- (iii) Evaluating whether the Group has the discretion to establish the pricing structure.

The Group primarily acts as a reseller of utilities and in supplying the majority of these services to customers the Group is considered to be primarily responsible for fulfilment of the service and has the discretion to establish pricing and key terms. Revenue for these services is therefore recognised as a principal.

#### Revenue recognition – Energy services

The recognition of revenue associated with the provision of gas and electricity services to customers on non-smart meters by the Group relies on estimates of usage where meter readings are not available. These estimations are based on observed historical seasonal meter-by-meter consumption patterns which are adjusted for the actual impact on usage of weather (using third-party information provided by the energy industry and information from smart meters). Revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance. Any unbilled revenue is accrued at each period end. During the current period the Group continued to receive payments from the Government energy support schemes in relation to electricity and gas consumed by its customers. These amounts have been recognised as revenue as they are directly linked to the amount of energy used by each of the Group's customers, had the Government not funded the amounts they would have been collected directly from each customer. The amounts recognised have therefore arisen directly as a result of the Group's contracts with its customers for the supply of energy.

#### Revenue recognition – Telephony services

The Group principally generates revenue from providing the following telecommunications services where it is responsible to the customer for rendering the underlying services: (i) fixed telephony line rental, call and broadband data charges; (ii) mobile telephony call and data charges; and (iii) mobile handset sales. Both the handset and service are priced on the relative standalone selling prices of each distinct performance obligation. The contract terms for certain fibre broadband services are 18 months and for mobile handsets 24 months. In relation to items (i) and (ii), revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance. Any unbilled revenue is accrued at each period end. Revenue for mobile handset sales are considered a separate performance obligation recognised at the point in time when the Group transfers control of the devices to the end user.

In the provision of broadband services, the Group provides customers with a broadband router at the start of their contract. The terms and conditions under which broadband routers are supplied to customers mean that routers are accounted for as finance leases. The Group therefore recognises the sale of the router at the retail price and creates a finance lease asset on the balance sheet for the routers shipped to customers at the point in time in a given month.

Over the average customer lifetime of 7 years, the Group accrues finance income on the asset at the rate of interest that causes the present value of the future lease payments to equal the sum of the fair value of the asset. Part of the receipts under the service contract are then allocated between reducing the net asset and recognising finance income, resulting in the derecognition of the asset at the end of the 7 year life.

#### **Revenue recognition – Cashback Card services**

The Company offers a Cashback Card service which is a prepaid payment card allowing customers to earn a discount on their bills through spending on the card. In relation to Cashback Cards, the following revenue streams are recognised by the Group at the time the services are supplied and charged to customers: (i) a small fixed monthly fee to cover provision of card management services; and (ii) transaction fees to cover the facilitation of the top-up of customer cards. The majority of the cashback received from the Cashback Card programme manager is passed to customers to reduce the payment they are required to make to the Group for their monthly utilities. Revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance. Any unbilled revenue is accrued at each period end. The Cashback Card issuer is PSI-Pay Ltd, an authorised e-money institution which is responsible for underlying customer funds.

In addition, the Group charges a small administrative fee for facilitating the issue of each Cashback Card. Under IFRS 15, as the initial application fee is considered to be a non-refundable upfront fee that does not relate to the transfer of a promised good or services, the associated fee is therefore recognised over the expected life of the customer.

#### **Revenue recognition – Bill protection and life cover, home insurance and boiler cover services**

The Group charges customers a small monthly fee for bill payment protection in the event of redundancy and for a small amount of monthly life insurance cover. The Group also offers home insurance services to customers. Revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance.

#### **Revenue recognition – Other services**

The Group also generates revenues from providing customers with paper bills and from charging customers late payment fees. In addition, the Group generates revenues from providing services to its network of Partners. Revenue is recognised over time during the period in which the Group transfers control of the services to the customer, or the late payment fees are incurred, and any unbilled revenue is accrued at each period end.

#### **(e) Distributor commissions**

The Group's Partners earn commissions mainly on the referral of new customers to the Group ('upfront commissions') and on the ongoing monthly use of the Group's services by the customers they have referred ('trailing commissions'). Trailing commissions are recognised in the Statement of Comprehensive Income as they are earned by distributors on an accruals basis. Under IFRS 15, upfront commissions are capitalised and amortised over the expected life of the customer.

In relation to certain multiservice customers, distributors are able to bring forward the payment of a limited number of future monthly trailing commission payments expected to be due on the usage of customers they have referred. These advanced commission payments are shown on the Balance Sheet within costs to obtain contracts and are amortised on a straight-line basis through the Statement of Comprehensive Income over the period during which they are earned and would otherwise have been paid had the payment not been brought forward.

#### **(f) Financial income and expenses**

Financial income comprises interest income and is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest rate method. Financial expenses comprise interest and non-utilisation fees associated with the Company's debt facilities.

# Notes to the Consolidated Financial Statements

## continued

### (g) Leases

#### As a lessee

##### Recognition of a lease

The contracts are assessed by the Group to determine whether a contract is, or contains, a lease. In general, contracts are deemed to contain a lease when the following apply:

- Conveys the right to control the use of an identified asset for a certain period in exchange for consideration;
- The Group has substantially all economic benefits from the use of the asset; and
- The Group can direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019. At commencement or on modification of a contract that contains a lease component, the Group recognises a right-of-use asset and a lease liability at the lease commencement date.

#### As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise the lease is an operating lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term. Where a lease term is not specified, the average customer lifetime is used.

#### Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group includes right-of-use assets within property, plant and equipment and the corresponding lease liabilities in 'lease liabilities' on the balance sheet.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (h) Hire purchase agreements

Hire purchase agreements relate to leases of assets where the Group has passed on substantially all the risks and rewards of ownership and are therefore classified as finance leases. When assets are leased out under finance leases, the present value of the minimum lease payments is recognised as a receivable.

### (i) Taxation

The tax charge for the year comprises current and deferred tax. Taxation is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, based on the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (j) Property, plant and equipment

Property, plant and equipment is stated at cost less a provision for depreciation. Depreciation is calculated so as to write off the cost less estimated residual value of the assets in equal instalments over their expected useful lives. No depreciation is provided on freehold land. Depreciation is provided on other assets at the following rates:

Freehold buildings	50 years
Freehold and leasehold improvements	3 to 25 years
Plant and machinery	15 years
Fixtures, fittings and office equipment	
- Fixtures and fittings	7 to 10 years
- Computer and office equipment	3 to 5 years
Motor vehicles	3 to 4 years

The carrying amounts of property, plant and equipment are reviewed for impairment when there is an indication that they may be impaired.

### (k) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. Rental income from investment properties is accounted for on an accruals basis.

### (l) Intangible assets

Intangible assets which arise (e.g. on the entering into of significant commercial contractual arrangements) are capitalised and amortised over the shorter of their useful life and the term of any contractual arrangement.

IT, software and web development costs are capitalised as intangible assets to the extent that certain projects can be separately identified and involve the production of new and/or enhanced systems that the Company will use over the medium-term. It must also be considered probable that the asset will generate future economic benefits, and the development cost can be measured reliably. Where these conditions are not met, development expenditure is recognised as an expense in the year in which it is incurred.

Directly attributable costs that are capitalised include employee and external costs specifically incurred in the development of the intangible asset. These costs are amortised on a straight-line basis over their estimated useful economic lives of up to 10 years when each system is brought into use by the Company.

### (m) Goodwill

Goodwill arising on the acquisition of a business, representing the difference between the fair value of consideration and the fair value of the separable net assets acquired is capitalised and is subject to impairment review, both annually and when there are indications that the carrying amount may not be recoverable.

### (n) Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### (o) Investments

In the Company's accounts, investments in subsidiary and associated undertakings are initially stated at cost. Provision is made for any impairment in the value of these investments. In the Group accounts investments in associated undertakings are shown at cost plus accumulated profits less any dividends received from the associated undertakings.

### (p) Inventories

Inventories principally include mobile telephones and other electronic equipment and are valued at the lower of cost and net realisable value. Cost is measured on a first in, first out basis. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

### (q) Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

# Notes to the Consolidated Financial Statements

## continued

Financial instruments are recognised on the trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition, or issue, of the financial instrument. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

### **(r) Trade receivables**

Trade receivables are stated at their nominal value as reduced by expected lifetime credit losses in accordance with IFRS 9. Trade receivables are not considered to contain a significant financing component and therefore the simplified approach for Expected Credit Losses is applied.

### **(s) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and deposits with banks.

### **(t) Borrowings**

Short and long-term borrowings comprise revolving credit facilities, private placement facilities and bank loans. The fees associated with entering into borrowing facilities are capitalised and netted off against borrowings and amortised over the term of the borrowings.

### **(u) Trade payables**

Trade payables are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

### **(v) Share based payments**

The fair value at the date of grant of share-based remuneration, principally share options, is calculated using a binomial pricing model (LTIP 2016: Monte-Carlo model) and is charged to the Statement of Comprehensive Income on a straight-line basis over the vesting period of the award. The charge to the Statement of Comprehensive Income takes account of the estimated number of shares that will vest. All share option-based remuneration is equity settled.

### **(w) Segmental reporting**

The Group has as one operating segment. This reflects the fact that the chief operating decision makers consider the performance of the Group as a whole, particularly given the nature of the Group's bundled service offering.

### **(x) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

The Group is currently in informal discussions with the FCA about certain aspects of its insurance products and operations. As part of the response, we have temporarily paused sales of Insurance products to new customers whilst we review them with the FCA. Discussions began in April 2024, with the FCA raising queries following an upheld individual customer complaint. The Group is fully cooperating in these constructive discussions. As these are ongoing, it is not possible to estimate the ultimate financial impact to the Group of any further regulatory requirements should they arise.

### **(y) Pensions**

The Group makes contributions to certain employees' personal pension plans. These are charged to the Statement of Comprehensive Income in the year in which they become payable.

### **(z) Dividends**

Final dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

### **(aa) New standards issued but not yet effective**

No new standards, interpretations and amendments issued but not yet effective are expected to have a material effect on the Group's future financial statements.



## 1. Revenue and Alternative Performance Measures disclosure

### Revenue by service

	2024 £'000	2023 £'000
Electricity	1,066,661	1,214,683
Gas	708,013	1,028,267
Landline and broadband	141,867	132,678
Mobile	70,874	56,777
Other	51,716	42,755
	<b>2,039,131</b>	<b>2,475,160</b>

The Group operates solely in the United Kingdom.

During the current period, revenue includes payments received from the Government energy support schemes of £91.1m (2023: £367.8m) in respect of electricity and £18.7m (2023: £313.8m) in respect of gas (see accounting policies note (d)).

Revenue from the sale of mobile handsets is included in 'Other' revenues in the table above as this is seen as distinct from the provision of mobile line rental services.

Other income in the Consolidated Statement of Comprehensive Income primarily relates to rental income from the Group's former head office building (see note 11).

### Contract balances

The following table provides the information about contract assets and contract liabilities from contracts with customers.

Group	2024 £'000	2023 £'000
Contract liabilities, which are included in deferred income	1,338	488

The Group has implemented an expected credit loss impairment model with respect to contract assets. This and any significant changes in contract assets and liabilities are disclosed in note 13. There are no contract balances from contracts with customers in the Company. Accrued income arising from revenue yet to be invoiced and unbilled energy debtors are considered to represent unbilled receivables under IFRS 9.

### Alternative Performance Measures disclosure

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 the Group in assessing the performance of the business.

### Adjusted profit before tax

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. In 2023 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.



# Notes to the Consolidated Financial Statements

## continued

Group	2024 £'000	2023 £'000
Statutory profit before tax	100,477	85,454
Adjusted for:		
Loss for period attributable to non-controlling interest	-	265
Amortisation of energy supply contract intangible assets	11,228	11,228
Share incentive scheme charges	5,160	2,849
Profit on disposal of subsidiary – Glow Green	-	(3,595)
Adjusted profit before tax	116,865	96,201

### Adjusted EBITDA

Adjusted EBITDA excludes share incentive scheme charges. This decision reflects the non-cash nature of these charges.

Group	2024 £'000	2023 £'000
Operating profit	106,250	85,894
Adjusted for:		
Depreciation, amortisation and impairment	21,841	21,375
EBITDA	128,091	107,269
Share incentive scheme charges	5,160	2,849
Adjusted EBITDA	133,251	110,118

### Net debt/Adjusted EBITDA ratio

Group	2024 £'000	2023 £'000
Long-term borrowings	(176,509)	(89,721)
Lease liabilities	(3,821)	(659)
Less	-	-
Cash on balance sheet	57,829	193,804
Energy support scheme funds received in advance	-	(120,800)
Adjusted cash	57,829	73,004
Net debt	(122,501)	(17,376)
Adjusted EBITDA	133,251	110,118
Net debt/adjusted EBITDA	0.9x	0.2x

In order to show the underlying position, the adjusted cash balance in 2023 excludes £120,800,000 of funds received in advance at year end associated with the government energy support schemes. The Group's debt facilities covenants did not require an adjustment to be made for funds received in advance associated government energy support schemes.

## 2. Operating profit

Operating profit is stated after charging/(crediting):

	2024 £'000	2023 £'000
Depreciation and amortisation	21,618	21,375
Profit on disposal of fixed assets	(129)	(85)
Auditor's remuneration	694	400
- audit of Company and consolidated accounts		
- audit of subsidiaries of the Company	32	95
- audit related assurance services	57	35
Inventories expensed	16,283	15,296
Trade receivables and accrued income impairment loss	30,712	28,675
Rental income	(911)	(969)

Total fees paid to the auditor KPMG LLP during the year were £783,000 (2023: £530,000), including non-audit services of £57,000 (2023: £35,000). Included within the audit fees during the year were £132,000 billed in respect of the March 2023 audit (2023: £67,800 included in respect of the March 2022 audit).

## 3. Financial expenses

An analysis of financial expenses included in the Statement of Comprehensive Income is set out below.

	2024 £'000	2023 £'000
Interest costs on bank loans and overdrafts	9,229	5,032
Interest costs on lease liabilities	26	17
Other financial expenses	-	2
Total financial expenses	9,255	5,051

# Notes to the Consolidated Financial Statements

## continued

### 4. Personnel expenses

The total charge in the Statement of Comprehensive Income comprised the following:

	2024 £'000	2023 £'000
Wages and salaries	106,106	80,495
Social security costs	9,729	9,853
Pension contributions	3,563	2,454
	119,398	92,802
Share incentive scheme charges	5,160	2,849
	124,558	95,651

Average number employed by the Group during the year (excluding directors):

	2024	2023
Employees	2,493	2,078

### 5. Taxation

#### (i) Recognised in the Income Statement

	2024 £'000	2023 £'000
<b>Current tax charge</b>		
Current year – UK tax	29,320	17,566
Current year – Foreign tax	40	12
Adjustments in respect of prior years	(114)	(108)
	29,246	17,470
<b>Deferred tax charge</b>		
Decelerated capital allowances	(85)	371
Other timing differences	273	(746)
Effect of tax rate change on opening balance	-	(118)
Adjustment in respect of prior years	6	316
	194	(177)
<b>Total tax charge</b>	<b>29,440</b>	<b>17,293</b>

**(ii) Reconciliation of total tax charge**

	<b>2024 £'000</b>	<b>2023 £'000</b>
<b>Profit before tax</b>	<b>100,477</b>	<b>85,454</b>
Corporation tax using the UK corporation tax rate of 25% (2023: 19%)	<b>25,119</b>	16,236
Expenses not deductible for taxation purposes	<b>4,254</b>	1,782
Foreign tax	<b>(30)</b>	3
Assets ineligible for capital allowances	<b>276</b>	16
Adjustment in respect of share options	<b>(99)</b>	(1,035)
Adjustments in respect of prior years - current tax	<b>(114)</b>	(108)
- deferred tax	<b>6</b>	316
Remeasurement of deferred tax for changes in rates	-	(118)
Deferred tax not recognised	-	201
Other deferred tax adjustments	<b>28</b>	-
<b>Total tax charge</b>	<b>29,440</b>	<b>17,293</b>

The UK corporation tax rate during the period from 1 April 2023 was 25% (2022: 19%). The deferred tax balance at 31 March 2024 has been calculated at 25% (2023: 25%).

**Amendments to IAS 12 Income Taxes—  
International Tax Reform—Pillar Two Model Rules**

The company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

**Factors affecting total tax charge for  
the current period**

The company has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the company neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. The group has carried out an assessment of its exposure to Pillar Two income taxes. Based on the Safe Harbour review, the group expects to rely on the Safe Harbour exemptions for all jurisdictions except Gibraltar where the top up tax exposures are expected to be immaterial. The group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

# Notes to the Consolidated Financial Statements

## continued

### 6. Property, plant and equipment

Group 2024	Investment property	Freehold land & buildings	Leasehold land & buildings	Freehold & leasehold improvements	Plant & machinery	Fixtures, fittings & office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 April 2023	14,129	26,958	1,086	266	757	21,611	883	65,690
Additions	12	-	3,414	365	43	374	88	4,296
Disposals	-	-	-	-	-	-	(236)	(236)
<b>At 31 March 2024</b>	<b>14,141</b>	<b>26,958</b>	<b>4,500</b>	<b>631</b>	<b>800</b>	<b>21,985</b>	<b>735</b>	<b>69,750</b>
<b>Depreciation</b>								
At 1 April 2023	(5,858)	(6,859)	(454)	(266)	(382)	(17,075)	(709)	(31,603)
Charge for the year	(234)	(846)	(260)	(14)	(53)	(2,061)	(93)	(3,561)
Disposals	-	-	-	-	-	-	236	236
<b>At 31 March 2024</b>	<b>(6,092)</b>	<b>(7,705)</b>	<b>(714)</b>	<b>(280)</b>	<b>(435)</b>	<b>(19,136)</b>	<b>(566)</b>	<b>(34,928)</b>
<b>Net book amounts</b>								
<b>At 31 March 2024</b>	<b>8,049</b>	<b>19,253</b>	<b>3,786</b>	<b>351</b>	<b>365</b>	<b>2,849</b>	<b>169</b>	<b>34,822</b>

The balances in leasehold land & buildings comprise right of use assets with a net book value of £3.8m (2023: £0.6m) and non-cash lease additions of £3.4m relate to new Farringdon and Selkirk offices. The Company no longer holds any property, plant and equipment following the Group reorganisation in April 2017.

Group 2023	Investment property	Freehold land & buildings	Leasehold land & buildings	Freehold & leasehold improvements	Plant & machinery	Fixtures, fittings & office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 April 2022	13,923	27,147	1,086	266	741	18,178	979	62,320
Additions	206	-	-	-	16	3,433	69	3,724
Adjustments	-	(189)	-	-	-	-	-	(189)
Disposals	-	-	-	-	-	-	(165)	(165)
<b>At 31 March 2023</b>	<b>14,129</b>	<b>26,958</b>	<b>1,086</b>	<b>266</b>	<b>757</b>	<b>21,611</b>	<b>883</b>	<b>65,690</b>
<b>Depreciation</b>								
At 1 April 2022	(5,578)	(6,018)	(344)	(266)	(332)	(14,504)	(753)	(27,795)
Charge for the year	(280)	(841)	(110)	-	(50)	(2,571)	(116)	(3,968)
Disposals	-	-	-	-	-	-	160	160
<b>At 31 March 2023</b>	<b>(5,858)</b>	<b>(6,859)</b>	<b>(454)</b>	<b>(266)</b>	<b>(382)</b>	<b>(17,075)</b>	<b>(709)</b>	<b>(31,603)</b>
<b>Net book amounts</b>								
At 31 March 2023	8,271	20,099	632	-	375	4,536	174	34,087
At 31 March 2022	8,345	21,129	742	-	409	3,674	226	34,525

The operations of the Company were transferred into new head offices at Merit House in 2015 and the former head office building, Southon House, was vacated. Southon House is held as an investment property and separately disclosed on the balance sheet of the Company.

An independent valuation of Southon House was conducted on 7 May 2024 in accordance with RICS Valuation – Global Standards effective from 31 January 2022 (the Red Book). The independent market value of Southon House was

determined to be £10.6 million and has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The valuation was prepared on a Market Value basis as defined in the Valuation Standards and was primarily derived from using comparable market transactions carried out on an arm's length basis. These inputs are deemed unobservable. The directors believe that there have not been any material changes in circumstances that would lead to a significant reduction in the market valuation of Southon House from £10.6m.



# Notes to the Consolidated Financial Statements

## continued

### 7. Intangible assets

Group 2024	Energy Supply Contract £'000	IT Software & Web Development £'000	Total £'000
<b>Cost</b>			
At 1 April 2023	224,563	43,224	267,787
Additions	-	11,614	11,614
Impairment	-	(223)	(223)
Adjustments	-	(40)	(40)
<b>At 31 March 2024</b>	<b>224,563</b>	<b>54,575</b>	<b>279,138</b>
<b>Amortisation</b>			
At 1 April 2023	(104,795)	(20,501)	(125,296)
Charge for the period	(11,228)	(6,829)	(18,057)
<b>At 31 March 2024</b>	<b>(116,023)</b>	<b>(27,330)</b>	<b>(143,353)</b>
<b>Net book amounts</b>			
At 31 March 2024	108,540	27,245	135,785

Group 2023	Energy Supply Contract £'000	IT Software & Web Development £'000	Total £'000
<b>Cost</b>			
At 1 April 2022	224,563	35,744	260,307
Additions	-	7,480	7,480
<b>At 31 March 2023</b>	<b>224,563</b>	<b>43,224</b>	<b>267,787</b>
<b>Amortisation</b>			
At 1 April 2022	(93,567)	(14,322)	(107,889)
Charge for the period	(11,228)	(6,179)	(17,407)
<b>At 31 March 2023</b>	<b>(104,795)</b>	<b>(20,501)</b>	<b>(125,296)</b>
<b>Net book amounts</b>			
At 31 March 2023	119,768	22,723	142,491
At 31 March 2022	130,996	21,422	152,418

The Energy Supply Contract intangible asset relates to the entering into of the energy supply arrangements with npower (now owned by E.ON) on improved commercial terms through the acquisition by the Company of Electricity Plus Supply Limited and Gas Plus Supply Limited ('the Companies') from npower Limited having effect from

1 December 2013 ('the Transaction'). There were no processes acquired as a result of the Transaction and it was therefore treated as an asset acquisition. The principal asset acquired was the supply contract with npower Limited.

The total consideration for the Transaction comprised a payment to npower of £196.5 million on 20 December 2013, a deferred amount of £21.5 million paid in December 2016 and a payment of £2.5 million made in January 2014 for the net assets acquired in the Companies which comprised cash and short term working capital balances.

The addition to intangible assets of £221.6 million in 2014 therefore represented the total consideration paid and payable to npower, excluding the payment for net assets acquired in the Companies, plus certain transaction costs of £3.6 million which in accordance with the relevant accounting standards were recognised as a cost of acquisition.

The intangible asset is being amortised evenly over the 20-year life of the new energy supply agreement reflecting the period over which the Company will benefit from the agreement. The Group expects to either renew the supply agreement with E.ON, or source energy from another wholesale supplier, beyond 2033. The Group does not currently envisage any challenges with this given the attractiveness of its customer base to wholesale suppliers.

The IT Software and Web Development intangible asset relates to the capitalisation of certain costs associated with the development of new IT and web systems. Approximately £5.0m (2023: £7.4m) of the additions during the year relate to IT systems which remain under construction.

Following the Group re-organisation there are no intangible assets held by the Company.

## 8. Goodwill

Group 2024	£'000
<b>Cost</b>	
At 1 April 2023 and 31 March 2024	3,742
<b>Impairment</b>	
At 1 April 2023 and 31 March 2024	-
<b>Carrying amounts</b>	
At 31 March 2024	3,742

Group 2023	£'000
<b>Cost</b>	
At 1 April 2022 and 31 March 2023	6,094
<b>Impairment</b>	
At 1 April 2022 and 31 March 2023	(2,352)
<b>Carrying amounts</b>	
At 31 March 2023	3,742

Goodwill now relates to the Company's subsidiary Telecommunications Management Limited ('TML') cash generating unit.

The Group regularly monitors the carrying amount of its goodwill. A review was undertaken at 31 March 2024, to assess whether the carrying amount of assets was supported by their value in use determined by the net present value of the future cash flows derived from the assets using cash flow projections from internal forecasts based on current levels of profitability and expectations of growth in the business.

In relation to TML, a pre-tax discount rate of 16.3% (2023: 14.4%) into perpetuity was used based on a premium to the Group WACC of 12.5% (2023: 10.7%). This was considered appropriate given the relatively small size and maturity of the business, offset by the growth opportunity in mobile telephony, and the expectation that, for the foreseeable future, TML will continue to operate as a going concern. Cashflows were predicted over a five-year period and thereafter a growth rate of 2.0% (2023: 2.0%) into perpetuity was also used. The result of the review undertaken at 31 March 2024 indicated that no impairment was necessary. No reasonably possible change in the assumptions used in the impairment calculation would give rise to an impairment of goodwill.

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### 9. Investments

#### Investment in subsidiary companies

On 1 April 2017 the trading activities, the majority of the assets and liabilities, and the employees of Telecom Plus PLC, as well as all its subsidiaries, were transferred to Utility Warehouse Limited a 100% subsidiary of Telecom Plus PLC under a group reorganisation. The reorganisation was designed to provide the Group with a more conventional legal structure in line with other large publicly-listed entities. The reorganisation has not had any impact on the consolidated trading results of the Group.

The cost of investment in subsidiary undertakings on the Company balance sheet of £277.5 million as at 31 March 2024 (2023: £262.0m) represents the transfer of the majority of the assets, liabilities and subsidiaries of Telecom Plus PLC to Utility Warehouse Limited in exchange for shares in Utility Warehouse Limited under the group reorganisation on 1 April 2017.

Following the group reorganisation, the Company retained its investment in the JSOP Share Trust. Included within Company Trade and other receivables is a loan receivable from the JSOP Share Trust of £2,275,000 (2023: £2,275,000), which represents the maximum exposure to loss from its interest in the JSOP Share Trust.

Utility Warehouse Limited owns 100% of the ordinary share capital of Telecommunications Management Limited ('TML'), being two £1 shares. The principal activities of TML are the supply of fixed wire and mobile telecommunication services to business and public sector customers, and the supply of prepaid mobile services to retail customers.

Utility Warehouse Limited also owns 100% of the ordinary share capital of Utilities Plus Limited ('Utilities Plus'), being two £1 shares. Utilities Plus is an FCA Consumer Credit Act licensed entity which provides loans and hire purchase agreements to employees and Partners.

Utility Warehouse Limited also owns 100% of the ordinary share capital of Electricity Plus Supply Limited ('Electricity Plus') and Gas Plus Supply Limited ('Gas Plus'), being one £1 share in each company. The principal activity of Electricity Plus and Gas Plus is to hold the licences for the supply of energy services to residential and business customers in the UK.

Utility Warehouse Limited owns 100% of the ordinary share capital of UW Spain S.L.U. being 3,000 €1 shares. UW Spain S.L.U. is a subsidiary set up to employ people resident in Spain.

Utility Warehouse Limited owns 100% of the ordinary share capital of UWI Limited being 9,600 £1 shares. UWI Limited is a subsidiary set up to write insurance business from Gibraltar with passporting rights into the UK.

As at 31 March 2024, Utility Warehouse Limited also owned 100% of the ordinary share capital of fifteen dormant non-trading subsidiaries as listed below:

Freetalk Limited	Utility Debt Collectors Limited
Mobile Xtra Limited	Utility House Limited
Savings Plus Limited	Value Group Limited
The Peoples Champion Limited	Value Plus Limited
*UW Energy Limited	*UW Multi-service Limited
*UW Financial Services Limited	*UW Plus Limited
*UW Mobile Limited	*UW Limited
*UW Broadband Limited	

*\*Dormant companies acquired/set up during the period to secure name.*

As at 31 March 2024, TML owned 100% of the ordinary share capital of the following eight dormant non-trading subsidiaries:

1p Mobile Limited	Penny Telecom Limited
One Penny Mobile Limited	1p Broadband Limited
One Penny Telecoms Limited	One Penny Broadband Limited
Penny Mobile Limited	Penny Broadband Limited

The registered office of each company referred to in this note is: Network HQ, 508 Edgware Road, London, NW9 5AB. The registered office of UW Spain is C/Bac de Roda, 64, edif. D, planta 3a, 08019, Barcelona, B10575538. The registered office of UWI Limited is 5/5 Crutchett's Ramp, Gibraltar, GX11 1AA.

## 10. Deferred tax

The deferred tax liability recognised in the financial statements is as follows:

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Tax effect of temporary differences:</b>				
Accelerated capital allowances	(2,931)	(3,021)	-	-
Other short term temporary differences	27	145	-	-
Transitional tax adjustments relating to IFRS 9	43	65	-	-
Share based payments	1,762	1,917	-	-
Transfers from acquisitions	(37)	(37)	-	-
Transfers to liabilities classified as held for sale	30	30	-	-
	(1,106)	(901)	-	-

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 April	(901)	(1,078)	-	-
Charged to the Statement of Comprehensive Income	(194)	177	-	-
Taken to equity	(11)	-	-	-
At 31 March	(1,106)	(901)	-	-

## 11. Leases as lessor

### Finance leases

In the provision of broadband services, the Group provides customers with a broadband router at the start of their contract. The terms and conditions under which broadband routers are supplied to customers mean that routers are accounted for as finance leases.

To manage the risks associated with their rights to the underlying right of use assets pertaining to the finance

lease, the agreement stipulates that routers must be returned or else a termination fee will apply. This termination fee reduces by 50% after two years, but there is no expiry date.

Interest income of £3.2m (2023: £2.3m) has been recognised in profit or loss in respect of finance leases.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

# Notes to the Consolidated Financial Statements

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	2024 £'000	2023 £'000
Less than one year	6,522	5,269
Between one and two years	6,522	5,269
Between two and three years	6,522	5,269
Between three and four years	6,522	5,269
Between four and five years	3,196	3,864
More than five years	2,649	2,731
<b>Total undiscounted lease receivable</b>	<b>31,933</b>	<b>27,671</b>
Unearned finance lease income	(8,182)	(7,614)
<b>Net investment in finance leases</b>	<b>23,751</b>	<b>20,057</b>

### Hire purchase agreements

The following table sets out a maturity analysis of hire purchase agreements receivables, showing the undiscounted payments to be received after the reporting date:

	2024 £'000	2023 £'000
Less than one year	1,246	1,137
Between one and two years	1,083	923
Between two and three years	1,050	776
Between three and four years	905	769
Between four and five years	1,135	508
More than five years	856	695
<b>Total undiscounted hire purchase agreement receivable</b>	<b>6,275</b>	<b>4,808</b>

Hire purchase agreements relate to branded vehicles supplied to distributors on hire purchase agreements.

### Operating leases

The Company's former head office building, Southon House, is held as an investment property and rented to third-party tenants. During the year £0.9m (2023: £0.9m) was recognised as rental income by the Group.

The following table sets out a maturity analysis of the lease payments due to be received from the tenants of Southon House, showing the undiscounted lease payments to be received after the reporting date.

	2024 £'000	2023 £'000
Less than one year	803	803
Between one and two years	803	803
Between two and three years	803	803
Between three and four years	712	803
Between four and five years	43	712
More than five years	2,504	2,504
	<b>5,668</b>	<b>6,428</b>

## 12. Other non-current assets

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Hire purchase agreements receivable	5,029	3,681	-	-
Finance lease assets	23,162	19,514	-	-
Loan to JSOP Share Trust	-	-	2,275	2,275
Trade receivables	19,030	14,728	-	-
Loan receivable	6,450	6,450	-	-
Other non-current receivables	2,221	3,156	-	681
Total other non-current assets	55,892	47,529	2,275	2,956

Hire purchase agreements receivable relates to branded vehicles supplied to distributors on hire purchase agreements (see note 11). The loan receivable from the JSOP Share Trust does not bear interest and is repayable on demand. There is no current expectation that the loan will be recalled by the Company within the next 12 months. Finance lease assets represent assets where the Company

is the lessor. Non-current assets include Expected Credit Losses of £11.7m (2023: £8.5m) against trade receivables. The Expected Credit Losses on all other non-current assets are not material as the balances are not overdue. The loan receivable relates to amounts owed by former subsidiary Glow Green.

## 13. Receivables and accrued income

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables	86,606	50,241	-	-
Other receivables	16,214	7,495	267	317
Hire purchase agreements receivable	1,246	1,127	-	-
Trade and other receivables	104,066	58,863	267	317
Accrued income	222,036	267,576	-	-
Trade and other receivables	104,066	58,863	267	317
Accrued income	222,036	267,576	-	-
Receivables and accrued income (net)	326,102	326,439	267	317

Accrued income represents unbilled receivables. Gross accrued income of £225,516,000 (2023: £274,090,000) has offset against it an allowance for bad debts of £3,480,000 (2023: £6,514,000), resulting in a net balance of £222,036,000 (2023: £267,576,000). Gross accrued income includes: £122,835,000 (2023: £289,596,000) revenue yet to be invoiced mainly relating to March usage; plus unbilled energy debtors of £92,493,000 (2023: £99,946,000); plus £10,221,000 of EPG funds to be received (2023: less £123,058,000 of EPG funds received); less £33,000 (2023: plus £7,606,000) of Energy Bill Relief Scheme ("EBRS") funds owed. Unbilled energy debtors represent amounts

owed by customers who pay for their energy in fixed monthly amounts, rather than paying for actual energy usage, with the balance expected to equalise over the course of a year.

The hire purchase agreements receivable shown separately in the above table relates to the provision of branded vehicles to Partners. The majority of the vehicles are supplied on interest-free hire purchase agreements and therefore there are no reconciling items to disclose between the present value of the minimum lease payments and gross investment in the leases.



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### Allowance for credit losses on trade receivables and accrued income from customer invoicing

In accordance with note (r) of the Significant Accounting Policies, trade receivables are stated at their nominal value as reduced by the expected lifetime credit losses. The Expected Credit Loss model is applied to trade receivables from customer invoicing with credit losses measured using a provisioning metric, adjusted where required, to take into account current macro-economic factors. The Group do not consider any current or non-current assets to contain a significant financing component and therefore

have applied the simplified approach for Expected Credit Losses. The Group assesses the expected recoverability of trade receivables based on a categorisation matrix and applies a provision against such trade receivables based on the historical collection experience of those categories (principally whether the indebted customer remains with the Group or not, and the age of the debt). The Group also assesses the latest information it has available on customer collections post the balance sheet date in order to evaluate whether there has been any impact on its customers from changes in the prevailing macroeconomic situation.

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Allowances as at 1 April	42,691	25,026	-	-
Additions – charged to consolidated income statement	30,712	28,675	-	-
Allowances used on fully written down receivables	(14,383)	(11,010)	-	-
Allowances as at 31 March	59,020	42,691	-	-

### Analysis of trade receivables and accrued income from customer invoicing

The tables below show an aged debt analysis between debts owed by customers who are still supplied by the Group (“Live”) and customers who are no longer supplied by the group (“Closed”).

	Live		Closed		Total		
As at 31 March 2024	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Net £'000
Accrued income - not past due	225,516	(3,480)	-	-	225,516	(3,480)	222,036
Trade receivables - past due							
0-30 days	12,703	(2,803)	1,874	(1,034)	14,577	(3,837)	10,740
31-90 days	24,106	(5,575)	4,602	(3,703)	28,708	(9,278)	19,430
>91 days	68,223	(14,533)	18,947	(16,201)	87,170	(30,734)	56,436
<b>Total past due</b>	<b>105,032</b>	<b>(22,911)</b>	<b>25,423</b>	<b>(20,938)</b>	<b>130,455</b>	<b>(43,849)</b>	<b>86,606</b>
Trade receivables							
Total due in over 1 year	30,721	(11,691)	-	-	30,721	(11,691)	19,030
Total trade receivables	135,753	(34,602)	25,423	(20,938)	161,176	(55,540)	105,636
<b>Total</b>	<b>361,269</b>	<b>(38,082)</b>	<b>25,423</b>	<b>(20,938)</b>	<b>386,692</b>	<b>(59,020)</b>	<b>327,672</b>

As at 31 March 2023	Live		Closed		Total		Net £'000
	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	
Accrued income - not past due	274,090	(6,514)	-	-	274,090	(6,514)	267,576
Trade receivables - past due							
0-30 days	11,490	(2,669)	1,525	(323)	13,015	(2,992)	10,023
31-90 days	22,174	(5,815)	3,367	(2,583)	25,541	(8,398)	17,143
>91 days	31,527	(9,561)	7,789	(6,680)	39,316	(16,241)	23,075
<b>Total past due</b>	<b>65,191</b>	<b>(18,045)</b>	<b>12,681</b>	<b>(9,586)</b>	<b>77,872</b>	<b>(27,631)</b>	<b>50,241</b>
Trade receivables							
Total due in over 1 year	23,274	(8,546)	-	-	23,274	(8,546)	14,728
Total trade receivables	88,465	(26,591)	12,681	(9,586)	101,146	(36,177)	64,969
<b>Total</b>	<b>362,555</b>	<b>(33,105)</b>	<b>12,681</b>	<b>(9,586)</b>	<b>375,236</b>	<b>(42,691)</b>	<b>332,545</b>

As at 31 March 2024 and 31 March 2023 the Group had made provision for past due debts and therefore has no material exposure to trade receivables that were passed due and not individually impaired.

## 14. Costs to obtain contracts

The Group has the following assets at the reporting date in relation to contract costs:

	2024 £'000	2023 £'000
Commissions paid to acquire contracts	2,829	3,152
Commissions paid in advance	20,582	17,760
	<b>23,411</b>	<b>20,912</b>

Commissions paid to acquire contracts represent up-front commissions paid to Partners for referring customers to the Group and are amortised when the related revenues are recognised over the average lifetime of the Group's customers of 7 years. In the current period the amount of amortisation was £0.3m (2023: £1.2m). Partners also earn commission on the ongoing monthly use of the Group's services by customers they have referred ("trailing commissions"). Trailing commissions are recognised in the Statement of Comprehensive Income as they are earned by Partners on an accruals basis. In the current period the amount of trailing commissions was £24.6m (2023: £24.2m).

Commissions paid in advance represent the bringing forward of certain future trailing commission payments expected to be due on customers Partners have referred. These advance commission payments are amortised on a straight-line basis through the Statement of Comprehensive Income over the period during which they are earned and would otherwise have been paid had the payment not been brought forward. In the current period the amount of amortisation was £9.8m (2023: £6.2m). See accounting policies note (e).

# Notes to the Consolidated Financial Statements

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### 15. Interest bearing loans and borrowings

#### Loans – changes in liabilities from financing activities

Group	2024 £'000	2023 £'000
As at 1 April	89,721	99,215
<b>Changes from financing cashflows</b>		
Drawdown of bank loans	108,550	55,000
Drawdown of private placement loans	75,000	-
Repayment of bank loans	(95,000)	(65,000)
Total changes from financing cashflows	88,550	(10,000)
<b>Other changes - arrangement fees</b>		
Additions	(2,151)	-
Amortisation	389	506
Total other changes	(1,762)	506
Total long term borrowings as at 31 March	176,509	89,721
Interest expense	9,255	5,051
Interest paid	7,195	4,934
Due within one year	-	-
Due after one year	178,550	90,000
	178,550	90,000

The bank loans, when drawn down, are stated net of unamortised arrangement fees of £2,041,000 (2023: £279,000) on the face of the Balance sheet. These costs have been capitalised and are being amortised over the term of the bank loans.

In November 2023 the Group agreed to extend its revolving bank debt facilities of £175,000,000 with Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland Group PLC ('the Revolving Debt Facilities') for the period to 17 Nov 2027. In November 2023 the Group also entered private placement debt facilities of £75,000,000 in total with MetLife and Pricoa for the period to 30 Nov 2030. The debt facilities are subject to two financial covenants: (i) Net debt/EBITDA of not more than 3.0:1; and (ii) EBITDA/net finance charges of not less than 3.0:1. The covenants are tested twice per year and the Group has significant headroom to the covenant

limits under both these measures. The Group draws down on the revolving debt facilities in tranches as funds are required. The interest period on the drawn tranches is typically one month and the tranches automatically rollover at the end of each interest period unless the Group, at its discretion, decides to repay the tranche. The private placement facilities were fully drawn down at the start of the agreements and interest is payable at a fixed rate over the term of the facilities.

In addition, as at 31 March 2024 the Group had letters of credit in place relating to certain energy distribution charges with a total value covered of £5,095,000 (2023: £3,600,000).

All bank loans are secured through a floating charge on the assets of the Group.

## Maturity analysis

Group	2024 £'000	2023 £'000
Due in one year or less	11,975	-
Due in more than one year but not more than two years	11,975	102,049
Due in more than two years but not more than five years	213,157	-
	<b>237,107</b>	<b>102,049</b>

The analysis of maturity above includes interest to be paid during the term of the loans in accordance with IFRS 7 Financial Instruments: Disclosures.

## Lease liabilities - changes in liabilities from financing activities

Group	2024 £'000	2023 £'000
As at 1 April	659	766
Additional lease liability	3,414	-
<b>Changes from financing cashflows</b>		
Payment of lease liabilities	(278)	(124)
Interest relating to lease liabilities	26	17
Total changes from financing cashflows	(252)	(107)
As at 31 March	<b>3,821</b>	<b>659</b>

The additional lease liability relates to the Group's new central London hub office in Farringdon.

## Maturity analysis

Group	2024 £'000	2023 £'000
Due in one year or less	842	104
Due in more than one year but not more than two years	842	502
Due in more than two years but not more than five years	2,331	100
	<b>4,015</b>	<b>706</b>

The analysis of maturity above shows the contractual undiscounted cashflows associated with lease liabilities. There are no lease liabilities in the Company.

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### 16. Trade and other payables

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Current</b>				
Trade payables	44,567	38,830	124	5
Inter-company payables	-	-	24,259	44,316
Other taxation and social security	11,449	16,566	-	-
	<b>56,016</b>	<b>55,396</b>	<b>24,383</b>	<b>44,321</b>

The contractual maturities for trade payables fall within one year.

### 17. Accrued expenses and deferred income

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Accrued expenses	112,385	359,348	18	117
Energy payment on account creditors*	56,407	57,518	-	-
Insurance technical provisions	11,178	-	-	-
Deferred income	1,338	488	-	-
	<b>181,308</b>	<b>417,354</b>	<b>18</b>	<b>117</b>

*\*In the current year, the presentation of Energy payment on account creditors was reviewed and amended to show the balances owed to customers less amounts accrued by those customers for energy used in March 2024 and billed in April 2024. Previously these billed amounts had been presented in accrued expenses (see note 13).*

The contractual maturities of accrued expenses fall within one year. Accrued expenses mainly represent supplier accruals for wholesale costs.

## 18. Capital and reserves

### Issued share capital

	2024		2023	
	Number ('000)	£'000	Number ('000)	£'000
Authorised ordinary shares of 5p each in the Company	160,000	8,000	160,000	8,000
<b>Allotted, called up and fully paid ordinary share capital:</b>				
At 1 April	79,937	3,997	79,508	3,976
Issue of new ordinary shares	79	4	429	21
At 31 March	80,016	4,001	79,937	3,997
Authorised 'B' shares of 2p each in subsidiary	650	13	650	13
<b>Allotted and fully paid 'B' share capital:</b>				
At 1 April	330	6	330	6
At 31 March	330	6	330	6
<b>Total Group share capital at 31 March</b>		<b>4,007</b>		<b>4,003</b>

At the year end the Company's share price was 1,628p and the range during the financial year was 1,362p to 1,976p. At 31 March 2024, the Company had 80,016,529 (2023:79,937,421) shares in issue. The total number of voting rights of 5p ordinary shares in the Company was 78,883,824 (2023: 79,455,145), excluding shares held in treasury. Since the year end, a further 10,162 shares have been issued to satisfy the exercise of employee and distributor share options, increasing the total number of voting rights of 5p ordinary shares in the Company to 78,893,986.

As at 31 March 2024 there were 1,132,705 ordinary shares held in treasury (2023: 482,276).

There are 252,638 ordinary shares held in the JSOP Share Trust, representing approximately 0.3% of issued share capital, on which voting and dividend rights have been waived. These shares are included in the above total voting rights figure of 79,883,824. The JSOP reserve in the Group accounts represents ordinary shares in the Company held by the JSOP Share Trust.

As at 31 March 2024, the total 'B' share capital in Utility Warehouse Limited was £6,000 (2024: £6,000) and therefore the total Group share capital is £4,007,000 (2023: £4,003,000). This 'B' share capital represents the capital contributions from employees for subscriptions to the LTIP 2016 - growth shares incentive scheme detailed in note 21.

### Capital management

The Group's overall objective when managing capital is to continue to provide attractive returns to shareholders.

Total shareholder equity at 31 March 2024 was £232.6 million (2023: £230.7 million).

The Group's current capital management strategy is to retain sufficient working capital for day-to-day operating requirements. The Group's capital management strategy is also to ensure that interest costs are minimised.

Under the Group's energy supply arrangements, E.ON (formerly npower) is responsible for funding the principal working capital requirements relating to the supply of energy to the Company's customers. This includes funding the Budget Plans of customers who pay for their energy in equal monthly instalments.



# Notes to the Consolidated Financial Statements

## continued

### Dividends

	2024 £'000	2023 £'000
Prior year final paid 46p (2023: 30p) per share	36,445	23,689
Interim paid 36p (2023: 34p) per share	28,537	26,912

The Directors have proposed a final dividend of 47p per ordinary share totalling approximately £36.4 million, payable on 23 August 2024, to shareholders on the register at the close of business on 2 August 2024. In accordance with the Group's accounting policies the dividend has not been included as a liability as at 31 March 2024. This dividend will be subject to income tax at each recipient's individual marginal income tax rate.

### Share buybacks

During the period the Company bought back £10.2m of ordinary shares in the market, comprising 650,429 ordinary shares at an average price of 1,566p per share.

### Shareholder returns

The total return to shareholders of 87.1% for the current year has been calculated based on total dividends of £64.9m (interim dividend of £28.5m paid in December 2023 plus final dividend £36.4m to be paid in August 2024 as set out above), plus the share buyback of £10.2m, divided by the adjusted profit after tax of £86.2m (see note 19).

## 19. Earnings per share

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

	2024 £'000	2023 £'000
Earnings for the purpose of basic and diluted EPS	71,037	68,426
Share incentive scheme charges (net of tax)	3,901	2,346
Amortisation of energy supply contract intangible assets	11,228	11,228
Profit on disposal of subsidiary	-	(3,595)
Earnings excluding share incentive scheme charges and amortisation of intangibles for the purpose of adjusted basic and diluted EPS	86,166	78,405

	Number ( <sup>'000s</sup> )	Number ( <sup>'000s</sup> )
Weighted average number of ordinary shares for the purpose of basic EPS	79,058	79,049
Effect of dilutive potential ordinary shares (share incentive awards)	963	1,220
Weighted average number of ordinary shares for the purpose of diluted EPS	80,021	80,269
Adjusted basic EPS <sup>1</sup>	109.0p	99.2p
Basic EPS	89.9p	86.6p
Adjusted diluted EPS <sup>1</sup>	107.7p	97.7p
Diluted EPS	88.8p	85.2p

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.

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. In 2023 it was also 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.

## 20. Commitments

### Capital commitments

At 31 March 2024 the Company had no significant capital commitments (2023: £Nil).

### Energy supply arrangements

The Group entered into a 20-year energy supply agreement with npower (‘the SSA’) on 20 December 2013. Following the merger between npower and E.ON’s UK operations the supply contract was novated to E.ON in 2021. The terms of the supply agreement were not changed as a result of this novation.

In the event that the SSA is terminated by E.ON in certain circumstances, including on a material breach by the Group or on the insolvency of the Company, additional consideration of up to £135 million may become payable by the Company to E.ON. Full details of the termination provisions of the SSA were set out in paragraph 4 of Part VIII on page 38 of the prospectus issued to shareholders on 20 November 2013.

However, given the energy supply agreement termination rights are either, in the directors’ view, very unlikely to occur or entirely within the control of the Group, the directors believe the likelihood of this type of termination event is remote.

The amount of the additional consideration reduces from £135 million to £11 million over the remaining life of the supply agreement. Furthermore, depending on the circumstances giving rise to a termination event, the additional consideration (if payable) may be spread over the unexpired term of the supply agreement. Following any such termination event, the Group would have direct access to the wholesale energy markets and the opportunity to earn additional margin from sourcing energy directly for the Group’s customer base.

## 21. Share-based payments

### Share options

The Company has two share option plans, one of which is available to employees, the other to distributors of the Company. The Company also has a Save As You Earn share option plan (‘the 2015 Employee SAYE Share Option Plan’) for employees. A Deferred Share Bonus Plan is in place for the senior employees and the Telecom Plus Incentive Plan (‘TPIP’) is in place for executive directors (see Directors’ Remuneration Report). No share awards have yet been granted under the TPIP.

New employees who have passed the requisite probationary period are issued with options over shares in the Company, further options are also granted to existing employees depending on their seniority and length of service (‘The Telecom Plus PLC 2017 Employee Share Option Plan’). The 2015 Employee SAYE Share Option Plan enables employees of the group to acquire shares in the Company in a tax efficient manner using monies saved from salary over a three-year period.

The distributor scheme (‘The Telecom Plus PLC 2017 Networkers and Consultants Share Option Plan’) exists to provide incentives to the people who are most successful in gathering new customers for the Company. As it is not possible to measure directly the benefit received from these activities, the fair value of the benefit received has been measured by reference to the fair value of the equity instruments granted.

# Notes to the Consolidated Financial Statements

## continued

A reconciliation of movements in the numbers of share options for the Group can be summarised as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 April	3,292,856	1,706p	2,639,501	1,261p
Options granted	1,792,600	1,562p	1,755,252	2,181p
Options exercised	(123,261)	1,318p	(610,868)	1,118p
Options lapsed/expired	(504,180)	1,803p	(491,029)	1,672p
At 31 March	4,458,015	1,648p	3,292,856	1,706p

The weighted average share price at the date of exercise for the options exercised during the year was 1,662.2p (2023: 2,052.6p).

During the current year ended 31 March 2024 and prior year ended 31 March 2023, the Group issued share options to employees on the occasions set out below. No share options were issued to distributors during these periods.

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Fair value per option (pence)
<b>2017 Employee Share Option Plan</b>							
26/07/2022	2,190	2,178	32.98	10	3.02	2.98	644
15/12/2022	2,280	2,247	41.47	10	3.52	3.56	765
<b>04/08/2023</b>	<b>1,676</b>	<b>1,647</b>	<b>44.81</b>	<b>10</b>	<b>4.74</b>	<b>4.86</b>	<b>524</b>
<b>12/12/2023</b>	<b>1,472</b>	<b>1,523</b>	<b>36.90</b>	<b>10</b>	<b>3.95</b>	<b>5.25</b>	<b>363</b>

<b>Deferred Shares Bonus Plan</b>							
26/07/2022	2,190	5	N/A	10	N/A	N/A	N/A
<b>17/08/2023</b>	<b>1,604</b>	<b>5</b>	<b>N/A</b>	<b>10</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

<b>2015 Employee SAYE Share Option Plan</b>							
18/08/2022	2,125	2,156	33.76	3.5	3.02	3.01	648
<b>17/08/2023</b>	<b>1,604</b>	<b>1,718</b>	<b>44.47</b>	<b>3.5</b>	<b>4.74</b>	<b>4.66</b>	<b>560</b>

The Group has used a binomial model to value its share options, with account being taken of vesting conditions where these were considered material. The expected volatility for the share option arrangements is based on historical volatility determined by the analysis of daily share price movements over the previous 12 months.

The options outstanding at the end of the year relating to employees are as follows:

	Number 1 April 2023	Number 31 March 2024	Exercise price per share	Exercisable from	Expiry date
<b>2007 Employee Share Option Plan</b>					
17 Jun 2013	4,300	-	1,219.0p	17 Jun 2016	16 Jun 2023
16 Dec 2013	2,500	-	1,739.0p	16 Dec 2016	15 Dec 2023
01 Jul 2014	2,250	1,750	1,337.0p	01 Jul 2017	30 Jun 2024
16 Dec 2014	1,350	1,350	1,254.0p	16 Dec 2017	15 Dec 2024
13 Jul 2015	86,946	83,901	985.0p	13 Jul 2018	12 Jul 2025
10 Dec 2015	2,729	1,729	1,074.0p	10 Dec 2018	09 Dec 2025
22 Jul 2016	56,250	55,750	1,047.0p	22 Jul 2019	21 Jul 2026
08 Dec 2016	18,210	18,210	1,209.0p	08 Dec 2019	07 Dec 2026
20 Jul 2017	36,396	30,246	1,117.0p	20 Jul 2020	19 Jul 2027
12 Dec 2017	17,590	17,240	1,181.0p	12 Dec 2020	11 Dec 2027
26 Jul 2018	49,722	44,622	1,057.0p	26 Jul 2021	25 Jul 2028
13 Dec 2018	29,625	26,545	1,370.0p	13 Dec 2021	12 Dec 2028
25 Jul 2019	97,285	86,775	1,342.0p	25 Jul 2022	24 Jul 2029
16 Dec 2019	85,951	78,120	1,383.0p	16 Dec 2022	15 Dec 2029
23 Jul 2020	243,450	181,080	1,382.0p	23 Jul 2023	22 Jul 2030
16 Dec 2020	126,200	113,200	1,474.0p	16 Dec 2023	15 Dec 2030
22 Jul 2021	238,250	193,000	1,045.0p	22 Jul 2024	21 Jul 2031
16 Dec 2021	489,750	459,750	1,520.0p	16 Dec 2024	15 Dec 2031
26 Jul 2022	775,645	641,345	2,178.0p	26 Jul 2025	25 Jul 2032
15 Dec 2022	739,785	663,985	2,247.0p	15 Dec 2025	14 Dec 2032
04 Aug 2023	-	1,045,350	1,647.0p	04 Aug 2026	03 Aug 2033
12 Dec 2023	-	457,840	1,523.0p	12 Dec 2026	11 Dec 2033
<b>Deferred Shares Bonus Plan</b>					
22 Jul 2021	40,450	38,463	5.0p	22 Jul 2023	22 Jul 2031
26 Jul 2022	22,327	22,327	5.0p	26 Jul 2024	26 Jul 2032
04 Aug 2023	-	57,106	5.0p	04 Aug 2025	04 Aug 2033
<b>2015 Employee SAYE Share Option Plan</b>					
21 Aug 2019	3,197	-	1,349.0p	01 Nov 2022	30 Apr 2023
19 Aug 2020	14,542	5,113	1,382.0p	01 Nov 2023	30 Apr 2024
18 Aug 2021	51,501	47,857	1,036.0p	01 Nov 2024	30 Apr 2025
18 Aug 2022	20,155	12,935	2,156.0p	01 Nov 2025	30 Apr 2026
17 Aug 2023	-	41,726	1,523.0p	01 Nov 2026	30 Apr 2027
<b>Total employees</b>	<b>3,256,356</b>	<b>4,427,315</b>			
<b>Weighted average exercise price</b>	<b>1,712.6p</b>	<b>1,649.9p</b>			

# Notes to the Consolidated Financial Statements

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The options outstanding at the end of the year relating to distributors are as follows:

	Number 1 April 2023	Number 31 March 2024	Exercise price per share	Exercisable from	Expiry date
<b>2007 Networkers and Consultants Share Option Plan</b>					
17 Jun 2013	3,000	-	1,219.0p	17 Jun 2016	16 Jun 2023
16 Dec 2013	2,000	-	1,739.0p	16 Dec 2016	15 Dec 2023
01 Jul 2014	6,900	6,100	1,337.0p	01 Jul 2017	30 Jun 2024
16 Dec 2014	4,500	4,500	1,254.0p	16 Dec 2017	15 Dec 2024
13 Jul 2015	18,600	18,600	985.0p	13 Jul 2018	12 Jul 2025
22 Jul 2016	1,500	1,500	1,047.0p	22 Jul 2019	21 Jul 2026
<b>Total distributors</b>	<b>36,500</b>	<b>30,700</b>			
<b>Weighted average exercise price</b>	<b>1,147.8p</b>	<b>1,097.4p</b>			

At 31 March 2024, a total of 771,218 share options were exercisable (2023: 527,604) at a weighted average exercise price of 1,273.16p (2023: 1,193.44p). The average remaining contractual life of the outstanding options was 7.9 years (2023: 8.1 years).

### LTIP 2016 – growth shares

The LTIP 2016 comprises the issue to participants of a class of ‘growth’ shares in Utility Warehouse Limited (“B shares”), which potentially become convertible into ordinary shares in the Company over a period of typically 3-10 years following the achievement of stretching targets. If these targets are not achieved, then the growth shares lapse with no value to participants.

The first awards of growth shares (“B1 shares”) were made to initial participants in the scheme on 4 April 2017; these included the Chief Executive Officer and Chief Financial Officer of the Company. In total 325,000 growth shares were issued to the directors and certain senior employees on 4 April 2017, of which 127,000 have lapsed due to leavers. As set out in the Directors’ Remuneration Report for the

year ended 31 March 2021, a further 37,500 held by directors were lapsed due to the introduction of the Deferred Share Bonus Plan.

On 30 July 2018 and 20 November 2018, further awards of growth shares were made to certain senior employees (“B2 shares”). In total 61,500 and 18,000 growth shares were issued respectively on these dates, of those issued on 30 July 2018 43,500 have lapsed due to leavers and of those issued on 20 November 2018 8,000 have lapsed.

No further awards will be made under the LTIP 2016.

The fair value of the growth shares issued for the purposes of IFRS 2 has been based on a Monte-Carlo model and the key assumptions are set out below.

<b>B1 shares – April 2017</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>
Fair value (per share granted)	£16.51	£17.71	£18.07	£17.08
Number of awards granted	81,250	81,250	81,250	81,250

Key assumptions	
Share price at grant	£12.10
Exercise price	Nil
Dividend yield	4.5%
Expected term	2.3 to 9.3 years
Risk free rate	0.11% to 0.99%
Share price volatility of the Company	33.2%
Discount for post vesting transfer restrictions for Tranches 1, 2 and 3 awards	6.3%
Discount for post vesting transfer restrictions for Tranche 4 awards	11.2%

B2 shares – July 2018	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Fair value (per share granted)	£10.14	£10.70	£10.79	£9.68
Number of awards granted	15,375	15,375	15,375	15,375

Key assumptions	
Share price at grant	£10.36
Exercise price	Nil
Dividend yield	4.9%
Expected term	3 to 10 years
Risk free rate	0.86% to 1.48%
Share price volatility of the Company	30.9%
Discount for post vesting transfer restrictions for Tranches 1, 2 and 3 awards	5.9%
Discount for post vesting transfer restrictions for Tranche 4 awards	10.3%

B2 shares – November 2018	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Fair value (per share granted)	£18.23	£19.39	£19.17	£17.39
Number of awards granted	4,500	4,500	4,500	4,500

Key assumptions	
Share price at grant	£13.24
Exercise price	Nil
Dividend yield	4.5%
Expected term	2.7 to 9.7 years
Risk free rate	0.78% to 1.35%
Share price volatility of the Company	29.9%
Discount for post vesting transfer restrictions for Tranches 1, 2 and 3 awards	5.7%
Discount for post vesting transfer restrictions for Tranche 4 awards	10.1%



# Notes to the Consolidated Financial Statements

## continued

### 22. Financial instruments

Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the Group which primarily arise from credit, interest rate and liquidity risks.

#### Carrying amounts of financial instruments

All financial assets, which include cash, trade and other receivables and accrued income, are held at amortised cost, with a total value for the Group of £460,405,000 (2023: £585,532,000) and for the Company of £2,589,000 (2023: £4,329,000).

All financial liabilities, which include trade and other payables and accrued expenditure, are held at amortised cost with a total value for the Group of £403,657,000 (2023: £547,648,000) and for the Company £24,441,000 (2023: £44,454,000).

#### Credit risk

All customers are invoiced monthly and approximately 90% pay by direct debit; accordingly credit risk in respect of trade receivables is considered relatively low due to the large number of customers supplied, each of whom represents an insignificant proportion of total revenue.

The Company has a universal supply obligation in relation to the provision of energy to domestic customers. This means that although the Company is entitled to request a reasonable deposit from a potential new customer who is not considered creditworthy, the Company is obliged to supply domestic energy to anyone who submits a properly completed application form. Where such customers subsequently fail to pay for the energy they have used, there is likely to be a delay before the Company is able to eliminate its exposure to future bad debt from them by either 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 recoverable.

Trade receivables are stated at their nominal value as reduced by the expected lifetime credit losses. The Expected Credit Loss model is applied to trade receivables from customer invoicing with credit losses measured using a provisioning metric, adjusted where required, to take into account current macro-economic factors. The Group applies judgement to assess the expected credit loss, taking into account historical collection patterns and prevailing economic conditions.

The maximum credit risk for the Group is £460,405,000 (2023: £585,532,000) and for the Company £2,589,000 (2023: £4,329,000).

#### Interest rate risk

The Group finances its day-to-day operations primarily through cash generated within the business. Cash surpluses are placed on deposit with Barclays Bank PLC and Lloyds Bank PLC at money market rates to maximise returns. As set out in note 15, the interest charged on the Group's RCF borrowing facilities varies according to the prevailing 3-month SONIA rate. The Group's profit and equity for the current year will not be significantly affected by changes in the UK base rate of +/- 1% from current levels. Interest payable on the Group's private placement borrowing facilities is fixed.

#### Commodity price risk

The Group is not materially exposed to any fluctuations in commodity prices due to the nature of the agreements with wholesale providers of telephony and energy services and its ability to pass the effect of any such fluctuations through to its customers.

#### Liquidity risk

The Group's treasury management policies are designed to ensure continuity of funding. In the light of its track record, strong cash generation and continued prospects, the Group has been consistently successful in refinancing the debt facilities detailed in note 15. As a result of predictable cashflows and an asset-light operating model, the Group is able to maintain relatively conservative gearing levels which remain well within the covenants detailed in note 15. The covenants are formally tested twice per year and regular communication is maintained with the lenders. Any drawdowns and repayments of the Company's debt facilities are small in number, typically made at broadly the same time each year, and approved by the executive directors.

#### Foreign currency risk

The Group does not have any significant foreign currency exposure.

#### Interest rate and currency profile of financial assets and liabilities

All financial assets and liabilities are denominated in Sterling. Receivables due after one year include £5,075,000 (2023: £3,929,000) due mainly from distributors, elements of which earn interest at varying rates above Base Rate.

### Borrowing facilities

At 31 March 2024, the Group had total revolving credit facilities of £175,000,000 (2023: £175,000,000) ("RCF") and private placement facilities of £75,000,000 (2023: £Nil) ("PPF"). The RCF facilities are available to the Group until 17 November 2027 and the PPF for the period to 30 Nov 2030. As at 31 March 2024 £103,550,000 of the RCF facilities was drawn down (2023: £90,000,000 drawn down) and £75,000,000 of the PPF was drawn down (2023: £Nil). As at 31 March 2024 the Group also had letters of credit in place relating to certain energy distribution charges with a total value covered of £5,095,000 (2023: £3,600,000).

The facilities are secured by fixed and floating charges over the assets of the Group and through cross guarantees with the subsidiaries Utility Warehouse Limited, Electricity Plus Supply Limited, Gas Plus Supply Limited, Utilities Plus Limited and Telecommunications Management Limited. Further details of the facilities are set out in note 15 of these financial statements.

### Fair values

There is not considered to be any material difference between the fair value of any financial instruments and their net book amount due to the short-term maturity of the instruments.

## 23. Related parties

### Identity of related parties

The Company has related party relationships with its subsidiaries (see note 9) 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 11.2% 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.

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

	2024 £'000	2023 £'000
Short-term employee benefits	3,804	3,816
Deferred shares bonus	-	723
TPIP shares award	3,438	-
Social security costs	551	543
Post-employment benefits	12	12
	7,805	5,094
Share incentive scheme charges	416	400
	8,221	5,494

During the year ended 31 March 2024, the Group made sales to Glow Green worth £874,000 (2023: £320,300). Glow Green is owned by the Non-Executive Chairman of the Group (see note 24).

During the year directors purchased goods and services on behalf of the Group worth £36,000 (2023: £256,000). The directors were fully reimbursed for the purchases and no amounts were owing to the directors by the Group as at 31 March 2024. During the year the directors purchased goods and services from the Group worth approximately £71,000 (2023: £109,000) and persons closely connected with the directors earned commissions as Partners for the Group of approximately £11,000 (2023: £9,000).

### Subsidiary companies

During the year ended 31 March 2024, the Company purchased goods and services from the subsidiaries in the amount of £51,000 (2023: £782,000 purchased by the Company from the subsidiaries).

During the year ended 31 March 2024 the Company also received distributions from subsidiaries of £94,000,000 (2023: £60,000,000). At 31 March 2024 the Company owed the subsidiaries £24,259,000 which is recognised within trade payables (2023: £104,376,000 owed by the Company to the subsidiaries).

# Notes to the Consolidated Financial Statements

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### 24. Disposal

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 £(4.8)m and the profit on disposal of the Group’s 75% share was therefore £3.6m. This was reflected in the Profit on disposal of subsidiary line in the Consolidated Statement of Comprehensive Income in 2023.

On completion, the following assets and liabilities were disposed of as part of the sale of Glow Green:

As at 31 July	2022 £’000
<b>Assets</b>	
Property, plant and equipment	610
Inventories	1,771
Trade and other receivables	2,946
Cash and cash equivalents	596
	<b>5,923</b>
<b>Liabilities</b>	
Trade and other payables	(10,314)
Deferred tax	(30)
Finance lease liabilities	(351)
	<b>(10,695)</b>

# Shareholder Information

**Telecom Plus Plc is a public listed company incorporated and domiciled in the United Kingdom. It has a primary listing on the London Stock Exchange.**

## Corporate website

The Company's corporate website **telecomplus.co.uk** provides shareholders with financial and governance information.

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